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November 15, 2022

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
 Pennsylvania Public Utility Commission  
 Commonwealth Keystone Building  
 400 North Street  
 Harrisburg, PA 17105-3265

**In re: Use of Fully Projected Test Year - 52 Pa. Code Chapter 53.51- 53.56a  
 Docket No. L-2012-2317273**

Dear Secretary Chiavetta:

In accordance with the June 17, 2021, Notice of Proposed Rulemaking Order, please find the Comments of Pennsylvania-American Water Company.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Elizabeth Rose Triscari

cc: All Parties on the Attached Certificate of Service (*via electronic mail*)  
 Louise Fink Smith, Assistant Counsel, Law Bureau (*via electronic mail*)  
 Melanie J. El Atieh, Assistant Counsel, Law Bureau (*via electronic mail*)  
 Erin Laudenslager, Manager, Bureau of Technical Utility Services (*via electronic mail*)  
 Karen Thorne, Regulatory Review Assistant, Law Bureau (*via electronic mail*)  
 Commission email account: RA-PC-FPFTY2317273E@pa.gov (*via electronic mail*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**1In re: Use of Fully Projected Test Year – 52 Pa. :**  
**Code Chapter 53.51-53.56a :**      **Docket No. L-2012-2317273**  
:

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the attached  
Comments upon the parties, listed below, in accordance with the requirements of 52  
Pa. Code §1.54 (relating to service by a party).

**Service in the matter denoted below as follows on November 15, 2022**

Patrick M. Cicero, Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
*(via electronic mail)*

Donna M.J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
800 North Third Street, Suite 205  
Harrisburg, PA 17102  
*(via electronic mail)*

Richard Kanaskie, Director  
Pennsylvania Public Utility  
Commission  
Bureau of Investigation and  
Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
*(via electronic mail)*

John W. Sweet, Esquire  
CAUSE-PA  
118 Locust Street  
Harrisburg, PA 17101  
*(via electronic mail)*

NazAarah Sabree, Small Business  
Advocate  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place, 1st Floor  
Harrisburg, PA 17101  
*(via electronic mail)*

David P. Zambito, Esquire  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101  
*(via electronic mail)*

Respectfully submitted,



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Elizabeth Rose Triscari, Esquire  
Attorney ID No. 306921  
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Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Phone: 717-550-1574

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Use of Fully Projected Future Test Year, 52 Pa. Code :  
§ 53.51-53.56a : L-2012-2317273  
:

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**PENNSYLVANIA-AMERICAN WATER COMPANY’S  
COMMENTS IN RESPONSE TO THE CLARIFIED NOTICE OF  
PROPOSED RULEMAKING ORDER**

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Pennsylvania-American Water Company (“PAWC” or the “Company”) appreciates the opportunity to offer comments on the proposed amendments to the regulations at 52 Pa. Code §§ 53.51-53.56 (relating to information furnished with the filing of rate changes).

**I. BACKGROUND**

On January 13, 2018, the Pennsylvania Public Utility Commission (“Commission”) published an Advance Notice of Proposed Rulemaking Order in this matter. PAWC was subsequently invited to, and did, participate in stakeholder meetings on the proposal. On June 17, 2021, the Commission adopted a Notice of Proposed Rulemaking Order, and on May 12, 2022, the Commission adopted the Clarified Notice of Proposed Rulemaking Order (“NOPR Order”), which was published in the *Pennsylvania Bulletin* on October 1, 2022.

**II. INTRODUCTION AND GENERAL COMMENTS**

PAWC commends the Commission for attempting to streamline and update existing rate case filing requirements. NOPR Order p. 22. PAWC encourages the Commission to view the regulations at 52 Pa. Code § 53.51-53.56 as establishing the minimum requirements necessary for

filing a rate case. If parties to the case are interested in additional information about specific items in the rate case filing, they can request it in discovery.<sup>1</sup>

Nevertheless, some of the items that would be required by the proposed amendments are items that PAWC has never been asked to provide during discovery in a rate case. For example, PAWC has not been asked for differences in projections and adjustments from the prior rate case compared to the current rate case, nor has PAWC been asked for payroll information and increases not attributable to routine cost of living wage increases. PAWC therefore questions the need to make this information a requirement for all utilities filing a rate case.

Every item that must be included in a rate filing imposes costs on the filing utility – costs to prepare the information, copy it for all parties, etc. These costs will be passed on to ratepayers as rate case expenses. In addition, every item that must be included in a rate filing imposes costs on each additional party to the case, as well as the Commission, as they need to review the information. PAWC encourages the Commission to consider whether every requirement in the proposed amendments has a public benefit that offsets these costs.

### **III. COMMENTS ON SPECIFIC PROPOSALS IN THE NOPR ORDER**

PAWC respectfully submits the following comments regarding Annex B, the proposed Exhibit E that applies to water and wastewater utilities (as well as natural gas, artificial gas, electricity, steam and stormwater utilities) requesting a general rate increase above \$1 million in annual gross revenues.

**Section III.A.5 (introductory language).** This question asks the utility to provide certain information when providing the information required by “this regulation” and in response to each

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<sup>1</sup> PAWC answered more than 700 interrogatories in its most recent rate case. Many of the interrogatories also had subparts.

discovery request relative to the current base rate case proceeding. PAWC asks the Commission to clarify whether this requirement applies to all information required by 52 Pa. Code § 53.53 or just to the information required by Exhibit E. Additionally, PAWC questions the need for the Commission to require a utility to include this information in every response to a discovery request in the rate proceeding. If a party desires this information, it can request it in the discovery.

**Section III.A.5.a.** This subsection establishes general filing requirements. However, this subsection establishes requirements that somewhat contradict some of the later questions asking for data for two years preceding the HTY. For example, since PAWC's HTY in its currently-pending base rate case is the same as the first year that new rates were in effect from its last base rate case, PAWC is unsure whether it should follow this rule or each individual requirement contained in later sections. PAWC asks the Commission to provide guidance on how utilities should address such conflicts.

**Section III.A.5.b.** This subsection asks the utility to "explain the difference in projections and adjustments made for the immediately preceding base rate case as compared to the projections and assumptions made relative to the current base rate case." Is the intention to compare "projections and adjustments" for the two cases, rather than comparing "projections and *adjustments*" in the preceding case to "projections and *assumptions*" in the current base case? Additionally, PAWC respectfully requests that the Commission clarify what is meant by "projections," "adjustments" and "assumptions"?

**Section III.B.10.** This subsection requires the utility to identify each "major" addition to plant to be placed in operating service, or to be removed from operating service. PAWC requests clarification on the criteria to be used in determining what is a "major" addition or removal. Is this to be determined strictly based on the cost involved, or does the term refer to the importance

of the item to the operation of the system? Additionally, for utilities such as PAWC that own and operate many water and wastewater systems, the Commission should clarify that the criteria for determining “major” additions and removals should be applied on an enterprise-wide basis, rather than a system-by-system basis.

**Section III.G.4.** This section requires a utility to provide comparative income statements for the HTY and the two preceding years and explaining variances that are greater than 15%. The existing Section I.1. of Exhibit D requires a utility to provide this information only for the HTY and one preceding year. PAWC respectfully submits that requiring an additional year of data is burdensome without adding information of much value. Additionally, utilities are currently only required to explain differences of \$10,000 or more. PAWC respectfully submits that the Commission should continue to require explanations only of variances greater than 15% or \$10,000. In the absence of this threshold, the requirement to explain variances of more than 15% can be overly burdensome because it requires the production of substantial information regarding immaterial dollar amounts.

**Section III.H.5.** This section requires the utility to provide a detailed breakdown of miscellaneous revenues for the HTY and the preceding two years. For the HTY, the utility must also provide a monthly breakdown and an explanation of monthly variances greater than 15%. For the reasons discussed in the preceding paragraph, PAWC respectfully submits that the Commission should establish a dollar threshold as well as a percentage threshold for this requirement. Additionally, this section requires the utility to detail any anticipated variances in the FTY and the FPFTY. PAWC asks the Commission to confirm that these projections are to be on an annual basis rather than a monthly basis. PAWC cannot provide projections by month for the FTY or the

FPFTY; PAWC projects that information only on an annual basis. PAWC could, however, provide an update for the FTY with year-to-date data at the time of filing.

**Section III.H.6.** This section requires the utility to provide monthly customer counts and customer usage for the HTY, the two preceding years, the FTY and the FPFTY. As discussed in the preceding paragraph, PAWC cannot project customer counts and customer usage by month for the FTY or the FPFTY. PAWC could, however, provide an update for the FTY with year-to-date data at the time of filing.

**Section III.H.8.** This section requires a utility to provide certain information if the utility is affiliated with another public utility in a consolidated group. PAWC asks the Commission to confirm that this section applies only where the affiliate is a Pennsylvania public utility. PAWC submits that there is no reason for it to provide information to the Commission pertaining to an affiliated public utility in another jurisdiction.

**Section III.H.12.** This section requires the utility to provide information about annualized revenues resulting from rate changes occurring during the test year. PAWC asks the Commission to clarify the applicable test year.

**Section III.H.13.** This section requires the utility to provide a schedule showing sales from all customer classes per month for the HTY, the three preceding years, and projections for the FTY and FPFTY. As discussed above, PAWC cannot provide monthly projections for the FTY and FPFTY. PAWC questions the need for data for three years prior to the HTY, particularly where data for that year would have been included in the utility's prior rate case filing.

**Section III.H.14.** This section requires the utility to provide an analysis showing the average usage per customer by rate schedule during multiple years. PAWC asks the Commission to confirm that "rate schedule" refers to customer class (*e.g.*, residential customers, commercial

customers and industrial customers), rather than rate zones. The consolidation of rate zones presents difficulties for PAWC to present this information by rate zones over time.

**Section III.J.2(b).** This section is a new requirement. The utility must provide certain payroll information using the following categories: union, nonunion and temporary employees. PAWC questions the purpose and value of this information. PAWC respectfully submits that the Commission should not, through the ratemaking process, second-guess the Company's labor negotiations.

**Section III.L.26.** This section asks "whether the public utility eliminates tax savings by the payment of actual interest on CWIP not in the rate base claim." If the answer is affirmative, the public utility is to answer several additional questions. PAWC is unsure of the intent of this question and asks the Commission to clarify it. Is the Commission seeking information pertaining to Allowance for Fund Used During Construction ("AFUDC") debt?

#### **IV. ADDITIONAL ITEMS FOR CONSIDERATION**

One topic not addressed in the proposal, which is of great concern to PAWC, is the date on which the Commission's regulations would become effective. PAWC recommends that the Commission make the new regulations effective for rate increase requests filed at least six months after the Commission adopts final regulations. This approach would avoid a situation in which a public utility prepares a rate case, and then has to substantially revise it because the Commission adopted final regulations.

**V. CONCLUSION**

PAWC thanks the Commission for this opportunity to comment on the NOPR Order and for considering the comments contained herein.

Respectfully submitted,



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