

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF )  
ARTESIAN WASTEWATER MANAGEMENT, INC. )  
FOR AUTHORITY TO INCREASE EXISITING ) PSC DOCKET NO. 13-27WW  
RATES AND CHARGES FOR WASTEWATER )  
SERVICE (FILED JUNE 17, 2013) )**

**DIRECT TESTIMONY OF**

**TONI M. LOPER**

**ON BEHALF OF THE STAFF OF THE**

**DELAWARE PUBLIC SERVICE COMMISSION**

**JUNE 17, 2013**

1           **Statement of Qualifications**

2           **Q: Please state your name and the name and address of your employer.**

3           A: My name is Toni M. Loper. I am employed by the Delaware Public Service  
4           Commission (the "Commission"). My business address is 861 Silver Lake  
5           Boulevard, Suite 100, Dover, Delaware, 19904.

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7           **Q: What is your position with the Public Service Commission?**

8           A: I am a Public Utilities Analyst with the Commission. I have been employed  
9           with the Commission since June 2012.

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11          **Q: As an analyst with the Commission, what is the general nature of your  
12          duties?**

13          A: My duties include the review of filings by regulated utilities that propose  
14          increases in rates and charges; participating in the audit of small regulated  
15          companies; participation, review and processing of securities issuance  
16          applications; review of the Commission's regulations and recommendation of  
17          changes to regulations for implementation of electronic filing; and other tasks  
18          assigned by management.

19  
20          **Q: What is your professional experience and education?**

21          A: I have a Bachelor of Science Degree in Accounting, with a Minor in Business  
22          Administration from the University of Maryland University College. My  
23          professional experience includes sitting as the Board Treasurer for two non-  
24          profit organizations over 4 ½ years where my main duties included overseeing  
25          all financial transactions for both organizations, preparing and maintaining  
26          monthly and annual budgets, preparing all monthly, quarterly and annual  
27          reports, and preparing tax returns for both organizations. I was employed as a  
28          tax preparer with H&R Block for four years. My duties included reviewing  
29          and interpreting federal and state income tax laws, preparing income tax  
30          return forms for individuals and small businesses and reviewing financial  
31          records.

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**Q: For whom are you testifying in this proceeding?**

A: I am testifying on behalf of the Commission Staff ("Staff").

**Q: What is the purpose of your testimony?**

A: The purpose of my testimony is to present Staff's review of the tariff changes proposed by Artesian Wastewater Management, Inc. ("AWMI" or the "Company").

**Q: Please describe the nature of your review of the proposed tariff changes.**

A: Staff reviewed the tariff revisions proposed by AWMI and performed an analysis and evaluation of the tariff changes for compliance with the Delaware Code, the Commission's regulations and other applicable law.

**Q: Did Staff identify any policy issues with the proposed tariff revisions?**

A: Yes. Staff identified five issues with AWMI's proposed revisions which are as follows:

- The Company's proposal to determine and bill service at more than 1 Equivalent Dwelling Unit (EDU) based on review of average discharge at the residential unit.
- The Company's proposal to institute two different amounts for security deposits -- one for owners of residential property and one for tenants of non-residential property.
- The Company's proposal to institute a security deposit for an owner of residential property equal to the charge for two consecutive billing periods is inconsistent with the Company's proposal to institute a security deposit for a tenant of non-residential property which will be equal to the charge for two months of service.
- The Company's proposal to have the ability to terminate water services for failure to pay for wastewater services if the water service is provided by an affiliate of AWMI

- 1                   • The Company’s proposal that when regulations of the Commission are  
2                   changed for “discretionary” reasons, the Company’s tariff would not  
3                   need to be amended so as to comply with such discretionary changes.  
4

5           **Q: Can you describe the issues with the proposed tariff revisions identified**  
6           **above?**

7           A: Yes. The first policy issue that Staff identified was the Company’s proposal to  
8           have discretion in determining and billing for service at more than 1  
9           “Equivalent Dwelling Unit” (“EDU”) based on a review of average discharge  
10           at the residential unit. According to the Company’s proposed tariff (Exhibit D  
11           of David Valcarenghi’s Testimony), EDU’s are determined by the Department  
12           of Natural Resources and Environmental Control. Exhibit D includes what a  
13           unit is considered to be for each type of dwelling and the gallons/unit/day for  
14           each type of establishment. I recommend that this be removed from the  
15           proposed tariff because Staff has not been provided with what the EDU  
16           calculation is based on or how the company determines the average. In  
17           addition, the current rates and the rates determined in this docket are, and will  
18           be, based on current average usage with adjustments based on known and  
19           measurable changes and as such to allow the Company to charge some  
20           customers more if they discharge higher than one EDU or waste and not  
21           reduce the charges of those that use less than one EDU allows the Company to  
22           collect revenues that are higher than projected. If the Company wants to bill  
23           based on usage, then the billing process and tariff should be changed so that  
24           all customers are billed based on usage. Also, after review of the  
25           Supplemental Testimony filed on behalf of AWMI, my conclusion is  
26           consistent with Dave Valcarenghi’s filed Supplemental Testimony dated May  
27           31, 2013, which proposed to remove this tariff revision.  
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29           **Q: What was the next issue identified by Staff?**

30           A: The next issue was the Company’s proposal to implement two different  
31           amounts of security deposits---one for homeowners and one for non-

1 residential tenants. Staff reviewed 26 *Del. Admin. C.* §2001-6.1.7 (water  
2 regulations) which allows for the Company to require a “reasonable” deposit  
3 from a customer. Staff believes that implementing two different rates--for  
4 homeowners versus one for tenants of non-residential property---is  
5 discriminatory in this case.

6  
7 **Q: What is the Company’s proposal regarding the institution of security**  
8 **deposits?**

9 A. The Company’s proposal to institute a security deposit for an owner of  
10 residential property equal to the charge for two consecutive billing periods is  
11 inconsistent with the Company’s proposal to institute a security deposit for a  
12 tenant of non-residential property which will be equal to the charge for two  
13 months of service. I recommend making the policies consistent when  
14 addressing residential and non-residential service and allowing a security  
15 deposit equal to the charge for two months of service.

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17 **Q: Was there another issue in regards to the turn-on/ turn-off charge**  
18 **proposed by the Company?**

19 A: Yes. The Company proposes to initiate the ability to terminate water service  
20 to a customer for failure to pay their wastewater utility bills if the water  
21 service is provided by an affiliate of AWMI. Staff proposes that this is a  
22 violation of 26 *Del. Admin. C.* §2001-6.6.3 section (Insufficient Reasons For  
23 Denial Of Service). The pertinent section of this regulations states as follows:  
24 “[t]he following examples shall not constitute sufficient cause to refuse  
25 service or discontinue service to an applicant or customer:” One of the  
26 reasons listed is 6.6.3 “For failure to pay for any other public utility service,  
27 excepting jobbing or repair work done on the customer's premises for his  
28 account.” In fact, 26 Del. C. §117 states that “[n]o person who engages in the  
29 distribution and sale of gas, water, wastewater or electricity for use or  
30 consumption in any dwelling unit shall discontinue service or sale thereof due  
31 to nonpayment of past charges **for such service...**” (emphasis added). This

1 section of the Code appears to restrict termination of service to only “such  
2 service” and would not allow termination of a different type of service. Staff  
3 also feels that it would be inappropriate to treat customers differently based on  
4 whether they receive water service from an affiliate of AWMI or not. Staff  
5 believes that the risk to the Company of non-payment of a bill is no greater  
6 because the customer is receiving service from a non-affiliate of AWMI.

7 **Q: Was there an issue with the Company’s proposal regarding “Amendment**  
8 **of Commission regulations”?**

9 A: Yes, the Company proposes that tariff changes due to “discretionary” section  
10 of the regulations would not be necessary. I would argue that there is no clear  
11 definition of what a discretionary change to regulations is. To avoid  
12 confusion, the sentence in the tariff stating “The Tariff will remain unchanged  
13 if amendment to Title 26 regulations is deemed to be discretionary in nature”  
14 should be removed.

15 **Q: Does your testimony address the proposed consolidated billing filed in**  
16 **supplemental testimony by Dave Valcarenghi?**

17 A: No. Staff understands that on June 10, 2013, AWMI submitted a filing for  
18 review by the Commission to consider proposed changes to incorporate  
19 consolidated billing into the Company’s existing tariff. Staff’s testimony in  
20 this proceeding does not address this issue.

21 **Q: Does this conclude your testimony in this proceeding?**

22 A: Yes.