



June 18, 2018

VIA E-FILING

Jonathan P. Nase

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor – Filing Room
Harrisburg, PA 17120

Re: PENNSYLVANIA PUBLIC UTILITY COMMISSION V. HIDDEN VALLEY UTILITY SERVICES, L.P. (WATER AND WASTEWATER); DOCKET NOS. R-2018-3001306 AND R-2018-30001307

PREHEARING MEMORANDUM OF HIDDEN VALLEY UTILITY SERVICES, L.P.

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") is the Prehearing Memorandum of Hidden Valley Utility Services, L.P. (Water and Wastewater). A copy of this document has been served in accordance with the attached Certificate of Service.

Please contact me if you have any questions regarding this filing. Thank you.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase
Counsel for *Hidden Valley Utility Services, L.P.*
(Water)

JPN:kmg

Enclosures

cc: Deputy Chief Administrative Law Judge Mark A. Hoyer
Per Certificate of Service
James Kettler

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Deputy Chief Administrative Law Judge Mark A. Hoyer

Pennsylvania Public Utility Commission, *et al.* :
v. : Docket Nos. R-2018-3001306 *et al.*
Hidden Valley Utility Services, L.P. (Water) :

Pennsylvania Public Utility Commission, *et al.* :
v. : Docket Nos. R-2018-3001307 *et al.*
Hidden Valley Utility Services, L.P. :
(Wastewater) :

**PREHEARING CONFERENCE MEMORANDUM OF
HIDDEN VALLEY UTILITY SERVICES, L.P.**

AND NOW COMES, Hidden Valley Utility Services, L.P. (“HVUS”), by and through its counsel, Cozen O’Connor, pursuant to 52 Pa. Code § 5.222(d) and in compliance with the Prehearing Conference Order/Mediation Session of the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer (the “Administrative Law Judge” or “ALJ”), dated May 31, 2018, to file this Prehearing Conference Memorandum in the above-captioned matters. In support thereof, HVUS states as follows:

I. INTRODUCTION AND PROCEDURAL HISTORY

1. HVUS is a small water and wastewater utility located in Hidden Valley, Somerset County, Pennsylvania.

2. On April 27, 2018, HVUS filed proposed Supplement No. 1 to Water – Pa. P.U.C. No. 1 (“Water Supplement No. 1”), to be effective July 1, 2018, proposing an increase in rates designed to produce an increase in base rate revenues of approximately \$150,629 per year. HVUS also filed the supporting data required by 52 Pa. Code §§ 53.52 and 53.53.

3. Also on April 27, 2018, HVUS filed proposed Supplement No. 1 to Wastewater – Pa. P.U.C. No. 1 (“Wastewater Supplement No. 1”) to be effective July 1, 2018, proposing an increase in rates designed to produce an increase in base rate revenues of approximately \$185,432 per year. HVUS also filed the supporting data required by 52 Pa. Code §§ 53.52 and 53.53.

4. On May 14, 2018, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearance and a Formal Complaint against the wastewater rate increase, which was docketed at C-2018-3001786, and a Notice of Appearance and a Formal Complaint against the water rate increase, which was docketed at C-2018-3001841. Several pro se complainants have also filed complaints against the proposed water rate increase and the proposed wastewater rate increase.

5. By Orders entered May 17, 2018, the Pennsylvania Public Utility Commission (“PUC”) suspended the Water and Wastewater Supplements by operation of law until January 29, 2019, unless permitted by Commission Order to become effective at an earlier date.

6. HVUS and OCA agreed to enter into mediation in order to resolve these proceedings. Consequently, on May 23, 2018, HVUS filed Water Supplement No. 2 and Wastewater Supplement No. 2, suspending the rates in Water Supplement No. 1 and Wastewater Supplement No. 2 until April 1, 2019.

7. On May 30, 2018, counsel for the PUC’s Bureau of Investigation and Enforcement (“I&E”) entered her appearance.

II. COUNSEL

8. Counsel for HVUS is:

Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
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III. SERVICE OF DOCUMENTS

9. HVUS's attorney is authorized to accept service on behalf of HVUS in this proceeding. HVUS requests that hard copies of documents be served on Attorney Nase at the address listed above. HVUS agrees to receive service of documents electronically in this proceeding.

IV. WITNESSES AND ISSUES

10. Below is a list of the witnesses and the areas of their testimony comprising HVUS's initial direct case in these proceedings. The subject matters listed below represent as complete a statement of issues and sub-issues as HVUS can provide at this stage of the proceeding. Further definition of contested issues by the parties will develop within the scope of the subject matters listed below during the course of the proceeding. As an overview of its case-in-chief, HVUS posits that the rate proceeding contains the following issues for which it has the burden of proof and which will be addressed in direct testimony:

- (a) Rate base;
- (b) Existing and future revenue;
- (c) Rate of return;
- (d) Operating and maintenance expenses;

- (e) Rate structure; and
- (f) Quality of service.

11. To address the above noted issues, HVUS presently intends to offer the following witnesses to testify in this proceeding on the following general subject matters:

WITNESS	AREAS OF EXPERTISE
<p>A. James F. Kettler, President Hidden Valley Utility Services, L.P. 811 Russell Avenue Suite 302 Gaithersburg, MD 20879</p>	<p>Operations and Quality of Service</p>
<p>B. Harold Walker, III Manager, Financial Studies Gannett Fleming Valuation and Rate Consultants, LLC P.O. Box 80794 Valley Forge, PA 19484 Telephone: (610) 650-8108</p>	<p>Rate of Return</p>
<p>C. Paul R. Herbert President Gannett Fleming Valuation and Rate Consultants, LLC 207 Senate Ave. Camp Hill, PA 17011 Telephone: (717) 763-7212 ext. 2289</p>	<p>Cost of Service, Rate Allocation and Customer Rate Design</p>
<p>D. Glenn Fodor Vice President, Operations Hidden Valley Utility Services, L.P. P.O. Box 4038 Hidden Valley, PA 15502</p>	<p>Operations and Quality of Service</p>

12. HVUS reserves the right to call additional witnesses and present testimony on additional issues that may arise during the course of the proceeding.

V. DISCOVERY

13. To date, HVUS has received and responded to, or is in the process of responding to, numerous interrogatories from I&E and OCA. HVUS encourages the use of informal discovery processes as the proceeding progresses. HVUS is not aware of any discovery difficulty.

14. HVUS respectfully requests that the ALJ direct the parties to cease formal discovery during the mediation period.

15. HVUS respectfully requests that any discussion of modifications to the PUC's standard discovery rules be postponed until another prehearing conference is held (discussed in Section VII below).

VI. PROTECTIVE ORDER

16. HVUS has filed Motions for Protective Order in both Docket No. R-2018-3001306 and Docket No. R-2018-3001307. As stated in those Motions, counsel for HVUS discussed the Motions for Protective Order with counsel for I&E and OCA, and neither counsel expressed any objection to the Motions.

VII. PROCEDURAL SCHEDULE

17. HVUS respectfully requests that another prehearing conference be scheduled for July 26 or July 27, 2018. At that time, the parties can report to the ALJ as to whether mediation has resolved these proceedings. Counsel for HVUS has discussed this date with counsel for I&E and OCA, and they had no objection to the proposal to hold another prehearing conference at that time.

18. If mediation does not resolve these proceedings, the parties should be directed to come to that second prehearing conference with a proposed litigation schedule, which would provide for reply briefs to be submitted on December 21, 2018.

19. While HVUS has no objection to a public input hearing being held in or near HVUS's service territory, in the event this matter is litigated, HVUS respectfully requests that the

need for and the scheduling of a public input hearing be considered at the second prehearing conference.

VIII. OTHER ISSUES


20. HVUS respectfully requests that the ALJ formally consolidate HVUS's two rate cases for purposes of adjudication and resolution.

21. HVUS also respectfully requests that, in the event litigation is required, the ALJ direct each witness to submit a single piece of direct, rebuttal, and surrebuttal testimony that clearly identifies any water specific, or wastewater specific, issues. Similarly, HVUS requests that the ALJ direct each party to submit a single brief and reply brief, which clearly identifies any water specific, or wastewater specific, issues.

IX. SETTLEMENT DISCUSSIONS

22. HVUS looks forward to mediation and is hopeful that these proceedings can be resolved without the need for litigation.

Respectfully submitted,


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Counsel for *Hidden Valley Utility Services, L.P.*

Dated: June 18, 2018

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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 :
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 : *et al.*
 Hidden Valley Utility Services, L.P. :
 (Wastewater) :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Prehearing Conference Memorandum of Hidden Valley Utility Services, L.P. (Water and Wastewater), upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL AND FIRST CLASS MAIL:

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DATED: June 18, 2018



Jonathan P. Nase, Esquire
Counsel for *Hidden Valley Utility Services, L.P.*
(Water)