



July 24, 2018

VIA E-FILING

Jonathan P. Nase

Direct Phone 717-773-4191
Direct Fax 215-372-2340
jnase@cozen.com

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.; DOCKET NOS. R-2018-3001306 AND R-2018-3001307

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

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Further 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.*

JPN:kmg

Enclosures

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket Nos. R-2018-3001306
	:	R-2018-3001307, <i>et al.</i>
Hidden Valley Utility Services, L.P.	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Further Prehearing Conference Memorandum, 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:

Allison Kaster, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265
E-mail: akaster@pa.gov
Counsel for the *Bureau of Investigation and Enforcement*

Christine Maloni Hoover, Esquire
Lauren Castor, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
E-mail: CHoover@paoca.org
LCastor@paoca.org
Counsel for *Office of Consumer Advocate*

William H. Stewart, III, Esquire
Vuono & Gray, LLC
310 Grant Street, Suite 2310
Pittsburgh, PA 15219
E-mail: wstewart@vuonogray.com
Counsel for *Hidden Valley Foundation, Inc.*

Stacy Sherwood
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044
E-mail: sherwood@exeterassociates.com
Consultant for *Office of Consumer Advocate*

Aaron Rothschild
Rothschild Financial Consulting
15 Lake Road
Ridgefield, CT 06877
E-mail: aaron@rothschildfinancial.com
Consultant for *Office of Consumer Advocate*

Jerome D. Mierzwa
Exeter Associates
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044
E-mail: jmierzwa@exeterassociates.com
Consultant for *Office of Consumer Advocate*

Terry L. Fought
780 Cardinal Drive
Harrisburg, PA 17111
E-mail: tfengr@aol.com
Consultant for *Office of Consumer Advocate*

VIA FIRST CLASS MAIL:

Melissa Pindroh
G. Pindroh
206 St. Leonards Lane
Cranberry Township, PA 16066

Debra J. Simpson
29523 Bruce Drive
Willowick, OH 44095

Tom Conroy
Shelley Conroy
314 Swagler Road
Scenery Hill, PA 15360

John W. Cupps
2406 South Ridge Lane
P.O. Box 4506
Hidden Valley, PA 15502

David W. Oster
2302 Sarah Street
Pittsburgh, PA 15103

Robert J. Kollar
1374 Langport Drive
Pittsburgh, PA 15241

Celeste Emrick
503 Kooser Circle
P.O. Box 4161
Hidden Valley, PA 15502

David G. Brodland
163 Browns Run
Hidden Valley, PA 15502

David Brodland
2014 Blainmont Drive
Pittsburgh, PA 15241-2203

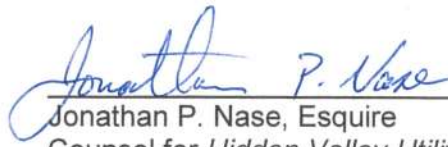
Robert and Katherine Bair
5119 Summit Drive
Hidden Valley, PA 15502

Jerome and Barbara Cypher
5304 Summit Drive
Hidden Valley, PA 15502

Toni Gorenc
2802 Sarah Street
Pittsburgh, PA 15203

Jon and Nina Lewis
25 Waverly Drive
Greensburg, PA 15601

DATED: July 24, 2018



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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Deputy Chief Administrative Law Judge Mark A. Hoyer

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	Docket Nos. R-2018-3001306 <i>et al.</i>
v.	:	
	:	
Hidden Valley Utility Services, L.P. (Water)	:	
	:	
and	:	
	:	
Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket Nos. R-2018-3001307 <i>et al.</i>
	:	
Hidden Valley Utility Services, L.P.	:	
(Wastewater)	:	

**FURTHER 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 Further Prehearing Conference Order of the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer (the “Administrative Law Judge” or “ALJ”), dated June 25, 2018, to file this Further 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. This matter was docketed at R-2018-3001306.

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. This matter was docketed at R-2018-3001307.

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-2018-3001843, and a Notice of Appearance and a Formal Complaint against the water rate increase, which was docketed at C-2018-3001841.

5. By Orders entered May 17, 2018, the PUC suspended Water Supplement No. 1 and Wastewater Supplement No. 1 by operation of law until February 1, 2019, unless permitted by Commission Order to become effective at an earlier date.

6. HVUS and the 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. 1 until April 1, 2019.

7. On May 30, 2018, Counsel for the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) filed her

Notice of Appearance in both HVUS's proposed water rate increase proceeding and HVUS's proposed wastewater rate increase proceeding.

8. Several *pro se* complainants have filed complaints against the proposed water rate increase and/or the proposed wastewater rate increase.

9. Pursuant to a Prehearing Conference Order/Mediation Session dated May 31, 2018, a Prehearing Conference was held telephonically on June 19, 2015. The Parties subsequently met for a Mediation Session that same day.

10. On June 15, 2018, HVUS filed a Petition for Protective Order in both the water rate increase proceeding and the wastewater rate increase proceeding. HVUS filed revised Petitions for Protective Order on June 20, 2018.

11. On June 19, 2018, a Further Prehearing Conference Notice was issued notifying the parties that a Further Prehearing Conference would be held on July 26, 2018. On June 25, 2018, the ALJ issued a Further Prehearing Conference Order.

12. The ALJ issued the First Prehearing Order on June 27, 2018 memorializing decisions rendered at the Prehearing Conference. *Inter alia*, this Order consolidated HVUS's water and wastewater rate increase proceedings and adopted modifications to the Commission's Rules of Administrative Practice and Procedure regarding discovery.

13. On June 29, 2018, a Public Input Hearing Notice was issued, regarding two public input hearings, both scheduled to be held on July 27, 2018. On July 3, 2018, the ALJ issued the First Interim Order – Public Input Hearings, addressing notice and other requirements for the public input hearings.

14. The Parties attended a second mediation session on July 19, 2018.

II. COUNSEL

15. Counsel for HVUS is:

Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
Phone: (717) 773-4191
Fax: (215) 372-2340
E-mail: jnase@cozen.com

III. SERVICE OF DOCUMENTS

16. 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

17. 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 have been 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.

18. 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
A. James F. Kettler, President Hidden Valley Utility Services, L.P. 811 Russell Avenue Suite 302 Gaithersburg, MD 20879	Operations and Quality of Service
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	Rate of Return
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	Cost of Service, Rate Allocation and Customer Rate Design
D. Glenn Fodor Vice President, Operations Hidden Valley Utility Services, L.P. P.O. Box 4038 Hidden Valley, PA 15502	Operations and Quality of Service
E. Bradley R. Stinebiser, P.E. The EADS Group, Inc. 450 Aberdeen Drive Somerset, PA 15501	Operations and Quality of Service

19. 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

20. 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.

21. As stated previously, the ALJ adopted modifications to the PUC’s Rules of Administrative Practice and Procedure at the Prehearing Conference of May 30, 2018. HVUS respectfully submits that no further discovery rule modifications are necessary at this time.

VI. PROTECTIVE ORDER

22. As stated previously, HVUS filed a revised Motion for Protective Order on June 20, 2018. To date, no Answers to this Motion have been filed. HVUS respectfully requests that the ALJ grant the Motion and issue the requested Protective Order.

VII. PROCEDURAL SCHEDULE

23. The parties have agreed to the following procedural schedule, and request that it be approved:

Non-Company Direct Testimony	September 18, 2018
Rebuttal	October 18, 2018
Surrebuttal	November 9, 2018
Rejoinder outline	November 14, 2018 (by noon)
Hearing (rate of return)	November 15, 2018
Hearing (all other issues)	November 16, 2018
Main Briefs	December 11, 2018
Reply Briefs	December 21, 2018

VIII. OTHER ISSUES

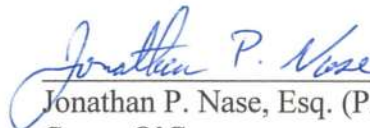
24. To date, only Hidden Valley, the OCA and I&E have participated in this case. Documents served on Gerry and Melissa Pindroh, David G. Broadland, and Robert and Katherine Bair, have repeatedly been returned as undeliverable. Documents served on Jerome and Barbara

Cypher have also been returned, but those complainants have now provided an updated mailing address of 17 Wilmont Avenue, Washington, PA 15301-3536. None of the *pro se* complainants attended the Prehearing Conference held on May 30, 2018. HVUS respectfully requests that any complainant who does not attend the Further Prehearing Conference be removed from the service list in this proceeding.

IX. SETTLEMENT DISCUSSIONS

25. HVUS remains open to a reasonable settlement of these matters.

Respectfully submitted,


Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
Phone: (717) 773-4191
Fax: (215) 372-2340
E-mail: jnase@cozen.com

Date: July 24, 2018

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