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File #: 2275/143230

July 6, 2010

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Pennsylvania Public Utility Commission v. The York Water Company
Docket No. R-2010-2157140**

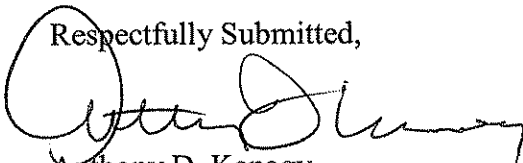
**The Office of Consumer Advocate v. The York Water Company
Formal Complaint Docket No. C-2010-2178038**

**Office of Small Business Advocate v. The York Water Company
Formal Complaint Docket No. C-2010-2181763**

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Conference Memorandum of The York Water Company for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,



Anthony D. Kanagy

ADK/skr,

Enclosure

cc: Certificate of Service
Kathleen M. Miller

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

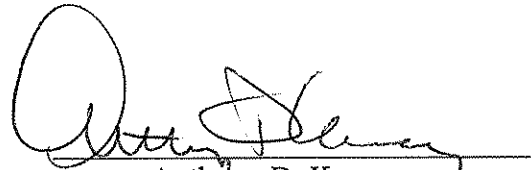
VIA E-MAIL AND FIRST CLASS MAIL

Dianne E. Dusman
Shaun A. Sparks
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Adeolu Bakare
Office of Trial Staff
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: July 6, 2010



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	Docket No. R-2010-2157140
	:	
The Office of Consumer Advocate,	:	Docket No. C-2010-2178038
	:	
The Office of Small Business Advocate,	:	Docket No. C-2010-2181763
	:	
v.	:	
	:	
The York Water Company.	:	

**PREHEARING CONFERENCE MEMORANDUM OF
THE YORK WATER COMPANY**

TO ADMINISTRATIVE LAW JUDGE DAVID A. SALAPA:

The York Water Company (“York Water” or the “Company”) hereby files this Prehearing Conference Memorandum in the above-captioned matter in response to the Prehearing Conference Order issued by Administrative Law Judge David A. Salapa on June 24, 2010, and states as follows:

On May 14, 2010, York Water filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 94 to its Tariff Water – Pa. P.U.C. No. 14, along with supporting information required by 52 Pa. Code §§ 53.52 and 53.53. Rates contained in Supplement No. 94 are designed to produce \$6,220,428 in additional base rate operating revenues, or an approximate 16.2% increase in revenues, excluding the effect of Distribution System Improvement Charge and State Tax Adjustment Surcharge revenues in current base rates, based upon pro forma data for a future test year ending December 31, 2010. The increase is due, in part, to the return and depreciation requirements resulting from approximately \$30

million in new or replacement facilities that have been or will be placed in service in 2009-2010. The new facilities include additional standpipes, booster stations and pumping equipment, improvements to the Company's water treatment facilities and the replacement of aging mains and infrastructure. The Company also must recover costs for increasing expenses, such as pension expenses and costs for purchased power.

I. SERVICE OF DOCUMENTS

The Prehearing Conference Order provides that each participant shall list one person for entry on the service list. Please list Anthony D. Kanagy on the service list on behalf of York Water. Mr. Kanagy's contact information is as follows:

Anthony D. Kanagy, Esquire
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
Phone: 717-612-6034
Fax: 717-731-1985
E-mail: akanagy@postschell.com

York Water also requests that Michael W. Hassell be included on all electronic mail sent in this proceeding. Mr. Hassell's e-mail address is mhassell@postschell.com.

York Water's attorneys are authorized to accept service on behalf of York Water in this proceeding. York Water requests that the Commission and all parties of record serve copies of all discovery requests and answers, correspondence, Commission Orders and any other documents issued in this proceeding on its attorneys in Harrisburg, Pennsylvania.

II. WITNESSES AND ISSUES

Below is a list of the witnesses and the areas of their testimony comprising York Water's initial direct case in this proceeding. The subject matters listed below represent as complete a statement of issues that York Water 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.

Witnesses

Summary of Issues Addressed

- | | | |
|--|----------------------|---|
| 1. Jeffrey R. Hines,
President and Chief Executive Officer
The York Water Company
130 East Market Street
York, PA 17405-7089
Tel: 717.845.3601 | a.
b.
c. | History of the Company and General Operations;
Recent Acquisition Activity; and
Quality of Service. |
| 2. Joseph T. Hand,
Chief Operating Officer
The York Water Company
130 East Market Street
York, PA 17405-7089
Tel: 717.845.3601 | a.
b.
c. | General Operations;
Quality of Service; and
Future Test Year Plant Additions and Retirements. |
| 3. Kathleen M. Miller
Chief Financial Officer
The York Water Company
130 East Market Street
P.O. Box 15089
York, PA 17405-7089
Tel: 717.845.3601 | a.
b.
c.
d. | Income Statement;
Expenses and Expense Adjustments;
Income Taxes and Income Tax Adjustments; and
Measures of Value (excluding accrued depreciation). |
| 4. Ted W. Altland
Finance Manager
The York Water Company
130 East Market Street
York, PA 17405-7089
Tel: 717-845-3601 | a.
b.
c.
d. | Balance Sheet; and
Taxes Other Than Income Taxes;
Revenues and Revenue Adjustments; and
Miscellaneous Issues. |
| 5. Paul R. Moul
Managing Consultant
P. Moul & Associates, Inc.
251 Hopkins Road
Haddonfield, NJ 08033
Tel: 856.428.7515 | a.
b. | Cost of Capital; and
Fair Rate of Return. |

Witnesses

Summary of Issues Addressed

- | | | | |
|----|--|----------|---|
| 6. | John J. Spanos
Vice President
Gannett Fleming
207 Senate Avenue
Camp Hill, PA 17011
Tel: 717.763.7211 | a. | Depreciation Study. |
| 7. | Paul R. Herbert
President – Valuation and Rate Design
Gannett Fleming
207 Senate Avenue
Camp Hill, PA 17011
Tel: 717.763.7211 | a.
b. | Cost of Service Study; and
Rate Structure. |

The testimony and exhibits fully support York Water’s proposed rate increase, and the design of rates to recover that increase from customers. At this time, York Water cannot present any further identification of issues in this proceeding. York Water reserves the right to present testimony on additional issues and subject matters that may arise during the course of the proceeding.

III. DISCOVERY

To date, the Company has received and responded to multiple sets of interrogatories from parties. The Company has engaged in some informal discovery, and encourages the further use of informal discovery processes as the proceeding progresses. The Company is not aware of any discovery difficulty, and does not propose any special orders regarding discovery.

IV. LITIGATION SCHEDULE

Pursuant to the Prehearing Conference Order, York Water proposes the following schedule:

Prehearing Conference	July 8, 2010
Other Parties Direct Testimony	August 5, 2010
Rebuttal Testimony	September 3, 2010
Surrebuttal	September 20, 2010
Hearings	September 29 - October 1 (Oral rejoinder at hearings)
Main Briefs	October 22, 2010
Reply Briefs	November 5, 2010

York Water has been and will continue to work with the parties to adopt a mutually agreeable schedule.

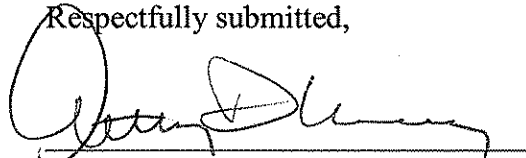
With regard to the schedule, the Company is not aware of any substantial public interest being expressed that would warrant the scheduling of a public input hearing. Nonetheless, York Water is not opposed to a public input hearing being held, provided it is scheduled sufficiently in advance of the due date for rebuttal testimony to allow York Water to respond, if necessary, to matters presented at a public input hearing.

York Water has been very successful in the past in working with other parties to achieve settlements, and York Water is confident that these past working relationships will continue. As a result, York Water does not perceive any need to include specific dates for settlement conferences in the procedural schedule.

V. SETTLEMENT DISCUSSIONS

York Water remains open and available for settlement discussions with the other Parties. The Company expects to undertake settlement negotiations at the earliest time available.

Respectfully submitted,



Michael W. Hassell (ID # 34851)

Anthony D. Kanagy (ID # 85522)

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E-mail: akanagy@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: July 6, 2010

Counsel for The York Water Company