

DEWEY & LEBOEUF

Dewey & LeBoeuf LLP
1101 New York Avenue, NW
Washington, DC 20005-4213

T +1 202 346 8154
F +1 202 956 3281
mklein@dl.com

August 26, 2011

VIA E-FILE

Rosemary Chiavetta, Secretary
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
(717) 772-7777

Re: *PUC, et al. v. CAN DO, Inc.*
Docket Nos. R-2011-2238805, C-2011-2250354, C-2011-2245605 (water)
R-2011-2238809, C-2011-2250366, C-2011-2245792 (sewer)

Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceedings, please find the *Prehearing Memorandum of CAN DO, Inc.* Copies of the same have been served upon all parties listed on the certificate of service.

Should you have any questions, please do not hesitate to contact the undersigned.
Thank you.

Sincerely,



Michael D. Klein

Enclosure

cc: Certificate of Service

Dewey & LeBoeuf LLP is a New York limited liability partnership.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY)	
COMMISSION,)	
THE HERSHEY COMPANY,)	
SPEARS MANUFACTURING)	
)	R-2011-2238805, <i>et al.</i>
v.)	C-2011-2250354
)	C-2011-2245605
CAN DO, INC.)	
WATER DIVISION)	
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PENNSYLVANIA PUBLIC UTILITY)	
COMMISSION,)	
THE HERSHEY COMPANY,)	
SPEARS MANUFACTURING)	
)	R-2011-2238809, <i>et al.</i>
v.)	C-2011-2250366
)	C-2011-2245792
CAN DO, INC.)	
WASTEWATER DIVISION)	

**PREHEARING MEMORANDUM OF
CAN DO, INC.**

Pursuant to the August 12, 2011 Prehearing Conference Order of Administrative Law Judge Ember S. Jandebaur, and in advance of the telephonic Prehearing Conference scheduled for Wednesday, August 31, 2011, at 10:00 a.m., in Hearing Room 318, Scranton State Office Building, 100 Lackawanna Avenue, Scranton, PA 18503, the Respondent, CAN DO, Inc. (“CAN DO”), by and through its undersigned counsel, hereby submits its prehearing memorandum in the above-captioned proceedings.

I. HISTORY

1. On April 28, 2011, CAN DO filed its Supplement No. 22 to Tariff Water– PA P.U.C. No. 3 and associated Rate Study Report in Docket R-2011-2238805. On the same day,

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CAN DO also filed its Supplement No. 18 to Tariff Sewer – PA P.U.C. No. 3 in Docket R-2011-2238809.

2. On June 2, 2011, Spears Mfg. (“Spears”) filed its formal complaints against both the proposed water and wastewater rate increases. The complaints were docketed at Docket Nos. C-2011-2245605 (water) and C-2011-2245792 (wastewater).

3. CAN DO filed its response to Spears’s complaints on June 16, 2011.

4. On June 29, 2011, The Hershey Company (“Hershey”) filed its formal complaints against both the proposed water and wastewater rate increases. The complaints were docketed at Docket Nos. C-2011-2250354 (water) and C-2011-2250366 (wastewater).

5. CAN DO filed its response to Hershey’s complaints on July 12, 2011.

6. On July 28, 2011, the Commission issued concurrent orders commencing an investigation into the proposed water and wastewater tariff supplements, suspending the effective dates of the proposed supplements to March 1, 2012, and assigning the cases for Alternative Dispute Resolution.

7. On August 8, 2011, CAN DO consented to mediation in the above-captioned proceedings, extending the suspension date by 60 days to April 30, 2012, pursuant to 52 Pa. Code § 69.392. On August 12, 2011, a mediation session was scheduled for August 31, 2011 with Mediator Cynthia Lehman.

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8. In compliance with the Commission's orders, on August 4, 2011, CAN DO filed the tariff supplements necessary to suspend the effective dates of the proposed rate increases to March 1, 2012.

9. On August 12, 2011, Administrative Law Judge Ember S. Jandebour issued a Prehearing Conference Order scheduling a Prehearing Conference for Wednesday, August 31, 2011, at 10:00 a.m. and directing the parties to file and serve prehearing conference memoranda prior to Friday, August 26, 2011, at 3:00 p.m.

10. CAN DO anticipates that the above-captioned proceedings will be consolidated.

II. ISSUES

11. Complainants have requested that the Commission deny CAN DO's requests for water and sewer rate increases on the grounds that the increases are unjustified and would impose an undue burden.

12. CAN DO anticipates that the matters to be addressed with respect to its water tariff will include:

Rate of Return (including Overall Rate of Return, Capital Structure, Cost of Common Equity, and Cost of Debt)

Expenses (including Purchased Power Expense, Repairs and Maintenance, Chemicals Expense, Testing Expense, Purchased Water Expense, Administrative Overhead Expense, Amortized (Well No. 14) Expense, Rate Case Expense, and Other Expenses)

Rate Base (including Cash Working Capital and Accumulated Depreciation)

Other Issues (including Rate Structure, Lost and Unaccounted for Water, and Quality of Service)

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13. CAN DO anticipates that the matters to be addressed with respect to its wastewater tariff will include:

Rate of Return (including Overall Rate of Return, Capital Structure, Cost of Common Equity, and Cost of Debt);

Expenses (including Purchased Power Expense, Testing Expense, Repairs and Maintenance Expense, Insurance Expense, Regulatory Commission Expense, Miscellaneous Expense, Administrative Overhead Expense, Rate Case Expense, Depreciation Expense, and Other Expenses);

Rate Base (including Accumulated Depreciation); and

Other Issues (including Rate Structure, Inflow and Infiltration, and Quality of Service).

III. DISCOVERY

14. CAN DO has responded and continues to respond to data requests and interrogatories from the Office of Trial Staff.

IV. WITNESSES & TESTIMONY

15. At this time, CAN DO anticipates calling the following witnesses:

(a) Kevin O'Donnell, President

CAN DO Inc.
1 South Church Street
Hazleton, PA 18201

Mr. O'Donnell will provide fact and expert testimony regarding the nature of CAN DO's business and overall operations, the need for CAN DO's facilities to serve industrial customers, and the impacts to CAN DO of increased costs associated with government regulations.

(b) Phil Wegener, Director of Operations

CAN DO Inc.
1 South Church Street
Hazleton, PA 18201

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Mr. Wegener will provide fact and expert testimony regarding the construction, engineering and operations of CAN DO including matters related to planning, day-to-day operations and recent construction projects.

(c) Patricia Gendler, CPA, Controller

CAN DO Inc.
1 South Church Street
Hazleton, PA 18201

Ms. Gendler will provide fact and expert testimony regarding accounting and book keeping for CAN DO's water and wastewater systems.

(d) Robert D. Ambrose, Rate Consultant

Herbert, Rowland & Grubic, Inc.
369 East Park Drive
Harrisburg, PA 17111:

Mr. Ambrose will provide fact and expert testimony regarding preparation of the rate filing and tariff supplements, including, but not limited to, the associated revenue requirement analysis, rate base, preparation of claimed depreciation, rate design and rate of return.

16. CAN DO reserves the right to call additional witnesses as may become necessary.

V. LITIGATION SCHEDULE

17. The following tentative procedural schedule has been discussed by the parties:

Prehearing Conference	August 31, 2011
Mediation End Date	October 10, 2011
Company Direct Testimony	October 17, 2011
Non-Company Direct	November 14, 2011
Rebuttal Testimony	November 28, 2011
Surrebuttal	December 12, 2011
Evidentiary Hearings	December 19-20, 2011
Main Briefs	January 19, 2012
Reply Briefs	January 30, 2012
End of Suspension Period	April 30, 2012

Respectfully submitted,



Michael D. Klein, Esq.
Attorney ID No. 23854
Dewey & LeBoeuf, LLP
1101 New York Avenue, NW
Washington, DC 20005-4213
Tel: (202) 346-8154
Fax: (202) 346-8102
Counsel for CAN DO, Inc.

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) C-2011-2245792

CAN DO, INC.)
WASTEWATER DIVISION)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the *Prehearing Memorandum of CAN DO, Inc.* upon the persons and in the manner indicated below in accordance with the requirements of § 1.54 (relating to service by a party):

By Electronic & U.S. Mail:

Honorable Ember S. Jandebaur
Office of Administrative Law Judge
Scranton State Office Building
100 Lackawanna Avenue
Scranton, PA 18503
ejandebaur@state.pa.us

Cynthia Lehman, Mediator
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
cylehman@state.pa.us

Charles Daniel Shields, Esq.
Pennsylvania Public Utility Commission
Office of Trial Staff
400 North Street
PO Box 3265
Harrisburg, PA 17105-3265
(717) 787-1976
chshields@state.pa.us

Daniel Prudich
Operations Manager
Spears Mfg.
Box 613
Oakridge Road
Hazelton, PA 18202
(570) 384-4832
dprudich@spearsmfg.net

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Charis Mincavage, Esq.
Mcnees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166
(717) 237-5437
cmincavage@mwn.com
Counsel for The Hershey Company

DATED: August 26, 2011



Michael D. Klein, Esq.
Attorney ID No. 23854
Dewey & LeBoeuf, LLP
1101 New York Avenue, NW
Washington, DC 20005-4213
Tel: (202) 346-8154
Fax: (202) 346-8102
Counsel for CAN DO, Inc.