



22, Hanover Food's expense is projected to rise to approximately \$961,000 per year, an increase of \$336,000 in Hanover Food's annual operating costs.

By order on August 30, 2012, the Commission instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed rate increase.

This matter was assigned to Administrative Law Judge Kandace Melillo. A Prehearing Conference is scheduled before Judge Kandace Melillo at 10:00 a.m. on September 11, 2012.

## **II. ISSUES**

Based on its preliminary review of Hanover Water's submission, Hanover Foods anticipates that potential issues in this proceeding will include:

- (1) whether Hanover Water has properly stated its revenue requirement;
- (2) whether Hanover Water is seeking a proper rate of return;
- (3) whether Hanover Water has properly allocated the costs of service to the various customer classes; the disproportionate impact of Hanover Water's rate increase on large commercial and industrial customers, including Hanover Foods; and
- (4) whether the proposed rate increase violates the Commission's goals of gradualism and the avoidance of rate shock.

Hanover Foods reserves the right to address other issues as it deems appropriate.

## **III. LITIGATION SCHEDULE**

Hanover Foods consents to the litigation schedule that Hanover Water has proposed in its revised Prehearing Conference Memorandum.

## **IV. DISCOVERY**

Hanover Foods has served data requests and interrogatories on Hanover Water, and Hanover Water has agreed to serve any objections to this discovery within three (3) days of service and to provide responses within ten (10) days of service.

## V. WITNESSES

Hanover Foods reserves the right to present direct, rebuttal, and surrebuttal fact and expert testimony, to the extent it deems necessary, in this proceeding. Hanover Foods expects to present expert testimony concerning the revenue requirement, cost allocations, cost of capital, and reasonableness of the proposed rates. Expert testimony may be given by:

John F. Guastella  
Guastella Associates, LLC  
6 Beacon Street, Suite 200  
Boston, MA 02108

Hanover Foods expects to present direct testimony from officers or employees of Hanover Foods concerning the adverse impact of the proposed rate increase on the company, the community it serves, and its employees. This testimony may be given by:

Gary Knisley, Executive Vice President and Corporate Counsel  
Hanover Foods Corporation  
1486 York Street  
P.O. Box 334  
Hanover, PA 17331

David Still, Vice President of Canning Operations  
Hanover Foods Corporation  
1486 York Street  
P.O. Box 334  
Hanover, PA 17331

Once discovery has further progressed and the positions of all parties to this proceeding have been made known, Hanover Foods will notify the Administrative Law Judge and all parties of the identities of any additional witnesses it intends to call, or topics on which it intends to present testimony.

## **VI. SERVICE ON HANOVER FOODS**

Hanover Foods consents to accept electronic delivery documents on the deadline for their filing, if followed by hard copy delivery by first class mail to its counsel of record.

Hanover Foods respectfully requests that service be made to its counsel of record in this matter:

Christopher A. Lewis  
Christopher R. Sharp  
Blank Rome, LLP  
One Logan Square  
Philadelphia, PA 19103  
Telephone: (215) 569-5793  
Facsimile: (215) 832-5793  
lewis@blankrome.com  
sharp@blankrome.com

Hanover Foods also requests that parties serve electronic (and not paper) copies of all documents and communications in this proceeding on:

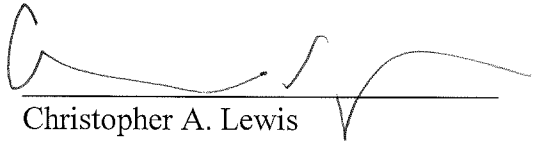
John F. Guastella  
Guastella Associates, LLC  
6 Beacon Street, Suite 200  
Boston, MA 02108  
jfg@guastella.com

## **VII. CONCLUSION**

Hanover Foods is willing to engage in good faith efforts to amicably resolve this matter short of hearings, briefs and exceptions. In the event discussions fail to result in a resolution of the issues raised by Hanover Foods, Hanover Foods is prepared to litigate the case as may be required.

Respectfully submitted,

BLANK ROME LLP

By: 

Christopher A. Lewis  
Christopher R. Sharp  
One Logan Square  
Philadelphia, PA 19103  
Phone: (215) 569-5500  
Fax: (215) 569-5555

*Counsel to Hanover Foods  
Corporation*

Dated: September 7, 2012

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

:

Hanover Foods Corporation : Docket No. R-2012-2311725  
v. : Docket No. C-2012-2318816  
Borough of Hanover/Hanover Municipal :  
Water Works :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing Prehearing Memorandum of Hanover Foods Corporation dated September 7, 2012, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below, in accordance with the requirements of §1.54 (relating to service by a party):

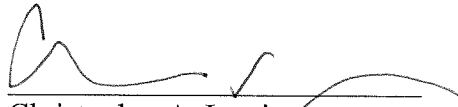
Alicia R. Duke, Esquire  
Rhoads & Sinon, LLP  
One South Market Square  
P.O. Box 1146  
Harrisburg, PA 17108-1146

Steven C. Gray, Esquire  
Office of Small Business Advocate  
300 North Second Street  
Suite 1102  
Harrisburg, P A 17101

Christine Maloni Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101-1923

Carrie B. Wright, Esquire  
PA Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-6156

Johnnie E. Simms  
Chief Prosecutor  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-6156



Christopher A. Lewis  
Christopher R. Sharp  
One Logan Square  
Philadelphia, PA 19103  
Lewis@Blankrome.com  
Sharp@Blankrome.com.  
Telephone: (215)569-5500  
Facsimile: (215)832-5500