



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Anthony D. Kanagy

akanagy@postschell.com
717-612-6034 Direct
717-731-1985 Direct Fax
File #: 153504

July 30, 2013

VIA ELECTRONIC FILING

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

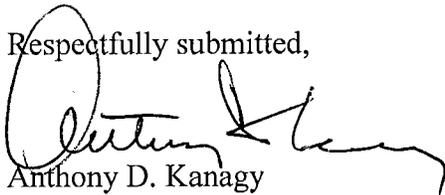
Re: Pennsylvania Public Utility Commission, The Office of Consumer Advocate, Larry L. Wolfe and John C. Eline v. The York Water Company - Docket Nos. R-2012-2336379, C-2013-2367038, C-2013-2370416 and C-2013-2374421

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Memorandum on behalf of The York Water Company in the above-referenced proceeding.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/skr
Enclosures

cc: Certificate of Service
Honorable Kandace F. Melillo
Honorable Joel H. Cheskis

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

Christine M. Hoover, Esquire
Jennedy S. Johnson, Esquire
Brandon J. Pierce, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

John Evans
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

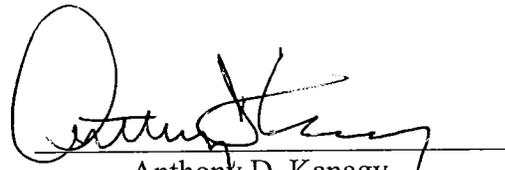
Richard A. Kanaskie, Esquire
Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

VIA FIRST CLASS MAIL

Larry L. Wolfe
2698 Forest Road
York, PA 17402

John C. Eline
1208 West Princess Street
York, PA 17404

Date: July 30, 2013


Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2012-2336379
The Office of Consumer Advocate	:		C-2013-2367038
Larry L. Wolfe	:		C-2013-2370416
John C. Eline	:		C-2013-2374421
	:		
v.	:		
	:		
The York Water Company.	:		

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

TO ADMINISTRATIVE LAW JUDGES KANDACE F. MELILLO AND JOEL H. CHESKIS:

I. INTRODUCTION

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 Judges Kandace Melillo and Joel H. Cheskis (the “ALJs”) on July 22, 2013, and states as follows:

On May 29, 2013, York Water filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 111 to its Tariff Water – Pa. P.U.C. No. 14 (“Supplement No. 111”) and Supplement No. 1 to Tariff Wastewater – Pa. P.U.C. No. 1 (“Supplement No. 1”), along with supporting information required by 52 Pa. Code §§ 53.52 and 53.53. In Supplement No. 111, York Water proposes a general increase in water rates of \$7,116,392, or an approximate 16.8% 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 fully projected future test year ending February 28, 2015. In Supplement No. 1, York Water proposes a general increase in wastewater rates for the Asbury Point Subdivision of \$27,960. In this filing, the Company is proposing to allocate a portion of the wastewater revenue requirement to water customers pursuant to 66 Pa. C.S. § 1311(c).

The water increase is due, in part, to the return and depreciation requirements resulting from new or replacement facilities that have been or will be placed in service by the end of the fully projected future test year. The Company projects that it will place into service \$13,030,955 in new or replacement facilities during 2013, and \$17,747,000 in 2014 and the first two months of 2015. These facilities include standpipes, booster station and pumping equipment upgrades, and improvements to the Company's water treatment facilities, in addition to the replacement or relining of aging mains and the replacement of other infrastructure. In addition, the Company recently acquired a small wastewater system, which required capital investment in order to address concerns identified by the Department of Environmental Protection. The Company also must recover costs for increasing expenses, such as pension expenses and costs for purchased power.

On June 4, 2013, the Office of Consumer Advocate ("OCA") filed a Notice of Appearance and Complaint. York Water subsequently filed a letter indicating that it was not filing an answer to the Complaint pursuant to 52 Pa. Code § 5.61(d) because it was associated with a rate proceeding.

On June 20, 2013, the Bureau of Investigation and Enforcement ("I&E") filed a Notice of Appearance.

By letter dated June 25, 2013, York Water received notice of a Formal Complaint filed by Larry L. Wolfe. York Water subsequently filed a letter indicating that it was not filing an

answer to the Complaint pursuant to 52 Pa. Code § 5.61(d) because it was associated with a rate proceeding.

On July 16, 2013, the Commission entered an Order suspending Supplement No. 111 and Supplement No. 1 by operation of law until March 1, 2014, unless otherwise directed by Order of the Commission.

On July 19, 2013, the Commission issued a Hearing Notice scheduling an Initial Prehearing Conference for August 1, 2013.

Also by letter dated July 19, 2013, York Water received notice of a Formal Complaint filed by John C. Eline. York Water subsequently filed a letter indicating that it was not filing an answer to the Complaint pursuant to 52 Pa. Code § 5.61(d) because it was associated with a rate proceeding.

On July 22, 2013, the ALJs issued the above-referenced Prehearing Conference Order.

II. 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 and Jessica R. Rogers be included on all electronic mail sent in this proceeding. Mr. Hassell's e-mail address is mhassell@postschell.com. Ms. Rogers' e-mail address is jrogers@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.

III. 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 as further detailed in the Company’s testimony represent as complete a statement of issues that York Water can provide at this stage of the proceeding. Further definition of the issues will be developed during the course of the proceeding.

	Witness	Stmt Nos.	Summary of Issues Addressed
1.	Jeffrey R. Hines, President and Chief Executive Officer The York Water Company 130 East Market Street York, PA 17401-7089 Tel: 717.845.3601	1	History of the Company; Unaccounted for Water; Quality of Service; and Incentive Program.
2.	Joseph T. Hand, Chief Operating Officer The York Water Company 130 East Market Street York, PA 17401-7089 Tel: 717.845.3601	2	Quality of Service; Plant Additions; and Plant Retirements.
3.	Kathleen M. Miller Chief Financial Officer The York Water Company 130 East Market Street P.O. Box 15089 York, PA 17401-7089 Tel: 717.845.3601	3 103 3W 103W	Statement of Operations; Operating Revenues; Operating Expenses; and Measures of Value (excluding accrued depreciation).

- | | | | |
|----|---|------------------------|---|
| 4. | Ted W. Altland
Finance Manager
The York Water Company
130 East Market Street
York, PA 17401-7089
Tel: 717.845.3601 | 4
104
4W
104W | Statement of Operations;
Operating Taxes Other Than
Income Taxes; and
Measures of Value
. |
| 5. | Matthew E. Poff
Controller
The York Water Company
130 East Market Street
York, PA 17401-7089
Tel: 717.845.3601 | 5
105
5W
105W | Operating Income Taxes;
Statement of Operations;
Measures of Value; and
Balance Sheets. |
| 6. | John J. Spanos
Vice President
Gannett Fleming
207 Senate Avenue
Camp Hill, PA 17011
Tel: 717.763.7211 | 106 | Depreciation Study. |
| 7. | Paul R. Moul
Managing Consultant
P. Moul & Associates, Inc.
251 Hopkins Road
Haddonfield, NJ 08033
Tel: 856.428.7515 | 107 | Cost of Capital; and
Fair Rate of Return. |
| 8. | Paul R. Herbert
President – Valuation and Rate
Design
Gannett Fleming
207 Senate Avenue
Camp Hill, PA 17011
Tel: 717.763.7211 | 108 | 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. York Water reserves the right to present testimony on additional issues and subject matters that may arise during the course of the proceeding.

IV. 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 issues, and does not propose any special orders regarding discovery.

V. LITIGATION SCHEDULE

Pursuant to the Prehearing Conference Order, York Water proposes, and counsel for I&E, OCA, and the Office of Small Business Advocate (“OSBA”) have agreed to, the following schedule:

Prehearing Conference	August 1, 2013
Other Parties Direct Testimony	September 4, 2013
Rebuttal Testimony	September 30, 2013
Surrebuttal	October 16, 2013
Hearings	October 22 – 24, 2013
Main Briefs	November 6, 2013
Reply Briefs	November 14, 2013

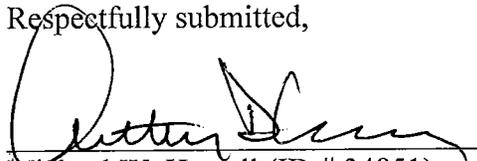
With regard to the schedule, the Company is not aware of any substantial public interest being expressed that would warrant the scheduling of a public input hearing. Nonetheless, York Water is not opposed to a public input hearing being held, provided it is scheduled sufficiently in advance of the due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

VI. SETTLEMENT DISCUSSIONS

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

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.

Respectfully submitted,



Michael W. Hassell (ID # 34851)

Anthony D. Kanagy (ID # 85522)

Jessica R. Rogers (ID #309842)

Post & Schell, P.C.

17 North Second Street

12th Floor

Harrisburg, PA 17101-1601

Phone: 717-731-1970

Fax: 717-731-1985

E-mail: mhassell@postschell.com

E-mail: akanagy@postschell.com

E-mail: jrogers@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: July 30, 2013

Counsel for The York Water Company