

# John J. Gallagher

Attorney at Law

711 Forrest Road, Harrisburg, PA 17112

Tel. (717) 599-5839

✉ jgallagher@jglawpa.com

July 23, 2014

## VIA HAND DELIVERY

Honorable Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

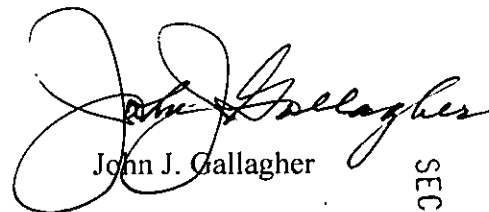
**Re: City of Lancaster Prehearing Conference Order Memorandum  
Docket No. R-2014-2418872**

Dear Secretary Chiavetta:

On behalf of the City of Lancaster ("City") and pursuant to Administrative law Judge Angela Jones Prehearing Conference Order of July 21, 2014; please find enclosed an original and one (1) copy of the City's Prehearing Conference memorandum in the above-captioned matter.

Copies of this document have been served on the parties listed in the attached Certificate of Service.

Sincerely,



John J. Gallagher

cc: Certificate of Service  
Ms. Charlotte Katzenmoyer  
Mr. Patrick Hopkins

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**BEFORE THE PENNSYLVANIA  
PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission  
Office of Consumer Advocate  
Office of Small Business Advocate  
v.  
City of Lancaster

Docket Nos. R-2014-2418872  
C-2014-2426000  
C-2013-2300863

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**PREHEARING MEMORANDUM OF  
CITY OF LANCASTER**

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Pursuant to the Public Utility Code, the Commission's Rules of Administrative Practice and Procedure, the City of Lancaster (the "City"), hereby submits its Prehearing Memorandum in the above-captioned proceedings as follows:

**A. Procedural History**

On June 6, 2014, the City filed Supplement No. 43 to Lancaster Tariff Water- PA P. U. C. No.6 proposing to increase annual operating revenues from customers located outside the City by approximately 2,800, 000 OR 19%. On June 11, 2014 the Office of Consumer Advocate ("OCA") filed a formal Complaint against the City's proposed rate increase. On June 26, 2014, the Bureau of Investigation and Enforcement ("I&E") filed its Notice of Appearance. On June 27, 2014 the Office of Small Business Advocate ("OSBA") filed a Complaint, Verification and Public Statement in this proceeding. On July 9, 2014 The Commission issued an Order suspending the City's proposed Supplement No. 43 by operation of law until March 5, 2015. On July 10, the City filed Supplement No. 44 to Lancaster Tariff Water- PA P.U. C. No. 6, in response to the Commission's suspension of supplement No. 43.

**B. Service List**

Service to the City shall be provided to the following counsel:

John J. Gallagher, Esquire  
711 Forrest Road  
Harrisburg, PA 17112  
(717) 599-5839  
jgallagher@jglawpa.com

**C Issues**

The City intends to present evidence in support of its rate filing on the following general areas:

1. Rate Base--including plant in service, plant additions and depreciation
2. Rate of Return—including return on equity, cost of debt and capital structure
3. Revenues and expenses
4. Cost of Service—including rate structure and rate design

The above issues list is not intended to be comprehensive or exhaustive, and the City reserves the right to make reasonable amendments or modifications to the same as may be necessary and/or appropriate.

**D. Witnesses**

The City intends to present direct and rebuttal testimony, as may be necessary and appropriate, of the witnesses listed below.

1. Patrick Hopkins - Business Administrator, City of Lancaster, P.O. Box 1599, 120 Duke Street, Lancaster PA 17603  
Bethlehem, PA, (610) 865-7072

2. Charlotte Katzenmoyer – Director of Public Works, City of Lancaster, P.O. Box 1599, 120 Duke Street, Lancaster PA, 17603  
City of Lancaster, PA (610) 865-7072
3. Paul R. Herbert - President, Valuation and Rate Division,  
Gannett Fleming, Inc., 207 Senate Avenue, Camp Hill PA, (717) 763-7211
4. Constance Heppenstall- Project Manager, Rate studies, Valuation and  
Rate Division, Gannett Fleming. Inc., 207 Senate Avenue, Camp Hill, PA  
(717) 763-7211
5. John Spanos- Senior Vice President, Valuation and Rate Division, Gannett  
Fleming, Inc., 207 Senate Avenue, Camp Hill, PA (717) 763-7211
6. Harold Walker- Manager, Financial Studies, Valuation and Rate Division,  
Gannett Fleming, Inc., 207 Senate Avenue, Camp Hill PA, (717) 763-7211

The City reserves the right to list and/or call additional witnesses, as may be necessary and appropriate. As soon as the City has determined whether additional witnesses will be necessary, the presiding officer and all parties of record will be duly notified. The City believes that two (2) days of hearings should be sufficient to present all the evidence in this case.

**E. Exhibits**

The City intends to rely on the documents and exhibits that are part of the record in this matter and such documents and exhibits as are developed in the course of discovery in this proceeding. In addition, the City intends to rely on the exhibits and documents filed and submitted by the other parties in the case. The City does not anticipate filing any further exhibits at this time, but reserves the right to introduce additional exhibits if necessary and appropriate.

**F. Discovery**

The City does not propose any changes to the Commission’s Rules pertaining to discovery in rate proceedings. As of the date of this Prehearing Memoranda, the City has responded fully to OCA Interrogatories Set Nos. I-VII, I&E Interrogatories Sets RB & RS and OSBA Interrogatories Set I. There are no outstanding interrogatory responses due to any party.

**G. Proposed Litigation Schedule**

The City respectfully proposes the following litigation schedule pursuant to the above:

Prehearing Conference	July 24, 2014
Intervenor Direct Testimony	August 25, 2014
City Rebuttal Testimony	September 26, 2014
Intervenor Surrebuttal	October 13, 2014
Evidentiary Hearings	November 3-7, 2014
Close of Record	November 7, 2014
Main Briefs	November 28, 2014
Reply Briefs	December 10, 2014

*The City offers the schedule set forth above as a recommendation only, and is willing to discuss the same with the parties of record to arrive at a mutually agreeable schedule that allows for the timely and expeditious resolution of this matter.*

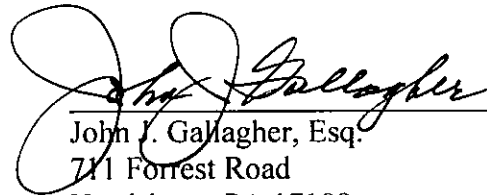
**H. Public Input Hearings**

As of the date of this Prehearing Memorandum, there have been no formal complaints, Protests, or Petitions to Intervene filed by any of the City's customers to the City's general base rate increase filing. It is the City's position that since there has been no evidence shown by the City's customers of the need for public input hearings that such hearings need not be scheduled.

**I. Stipulations and Settlement**

The City has not entered into any stipulations with any of the parties of record, and we are not prepared to make any stipulations at this time. However, the City is willing and available to discuss settlement of this matter with all parties, and reserves the right to supplement this Prehearing Memorandum if stipulations are made or a settlement agreed to in the future as a result of the mediation process.

Respectfully submitted,



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John J. Gallagher, Esq.  
711 Forrest Road  
Harrisburg, PA 17109  
Tel: (717) 599-5839  
jgallagher@jglawpa.com

Counsel for Respondent  
City of Lancaster

Date: July 23, 2014

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**BEFORE THE PENNSYLVANIA  
PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v

Docket No. R-2013-2390244

City of Bethlehem-Bureau of Water

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Section 1.54 of the PUC's Regulations, 52 Pa. Code § 1.54 (relating to service by a participant).

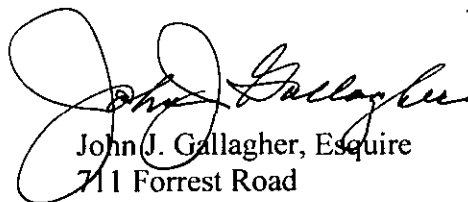
**Via electronic mail**

Richard A. Kanaskie, Esquire  
Bureau of Investigation and  
Enforcement  
Pennsylvania Public Utility Commission  
400 North Street  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Christine Maloni Hoover, Esquire  
Lauren M. Burge Esquire  
Office of Consumer Advocate  
Forum Place, 5th Floor  
555 Walnut Street  
Harrisburg, PA 17101-1921

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

Respectfully submitted,



John J. Gallagher, Esquire  
711 Forrest Road  
Harrisburg, PA 17109  
Tel: (717) 599-5839  
jgallagher@jglawpa.com  
Counsel for the City of Lancaster

July 22, 2014

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in the manner indicated below, and in accordance with the requirements of § 1.54 (relating to service by a party).

**VIA ELECTRONIC MAIL AND  
HAND DELIVERY**

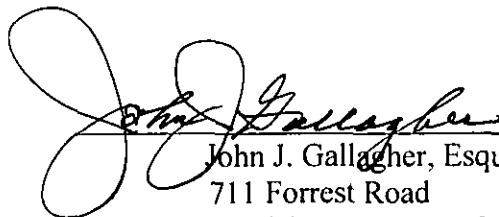
Christine M. Hoover, Esquire  
Lauren M. Burge, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

Mr. Steven C. Gray  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North Second Street  
Harrisburg, PA 17102

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[jgallagher@jglawpa.com](mailto:jgallagher@jglawpa.com)

Counsel for City of Lancaster