

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. MCCLOSKEY, ACTING
CONSUMER ADVOCATE

Docket No. C-2014-2447138

vs.

HIDDEN VALLEY UTILITY SERVICES LP
(Water)

TANYA J. MCCLOSKEY, ACTING
CONSUMER ADVOCATE

Docket No. C-2014-2447169

vs.

HIDDEN VALLEY UTILITY SERVICES LP
(Wastewater)

PREHEARING MEMORANDUM OF

ROBERT J. KOLLAR AND KELLIE A. KUHLEMAN

In response to the February 7, 2020 Prehearing Conference Order issued in the above-captioned proceedings, the undersigned parties hereby incorporate by reference the Prehearing Memorandum as filed by the Office of the Consumer Advocate in this proceeding. In addition, we hereby incorporate the record filed at Docket No. R-2018-3001-306, Water and Docket No. R-2018-3001037, Wastewater which is related to this service provider and which includes information material to the instant case.

We are the owners of property located at 1755 Greenfield Drive, Hidden Valley, PA 15502 and are directly affected by the utility services provided by Hidden Valley Utility Services LP (HVUS). Additionally, Mr. Kollar is the Treasurer of the Board of

Directors of the Hidden Valley Foundation, Inc., the non-profit homeowners association whose members are all of the homeowners at Hidden Valley, all of whom are impacted by the failures of HVUS to provide clean, safe and adequate water and wastewater services to the entire Hidden Valley community. For purposes of this matter, we have identified the following issues to be preserved for trial in this matter:

INTRODUCTION

We have been parties to the above-captioned proceedings since 2014. We own a property at Hidden Valley and are customers of Hidden Valley Utility Services LP. We are not attorneys and are not represented by legal counsel in this matter, and humbly ask for patience of the parties in reviewing our filings. As stated above, we wish to incorporate by reference in its entirety the Prehearing Memorandum being filed by the Office of the Consumer Advocate in this proceeding.

A. Presently identified issues:

1. Continuation of the brown and rusty water in the Hidden Valley community.

The May 2018 Order of the Commission includes detailed timeframes for Hidden Valley Utility Services (hereinafter referred to HVUS or Hidden Valley) to bring its water and wastewater service into compliance with Commission regulations. HVUS has missed the deadlines in the May 2018 Order requiring that it comply with the recommendations of the engineer's report (dated April 16, 2018 as required by Ordering Paragraphs 6, 7, 9, and 10 of the May 2018 Order) regarding water service within one year of the report. Further, the

May 2018 Order also required HVUS to comply with the engineer's recommendations regarding wastewater service by January 31, 2019 (Ordering Paragraph 11). Despite the specific orders of the Commission, numerous HVUS customers continue to experience the same brown and rusty water that has plagued the community for years (reference the public hearings in this proceeding and HVUS's petition for an increase in its water and wastewater rates found at Docket No. R-2018-3001306, Water and Docket No. R-2018-3001307, Wastewater). Personally, we do not use the water provided to our Hidden Valley residence for cooking or drinking; we bring bottled water when staying at our property. Additionally, during our period of ownership (2006 to present) we have replaced two hot water tanks, indicating a useful life of approximately 7 years (approximately half of the normal life of a hot water tank).

2. Replacement of the current ownership and management of HVUS with a competent operator who can provide adequate water and wastewater services. Due to HVUS's ongoing failure to address the issues of brown and rusty water and inadequate wastewater service, we strongly recommend that the necessary steps be taken to determine whether the existing ownership can fulfill the Commission's orders. In its January 17, 2019 Opinion and Order, the Commission stated:

"As expressed in the January 2018 Order, we viewed any further delays in complying with the deadlines of this long-standing proceeding as possibly indicative of the Company's lack of competency to operate and of its ability to

provide reasonable and adequate service. Considering the Company's admission that it will not be able to comply with the deadline set forth in Ordering Paragraph No. 8 of the May 2018 Order, and in light of the possible evidentiary questions related to the estimated schedules provided by the Company's engineer and the financing plans for any of such proposals, we find that it would be appropriate to proceed to the hearing procedures set forth in the May 2018 Order. Adhering to the process outlined in our prior Orders is preferential to the amendments suggested by HVUS because the requested modifications would result in further delays without any assurances that subsequent compliance deadlines could be met or that proposed improvements could be adequately funded. Such an indeterminate approach would appear to be detrimental to the interest of the Company's customers who have suffered from the long term water service problems."

We firmly believe that the time is long past due for a proceeding pursuant to 66 Pa. C.S. Section 529. Failure to do so will only prolong indefinitely the continued poor service experience of Hidden Valley customers caused directly by HVUS's continued failure to address these issues, despite ongoing customer complaints and regulatory orders requiring the issues to be addressed.

3. Failure to provide properly corrected Annual Reports. Ordering Paragraph No. 14 of the May 2018 Order, and the final ruling in the previously mentioned rate increase matter, required HVUS to provide corrected Annual Reports for the years ending December 31, 2015, 2016, 2017 and 2018. Mr. Kollar

recently reviewed the “corrected” 2016 and 2017 Annual Reports. In his professional opinion as a Certified Public Accountant (CPA), the Reports are still incorrect as they do not include material liabilities of HVUS that are required to be reported under generally accepted accounting principles (GAAP). Correspondingly, the Reports also understate HVUS’s ongoing operating losses. Additionally, Mr. Kollar reviewed the 2018 Annual Reports filed by HVUS and found the same issues. The purpose of having public utilities file Annual Reports with the Commission is to ensure that the entities are financially stable and capable of providing adequate services. This objective cannot be accomplished without correct financial information.

4. Failure to complete and file Audited Financial Statements of HVUS. In the previously mentioned case whereby HVUS requested increases in its water and wastewater rates (Docket Numbers R-2018-3001306, Water and R-2018-3001307, Wastewater), HVUS was ordered to have an independent financial audit of its records from 2015 through 2018 (March 2019 Order). The audits were to be completed by July 29, 2019. As of the date of this Prehearing Memorandum, the aforementioned required audits have not been completed and the estimated completion date is unknown. In our opinion, the failure to complete these audits reinforces our previously stated serious concerns about the financial operations and condition of HVUS. Additionally, in our opinion it also demonstrates one more example of HVUS’s continued record of failure to meet the requirements specified by its primary regulator.

B. Proposed witnesses and proposed area of testimony of each witness:

We intend to present testimony, as may be necessary, of the following witnesses in this proceeding. The witnesses will present testimony in written or oral form and will also provide various exhibits, documents and explanatory information as needed.

Our witnesses are:

1. Mr. John R. Newport, Hidden Valley owner (approximately twenty years) and current HVUS customer. Additionally, Mr. Newport was President of the Board of Directors of the Hidden Valley Foundation, Inc. (Foundation, which serves as the master homeowners association for the Hidden Valley community) for approximately ten years. Mr. Newport's Address: 1812 Foxcroft Lane, #902, Allison Park, PA 15101. Mr. Newport can testify to the numerous complaints of HVUS customers that he received during his tenure as President of the Foundation and his direct observations of HVUS operations.
2. Ms. Patricia McGrail, Hidden Valley owner (approximately six years) and current HVUS customer. Ms. McGrail is the current President of the Board of Directors of the Foundation. Ms. McGrail's address is: 10106 Kingbury Lane, North Huntingdon, PA 15642. Ms. McGrail can testify to the ongoing numerous complaints of HVUS customers that she has received in her role as President of the Foundation.

C. Proposed Procedural Schedule. We request that as the Proposed Procedural Schedule for this matter is developed, consideration be given to our work schedules since both of us hold full-time positions. However, we do suggest that given the years that have passed without any final resolution to the water and wastewater issues at Hidden Valley, that the process move at an accelerated pace.

Respectfully Submitted,



Robert J. Kollar



Kellie A. Kuhleman

February 23, 2020

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LP (Wastewater)

CERTIFICATE OF SERVICE

I, Robert J. Kollar, hereby certify that on this 23rd day of February 2020, I served a true and correct copy of the foregoing Prehearing Memorandum via email, upon the following:

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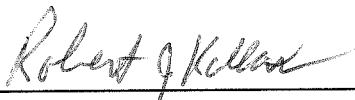
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Robert J. Kollar