



THOMAS T. NIESEN  
Direct Dial: 717.255.7641  
tniesen@tntlawfirm.com

August 27, 2021

*Via Electronic Filing*

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

In re: Docket No. R-2021-3026116, *et al.*  
Pa. P.U.C., *et al.* v. The Borough of Hanover – Hanover Municipal Water Works

Dear Secretary Chiavetta:

We are counsel to the Borough of Hanover – Hanover Municipal Water Works in the above matter and are submitting, via electronic filing with this letter, the Borough's Prehearing Conference Memorandum in connection with the Call In Telephonic Prehearing Conference to be held on August 31, 2021. Copies of the Prehearing Conference Memorandum are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

cc: Certificate of Service (w/encl.)  
The Honorable F. Joseph Brady, Administrative Law Judge (via email, w/encl.)  
R. Samuel Miller (via email, w/encl.)

**Before The  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
F. Joseph Brady, Presiding**

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<b>Pennsylvania Public Utility Commission</b>	<b>:</b>	<b>Docket No. R-2021-3026116</b>
<b>Office of Consumer Advocate</b>	<b>:</b>	<b>Docket No. C-2021-3027274</b>
<b>Office of Small Business Advocate</b>	<b>:</b>	<b>Docket No. C-2021-3027361</b>
<b>Hanover Foods Corporation</b>	<b>:</b>	<b>Docket No. C-2021-3027807</b>
	<b>:</b>	
<b>v.</b>	<b>:</b>	
	<b>:</b>	
<b>The Borough of Hanover –</b>	<b>:</b>	
<b>Hanover Municipal Water Works</b>	<b>:</b>	

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**PREHEARING CONFERENCE MEMORANDUM OF  
THE BOROUGH OF HANOVER -- HANOVER MUNICIPAL WATER WORKS**

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AND NOW, comes the Borough of Hanover – Hanover Municipal Water Works (“Borough”), by its attorney, and submits the following in connection with the Prehearing Conference to be held on August 31, 2021:

**History of the Proceeding**

This proceeding involves the Borough’s Supplement No. 32 to Tariff Water-Pa. P.U.C. No. 3 (“Supplement No. 32”) filed on June 29, 2021. Supplement No. 32 would increase the Borough’s jurisdictional water revenue by \$1,563,100.

Complaints against the rate filing were filed by the Office of Consumer Advocate (“OCA”) on July 15, 2021, the Office of Small Business Advocate (“OSBA”) on July 20, 2021, and Hanover Foods Corporation (“HFC”) on August 9, 2021, at C-2021-3027274, C-2021-3027361 and C-

2021-3027807, respectively. The Bureau of Investigation and Enforcement (I&E”) filed a Notice of Appearance on August 10, 2021.

By Order entered August 5, 2021, at Docket No. R-2021-3026116, the Pennsylvania Public Utility Commission (“Commission”) suspended Supplement No. 32 and instituted an investigation into the reasonableness of the proposed tariff change. The matter was assigned to Administrative Law Judge F. Joseph Brady.

**The Borough’s Counsel to Be Included on the Service List**

The name, postal and email addresses and telephone and fax numbers for the Borough’s counsel to be included on the service list are:

Thomas T. Niesen, Esquire  
Thomas, Niesen & Thomas, LLC  
212 Locust Street, Suite 302  
Harrisburg, PA 17101  
Voice: 717.255.7641  
Fax: 717.236.8278  
Email: tniesen@tntlawfirm.com

**Proposed Plan and Schedule for Discovery**

I&E, OCA, OSBA and HFC have propounded discovery and the Borough has submitted timely responses. The Borough proposes that the opportunity to propound discovery concerning Supplement No. 32 and supporting information and testimony be concluded by September 10, 2021. Follow-up discovery would be permitted thereafter. Additionally, the Borough is not proposing any modification to the Commission’s rules pertaining to discovery other than to suggest that discovery directed by it to the testimony of the other parties be answered within 5 days on a best-efforts basis given the short time for preparation of Borough rebuttal testimony following service of the other parties’ direct testimony.

**Possibility of Settlement**

The Borough is willing to engage in discussions with the other parties in an effort to settle the proceeding, in whole or part, on an appropriate and reasonable basis.

**Issues the Borough Intends to Raise and Pursue**

The fundamental issue in this proceeding is whether the rates, rules and regulations proposed by the Borough in Supplement No. 32 are fair, just, reasonable, non-discriminatory and lawful. The Borough is unable to determine at this time all of the issues and sub-issues which will be raised by I&E, the OCA, the OSBA, HFC and any other participants to the proceeding. Reference should be made to their respective Pre-Hearing Conference Memoranda for any issues they may be in a position to identify at this time. Nevertheless, it is reasonable to expect that the following general issues will be raised in the proceeding:

- A. Is the Borough's rate base claim reasonable?
- B. Is the Borough's rate of return claim reasonable?
- C. Are the Borough's claims for operating revenues, expenses and depreciation reasonable?
- D. Is the Borough's proposed rate design fair, reasonable, non-discriminatory and lawful?

It is the Borough's position that Supplement No. 32 and the supporting information submitted with it establish that each of the foregoing issues should be answered in the affirmative. The Borough submits that the rates, rules and regulations proposed in Supplement No. 32 are fair, just, reasonable, non-discriminatory and lawful and should be allowed to go into effect as proposed.

**Amount of Hearing Time Needed**

Hanover proposes to schedule two days for hearings with the possibility that only one day, ultimately, will be needed.

**The Borough's Witnesses and Areas of Testimony**

The Borough has distributed written direct testimony of the following witnesses:

<b><u>Statement</u></b>	<b><u>Witness</u></b>	<b><u>General Subject Matter</u></b>
1	Michael J. Mehaffey Client Manager Gannett Fleming Inc. 207 Senate Avenue Camp Hill, PA 17011 717-886-5392	Hanover Municipal Water Works and Water System
2	Gregory R. Herbert Rate Analyst Gannett Fleming Valuation and Rate Consultants, LLC Valley Forge Corporate Center 1010 Adams Avenue Audubon, PA 19403-2402 610.650.8101	Filing Requirements, Revenue and Revenue Requirements, Exhibit GRH-1 and Exhibit GRH-2
3	Constance E. Heppenstall Senior Project Manager, Rate Studies Gannett Fleming Valuation and Rate Consultants, LLC Valley Forge Corporate Center 1010 Adams Avenue Audubon, PA 19403-2402 610.650.8101	Cost of Service Allocation and Rate Design and Exhibit CEH-1
4	John J. Spanos President Gannett Fleming Valuation and Rate Consultants, LLC 207 Senate Avenue Camp Hill, PA 17011 717.763.7211	Depreciation including Depreciation Studies as of December 31, 2020, December 31, 2021 and December 31, 2022 identified as Exhibit JJS-1, Exhibit JJS-2 and Exhibit JJS-3

5 Harold Walker, III Rate of Return and Exhibit HW-  
Manager, Financial Studies 1  
Gannett Fleming Valuation and Rate  
Consultants, LLC  
Valley Forge Corporate Center  
1010 Adams Avenue  
Audubon, PA 19403-2402  
610.650.8101

The Borough requests that any contact with Mr. Mehaffey, Mr. Herbert, Ms. Heppenstall, Mr. Spanos or Mr. Walker be arranged through Borough Counsel. The Borough respectfully reserves the right to present additional witnesses, rebuttal and other testimony and exhibits as the matter progresses.

**Schedule for Submission of Testimony, Hearings and Briefs**

The parties have been corresponding over the past several days concerning a possible litigation schedule. The Borough, I&E, OCA and OSBA propose the following schedule for submission of testimony, hearings and briefs:<sup>1</sup>

Direct Testimony of Non-Borough Parties:	September 30, 2021
Rebuttal Testimony:	October 20, 2021
Surrebuttal Testimony:	October 29, 2021
Evidentiary Hearings (w/oral rejoinder):	November 4 and 5, 2021
Main Briefs:	November 24, 2021
Reply Briefs:	December 6, 2021 (by 12:00 PM) <sup>2</sup>

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<sup>1</sup> HFC has expressed neither agreement nor disagreement with the proposed schedule.

<sup>2</sup> In the scheduling discussion in Paragraph 4 of the Prehearing Conference Order, Judge Brady presented a proposed schedule with a due date for Reply Briefs of “Monday, December 4, 2021 (by 12:00 p.m.)” December 4 is a Saturday. The schedule presented here proposes a Reply Brief filing date of Monday, December 6, 2021.

**Public Input Hearing**

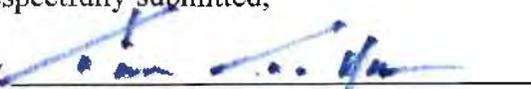
HFC is the only formal customer complainant against the rate filing and is actively participating in the proceeding. The Borough, accordingly, believes that substantial public interest in the proceeding has not been shown and a public input hearing is not warranted.

**The Borough's DSIC Petition at P-2021-3026854**

The Borough's DSIC Petition, which has been docketed at P-2021-3026854, separate from the base rate proceeding, asks the Commission to approve a DSIC surcharge for recovery of costs related to DSIC eligible property. Hanover has submitted the statutorily required information in support of its proposed DSIC surcharge, including tariff language based on the Commission's Model Tariff. Hanover's proposed DSIC surcharge should be approved as filed.

Respectfully submitted,

By



Thomas T. Niesen, Esquire  
Thomas, Niesen & Thomas, LLC  
212 Locust Street, Suite 302  
Harrisburg, PA 17101

*Attorney for  
The Borough of Hanover  
– Hanover Municipal Water Works*

Dated: August 27, 2021

**Before The  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
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<b>The Borough of Hanover –</b>	<b>:</b>	
<b>Hanover Municipal Water Works</b>	<b>:</b>	

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this 27<sup>th</sup> day of August, 2021, served a true and correct copy of The Borough of Hanover’s Prehearing Conference Memorandum, upon the persons and in the manner indicated below:

**VIA ELECTRONIC MAIL BEFORE 12 PM**

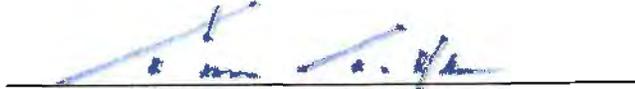
The Honorable F. Joseph Brady  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
fbrady@pa.gov

Erika L. McLain, Prosecutor  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
ermclain@pa.gov

Erin L. Gannon  
Senior Assistant Consumer Advocate  
Laura J. Antinucci  
Assistant Consumer Advocate  
Office of Consumer Advocate  
lantinucci@paoca.org  
egannon@paoca.org

Steven C. Gray  
Senior Supervising  
Assistant Small Business Advocates  
Office of Small Business Advocate  
sgray@pa.gov

Charis Mincavage, Esq.  
Kenneth R. Stark, Esq.  
Jo-Anne Thompson, Esq.  
McNees, Wallace & Nurick, LLC  
cmincavage@mcneeslaw.com  
kstark@mcneeslaw.com  
jthompson@mcneeslaw.com



Thomas T. Niesen