



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

Michael W. Gang

mgang@postschell.com
717-612-6026 Direct
717-731-1985 Direct Fax
File #: 3283-153762

October 2, 2013

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: Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC for All of the Authority and the Necessary Certificates of Public Convenience (1) to Transfer All of the Issued and Outstanding Limited Liability Company Membership Interest of Equitable Gas Company, LLC to PNG Companies, LLC, (2) to Merge Equitable Gas Company, LLC with Peoples Natural Gas Company LLC, (3) to Transfer Certain Storage and Transmission Assets of Peoples Natural Gas Company LLC to Affiliates of EQT Corporation, (4) to Transfer Certain Assets between Equitable Gas Company, LLC and Affiliates of EQT Corporation, (5) for Approval of Certain Ownership Changes Associated with the Transaction, (6) for Approval of Certain Associated Gas Capacity and Supply Agreements, and (7) for Approval of Certain Changes in the Tariff of Peoples Natural Gas Company LLC
Docket No. A-2013-2353647; A-2013-2353649; A-2013-2353651

Dear Secretary Chiavetta:

Enclosed for filing please find the Joint Petition for Approval of Settlement Between the Joint Applicants and Citizens for Pennsylvania's Future for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Michael W. Gang

CTW/skr

Enclosures

cc: Honorable Mark A. Hoyer
Certificate of Service

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 § 1.54 (relating to service by a participant).

VIA EMAIL AND FIRST CLASS MAIL:

Sharon Webb, Esquire
Elizabeth Rose Triscari, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101
E-mail: swebb@pa.gov
etriscari@pa.gov

Allison Kaster, Esquire
Carrie B. Wright, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
E-mail: akaster@pa.gov
cawright@pa.gov

Darryl Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
E-mail: DLawrence@paoca.org

Scott J. Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815
E-mail: SCOTT.J.RUBIN@gmail.com
Counsel for UWUA and IBEW

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
P.O. Box 1778
100 N. Tenth Street
Harrisburg, PA 17105-1778
E-mail: tsstewart@hmslegal.com
*Counsel for Dominion Retail, Inc. and
Interstate Gas Supply, Inc.*

Carl J. Zwick, Esquire
Hopkins Heltzel LLP
100 Meadow Lane, Suite 5
Dubois, PA 15801
E-mail: cj@hopkinsheltzel.com
Counsel for Snyder Brothers, Inc.

Pamela C. Polacek, Esquire
Vasiliki Karandrikas, Esquire
Elizabeth P. Trinkle, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166
E-mail: ppolacek@mwn.com
vkandrikas@mwn.com
etrinkle@mwn.com
*Counsel for Peoples-Equitable Merger
Intervenors*

Kevin J. Moody, Esquire
Vice President and General Counsel
Pennsylvania Independent Oil & Gas
Association
212 Locust Street, Suite 300
Harrisburg, PA 17101-1248
E-mail:kevin@pioga.org
Counsel for PIOGA

Randall S. Rich, Esquire
Pierce Atwood LLP
900 17th Street N.W., Suite 350
Washington, DC 20006
Pro Hac Vice Counsel for PIOGA

Thomas J. Sniscak, Esquire
William E. Lehman, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
PO Box 1778
Harrisburg, PA 17105
E-mail:tisniscak@hmslegal.com
welehman@hmslegal.com
*Counsel for The Pennsylvania
State University*

Amanda M. Fisher, Esquire
Assistant General Counsel
United Steelworkers Legal Department
Five Gateway Center, Suite 807
60 Boulevard of the Allies
Pittsburgh, PA 15222
E-mail:afisher@usw.org
*Counsel for United Steelworkers
International Union*

Derrick P. Williamson, Esquire
Barry A. Naum, Esquire
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
E-mail:dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com
*Counsel for United States Steel
Corporation*

Margaret H. Peters, Esquire
Dominion Resources Services, Inc.
120 Tredegar Street
Richmond, VA 23219
E-mail: Margaret.h.peters@dom.com
*Counsel for Dominion Transmission,
Inc.*

Lois M. Henry, Esquire
Dominion Resources Services, Inc.
120 Tredegar Street
Richmond, VA 23219
*Counsel for Dominion Transmission,
Inc.*

Kevin J. McKeon, Esquire
Christopher M. Arfaa, Esquire
Hawke McKeon & Sniscak LLP
P.O. Box 1778
100 N. Tenth Street
Harrisburg, PA 17105-1778
E-mail:kjmckeon@hmslegal.com
cmarfaa@hmslegal.com
*Counsel for Dominion Transmission,
Inc.*

Heather M. Langeland, Esquire
Citizens for Pennsylvania's Future
200 First Avenue, Suite 200
Pittsburgh, PA 15222
E-mail langeland@pennfuture.org
*Counsel for Citizens for Pennsylvania's
Future*

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105
Consultant for OSBA

Joseph Kubas
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

Debra J. Backer
Fixed Utility Financial Analyst
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

Ethan Cline
Fixed Utility Valuation Engineer
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

Susan A. Daub
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

David Kline
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

Ralph Graeser
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265
Consultant for I&E

Richard Hahn
LaCapra Associates
One Washington Mall
9th Floor
Boston, MA 02108
Consultant for OCA

Melissa Whitten
LaCapra Associates
One Washington Mall, 9th Floor
Boston, MA 02108
Consultant for OCA

Nancy Brockway
10 Allen Street
Boston, MA 02131
Consultant for OCA

Alexander J. Cochis
La Capra Associates, Inc.
One Washington Mall
Boston, MA 02108
Consultant for OCA

Nicole Irwin
La Capra Associates, Inc.
One Washington Mall
Boston, MA 02108
Consultant for OCA

James L. Crist
Lumen Group, Inc.
4226 Yarmouth Drive, Suite 101
Allison Park, PA 15101
*Consultant for PSU, Dominion Retail
and IGS*

George Briden
Snake Hill Energy Resources, Inc.
17 Cody Drive
North Scituate, RI 02857-2916
Consultant for DTI

Frank J. Ross
T&F Exploration L.P.
1700 N. Highland Avenue, Suite 402
Pittsburgh, PA 15241
Consultant for PIOGA

Ben Wallace
Penneco Oil Company Inc.
6608 Route 22
Delmont, PA 15626
Consultant for PIOGA

Milissa S. Bauer
Kriebel Minerals Inc.
P.O. Box 765
633 Mayfield Road
Clarion, PA 16214
Consultant for PIOGA

Stephen P. Rupert
Texas Keystone, Inc.
560 Epsilon Drive
Pittsburgh, PA 15238
Consultant for PIOGA

James V. Brant
Kriebel Resources Co., LLC
633 Mayfield Road
P.O. Box 765
Clarion, PA 16214
Consultant for PIOGA

Joanne S. Swogger
CNX Gas Company
1000 Consol Energy Drive
Canonsburg, PA 15317
Consultant for PIOGA

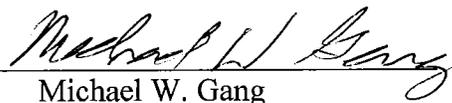
Louis D. D'Amico
Pennsylvania Independent Oil
& Gas Association
115 VIP Drive, Suite 210
Wexford, PA 15090
Consultant for PIOGA

Robert L. Eckle
1000 Town Center Way, Suite 120
Canonsburg, PA 15317
Consultant for PIOGA

John J. Plunkett
Green Energy Economics Group, Inc.
1002 Jerusalem Road
Bristol, VT 05443
Consultant for PennFuture

Paul Chernick
Resource Insight, Inc.
5 Water Street
Arlington, MA 02420
Consultant for PennFuture

Dated: October 2, 2013


Michael W. Gang

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Peoples Natural Gas :
Company LLC, Peoples TWP LLC, and :
Equitable Gas Company, LLC for All of :
the Authority and the Necessary :
Certificates of Public Convenience (1) to : Docket Nos. A-2013-2353647
Transfer All of the Issued and Outstanding : A-2013-2353649
Limited Liability Company Membership : A-2013-2353651
Interest of Equitable Gas Company, LLC to :
PNG Companies LLC, (2) to Merge :
Equitable Gas Company, LLC with :
Peoples Natural Gas Company LLC, (3) to :
Transfer Certain Storage and Transmission :
Assets of Peoples Natural Gas Company :
LLC to Affiliates of EQT Corporation, (4) :
to Transfer Certain Assets between :
Equitable Gas Company, LLC and :
Affiliates of EQT Corporation, (5) for :
Approval of Certain Ownership Changes :
Associated with the Transaction, (6) for :
Approval of Certain Associated Gas :
Capacity and Supply Agreements, and (7) :
for Approval of Certain Changes in the :
Tariff of Peoples Natural Gas Company :
LLC. :

**JOINT PETITION FOR APPROVAL OF SETTLEMENT BETWEEN THE
JOINT APPLICANTS AND CITIZENS FOR PENNSYLVANIA’S FUTURE**

TO THE HONORABLE MARK A. HOYER, ADMINISTRATIVE LAW JUDGE (“ALJ”):

I. INTRODUCTION

Peoples Natural Gas Company LLC (“Peoples”), Peoples TWP LLC (“Peoples TWP”), Equitable Gas Company, LLC (“Equitable”),¹ and Citizens for Pennsylvania’s Future (“PennFuture”), all parties to the above-captioned proceeding, hereby join in this “Joint Petition

¹ Hereinafter, Peoples, Peoples TWP, and Equitable collectively will be referred to as the “Joint Applicants.”

for Approval of Settlement Between the Joint Applicants and PennFuture” (“PennFuture Settlement”) and respectfully request that the ALJ and the Commission approve the above-captioned Joint Application (“Joint Application”) consistent with the terms and conditions set forth in the PennFuture Settlement.²

The PennFuture Settlement represents a full settlement of all issues between the Joint Applicants and PennFuture in the instant proceeding. Importantly, the PennFuture Settlement, together with the “Joint Petition for Approval of Non-Unanimous Settlement” (“Non-Unanimous Settlement”) filed on September 25, 2013, represents a full resolution of all issues raised by the active parties in this proceeding.³ In support of the PennFuture Settlement, the Joint Applicants and PennFuture state the following:

II. BACKGROUND

1. Peoples is a “public utility” and a “natural gas distribution company” as those terms are defined in Code Sections 102 and 2202 66 Pa.C.S. §§ 102, 2202. Peoples provides natural gas services to approximately 360,000 customers throughout its certificated territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland.

² The Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Pennsylvania Independent Oil and Gas Association (“PIOGA”), Dominion Retail, Inc. and Interstate Gas Supply, Inc. (collectively “NGS Parties”), Snyder Brothers, Inc. (“Snyder Brothers”), United States Steel Corporation (“US Steel”), The Pennsylvania State University (“PSU”), Peoples-Equitable Merger Intervenors (“PEMI”), Utility Workers Union of America, Local 666 (“UWUA”), International Brotherhood of Electrical Workers, Local 1956 (“IBEW”), and United Steelworkers International Union, Local 12050 (“Steelworkers”) are not parties to the PennFuture Settlement but have indicated that they do not oppose the PennFuture Settlement.

³ The Joint Applicants, I&E, OCA, OSBA, PIOGA, NGS Parties, Snyder Brothers, and US Steel were all signatory parties to the Non-Unanimous Settlement filed on September 25, 2013. PSU, PEMI, UWUA, IBEW, and Steelworkers all indicated that they do not oppose the Non-Unanimous Settlement. PennFuture was the only party that took no position on the Non-Unanimous Settlement. As a result of the PennFuture Settlement, PennFuture also does not oppose the Non-Unanimous Settlement.

2. Peoples TWP is a “public utility” and a “natural gas distribution company” as those terms are defined in Code Sections 102 and 2202, 66 Pa.C.S. §§ 102, 2202. Peoples TWP provides natural gas services to approximately 60,300 customers throughout its service territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland.

3. Equitable is a “public utility” and a “natural gas distribution company” as those terms are defined in Code Sections 102 and 2202, 66 Pa.C.S. §§ 102, 2202. Equitable provides natural gas services to approximately 260,000 customers throughout its Pennsylvania certificated territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Clarion, Greene, Indiana, Jefferson, Washington, and Westmoreland.

4. On March 19, 2013, the Joint Applicants filed with the Commission the Joint Application requesting all necessary approvals, pursuant to Sections 1102(a)(3), 1317(d), 2102(a), and 2204(e)(4) of the Public Utility Code (“Code”), 66 Pa.C.S. §§ 1102(a)(3), 1317(d), 2102(a), and 2204(e)(4), authorizing: (1) the transfer of 100% of the issued and outstanding limited liability company membership interests in Equitable, an indirect subsidiary of EQT Corporation (“EQT”)⁴, to PNG Companies LLC (“PNG”), an indirect subsidiary of SteelRiver Infrastructure Fund North America LP (“SRIFNA”); (2) the merger of Equitable with Peoples, a wholly-owned subsidiary of PNG, and the operation of Equitable as an operating division of Peoples; (3) the transfer of certain storage and transmission assets of Peoples to EQT; (4) the transfer of certain assets and/or the exchange of certain services between EQT and Equitable; (5) certain PNG ownership changes associated with the transaction; (6) the associated gas capacity, storage, interconnects, leases, and supply service agreements among Peoples, Peoples TWP,

⁴ Unless otherwise specified herein, all references to “EQT” shall be deemed to also include all of its subsidiaries and affiliates.

Equitable, and/or EQT set forth in the Joint Application; and (7) certain changes in Peoples' tariff necessary to carry out the transactions (hereinafter, collectively the "Transaction").

5. On March 21, 2013, a Secretarial Letter was issued directing the Joint Applicants to publish notice of the Transaction once in a newspaper having a general circulation in the area involved and file proof of publication with the Commission. The Joint Applicants filed Proof of Publication with the Commission on April 2, 2013.

6. On April 8, 2013, I&E entered a Notice of Appearance. On April 10, 2013, the OSBA filed a Notice of Intervention, Protest, Public Statement, and Notice of Appearance. On April 11, 2013, the OCA filed a Notice of Intervention, Protest, and Public Statement.

7. Protests and Petitions to Intervene were filed by the following: the NGS Parties, UWUA, PSU, Snyder Brothers, Steelworkers, IBEW, PEMI, PIOGA, and PennFuture.⁵

8. On April 17, 2013, the Joint Applicants served the following prepared direct testimonies and accompanying exhibits: Direct Testimony of Christopher P. Kinney, Joint Applicants Statement No. 1; Direct Testimony of Morgan K. O'Brien, Joint Applicants Statement No. 2; Direct Testimony of Fredrick K. Dalena, Joint Applicants Statement No. 3; Direct Testimony of Joseph A. Gregorini, Joint Applicants Statement No. 4; Direct Testimony of Jeffrey S. Nehr, Joint Applicants Statement No. 5; Direct Testimony of Kenneth M. Johnston, Joint Applicants Statement No. 6; Direct Testimony of Ruth Ann DeLost, Joint Applicants Statement No. 7; Direct Testimony of James I. Warren, Joint Applicants Statement No. 8; and Direct Testimony of John M. Quinn, Joint Applicants Statement No. 9.

9. On April 23, 2013, the Commission issued a notice scheduling a prehearing conference in the above-captioned matter on May 9, 2013.

⁵ Retail Energy Supply Association and Dominion Transmission Inc. also filed and subsequently withdrew Petitions to Intervene. As a result, Retail Energy Supply Association and Dominion Transmission Inc. are no longer parties to this proceeding.

10. The active parties undertook extensive formal and informal discovery, prior to and subsequent to the initial prehearing conference.

11. An initial prehearing conference was held before the ALJ on May 9, 2013. The active parties filed prehearing memoranda identifying potential issues and witnesses. A litigation schedule was established.

12. On May 29, 2013, the Joint Applicants served the following direct testimony and accompanying exhibits: Supplemental Direct Testimony of Christopher P. Kinney, Joint Applicants Statement No. 1-S; Supplemental Direct Testimony of Jeffrey S. Nehr, Joint Applicants Statement No. 5-S; Direct Testimony of Bruce Grabiec, Joint Applicants Statement No. 10; and Direct Testimony of Christine S. Mayernik, Joint Applicants Statement No. 11.

13. On July 24, 2013, the parties other than the Joint Applicants served direct testimony. I&E served the Direct Testimony of Ralph Graeser, I&E Statement No. 1, and the Direct Testimony of Ethan H. Cline, I&E Statement No. 2. The OCA served the Direct Testimony of Richard S. Hahn, OCA Statement No. 1, and the Direct Testimony of Nancy Brockway, OCA Statement No. 2. The OSBA served the Direct Testimony of Brian Kalcic, OSBA Statement No. 1. The NGS Parties served the Direct Testimony of James L. Crist, NGS Statement No. 1. PIOGA served the Direct Testimony of Louis D. D'Amico, PIOGA Statement No. 1. Snyder Brothers served the Direct Testimony of Benjamin T. Snyder, Snyder Brothers Statement No. 1. PennFuture served the Direct Testimony of John Plunkett, PennFuture Statement No. 1. No other party served direct testimony.

14. On August 19, 2013, the Joint Applicants served the following rebuttal testimony: the Rebuttal Testimony of Morgan K. O'Brien, Joint Applicants Statement No. 2-R; Rebuttal Testimony of Fredrick K. Dalena, Joint Applicants Statement No. 3-R; Rebuttal Testimony of

Joseph A. Gregorini, Joint Applicants Statement No. 4-R; and Rebuttal Testimony of Jeffrey S. Nehr, Joint Applicants Statement No. 5-R. The following rebuttal testimony also was served by parties other than the Joint Applicants: the OSBA served the Rebuttal Testimony of Brian Kalcic, OSBA Statement No. 2; and the NGS Parties served the Rebuttal Testimony of James L. Crist, NGS Statement No. 2.

15. On September 6, 2013, the Joint Applicants served the following surrebuttal testimony: Surrebuttal Testimony of Fredrick K. Dalena, Joint Applicants Statement No. 3-SR; Surrebuttal Testimony of Joseph A. Gregorini, Joint Applicants Statement No. 4-SR; and Surrebuttal Testimony of Jeffrey S. Nehr, Joint Applicants Statement No. 5-SR. The parties other than the Joint Applicants also served surrebuttal testimony on September 6, 2013. I&E served the Surrebuttal Testimony of Ralph Graeser, I&E Statement No. 1-SR, and the Surrebuttal Testimony of Ethan H. Cline, I&E Statement No. 2-SR. The OCA served the Surrebuttal Testimony of Richard S. Hahn, OCA Statement No. 1-SR, and the Surrebuttal Testimony of Nancy Brockway, OCA Statement No. 2-SR. The OSBA served the Surrebuttal Testimony of Brian Kalcic, OSBA Statement No. 3. The NGS Parties served the Surrebuttal Testimony of James L. Crist, NGS Statement No. 3. PIOGA served the Surrebuttal Testimony of Louis D. D'Amico, PIOGA Statement No. 1-S. Snyder Brothers served the Surrebuttal Testimony of Benjamin T. Snyder, Snyder Brothers Statement No. 1-S. PennFuture served the Surrebuttal Testimony of John Plunkett, PennFuture Statement No. 2.

16. As a result of extensive settlement discussions, all active parties other than PennFuture reached a settlement in principle prior to the September 11, 2013 evidentiary hearing that fully resolved all of their issues. PennFuture was the only active party that took no position on the settlement in principle.

17. An evidentiary hearing was held on September 11, 2013. At the evidentiary hearing, the ALJ was advised of the settlement in principle. The active parties also moved their respective testimonies and exhibits into the record. Further, the remaining issues raised by PennFuture were litigated at the evidentiary hearing.

18. On September 25, 2013, the Non-Unanimous Settlement was filed together with the joining parties' Statements in Support. As explained therein, the Transaction, as modified by the terms of the Non-Unanimous Settlement, is in the public interest and fully resolves all of the issues raised by the parties other than the issues raised by PennFuture.⁶

19. In an effort to resolve the remaining issues raised by PennFuture, the Joint Applicants and PennFuture continued to engage in additional settlement discussions following the conclusion of the evidentiary hearing. As a result of these efforts, the Joint Applicants and PennFuture reached a settlement in principle that fully resolves all of the remaining issues in this proceeding.

20. Combined, the PennFuture Settlement and the Non-Unanimous Settlement filed on September 25, 2013, constitute a global resolution of all the issues raised in this proceeding.

21. The PennFuture Settlement between the Joint Applicants and PennFuture is set forth in the following Section III.

III. SETTLEMENT

22. The following terms of the PennFuture Settlement reflect a carefully balanced compromise of the interests of the Joint Applicants, PennFuture, and those parties that do not

⁶ PSU, PEMI, UWUA, IBEW, and United Steelworkers were not parties to the Non-Unanimous Settlement but indicated that they do not object to the Non-Unanimous Settlement. PennFuture was the only active party that took no position on the Non-Unanimous Settlement.

object to the PennFuture Settlement. The Joint Applicants and PennFuture unanimously agree that the PennFuture Settlement, which resolves all of their issues, is in the public interest.

23. For purposes of the PennFuture Settlement, references to “Peoples” shall include the merged assets of Peoples Natural Gas Company LLC and Equitable Gas Company LLC following the Closing of the Transaction (the “Closing”) to be operated as the Peoples Division and Equitable Division of Peoples.

24. The Joint Applicants and PennFuture agree that:

A. NON-UNANIMOUS SETTLEMENT

25. Subject to the Commission’s approval of the terms and conditions of the PennFuture Settlement, PennFuture does not oppose the Non-Unanimous Settlement filed on September 25, 2013.

B. STUDY OF DSM PROGRAMS

26. Within 36 months of Closing, Peoples will organize and engage in a collaborative of demand side management (“DSM”) stakeholders. This group will include OCA, OSBA, I&E, PennFuture, any interested party to this proceeding, and any interested large customer of Peoples.

- (a) Notice of the commencement of the collaborative and of an opportunity to participate will be provided.
- (b) The stakeholders will provide recommendations concerning the scope of the study and qualifications of a third-party independent contractor to perform the study.

27. No later than 42 months after the Closing, Peoples will select and retain an experienced, third-party independent contractor to conduct a study and develop recommended

approaches to a cost-effective Energy Efficiency and Conservation Plan for Peoples' customers. The cost of the study will be funded by Peoples, and Peoples will not seek recovery of the study cost in rates. The study will:

- (a) Identify potential programs for each rate class of customers;
- (b) Evaluate different levels of funding and the expected benefits derived by the various levels;
- (c) Include analysis of programs offered by other gas program administrators, either utility or non-utility, including but not limited to, Philadelphia Gas Works, Columbia Gas, National Grid operating in New York and Massachusetts, Northeast Utilities, UIL, Vermont Gas, Wisconsin Focus on Energy, Pacific Gas & Electric, and Southern California Gas; and
- (d) Include a review of actual costs to implement programs as well as the actual energy savings realized in these programs.

28. No later than 45 months after the Closing, Peoples will provide a copy of the study to the DSM stakeholders and the parties to this proceeding.

C. DSM FILING

29. No later than 48 months after the Closing, Peoples will make a filing with the Commission that will seek approval to implement an Energy Efficiency and Conservation Plan that falls within the range of recommendations supported by the DSM study and provides a cost recovery mechanism acceptable to Peoples.

30. A copy of the filing will be served on the DSM stakeholders and the parties to this proceeding.

31. Any party to this proceeding will be free to support the filing, seek modifications to the filing or oppose the filing before the Commission.

IV. THE PENNFUTURE SETTLEMENT IS IN THE PUBLIC INTEREST

32. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991). For the reasons detailed in the Statements in Support of PennFuture Settlement submitted by the Joint Applicants and PennFuture, the PennFuture Settlement is in the public interest.

33. Approval of the PennFuture Settlement will lessen the time and expenses that the parties and the Commission must expend on the proceedings.

34. There were no customer Protests against the Joint Application. Combined, the PennFuture Settlement and the Non-Unanimous Settlement collectively resolve all issues in the instant proceeding.

35. The Joint Applicants and PennFuture will further supplement the reasons that the PennFuture Settlement is in the public interest in their Statements in Support of the PennFuture Settlement, which are attached hereto as “**Appendices A and B.**”

V. CONDITIONS OF THE SETTLEMENT

36. The PennFuture Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the PennFuture Settlement without modification and the Closing. If the Commission modifies the PennFuture Settlement, the Joint Applicants and PennFuture may elect to withdraw from the PennFuture Settlement and may proceed with litigation and, in such event, the PennFuture Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties to this proceeding within five (5) business days after the entry of an Order modifying the Settlement.

37. The PennFuture Settlement resolves all issues between the Joint Applicants and PennFuture in the instant proceeding. If the Commission does not approve the PennFuture Settlement and the proceedings continue, the Joint Applicants and PennFuture reserve their respective procedural rights to evidentiary hearings, submission of additional testimony and exhibits, cross-examination of witnesses, briefing, and argument of their respective positions. The PennFuture Settlement is made without any admission against, or prejudice to, any position that the Joint Applicants or PennFuture may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

38. The Joint Applicants and PennFuture acknowledge that the PennFuture Settlement reflects a compromise of competing positions and does not necessarily reflect either party's position with respect to any issues raised in this proceeding. The PennFuture Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement the PennFuture Settlement.

39. If the ALJ adopts the PennFuture Settlement without modification, the Joint Applicants and PennFuture waive their right to file Exceptions on those issues that are resolved by the PennFuture Settlement.

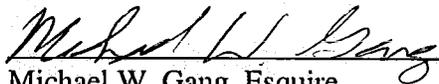
40. The ALJ's and Commission's disposition of the PennFuture Settlement is independent of and shall not affect the Non-Unanimous Settlement filed in this proceeding on September 25, 2013, or the disposition thereof.

VI. CONCLUSION

WHEREFORE, the Joint Applicants and PennFuture,⁷ by their respective counsel, respectfully request that the Honorable Administrative Law Judge Mark A. Hoyer recommend approval of, and the Commission approve, this Joint Petition for Approval of Settlement Between the Joint Applicants and Citizens for Pennsylvania's Future, including all terms and conditions thereof without modification.

⁷ I&E, OCA, OSBA, PIOGA, NGS Parties, Snyder Brothers, US Steel, PSU, PEMI, UWUA, IBEW, and Steelworkers are not parties to the PennFuture Settlement but have indicated that they do not oppose the PennFuture Settlement.

Respectfully submitted,



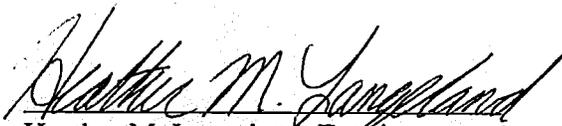
Michael W. Gang, Esquire
Michael W. Hassell, Esquire
Christopher T. Wright, Esquire
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717.731.1970
Fax: 717.731.1985
E-mail: mgang@postschell.com
E-mail: mhassell@postschell.com
E-mail: cwright@postschell.com

*Counsel for Peoples Natural Gas Company LLC
And Peoples TWP LLC*



John F. Povilaitis, Esquire
Alan M. Seltzer, Esquire
Buchanan Ingersoll & Rooney PC
409 North Second Street,
Suite 500
Harrisburg, PA 17101-1357
Phone: 717.237.4800
Fax: 717.233.0852
E-mail: john.povilaitis@bipc.com
E-mail: alan.seltzer@bipc.com

Counsel for Equitable Gas Company, LLC



Heather M. Langeland, Esquire
Citizens for Pennsylvania's Future
200 First Avenue, Suite 200
Pittsburgh, PA 15222
E-mail langeland@pennfuture.org

*Counsel for Citizens for
Pennsylvania's Future*

10/2/13
Date

10/2/13
Date

David W. Gray, Esquire
General Counsel
Equitable Gas Company
225 North Shore Drive
Pittsburgh, PA 15212
Phone: 412.395.3634
Fax: 412.395.3155
E-mail: dgray@equitablegas.com

10/1/13
Date

Appendix A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Peoples Natural Gas	:	
Company LLC, Peoples TWP LLC, and	:	
Equitable Gas Company, LLC for All of	:	
the Authority and the Necessary	:	
Certificates of Public Convenience (1) to	:	Docket Nos. A-2013-2353647
Transfer All of the Issued and Outstanding	:	A-2013-2353649
Limited Liability Company Membership	:	A-2013-2353651
Interest of Equitable Gas Company, LLC to	:	
PNG Companies LLC, (2) to Merge	:	
Equitable Gas Company, LLC with	:	
Peoples Natural Gas Company LLC, (3) to	:	
Transfer Certain Storage and Transmission	:	
Assets of Peoples Natural Gas Company	:	
LLC to Affiliates of EQT Corporation, (4)	:	
to Transfer Certain Assets between	:	
Equitable Gas Company, LLC and	:	
Affiliates of EQT Corporation, (5) for	:	
Approval of Certain Ownership Changes	:	
Associated with the Transaction, (6) for	:	
Approval of Certain Associated Gas	:	
Capacity and Supply Agreements, and (7)	:	
for Approval of Certain Changes in the	:	
Tariff of Peoples Natural Gas Company	:	
LLC.	:	

**STATEMENT OF CITIZENS FOR PENNSYLVANIA’S FUTURE IN SUPPORT
OF THE JOINT PETITION FOR APPROVAL OF SETTLEMENT BETWEEN
THE JOINT APPLICANTS AND CITIZENS FOR PENNSYLVANIA’S FUTURE**

TO THE HONORABLE MARK A. HOYER, ADMINISTRATIVE LAW JUDGE (“ALJ”):

Now comes Citizens for Pennsylvania’s Future (“PennFuture”), by counsel, Heather M. Langeland, and hereby submits its Statement in Support of the Joint Petition for Approval of Settlement between the Joint Applicants and PennFuture. PennFuture believes that this Settlement is in the public interest and should be approved by the Pennsylvania Public Utility Commission (“PUC”) as presented. In support thereof, PennFuture states as follows:

I. Background

This proceeding began on or about March 19, 2013, when the Joint Applicants: Peoples Natural Gas Company (“Peoples”), Peoples TWP (“TWP”), and Equitable Gas Company (“Equitable”) filed a Joint Application as above noted. The Application requested: (1) the proposed transfer of membership interests and acquisition rights of Equitable, an indirect subsidiary of EQT Corporation (“EQT”) to PNG Companies LLC (“PNC”), an indirect subsidiary of SteelRiver Infrastructure Fund North America LP (“SRIGNA”); (2) the merger of Equitable with Peoples, and the operation of Equitable as an operating division of PNG; (3) the transfer of certain storage and transmission assets of Peoples to EQT; (4) the transfer of certain assets and/or the exchange of services between EQT and Equitable; (5) certain PNG ownership changes associated with the transaction; (6) certain associated gas capacity, storage, interconnects, leases, and supply services agreements among Peoples, Peoples TWP, Equitable, and/or EQT; and (7) certain changes in Peoples’ tariff necessary to carry out the proposed transactions (collectively, the “Proposed Transaction”).

On or about May 7, 2013, PennFuture filed a Petition to Intervene. Among the concerns raised in PennFuture’s PreHearing Memorandum, PennFuture noted that it had an interest in ensuring that the proposed merger does not adversely impact rates, competition, reliability and energy efficiency. PennFuture further has an interest in ensuring that the proposed merger will produce affirmative public benefits. Such benefits should include rate reductions and rate stability that can be achieved through increased investment in gas energy efficiency programs to all customer classes.

In addition to PennFuture, the Office of Small Business Advocates (“OSBA”) and the Office of Consumer Advocates (“OCA”) filed Notices of Intervention and Protest. Petitions to

Intervene and Protests were also filed by the Pennsylvania Independent Oil and Gas Association (“PIOGA”), Dominion Retail, Inc. and Interstate Gas Supply, Inc. (collectively “NGSs:”), Utility Workers Union of America, Local 666 (“UWUA”), the Pennsylvania State University (“PSU”), Snyder Brothers, Inc., United Steelworkers International Union, Local 12050 (“Steelworkers”), International Brotherhood of Electrical Workers, Local 1956 (“IBEW”), Peoples-Equitable Merger Intervenors (“PEMI”), and United States Steel Corporation (“US Steel”). The Retail Energy Supply Association (RESA”) and Dominion Transmission Inc. also filed and subsequently withdrew Petitions to Intervene.

On April 17, 2013, the Joint Applicants served their Direct Testimony and accompanying exhibits.

An initial prehearing conference was thereafter held on May 9, 2013 before Administrative Law Judge (“ALJ”) Mark A. Hoyer, at which time a procedural schedule was established.

On or about July 24, 2013, in accordance with the procedural schedule, PennFuture submitted the Direct Testimony and supporting Exhibits of John J. Plunkett. Thereafter, on or about September 6, 2013, PennFuture submitted the Surrebuttal Testimony and supporting Exhibits of John J. Plunkett.

Prior to the evidentiary hearing, the active parties, other than PennFuture, reached a settlement in principle. As such, at the evidentiary hearing on September 11, 2013, the ALJ was apprised of the settlement in principle, the issues raised by PennFuture were litigated, and the parties’ testimony was admitted to the record.

Since that time, PennFuture and the Joint Applicants have been in active negotiations to determine if the issues raised by PennFuture could be resolved. Subsequently, an agreement was reached and PennFuture submits this Statement in Support of the Joint Petition.

II. The Settlement

The Settlement between Joint Applicants and PennFuture contains a number of conditions which are intended to address the concerns raised by PennFuture. These provisions provide for, *inter alia*:

- a. organization and collaboration of demand side management (“DSM”) stakeholders within 36 months of Closing;
- b. this group will include OCA, OSBA, I&E, PennFuture, any interested party to this proceeding, and any large customer of Peoples;
- c. this group will receive notice of the commencement of the collaborative and of an opportunity to participate;
- d. the stakeholders will provide recommendations concerning the scope of an Energy Efficiency and Conservation study and the qualifications of a third-party independent contractor to perform the study;
- e. within 42 months after Closing, Peoples will select and retain an experienced, third-party independent contractor to conduct a study and develop recommended approaches to a cost-effective Energy Efficiency and Conservation Plan for each class of Peoples’ customers;
- f. the cost of the study will be funded by Peoples, and Peoples will not seek recovery of the study cost in rates;
- g. the study will identify potential programs for each rate class of customers, evaluate different levels of funding and the expected benefits derived by the various levels, include

analysis of programs offered by other gas program administrators, and include a review of actual costs to implement programs as well as the actual energy savings realized in these programs;

h. Peoples will provide a copy of the study to the DSM stakeholders and the parties to this proceeding within 45 months after Closing;

i. no later than 48 months after the Closing, Peoples will make a filing with the Commission that will seek approval to implement an Energy Efficiency and Conservation Plan that falls within the range of recommendations supported by the DSM study and provides a cost recovery mechanism;

j. a copy of the filing will be served on the DSM stakeholders and the parties to this proceeding;

k. any party to this proceeding will be free to support the filing, seek modifications to the filing or oppose the filing before the Commission;

Currently, there are no standards governing Energy Efficiency for DSM for all classes in Pennsylvania. This settlement would place the burden on the Joint Applicants to take the lead in establishing a study and petitioning to the PUC for approval of a plan that would address this lack in energy efficiency requirements. Not only is this in PennFuture's best interests, it is in the public's best interest as well and will benefit the public as a whole.

WHEREFORE, PennFuture respectfully requests that the Commission approve the Settlement as presented, without modification.

Respectfully submitted,

A handwritten signature in black ink that reads "Heather M. Langeland". The signature is written in a cursive style and is positioned above a horizontal line.

Heather M. Langeland, Staff Attorney

Pa. Bar Id. No. 207387
200 First Avenue, Suite 200
Pittsburgh, PA 15222
Phone: 412-456-2901
Fax: 412-258-6685
langeland@pennfuture.org

Counsel for Petitioner PennFuture

Appendix B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Peoples Natural Gas Company LLC, :
 Peoples TWP LLC, and Equitable Gas Company, LLC for :
 All of the Authority and the Necessary Certificates of :
 Public Convenience (1) to Transfer All of the Issued and :
 Outstanding Limited Liability Company Membership : Docket Nos. A-2013-2353647
 Interest of Equitable Gas Company, LLC to PNG : A-2013-2353649
 Companies LLC, (2) to Merge Equitable Gas Company, : A-2013-2353651
 LLC with Peoples Natural Gas Company LLC, (3) to :
 Transfer Certain Storage and Transmission Assets of :
 Peoples Natural Gas Company LLC to Affiliates of EQT :
 Corporation, (4) to Transfer Certain Assets between :
 Equitable Gas Company, LLC and Affiliates of EQT :
 Corporation, (5) for Approval of Certain Ownership :
 Changes Associated with the Transaction, (6) for :
 Approval of Certain Associated Gas Capacity and Supply :
 Agreements, and (7) for Approval of Certain Changes in :
 the Tariff of Peoples Natural Gas Company LLC. :

**STATEMENT OF JOINT APPLICANTS IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT BETWEEN
THE JOINT APPLICANTS AND CITIZENS FOR PENNSYLVANIA'S FUTURE**

Michael W. Gang (I.D. # 25670)
 Michael W. Hassell, Esquire (I.D. 34851)
 Christopher T. Wright (I.D. # 203412)
 Post & Schell, P.C.
 17 North Second Street
 12th Floor
 Harrisburg, PA 17101-1601
 Phone: 717.731.1970
 Fax: 717.731.1985
 E-mail: mgang@postschell.com
 E-mail: mhassell@postschell.com
 E-mail: cwright@postschell.com
*Counsel for Peoples Natural Gas Company
 LLC and Peoples TWP LLC*

John F. Povilaitis (I.D. # 28944)
 Alan M. Seltzer (I.D. # 27890)
 Buchanan Ingersoll & Rooney PC
 409 North Second Street,
 Suite 500
 Harrisburg, PA 17101-1357
 Phone: 717.237.4800
 Fax: 717.233.0852
 E-mail: john.povilaitis@bipc.com
 E-mail: alan.seltzer@bipc.com

David W. Gray (I.D. # 76111)
 General Counsel
 Equitable Gas Company
 225 North Shore Drive
 Pittsburgh, PA 15212
 Phone: 412.395.3634
 Fax: 412.395.3155
 E-mail: dgray@equitablegas.com
Counsel for Equitable Gas Company, LLC

October 2, 2013

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III. THE SETTLEMENT IS IN THE PUBLIC INTEREST	7
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I. INTRODUCTION AND BACKGROUND

Peoples Natural Gas Company LLC (“Peoples”), Peoples TWP LLC (“Peoples TWP”), and Equitable Gas Company, LLC (“Equitable”) (hereinafter, collectively the “Joint Applicants”) hereby file this Statement in Support of the “Joint Petition for Approval of Settlement Between the Joint Applicants and Citizens for Pennsylvania’s Future” (“PennFuture Settlement”) in the above-captioned Joint Application proceeding requesting all necessary approvals, pursuant to Sections 1102(a)(3), 1317(d), 2102(a), and 2204(e)(4) of the Public Utility Code (“Code”), 66 Pa.C.S. §§ 1102(a)(3), 1317(d), 2102(a), and 2204(e)(4), authorizing and approving: (1) the transfer of 100% of the issued and outstanding limited liability company membership interests in Equitable, an indirect subsidiary of EQT Corporation (“EQT”),¹ to PNG Companies LLC (“PNG”),² an indirect subsidiary of SteelRiver Infrastructure Fund North America LP (“SRIFNA”);³ (2) the merger of Equitable with Peoples, a wholly-owned subsidiary of PNG, and the operation of Equitable as an operating division of PNG; (3) the transfer of certain storage and transmission assets of Peoples to EQT; (4) the transfer of certain assets and/or the exchange of certain services between EQT and Equitable; (5) certain PNG ownership changes associated with the transaction;⁴ (6) the associated gas capacity, storage, interconnects,

¹ Unless otherwise specified herein, all references to “EQT” shall be deemed to also include all of its subsidiaries and affiliates.

² PNG is a limited liability company organized, validly existing, and in good standing under the laws of Delaware. PNG directly owns a 100% interest in Peoples. (Joint Applicants Exhibit MKO-1, p. 10)

³ SteelRiver Infrastructure Associates LLC, the general partner of SRIFNA, and its affiliated investment management entities (collectively “SteelRiver”) manage infrastructure investments throughout North America. SRIFNA is an independent investment fund specializing in infrastructure assets. LDC Funding LLC (“LDC Funding”) is a Delaware limited liability company and a wholly-owned direct subsidiary of SRIFNA. LDC Funding directly owns a 100% interest in LDC Holdings LLC (“Holdings”), which in turn owns a 100% interest in PNG. LDC Funding also directly owns a 100% interest in LDC Holdings II LLC (“Holdings II”), which in turn owns a 100% interest in Peoples TWP. (Joint Applicants Exhibit MKO-1, p. 9-11).

⁴ The financing for the Transaction will come from new SteelRiver managed funds, which will be accomplished through a two-step process. (Joint Applicants St. 1-S, pp. 2-3) This will require the creation of a new indirect parent of Peoples and Peoples TWP. Upon closing of the Transaction, SRIFNA will transfer its interest in LDC
(Continued on next page...)

leases, and supply service agreements among Peoples, Peoples TWP, Equitable, and/or EQT set forth in the Joint Application; and (7) certain changes in Peoples' tariff necessary to carry out the transactions (hereinafter, collectively the "Transaction"). (See Joint Applicants Exhibit MKO-1)

Peoples is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purpose of providing natural gas transmission, distribution, and supplier of last resort services subject to the Pennsylvania Public Utility Commission's ("Commission") regulatory jurisdiction. Peoples is a wholly-owned subsidiary of PNG, which is an indirect subsidiary of SRIFNA.⁵ Peoples is a "public utility" and a "natural gas distribution company" as those terms are defined in Code Sections 102 and 2202 66 Pa.C.S. §§ 102, 2202. Peoples provides natural gas services to approximately 360,000 customers throughout its certificated territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland. (Joint Applicants Exhibit MKO-1, pp. 6-7)

Peoples TWP is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purpose of providing natural gas transmission, distribution, and supplier of last resort services subject to the Commission's regulatory jurisdiction. Peoples TWP is a

(...continued from previous page)

Funding to a newly created LDC Ventures LLC ("LDC Ventures"). A newly created SteelRiver managed fund, SteelRiver LDC Investments LP ("SRLDCI"), will own 27% of LDC Ventures and the remaining 73% interest will be owned by a new intervening entity, LDCV Holdco LLC ("LDCV Holdco"). In turn, approximately 24% of LDCV Holdco will be owned by a second new SteelRiver managed fund with the remaining approximately 76% interest in LDCV Holdco owned by SRIFNA. As a result, upon closing SRIFNA will indirectly maintain the largest voting interest (approximately 55%) in LDC Funding and all of its indirect wholly-owned subsidiaries, including Peoples (and its Equitable division after the acquisition) and Peoples TWP. (Joint Applicants St. 1, pp. 12-13; Joint Applicants St. 1-S, pp. 2-3)

⁵ On February 1, 2010, PNG closed on its purchase of all of the issued and outstanding shares of capital stock of Peoples, which acquisition was approved by the Commission. *Joint Application for Approval of the Transfer of the Issued and Outstanding Shares of Capital Stock of the Peoples Natural Gas Company*, Docket No. A-2008-2063737 (November 19, 2009).

wholly-owned subsidiary of LDC Holdings II, which is an indirect subsidiary of SRIFNA.⁶ Peoples TWP is a “public utility” and a “natural gas distribution company” as those terms are defined in Code Sections 102 and 2202, 66 Pa.C.S. §§ 102, 2202. Peoples TWP provides natural gas services to approximately 60,300 customers throughout its service territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland. (Joint Applicants Exhibit MKO-1, pp. 7-8)

Equitable is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purpose of providing natural gas transmission, distribution, and supplier of last resort services subject to the Commission’s regulatory jurisdiction.⁷ Equitable is a direct, wholly-owned subsidiary of Distribution Holdco, LLC (“Holdco”), which, in turn, is a wholly-owned subsidiary of EQT Corporation. Equitable is a “public utility” and a “natural gas distribution company” as those terms are defined in Code Sections 102 and 2202, 66 Pa.C.S. §§ 102, 2202. Equitable provides natural gas services to approximately 260,000 customers throughout its Pennsylvania certificated territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Clarion, Greene, Indiana, Jefferson, Washington, and Westmoreland. (Joint Applicants Exhibit MKO-1, pp. 8-9)

On March 19, 2013, the Joint Applicants filed the above-reference Joint Application with the Commission. The following parties either protested the Joint Application or intervened in

⁶ On May 24, 2011, LDC Holdings II closed on its purchase of all of the issued and outstanding shares of capital stock of TWP, which acquisition was approved by the Commission. *Joint Application of T.W. Phillips Gas and Oil Company, TWP INC., and LDC Holdings II LLC for approval of a change of control of T.W. Phillips and Oil Company from TWP INC. to LDC Holdings II LLC, an indirect subsidiary of SteelRiver Infrastructure Fund North America LP*, Docket No. A-2010-2210326 (May 23, 2011).

⁷ Equitable was a regulated operating division of Equitable Resources, Inc., prior to a holding company reorganization approved by the Commission at Docket No. A-121100F0006, which became effective July 1, 2008.

the proceeding: the Bureau of Investigation and Enforcement (“I&E”) of the Commission; the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); Pennsylvania Independent Oil and Gas Association (“PIOGA”); Dominion Retail, Inc. and Interstate Gas Supply, Inc. (collectively “NGS Parties”); Utility Workers Union of America, Local 666 (“UWUA”); The Pennsylvania State University (“PSU”); Snyder Brothers, Inc. (“Snyder Brothers”); United Steelworkers International Union, Local 12050 (“Steelworkers”); International Brotherhood of Electrical Workers, Local 1956 (“IBEW”); Peoples-Equitable Merger Intervenors (“PEMI”); United States Steel Corporation (“US Steel”); and Citizens for Pennsylvania Future (“PennFuture”).⁸

The active parties engaged in extensive discovery, held numerous settlement conferences, and exchanged numerous settlement proposals and counter-proposals. As a result of these conferences and efforts and before the September 11, 2012 evidentiary hearing, a settlement in principle was reached by and among the Joint Applicants, I&E, OCA, OSBA, PIOGA, NGS Parties, Snyder Brothers, and US Steel.⁹ PennFuture was the only active party that took no position on the settlement in principle.

On September 25, 2013, the Joint Applicants, I&E, OCA, OSBA, PIOGA, NGS Parties, Snyder Brothers, and US Steel filed the “Joint Petition for Approval of Non-Unanimous Settlement” (“Non-Unanimous Settlement”), together with their respective Statements in Support. For the reasons explained therein, the parties joining the Non-Unanimous Settlement submit that the Transaction, as modified by the terms and conditions of the Non-Unanimous Settlement, will provide many substantial affirmative public benefits.

⁸ The procedural history for this matter is set forth in Section II of the PennFuture Settlement, which is incorporated herein.

⁹ PSU, PEMI, UWUA, IBEW, and United Steelworkers are not parties to the Non-Unanimous Settlement but indicated that they do not object to the Non-Unanimous Settlement.

Although PennFuture has not disputed the many public benefits of the Transaction, PennFuture proposed that the Joint Applicants be required to implement a five-year, \$220 million demand side management (“DSM”) plan as a condition of the Commission’s approval of the Transaction.¹⁰ (PennFuture St. No. 1, pp. 8, 42-43) An evidentiary hearing was held on September 11, 2013. At the evidentiary hearing, the remaining issues raised by PennFuture were litigated.

Following the conclusion of the evidentiary hearing, the Joint Applicants and PennFuture continued to engage in additional settlement discussions in an effort to resolve the remaining issues raised by PennFuture. As a result of these efforts, the Joint Applicants and PennFuture reached a settlement in principle that fully resolved all of PennFuture’s remaining issues.

Concurrent with their respective Statements in Support, the Joint Applicants and PennFuture filed the PennFuture Settlement. Combined, the PennFuture Settlement and the Non-Unanimous Settlement filed on September 25, 2013, represent a full resolution of all issues raised by the active parties in this proceeding.¹¹ The PennFuture Settlement and the Non-Unanimous Settlement, if approved, will resolve all of the issues raised by the active parties in this proceeding.

The Joint Applicants submit that the PennFuture Settlement is in the public interest and should be approved. Given the diverse interests of the Joint Applicants and PennFuture, and the active role they have taken in this proceeding, the fact that they have resolved their respective

¹⁰ The proposed DSM plan was not part of the Transaction presented by the Joint Applicants, nor did the Joint Applicants support PennFuture’s proposal. Therefore, PennFuture bore the burden to demonstrate that its proposed DSM plan is reasonable and in the public interest. *Pa. PUC v. Metropolitan Edison Company, et al.*, Docket Nos. R-00061366, et al., 2007 Pa. PUC LEXIS 5 at *184-87 (Jan. 11, 2007).

¹¹ I&E, OCA, OSBA, PIOGA, NGS Parties, Snyder Brothers, US Steel, PSU, PEMI, UWUA, IBEW, and Steelworkers are not parties to the PennFuture Settlement but have indicated that they do not oppose the PennFuture Settlement.

issues in this proceeding, in and of itself, provides strong evidence that the PennFuture Settlement is reasonable and in the public interest.

The PennFuture Settlement was achieved only after a comprehensive investigation of both the Transaction and PennFuture's proposals in this proceeding. In addition to informal discovery, the Joint Applicants responded to hundreds of formal discovery requests, many of which had multiple subparts. The active parties served six rounds of testimony, including the Joint Applicants' direct testimony, the Joint Applicants' supplemental direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder outlines. Further, the Joint Applicants and PennFuture participated in numerous settlement discussions and formal negotiations, which ultimately led to the PennFuture Settlement. Finally, the active parties in this proceeding, and their counsel, have considerable experience in acquisition proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus in this proceeding on the settled issues.

The PennFuture Settlement reflects a carefully balanced compromise of the interests of the Joint Applicants, their customers, and PennFuture. For the reasons more fully explained below, the PennFuture Settlement is in the public interest. Therefore, the Joint Applicants respectfully request that the Honorable Administrative Law Judge Mark A. Hoyer ("ALJ") recommend that the Commission approve, and that the Commission approve, the PennFuture Settlement, without modification.¹² The Joint Applicants submit this Statement in Support to explain the numerous reasons that support these conclusions.

¹² Importantly, the ALJ's and Commission's disposition of the PennFuture Settlement is independent of and shall not affect the Non-Unanimous Settlement filed in this proceeding on September 25, 2013, or the disposition thereof. (PennFuture Settlement ¶ 40)

II. COMMISSION POLICY FAVORS SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Oct. 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991). For the reasons that follow, the Joint Applicants believe that the PennFuture Settlement is just, reasonable, and in the public interest and, therefore, should be approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

In this proceeding, PennFuture has proposed that the Peoples and Equitable Divisions adopt a five-year, \$220 million DSM plan. Under PennFuture's proposed DSM plan, the Peoples and Equitable Divisions would be required to achieve incremental annual gas savings reaching a projected cumulative savings target of 39.1 million therms annually by 2018. (PennFuture St. No. 1, p. 23) PennFuture's proposed DSM plan claims that the Peoples and Equitable Divisions can provide net gas cost benefits of over \$100 million to select customers by

adopting a DSM program that would charge all customers \$220 million over the next five years. (PennFuture St. 1, p. 10)¹³

The Joint Applicants questioned the efficacy of the PennFuture DSM proposal because of the lack of independent analysis of the Peoples and Equitable systems and service territories to determine whether a DSM program could achieve the savings projected by PennFuture. As elicited through cross-examination, PennFuture did not undertake an independent study or analysis specific to the Peoples and Equitable service territories to determine the proper size and scope of a DSM plan or whether a \$220 million expenditure will produce the level of usage reductions projected in PennFuture's proposed DSM plan. (Tr. 120) Specifically, PennFuture did not study the following aspects of the service territories of the Peoples and Equitable Divisions: (1) what would be the avoided cost of gas in the Peoples and Equitable Divisions' service territories resulting from any reduced usage (Tr. 120); (2) the housing stock or the estimated number of homes that could be retrofitted annually (Tr. 121; 124); (3) the number of rental units or the number of rental units where the tenant is responsible for paying the gas bill (Tr. 123); (4) the age of commercial structures (Tr. 122); (5) the amount of energy efficiency installations that previously have been completed by industrial customers (Tr. 122); or (6) the number of qualified contractors necessary to complete the work required to achieve set specific savings targets (Tr. 125).

The Joint Applicants support energy efficiency. However, PennFuture's proposed DSM plan is based on assumptions and not on any independent analysis of the circumstances in the Peoples and Equitable service territories. In order to provide for an analysis that addresses the deficiencies in PennFuture's DSM proposal and to develop a DSM plan with the proper size and

¹³ Customers would be expected to contribute an additional \$60 million, resulting in total costs of \$284 million. (PennFuture St. 1, p. 9)

scope for the Peoples and Equitable service territories, the Joint Applicants and PennFuture have agreed to the following:

26. Within 36 months of Closing, Peoples will organize and engage in a collaborative of demand side management (“DSM”) stakeholders. This group will include OCA, OSBA, I&E, PennFuture, any interested party to this proceeding, and any interested large customer of Peoples.

(a) Notice of the commencement of the collaborative and of an opportunity to participate will be provided.

(b) The stakeholders will provide recommendations concerning the scope of the study and qualifications of a third-party independent contractor to perform the study.

27. No later than 42 months after the Closing, Peoples will select and retain an experienced, third-party independent contractor to conduct a study and develop recommended approaches to a cost-effective Energy Efficiency and Conservation Plan for Peoples’ customers. The cost of the study will be funded by Peoples, and Peoples will not seek recovery of the study cost in rates. The study will:

(a) Identify potential programs for each rate class of customers;

(b) Evaluate different levels of funding and the expected benefits derived by the various levels;

(c) Include analysis of programs offered by other gas program administrators, either utility or non-utility, including but not limited to, Philadelphia Gas Works, Columbia Gas, National Grid operating in New York and Massachusetts, Northeast Utilities, UIL, Vermont Gas, Wisconsin Focus on Energy, Pacific Gas & Electric, and Southern California Gas; and

(d) Include a review of actual costs to implement programs as well as the actual energy savings realized in these programs.

28. No later than 45 months after the Closing, Peoples will provide a copy of the study to the DSM stakeholders and the parties to this proceeding.

29. No later than 48 months after the Closing, Peoples will make a filing with the Commission that will seek approval to implement an Energy Efficiency and Conservation Plan that falls within the range of recommendations supported by the DSM study and provides a cost recovery mechanism acceptable to Peoples.

30. A copy of the filing will be served on the DSM stakeholders and the parties to this proceeding.

31. Any party to this proceeding will be free to support the filing, seek modifications to the filing or oppose the filing before the Commission.

(Settlement ¶¶ 26-31)

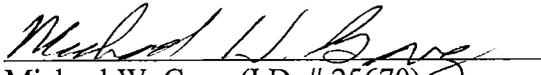
These provisions of the PennFuture Settlement will provide important information regarding the proper size and scope of a DSM plan for the Peoples and Equitable Divisions that can be implemented in a cost-effective manner. These provisions also allow interested parties to participate in the development of an appropriate and cost-effective DSM plan that is specifically tailored for the Peoples and Equitable service territories. However, the parties to this proceeding will retain the right to comment on and oppose the DSM filing. Further, and importantly, these provisions of the PennFuture Settlement provide for the development of the proper size and scope of a DSM plan by each rate class, which addresses the primary concerns raised by the Joint Applicants in this proceeding.

Finally, under the terms of the PennFuture Settlement, subject to the Commission's approval of the terms and conditions of the PennFuture Settlement, PennFuture does not oppose the Non-Unanimous Settlement. (Settlement ¶ 25) As a result, there is a resolution of all the issues raised in this proceeding.

IV. CONCLUSION

WHEREFORE, Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC respectfully request that Administrative Law Judge Mark A. Hoyer recommend approval of, and the Pennsylvania Public Utility Commission approve, the Joint Application subject to the terms and conditions of the Joint Petition for Approval of Settlement Between the Joint Applicants and Citizens for Pennsylvania's Future without modification.

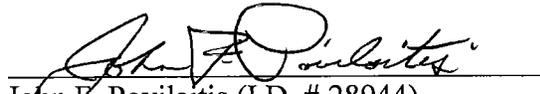
Respectfully submitted,



Michael W. Gang (I.D. # 25670)
Michael W. Hassell, Esquire (I.D. 34851)
Christopher T. Wright (I.D. # 203412)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717.731.1970
Fax: 717.731.1985
E-mail: mgang@postschell.com
E-mail: mhassell@postschell.com
E-mail: cwright@postschell.com

*Counsel for Peoples Natural Gas Company
LLC and Peoples TWP LLC*

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John F. Povilaitis (I.D. # 28944)
Alan M. Seltzer (I.D. # 27890)
Buchanan Ingersoll & Rooney PC
409 North Second Street,
Suite 500
Harrisburg, PA 17101-1357
Phone: 717.237.4800
Fax: 717.233.0852
E-mail: john.povilaitis@bipc.com
E-mail: alan.seltzer@bipc.com

David W. Gray (I.D. # 76111)
General Counsel
Equitable Gas Company
225 North Shore Drive
Pittsburgh, PA 15212
Phone: 412.395.3634
Fax: 412.395.3155
E-mail: dgray@equitablegas.com

Counsel for Equitable Gas Company, LLC