



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 29, 2016

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

Re: Pennsylvania Public Utility Commission v.
Peoples Natural Gas Company LLC – Equitable Division
Docket No. R-2016-2542923

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum in the above-captioned proceeding.

Copies are being served on all active parties of record. If you have any questions, please
contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

CBW/GLL/sea
Enclosure

cc: Certificate of Service
ALJ Jeffrey Watson

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Peoples Natural Gas Company LLC –
Equitable Division

Docket No. R-2016-2542923

CERTIFICATE OF SERVICE

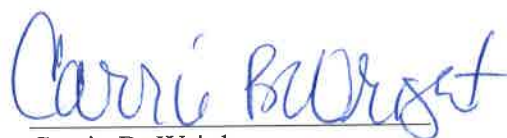
I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 29, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via First Class and Electronic Mail

Anthony Kanagy, Esquire
Post & Schell PC
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601

Elizabeth R. Triscari, Esquire
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

Darryl Lawrence, Esquire
Amy Hirkakis, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923



Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	R-2016-2542923
	:	
Peoples Natural Gas Company, LLC	:	
Equitable Division	:	

PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT

TO ADMINISTRATIVE LAW JUDGE JEFFREY WATSON:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutors in this proceeding will be Carrie Wright and Gina Lauffer. Contact information is as follows:

By mail: Carrie Wright
Gina Lauffer
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: carwright@pa.gov
ginlauffer@pa.gov

By telephone: (717) 783-6156
(717) 787-8754

By fax: (717) 772-2677

I. INTRODUCTION

On April 29, 2016, Peoples Natural Gas Company, LLC – Equitable Division (“Equitable” or “Company”) filed Supplement No. 38 to Equitable’s Tariff Gas-Pa. P.U.C. No 46 proposing to replace the Service Expansion Program (“Rider SET”) with rate MLX. The effective date of the filing was June 28, 2016.

On June 9, 2016, the Commission entered an order suspending the implementation of Supplement No. 38 by operation of law until December 28, 2016, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 38.

A telephonic Prehearing Conference is scheduled for Friday, July 1, 2016, at 10:00 a.m., with Administrative Law Judge Jeffrey Watson presiding.

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- How rates and individual projects would be reconciled during a base rate case.
- No predetermined payoff amount or definitive timeframe for payoff.
- How the Company would deal with revenue shortfalls for a specific project, if for example, customers decided they no longer wanted to use natural gas.
- Marketing costs and recovery of those costs.

III. WITNESSES

It is currently expected that I&E may call the following expert witness without being limited thereto:

Anthony Spadaccio, Fixed Utility Financial Analyst

The I&E witness may be contacted through the information listed above for the I&E Prosecutors. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

V. DISCOVERY

Discovery in these proceedings will be conducting according to 52 Pa. Code §§5.321 et. seq. I&E is not requesting any modification to the rules of discovery at this time.

VI. SCHEDULE

I&E supports the procedural schedule proposed in the Company's prehearing memorandum.

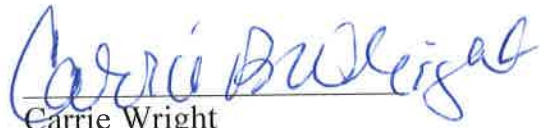
VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

VIII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Carrie Wright

Prosecutor

PA Attorney I.D. # 208185

Gina Lauffer

Prosecutor

PA Attorney I.D. # 313863

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: June 29, 2016