

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560

FAX (717) 783-7152  
consumer@paoca.org

June 28, 2016

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: Pa. Public Utility Commission  
v.  
Peoples Natural Gas Company, LLC  
Docket No. R-2016-2542918  
  
Pa. Public Utility Commission  
v.  
Peoples Natural Gas Company, LLC –  
Equitable Division  
Docket No. R-2016-2542923

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Amy E. Hirakis  
Amy E. Hirakis  
Assistant Consumer Advocate  
PA Attorney I.D. #310094

Attachment

cc: Honorable Jeffery A. Watson, ALJ  
Certificate of Service

223122

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2016-2542918  
 :  
 Peoples Natural Gas Company LLC :

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

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PREHEARING MEMORANDUM OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to the Prehearing Conference Order of Administrative Law Judge Jeffrey A. Watson dated June 24, 2016, Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in anticipation of the Prehearing Conference scheduled for July 1, 2016, the Office of Consumer Advocate (OCA) provides the following information:

**I. INTRODUCTION**

On April 29, 2016, Peoples Natural Gas Company LLC and Peoples Natural Gas Company LLC – Equitable Division (jointly, Peoples or Companies) filed Supplements<sup>1</sup> to their Tariffs with the Pennsylvania Public Utility Commission (Commission) seeking approval to

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<sup>1</sup> Peoples Natural Gas Company LLC filed Supplement No. 69 to Tariff Gas - PA PUC No. 45. Peoples Natural Gas Company LLC – Equitable Division filed Supplement No. 38 to Tariff Gas - PA PUC No. 46.

eliminate their pilot programs entitled Rider Service Expansion Tariffs (Rider SET) and replace it with Rate MLX.

Currently, under the Rider SET pilot programs, residential applicants for gas service who request an extension of the Companies' facilities to serve their home have the option to pay \$55.00 per month over a period of up to twenty-five (25) years in lieu of an upfront Contribution in Aid of Construction (CIAC) payment, as is the usual practice in Pennsylvania. Rider SET was intended to reduce the financial barriers faced by consumers seeking natural gas service in areas where natural gas is currently unavailable. Rate MLX, if approved, would allow customers to pay higher delivery charges instead of a CIAC paid as an upfront lump payment or as a monthly surcharge (i.e., Rider SET).

The OCA filed a Formal Complaint and Public Statement in this proceeding on May 26, 2016, to help ensure that the proposed Rate MLX contains adequate consumer protections and does not result in rates and charges that are excessive, unjust or unreasonable, discriminatory, or otherwise contrary to Commission regulation or policy. The Office of Small Business Advocate filed a Formal Complaint and Public Statement on May 16, 2016. The Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance on May 18, 2016.

On June 9, 2016, the Commission suspended the filing until December 28, 2016, and assigned the case to the Office of Administrative Law Judge. This proceeding was further assigned to Administrative Law Judge Jeffrey A. Watson. On June 24, 2016, ALJ Watson issued a Prehearing Conference Order indicating that an Initial Prehearing Conference is scheduled for July 1, 2016. The OCA submits this Prehearing Memorandum in accordance with the Prehearing Conference Order in this matter.

## **II. ISSUES AND SUB-ISSUES**

Based upon a preliminary analysis of the Company's proposed Rate MLX, the OCA has compiled a list of issues and sub-issues, which it anticipates will be included in its investigation of the Company's proposal. The OCA anticipates that other issues may arise and may be pursued as responses to interrogatories are received and analyzed.

The following list sets forth issues the OCA anticipates it may raise:

- (1) Reasonableness of the calculation of Rate MLX;
- (2) Compliance of the Company's calculations and supporting data with the Public Utility Code, Commission regulations and general ratemaking principles; and
- (3) The inclusion of adequate customer protections for both new and existing customers.

The OCA reserves the right to raise additional issues as discovery proceeds.

## **III. WITNESSES**

The OCA intends to present the direct, rebuttal, and surrebuttal testimonies, as may be necessary, of Glenn A. Watkins in this proceeding. Mr. Watkins will present testimony in written form and will also attach various exhibits, documents, and explanatory information that will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that hard copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to Mr. Watkins at the below address, as well as mailing a copy to counsel for the OCA.

Glenn A. Watkins  
Technical Associates, Inc.  
9030 Stony Point Parkway, Suite 580  
Richmond, Virginia 23235  
Telephone: 804-272-5363  
E-mail: watkinsg@tai-econ.com

**IV. SERVICE ON THE OCA**

The OCA will be represented in this case by Senior Assistant Consumer Advocate Darryl A. Lawrence and Assistant Consumer Advocate Amy E. Hirakis. All documents should be served on the OCA as follows:

Darryl A. Lawrence  
Senior Assistant Consumer Advocates  
Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor Forum Place  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
Facsimile: (717) 783-7152  
E-mail: DLawrence@paoca.org  
AHirakis@paoca.org

**V. PROPOSED SCHEDULE**

The OCA is agreeable to the Companies' proposed litigation schedule, which is as follows:

Peoples Direct Testimony	July 11, 2016
Other Parties Direct Testimony	August 5, 2016
Rebuttal Testimony	August 23, 2016
Surrebuttal Testimony	August 31, 2016
Hearings (including oral rejoinder)	September 7, 2016
Main Brief	September 19, 2016
Reply Brief	September 26, 2016

**VI. PUBLIC INPUT HEARINGS**

At present, the OCA has not received any requests for a public input hearing in this proceeding. If consumer interest arises, the OCA will make prompt notification to the ALJ and other parties to this proceeding.

**VII. DISCOVERY**

The OCA proposes that the following modifications to the rules of discovery be adopted:

1. The response period for replying to written interrogatories, requests for production and requests for admissions is ten (10) calendar days of receipt, unless

otherwise indicated. Responses may be served electronically but hard copies must follow by first-class mail.

2. Objections to interrogatories, requests for production and requests for admissions are to be communicated orally to the propounder within three (3) calendar days of receipt and in writing within five (5) calendar day of receipt. The parties are directed to confer, by telephone or email, and attempt to resolve the objections.
3. Motions to dismiss objections and compel responses shall be filed and served on the ALJ and other parties within three (3) calendar days of receipt of the written objections. Answers to such motions shall be filed and served within three (3) calendar days after filing of the motion.
4. Interrogatories, requests for production and requests for admissions which are objected to but which are not made the subject of a motion to compel will be deemed withdrawn.
5. Interrogatories, motions to compel and responses are to be served electronically as well as on paper.
6. Responses to requests for document production, entry for inspection or other purposes shall be served in-hand within ten (10) calendar days.
7. Any discovery, objection or motion served after 12:00 p.m. on a Friday or the day before a holiday recognized by the Commission will be deemed to have been served on the following business day for purposes of tracking due dates.

## VIII. SETTLEMENT

The OCA will participate fully in all settlement discussions.

Respectfully submitted,

/s/ Amy E. Hirakis  
Amy E. Hirakis  
Assistant Consumer Advocate  
PA Attorney I.D. # 310094  
AHirakis@paoca.org

Darryl A. Lawrence  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 93682  
DLawrence@paoca.org

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048

June 28, 2016

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CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2016-2542918  
 :  
 Peoples Natural Gas Company LLC :

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

I hereby certify that I have this day served a true copy of the Office of Consumer Advocate's Prehearing Memorandum upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 28<sup>th</sup> day of June 2016.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Carrie B. Wright, Esquire  
Gina L. Lauffer, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Anthony D. Kanagy, Esquire  
Michael W. Gang, Esquire  
Post & Schell PC  
17 North Second Street, 12<sup>th</sup> Fl.  
Harrisburg, PA 17101

William H. Roberts II, Esquire  
225 North Shore Drive  
Pittsburgh, PA 15212  
*Counsel for Peoples Natural Gas Company,  
LLC*



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

/s/ Amy E. Hirkis  
Amy E. Hirkis  
Assistant Consumer Advocate  
PA Attorney I.D. #310094  
E-Mail: AHirkis@paoca.org

Darryl A. Lawrence  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 93682  
E-Mail: DLawrence@paoca.org

Counsel for  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152  
\*223121