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File #: 159533

June 29, 2016

VIA ELECTRONIC FILING

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: PA PUC, et al. v. Peoples Natural Gas Company LLC
Docket No. R-2016-2542918**

**PA PUC, et al. v. Peoples Natural Gas Company LLC
Docket No. R-2016-2542923**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Conference Memorandum of Peoples Natural Gas Company LLC and Peoples Natural Gas Company LLC – Equitable Division for the above-referenced proceedings. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy, Esquire

ADK/skr
Enclosure

cc: Certificate of Service
Honorable Jeffrey Watson

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 52 Pa. Code § 1.54 (relating to service by a participant).

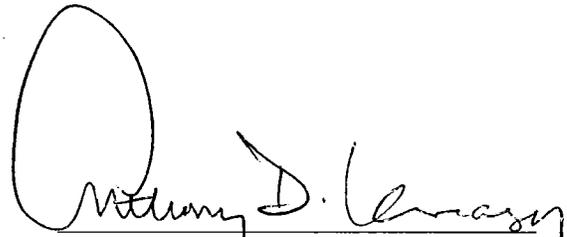
VIA E-MAIL AND FIRST CLASS MAIL

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

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

Carrie B. Wright, Esquire
Gina L. Lauffer, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: June 29, 2016



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket No. R-2016-2542918
	:	
Peoples Natural Gas Company LLC	:	
	:	
and	:	
	:	
Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket No. R-2016-2542923
	:	
Peoples Natural Gas Company LLC – Equitable	:	
Division	:	

**PREHEARING CONFERENCE MEMORANDUM OF
PEOPLES NATURAL GAS COMPANY LLC AND
PEOPLES NATURAL GAS COMPANY LLC – EQUITABLE DIVISION**

TO ADMINISTRATIVE LAW JUDGE JEFFREY A. WATSON:

Pursuant to 52 Pa. Code § 5.224(c) and the Prehearing Conference Order issued by Administrative Law Judge Jeffrey A. Watson (the “ALJ”) on June 24, 2016 in the above-captioned proceedings, Peoples Natural Gas Company LLC (“Peoples”) on behalf of both its Peoples Division and its Peoples-Equitable Division files this Prehearing Conference Memorandum.

I. PROCEDURAL HISTORY

On April 29, 2016, Peoples Division filed Supplement No. 69 to Tariff Gas – Pa. P.U.C. No. 45 and Peoples-Equitable Division filed Supplement No. 38 to Tariff Gas – Pa. P.U.C. No. 46. In these Supplements, Peoples, on behalf of both Divisions, proposed to replace its Service Expansion Program (“Rider SET”) with Rate MLX.

Rider SET was designed to reduce barriers to customers for receiving gas service in areas where gas service is currently unavailable. Rider SET allowed customers to make a fixed monthly payment of \$55 as an alternative to lump sum Contributions in Aid of Construction (“CIAC”). Peoples has determined that its customers are not receptive to paying the fixed \$55 monthly fee and would prefer to pay for their share of pipeline expansion costs through higher delivery charges. Therefore, Rate MLX allows for customers to pay for system expansion costs through higher delivery charges, and the highest delivery charge under Rate MLX would produce approximately the same incremental annual increase in non-gas revenue that would have been generated by the flat monthly SET payment of \$55.

On May 16, 2016, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance, Complaint and Public Statement.

On May 18, 2016, the Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance.

On May 26, 2016, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearance, Complaint and Public Statement.

On June 9, 2016, the Commission issued an Order Suspending Peoples Division Supplement No. 69 and Peoples-Equitable Division Supplement No. 38 by operation of law until December 28, 2016, unless otherwise directed by Order of the Commission.

On June 15, 2016, Peoples filed tariff supplements suspending Supplement No. 69 and Supplement No. 38.

On June 24, 2016, a Notice was issued scheduling a prehearing conference for July 1, 2016. Also on June 24, 2016, the ALJ issued the Prehearing Conference Order.

II. SERVICE OF DOCUMENTS

The Companies request that Michael W. Gang, Anthony D. Kanagy and William H. Roberts, II be listed on the service list on behalf of the Companies. Their contact information is provided below:

Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6026
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William H. Roberts II (ID # 54724)
Senior Counsel
Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212
Phone: 412-208-6527
Fax: 412-208-6575
Email: William.H.RobertsII@peoples-gas.com

The Companies agree to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon Lynda W. Petrichevich at lynda.w.petrichevich@peoples-gas.com.

III. WITNESSES AND ISSUES

The Companies' interpretation of the issues in this proceeding is largely set forth in the responses to the Commission's filing requirements that were provided with the Tariff Supplements. The Company also intends to submit the Direct Testimony of Lynda W. Petrichevich.

Lynda W. Petrichevich
Director, Rates and
Regulatory Affairs
Peoples Natural Gas
225 North Shore Drive
Pittsburgh, PA 15212-5861

Statement No. 1

- Description of the MLX
Program

- Benefits of the MLX
Program

The subject matters listed above, as further supported by the responses to the Commission's filing requirements, represents Peoples' statement of the issues on this proceeding. Further definition of the issues will be developed by the parties during the course of this proceeding. Peoples reserves the right to call additional witnesses and/or present testimony on additional issues and subject matters that may arise during the course of this proceeding.

IV. DISCOVERY

Given the abbreviated schedule for this proceeding, the Company will agree to a 10-day response time for answers to discovery questions, subject to the Company's best efforts. Peoples is not aware of any outstanding discovery disputes. Peoples is willing to work with the parties, through informal conferences, to expedite discovery.

V. PROCEDURAL SCHEDULE

Peoples proposes the following schedule for the above-captioned proceedings:

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

It is Peoples' understanding that all of the other Parties have agreed to this schedule.

VI. CONSOLIDATION

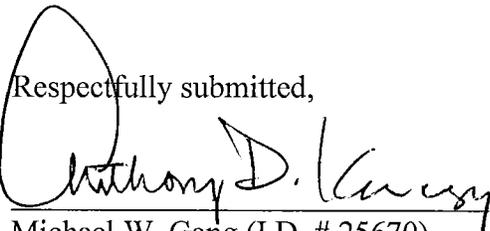
In the above-referenced proceedings, Peoples Division and Peoples-Equitable Division are proposing to implement identical Rate MLX Programs for each Division. Therefore, Peoples believes that the issues in each proceeding will be the same and respectfully requests that the two proceedings be consolidated into one proceeding. Peoples believes that this will save the parties, the ALJ and the Commission time and resources.

VII. PUBLIC INPUT HEARINGS

Peoples is not aware of any substantial consumer interest with respect to this filing. Peoples does not propose that any public input hearings be held absent substantial public interest in the filing.

VIII. SETTLEMENT DISCUSSIONS

Peoples has had preliminary meetings with the Parties to discuss the issues in this proceeding. Peoples will be working with the parties in an effort to resolve these proceedings through settlement.

Respectfully submitted,


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E-mail: akanagy@postschell.com

Date: June 29, 2016

Attorneys for Peoples Natural Gas Company
LLC and Peoples Natural Gas Company LLC –
Equitable Division