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January 17, 2019

VIA ELECTRONIC FILING

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

RE: Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC And Peoples Gas Company LLC for all of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC, and Peoples Gas Company LLC By Way of the Purchase of All of LDC Funding LLC's Membership Interests by Aqua America, Inc.; Docket Nos. A-2018-3006061, A-2018-3006062, and A-2018-3006063; ;
PREHEARING CONFERENCE MEMORANDUM OF THE NATURAL GAS SUPPLIER PARTIES AND RETAIL ENERGY SUPPLY ASSOCIATION

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Prehearing Conference Memorandum of the Natural Gas Supplier Parties and Retail Energy Supply Association in the above-captioned docket. Copies of this Memorandum have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions related to this filing, please do not hesitate to contact my office.

Very truly yours,

Todd S. Stewart
*Counsel for Counsel for Natural Gas Supplier
Parties and The Retail Energy Supply
Association*

TSS/jld/
Enclosure

cc: Administrative Law Judge Mary D. Long (via electronic mail and overnight delivery)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua America, Inc.,	:	
Aqua Pennsylvania, Inc., Aqua Pennsylvania	:	
Wastewater, Inc., Peoples Natural Gas	:	
Company LLC And Peoples Gas Company	:	
LLC for all of the Authority and the	:	Docket No. A-2018-3006061
Necessary Certificates of Public Convenience	:	A-2018-3006062
to Approve a Change in Control of Peoples	:	A-2018-3006063
Natural Gas Company LLC, and Peoples Gas	:	
Company LLC By Way of the Purchase of	:	
All of LDC Funding LLC's Membership	:	
Interests by Aqua America, Inc.	:	

**PREHEARING CONFERENCE MEMORANDUM
OF THE NATURAL GAS SUPPLIER PARTIES
AND THE RETAIL ENERGY SUPPLY ASSOCIATION**

TO THE HONORABLE MARY D. LONG

NOW COME the Natural Gas Supplier Parties (“NGS Parties”)¹ and The Retail Energy Supply Association, (“RESA”)²(collectively “NGS/RESA”) by and through counsel, Hawke McKeon & Sniscak, LLP, and hereby submit their Prehearing Conference Memorandum in the above-captioned requests for approval for Aqua America, Inc. (“Aqua”) to assume control of the

¹ For purposes of this proceeding, the NGS Parties include Dominion Energy Solutions, Inc. (“DES”) and Shipley Choice LLC d/b/a Shipley Energy (“Shipley”).

² The viewpoints expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

Peoples Natural Gas Companies, LLC and Peoples Gas Company LLC (“Peoples”) (Aqua and Peoples collectively referred to as “Applicants”) by purchasing all of the membership interests thereof.

I. PROCEDURAL HISTORY

1. On or about November 13, 2018, Applicants filed the above-captioned applications seeking authorization for Aqua to assume ownership of all outstanding membership units of Peoples. NGS/RESA submitted their Petition to Intervene on December 31, 2018 in which they confirmed their interest in the above captioned matter and their eligibility to intervene in this proceeding.

II. COUNSEL

2. NGS/RESA are represented in this matter by the following counsel:

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All parties are requested to hereafter serve said counsel with all documents served in this proceeding, including documents served prior to the date of intervention.

III. EXPECTED ISSUES

3. NGS/RESA continue to evaluate the Application and the responses to discovery provided to date, and their position is not final. However, at a minimum, NGS/RESA intends to raise a number of operational issues – the solutions to which would improve the functioning of the

competitive market in the three NGDC service territories³ affected by the proposed acquisition.

These issues include:

1) that the Peoples NGDCs do not provide Choice suppliers with heat load and baseload factors for their Choice pools;

2) that the Peoples NGDCs do not provide Natural Gas Suppliers (“NGS”) serving customers on their systems with the temperature used to predict Choice demand for an upcoming day;

3) that the Peoples NGDCs do not send informational announcements via email;

4) that the number of rate codes currently available for a single pool is 20 and should be increased; and,

5) that the cut-off for participation in the Peoples NGDC purchase of Receivables (“POR”) program is currently 300 mcf annual usage, which is arbitrarily low and should be increased significantly.

The last issue on the NGS/RESA list at this juncture is more structural and therefore more fundamental. Specifically, NGS/RESA believe that a significant public benefit could be realized if as a result of this transaction, the Peoples NGDCs would exit the merchant function; that is, no longer provide supplier of last resort service, and instead use market-based solutions to provide the service. Aqua is an infrastructure company, and in its purist form, the distribution of natural gas is very similar. The major difference between the two, apart from the product, is the need to obtain and sell the commodity, which exposes the NGDC to market risk, even with dollar-for-dollar

³ Peoples Natural Gas Company LLC has the Equitable Division and the Peoples Division. Peoples Gas Company LLC was formerly known as Peoples TWP.

recovery. NGS/RESA intend to pursue these, and any other appropriate issues subsequently developed through discovery or otherwise.

IV. DISCOVERY

4. NGS/RESA have already commenced discovery and intend to diligently pursue discovery as needed. NGS/RESA would not object to the discovery modifications ordinarily proposed by the Office of Consumer Advocate and in particular would propose that any document filed or served after 12 o'clock noon on a Friday or day before a state holiday, be treated as having been filed/served on the next business day for purposes of response due dates.

V. PROPOSED WITNESSES AND TESTIMONY

5. NGS/RESA have not yet identified a witness or witnesses and expect to be in a position to identify a witness or witnesses shortly. NGS/RESA will provide notice to Your Honor and the Parties at that time. The witness(s) will address the issues presented above and respond to issues raised by other parties, and the Applicants as needed.

VI. LITIGATION SCHEDULE

6. NGS/RESA will work with the Applicants and the other parties to develop a mutually acceptable schedule that allows adequate time between rounds of testimony for parties to conduct discovery in time to prepare responsive testimony.

WHEREFORE, NGS/RESA submit this Prehearing Conference Memorandum as required by Your Honor's Prehearing Conference Order, dated January 4, 2019, and in anticipation of the Prehearing Conference currently scheduled to be held telephonically on January 18, 2019 at 10:00 am.

Respectfully submitted,



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*Counsel for Natural Gas Supplier Parties
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DATED: January 17, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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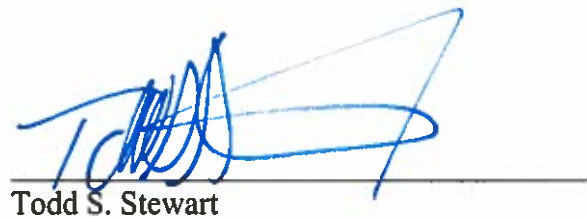
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DATED: January 17, 2019



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