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January 28, 2019

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Prehearing Memorandum – Petition of Valley Energy, Inc. for Expansion Project Surcharge and Waiver of Tariff Rule 4; Docket No. P-2018-3006500**


Dear Secretary Chiavetta:

Please find attached for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Prehearing Memorandum on behalf of Valley Energy, Inc., in the above-referenced proceedings.

If you have any questions regarding the attached document, please feel free to contact the undersigned. As shown by the attached Certificate of Service, the statutory parties are being duly served with a copy of this filing. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek  
Matthew L. Garber

Counsel to Valley Energy, Inc.

Enclosures

cc: Administrative Law Judge Dennis J. Buckley (via E-Mail)  
Certificate of Service

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**CERTIFICATE OF SERVICE**

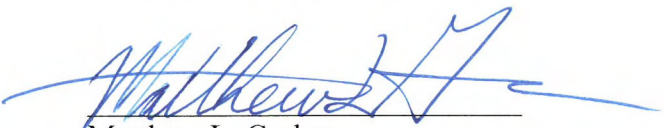
I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

**VIA E-MAIL AND FIRST-CLASS MAIL**

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Matthew L. Garber

Counsel to Valley Energy, Inc.

Dated this 28<sup>th</sup> day of January, 2019, in Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Valley Energy, Inc. for Expansion : P-2018-3006500  
Project Surcharge and Waiver of Tariff Rule 4 :

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**PREHEARING MEMORANDUM OF VALLEY ENERGY, INC.**

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Valley Energy, Inc. ("Valley" or "Company") hereby submits this Prehearing Memorandum in anticipation of the Prehearing Conference scheduled for January 29, 2019.

**I. HISTORY OF THE PROCEEDING**

On December 11, 2018, Valley filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition for Expansion Project Surcharge and Waiver of Tariff Rule 4 ("Petition").

The Office of Small Business Advocate ("OSBA") filed an Answer and Notice of Intervention. The Office of Consumer Advocate ("OCA") filed a Notice of Intervention. The Bureau of Investigation and Enforcement ("I&E") filed a Notice of Appearance.

On January 11, 2019, the Commission referred the Petition to Administrative Law Judge ("ALJ") Dennis J. Buckley and announced that a Prehearing Conference was scheduled for January 29, 2019. ALJ Buckley issued a Prehearing Order on January 24, 2019.

## II. SERVICE LIST

For purposes of service in the above-captioned proceedings, please direct all communications to:

Pamela C. Polacek (PA I.D. No. 78276)  
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## III. ANTICIPATED ISSUES AND SUB-ISSUES

The Company will address the planned East Athens Expansion, through which it will provide natural gas service to many additional properties east of the Susquehanna River within the Company's service territory. Specifically, the Company will address its proposed funding mechanism, the EA Surcharge, and the related requests for waiver of Tariff Rule 4. The Company will present evidence establishing that the EA Surcharge and associated waivers are just, reasonable, and consistent with Commission policy and therefore should be granted.

To support the East Athens Expansion, the Company anticipates addressing the following sub-issues:

1. Project Description and Scope – The Company will describe the East Athens Expansion and outline the benefits of expanding to East Athens. The Company will describe construction plans, estimated costs, and funding available to support the expansion.
2. EA Surcharge & Tariff Waivers – The Company will demonstrate that the EA Surcharge is a just and reasonable funding mechanism to support the expansion of natural gas within the Company's service territory. The Company will also demonstrate the need to waive certain provisions of Tariff Rule 4.

#### **IV. PROPOSED WITNESSES**

On January 18, 2019, the Company served the Direct Testimony of Edward Rogers, President and CEO of the Company. Mr. Rogers will provide additional Testimony as necessary in this proceeding to address other parties' questions or concerns.

#### **V. PROPOSED SCHEDULE AND DISCOVERY RULES**

The Company has been working with I&E, OCA, and OSBA in hopes of developing a mutually agreeable schedule for presentation and approval at the Prehearing Conference. Specifically, the Company plans to request an expedited schedule in order to commence construction on the East Athens Expansion so that new customers can connect to natural gas service in time for the 2019-2020 winter heating season.

On January 15, 2019, Valley circulated the following proposed procedural schedule:

Valley Direct Testimony	January 18 <sup>th</sup>
Responsive Testimony	February 18 <sup>th</sup>
Outline of Rebuttal Testimony	February 25 <sup>th</sup>
Hearing with Oral Rebuttal	February 27 <sup>th</sup>
Main Brief	March 7 <sup>th</sup>
Reply Brief	March 13 <sup>th</sup>
ALJ Recommended Decision	April 3 <sup>rd</sup>
Exceptions	April 10 <sup>th</sup>
Reply Exceptions	April 17 <sup>th</sup>
Public Meeting	May 23 <sup>rd</sup>

At the request of the parties, Valley is willing to work on an alternative schedule that results in a decision by the Commission's June 13, 2019 public meeting. The Company will continue to

work with other parties in hopes of developing a mutually agreeable schedule for presentation and approval at the Prehearing Conference.

Additionally, discovery has commenced for the proceedings, with the Company currently working to respond to 25 data requests and interrogatories from I&E, not including sub-questions.

The Company proposes that service via electronic mail with a hard copy to follow by First-Class Mail shall constitute sufficient service to satisfy any "in-hand" dates. In addition, any discovery served after 12:00 p.m. on Friday or holidays should be considered to have been served on the following business day for purposes of calculating any responsive deadlines.

#### **VI. OTHER PROPOSED ORDERS WITH RESPECT TO DISCOVERY**

At this time, the Company does not request any other orders with respect to discovery. The Company reserves the opportunity, however, to request entry of an appropriate Protective Order if the need arises during the course of discovery or testimony in this matter.

#### **VII. PUBLIC INPUT HEARINGS**

The Company respectfully questions whether public input hearings would be a cost-effective use of resources, given (a) the Company's direct outreach by mail to prospective customers, (b) the Company's well-attended public meeting held on December 13, 2018 regarding the East Athens Expansion, and (c) the voluntary nature of customer participation in the EA Surcharge.

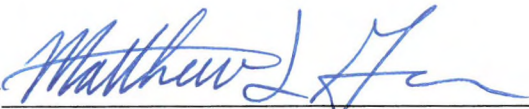


## VIII. POSSIBILITY OF SETTLEMENT

The Company is willing to pursue settlement discussions with the other parties to amicably resolve the issues in these proceedings, subject to the approval of the Commission. In addition, the Company is willing to schedule informal settlement conferences as appropriate. The Company anticipates productive discussions with the parties and will undertake reasonable efforts to resolve these proceedings.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to Valley Energy, Inc.

Dated: January 28, 2019