



March 11, 2019

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

**Re: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company, LLC
R-2018-3006818**

Dear Secretary Chiavetta:

Enclosed, please find Prehearing Memorandum of the Coalition for Affordable Utility Service and Energy Efficiency in the above referenced proceeding.

Thank you for your consideration. Please contact me with any questions or concerns.

Sincerely yours,

A handwritten signature in black ink that reads "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

John W. Sweet
Counsel for CAUSE-PA

Cc: Certificate of Service
Hon. Joel H. Cheskis, Deputy Chief Administrative Law Judge

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al. :
 :
 v. : Docket No. R-2018-3006818
 :
 Peoples Natural Gas Company LLC. :

Certificate of Service

I hereby certify that I have this day served copies of the **Prehearing Memorandum of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

VIA First Class Mail and Email

Michael W. Gang, Esq.
Anthony D. Kanagy, Esq.
Devin T. Ryan, Esq.
Post & Schell, PC
17 North Second Street, 12th Fl
Harrisburg, PA 17101
mgang@postschell.com
akanagy@postschell.com
dryan@postschell.com

Ericka McLain
Carrie B. Wright
PA Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
ermclain@pa.gov
carwright@pa.gov

William H. Roberts II, Esq.
Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212
william.h.roberts@peoples-gas.com

Erin K Fure, Esq.
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
efure@pa.gov

Harrison W. Breitman, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
hbreitman@paoca.org

Tanya C. Leshko, Esq.
Alan M. Seltzer, Esq.
Buchanan Ingersoll & Rooney, PC
409 N. Second Street, Suite 500
Harrisburg, PA 17101-1357
tanya.leshko@bipc.com
alan.seltzer@bipc.com

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com

Linda R. Evers, Esquire
Donald R. Wagner, Esquire
Michael A. Gruin, Esquire
Stevens & Lee
111 N. Sixth Street
Reading, PA 19601
lre@stevenslee.com
drw@stevenslee.com
mag@stevenslee.com

Kevin J. Moody, Esquire
PA Independent Oil & Gas Association
212 Locust Street
Suite 300
Harrisburg, PA 17101-1510
kevin@pioga.org

Joseph L. Vullo, Esquire
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com

Scott J. Rubin, Esquire
Law Office of Scott J. Rubin
333 Oak Lane
Bloomsburg, PA 17815-2036
scott.j.rubin@gmail.com

Pamela C. Polacek, Esquire
Vasiliki Karandrikas, Esquire
Erin T. Mccaulley, Jr., Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
ppolacek@mcneeslaw.com
vkandrikas@mcneeslaw.com
emccaulley@mcnesslaw.com

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105
excel.consulting@sbcglobal.net

Emily M. Farah, Esquire
Tishekia Williams, Esquire
Michael Zimmerman, Esquire
Duquesne Light Company
411 7th Avenue, 15th Floor
Pittsburgh, PA 16219
efarah@duglight.com
twilliams@duglight.com
tzimmerman@duqlight.com

VIA First Class Mail Only

Daniel Killmeyer
184 McKay Road
Saxonburg, PA 16056-9726

Charles Hagins
420 Goucher Street
Johnstown, PA 16905

Sean Ferris
406 Laurie Drive
Penn Hills, PA 15235

Samuel Givens
132 Thunderbird Drive
McKeesport, PA 15135

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

A handwritten signature in black ink, appearing to read "John Sweet". The signature is written in a cursive style with a horizontal line above the name.

John W. Sweet Esq., PA ID: 320182
118 Locust Street
Harrisburg, PA 17101
717-710-3837
pulp@palegalaid.net

Date: March 11, 2019

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al.

v.

Peoples Natural Gas Company LLC.

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Docket No. R-2018-3006818

**PREHEARING MEMORANDUM
OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA**

PENNSYLVANIA UTILITY LAW PROJECT

Counsel for CAUSE-PA

John W. Sweet, Esq., PA ID: 320182

Patrick M. Cicero, Esq., PA ID: 89039

Elizabeth R. Marx, Esq., PA ID: 309014

Kadeem G. Morris, Esq., PA ID: 324702

118 Locust Street

Harrisburg, PA 17101

Tel.: 717-236-9486

Fax: 717-233-4088

March 11, 2019

I. Introduction

On March 5, 2019, a Prehearing Conference Order was issued by Deputy Chief Administrative Law Judge Joel H. Cheskis, setting a prehearing conference for Thursday, March 14, 2019 at 10:00 a.m., and requiring parties to file a prehearing memorandum no later than Monday, March 11, 2019. In response, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project, hereby submits this Prehearing Memorandum.

II. History of the Proceeding

On January 28, 2019, People Natural Gas Company LLC (Peoples) submitted a rate filing, Retail Tariff Gas PA PUC No. 47, Supplier Tariff Gas- PA PUC No. S-3, which proposes to increase rates by approximately \$94.9 million per year. A residential customer served by Peoples Division who purchases 86 Mcf of gas from Peoples per year would increase from \$74.24 to \$84.73 per month, or by 14.1 percent. A residential customer served Equitable Division who purchases 86 Mcf of gas from Peoples per year would increase from \$70.79 to \$84.73 per month, or by 19.7 percent.

On February 15, 2019, CAUSE-PA filed a Petition to Intervene and Answer, asserting *inter alia* that Peoples proposed rate increase will have a disproportionate impact on low income customers.

On February 28, 2019, the Commission entered an Order suspending the Peoples tariff by operation of law. The Order opened an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein, and further noted that “consideration should be given to the reasonableness of Peoples Natural Gas’ existing rates, rules, and regulations.” (S&I Order at 2).

III. Issues to be Addressed

In addition to complying with sound rate making principles, including the requirement that rates be just and reasonable, Peoples must also ensure that its rates and tariff comply with the billing, collections, and termination standards contained in Chapters 14 and 56 of the Public Utility Code and the universal service requirements contained in the Natural Gas Competition Act and Chapters 58 and 69 of the Public Utility Code. See 66 Pa. C.S. Ch. 14, 52 Pa. Code Ch. 56, 58, 69; 66 Pa. C.S. § 2203(8).

In the event that the Commission approves any natural gas distribution rate increase, the Commission should condition approval on Peoples' agreement to perform such actions as are necessary to assure compliance with applicable sections of the Public Utility Code, Commission regulations and guidelines, and prior approved settlement agreements.

Counsel for CAUSE-PA has reviewed Peoples' filing and testimony. While CAUSE-PA is still formulating its positions on all issues presented, it is concerned about the effect that the proposed rate increase will have on the affordability of service for economically vulnerable households within Peoples' service territory, and has tentatively identified the following issues presented by the filing which affect its members:

- i. The financial impact of Peoples' proposed distribution rate increase on the residential customer class, particularly low income households;
- ii. The effect of Peoples' proposed increase in the customer charge on residential customers with low or moderate income -- from \$13.95 to \$20.00 in its Peoples Division and from \$13.25 to \$20.00 in its Equitable Division -- and the impact such an increase may have on the effectiveness of energy efficiency programming (particularly the Low Income Usage Reduction Program (LIURP)) to reduce household energy costs;
- iii. The effect of Peoples' rate design and proposed rate increase on low income households enrolled in Peoples' current Universal Service Programs, particularly the Customer Assistance Program; and

- iv. The design, delivery, and funding of Peoples' universal service programs, including Peoples' LIURP program, to sufficiently offset the impact of a rate increase and produce an affordable bill for all residential customers.

IV. Witnesses

CAUSE-PA intends to present the following witnesses to testify in this matter, but reserves the right to call additional or substitute witnesses as may be warranted upon proper notice to Your Honor and the parties:

Harry Geller, Esq.
118 Locust Street
Harrisburg, PA 17101
hgellerpulp@palegalaid.net

Mr. Geller will testify about the impact of the rate increase generally on low-income households and the need to mitigate this increase to ensure that rates remain just and reasonable for those least able to afford electricity service. Mr. Geller may also address other issues that arise through the course of this proceeding.

V. Discovery

CAUSE-PA supports the standard discovery modifications proposed by the Office of Consumer Advocate (OCA).

VI. Settlement

CAUSE-PA will work with any and all of the other parties in this proceeding to attempt to come to a full or partial settlement of the litigated issues.

VII. Service on CAUSE-PA

Service on CAUSE-PA may be made on its attorneys at the Pennsylvania Utility Law Project as follows:

John W. Sweet, Esq.
Patrick M. Cicero, Esq.
Elizabeth R. Marx, Esq.
Kadeem G. Morris, Esq.
PENNSYLVANIA UTILITY LAW PROJECT
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

We request that parties serve one hard copy in addition to an electronic copy of all documents served in this proceeding.

VIII. Litigation Schedule

CAUSE-PA is actively working with the other parties to reach an agreement on appropriate discovery modifications. Discussions are ongoing at the time of this filing.

IX. Conclusion

CAUSE-PA respectfully requests that its Prehearing Memorandum be entered into the record of this proceeding.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

A handwritten signature in black ink, appearing to read "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

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