



COMMONWEALTH OF PENNSYLVANIA

March 11, 2019

E-FILED

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

**Re: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC /
Docket No. R-2018-3006818**

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case also be shared with our witness at the address below:

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

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (the “Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Please address all correspondence as follows:

Erin K. Fure
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
efure@pa.gov

II. BACKGROUND

On January 28, 2019 Peoples Natural Gas Company LLC (“Peoples Natural Gas” or the “Company”) filed both Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 to become effective March 29, 2019. Peoples Natural Gas’s tariff filings seek approval of rates and rate changes which would increase total annual operating revenues of the Company by \$94.9 million per year.

On February 5, 2019, Mr. Daniel Killmeyer filed a Complaint. On February 6, 2019, Mr. Charles Hagins filed a Complaint. On February 7, 2019, the Bureau of Investigation and Enforcement (“I&E”) of the Commission filed Notices of Appearance and the Office of Consumer Advocate (“OCA”) filed a Complaint. The OSBA filed a Notice of Appearance and Complaint on February 7, 2019. On February 13, 2019, the Company filed letters with the Commission indicating that it would not be filing Answers to the Complaints filed in the proceeding thus far.

A Complaint was filed by Mr. Sean Ferris on February 14, 2019 and on February 15, 2019 the Company filed a letter indicating it would not file an Answer to Mr. Ferris’s Complaint. On February 19, 2019 Mr. Samuel Givens filed a Complaint; on February 21, 2019 the Company filed a letter indicating it would not file an Answer to Mr. Givens’s Complaint.

The Community Action Association of Pennsylvania (“CAAP”) filed a Petition to Intervene on February 15, 2019. The Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”) filed a Petition to Intervene and Answer on February 15, 2019. The OCA filed a Notice of Appearance on February 22, 2019. Also on February 22, 2019, a Petition to Intervene was filed by Natural Gas Supplier Parties

(“NGS Parties”) and The Retail Energy Supply Association (“RESA”) (collectively, “NGS/RESA”). On February 25, 2019, both Duquesne Light Company (“Duquesne Light”) and the Utility Workers Union of America, Local 612 (“UWUA Local 612”) filed Petitions to Intervene. A Petition to Intervene was filed on February 26, 2019 by the Pennsylvania Independent Oil and Gas Association (“PIOGA”).

By Order entered February 28, 2019, the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 were suspended by operation of law until October 29, 2019. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3.

Deputy Chief Administrative Law Judge Joel H. Cheskis was assigned to this proceeding and issued a Prehearing Conference Order March 4, 2019 scheduling a Prehearing Conference for March 14, 2019. On March 5, 2019, a Petition to Intervene was filed by Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP. On March 7, 2019, Equitrans, L.P. filed a Petition to Intervene.

III. WITNESS

Assisting in the development and presentation of OSBA’s position in this proceeding will be:

Brian Kalcic
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The OSBA requests that all parties serve copies of all documents, including discovery, testimony and briefs, upon Mr. Kalcic, simultaneously with service upon the OSBA. The OSBA anticipates that it will present testimony by Mr. Kalcic.

IV. IDENTIFICATION OF ISSUES

The OSBA is participating in this case to ensure that the interests of small business customers of Peoples Natural Gas are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of Peoples Natural Gas and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of Peoples Natural Gas's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness. At this time, the OSBA has identified the following issues:

1. Whether the methodologies used in the Company's filed cost-of-service studies are appropriate, including whether such studies properly allocate all CAP-related costs to the residential class;
2. Whether the Company's proposed class revenue allocation is cost-based;
3. Whether Peoples' proposed rate designs for Rate SGS and Rate MGS are reasonable and appropriate;
4. Whether Peoples' proposed Gas Procurement Charge (Rider GPC) properly unbundles the Company's natural gas procurement costs;
5. Whether the Company's claimed current gas Storage Inventory costs are reasonable;

6. Whether the Company's proposed discounts to flex rate customers are reasonable and appropriate; and
7. Whether Peoples' proposed revisions to its current Main Extension Policy for residential customers are appropriate.

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of the proceeding.

V. SERVICE OF DOCUMENTS

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement, provided that such documents are followed by hard copy delivery to OSBA. Hard copy delivery may be accomplished by first class mail, by personal hand delivery, or by overnight courier.² Service by electronic mail only is not sufficient. The OSBA requests that such hard copies are also provided to its witnesses identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witnesses identified above.

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

² See 52 Pa. Code §§ 1.54(b)(1), 1.54(b)(2), and 1.56(a)(2). Regarding the *perfection of service*, the OSBA respectfully submits that 52 Pa. Code § 1.56(a)(2), as currently written, does not satisfy the requirements of due process.

VI. SETTLEMENT

The OSBA is willing to enter into settlement discussions at any phase of this proceeding.

VII. PROCEDURAL SCHEDULE

The OSBA will work with the ALJs and the other parties to develop a mutually acceptable schedule for the remainder of this case. The OSBA is in agreement with the following schedule proposed by Peoples Natural Gas:

Other Parties' Direct Testimony Due	April 29, 2019
Rebuttal Testimony Due	May 28, 2019
Surrebuttal Testimony Due	June 12, 2019
Oral Rejoinder and Hearings	June 18-20, 2019
Main Briefs Due	July 9, 2019
Reply Briefs Due	July 22, 2019

Respectfully submitted,



Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

For:

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Small Business Advocate

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Dated: March 11, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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DATE: March 11, 2019

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