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File #: 171313

March 11, 2019

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

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Conference Memorandum of Peoples Natural Gas Company LLC in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DTR/jl  
Enclosures

cc: Honorable Joel H. Cheskis  
Certificate of Service

## CERTIFICATE OF SERVICE

**Docket No. R-2018-3006818**

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 & FIRST CLASS MAIL

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The Retail Energy Supply Association*

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118 Locust Street  
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*Duquesne Light Company*

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Vasiliki Karandrikas, Esquire  
Errin McCaulley, Esquire  
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**VIA FIRST CLASS MAIL**


Daniel Killmeyer  
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Saxonburg, PA 16056

Charles F. Hagins  
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Johnstown, PA 15905

Sean D. Ferris  
406 Laurie Drive  
Penn Hills, PA 15235

Samuel Givens  
132 Thunderbird Drive  
McKeesport, PA 15135

Date: March 11, 2019



Devin T. Ryan

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2018-3006818
Office of Consumer Advocate	:		C-2019-3007711
Office of Small Business Advocate	:		C-2019-3007752
Daniell Killmeyer	:		C-2019-3007635
Charles Hagins	:		C-2019-3007698
Sean D. Ferris	:		C-2019-3007904
Samuel Givens	:		C-2019-3007959
	:		
v.	:		
	:		
Peoples Natural Gas Company LLC	:		

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**PREHEARING CONFERENCE MEMORANDUM OF  
PEOPLES NATURAL GAS COMPANY LLC**

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**TO ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS:**

Peoples Natural Gas Company LLC (“Peoples” or the “Company”) hereby files this Prehearing Conference Memorandum in the above-captioned matter in accordance with the Prehearing Conference Order issued by Administrative Law Judge Joel H. Cheskis (“ALJ”) on March 4, 2019, and states as follows:

**I. INTRODUCTION**

On January 28, 2019, Peoples filed with the Pennsylvania Public Utility Commission (“Commission”) its 2019 Base Rate Case Filing (“Filing”), which consisted of Retail Tariff Gas – PA PUC No. 47, Supplier Tariff Gas – PA PUC No. S-3, responses to filing requirements and standard data requests, and supporting direct testimony and exhibits. In Retail Tariff Gas – PA PUC No. 47, Peoples Natural Gas proposes to combine the retail rates and tariffs of its Peoples and Equitable Divisions and proposes an overall net distribution rate increase of \$94.9 million

per year. In Supplier Tariff Gas – PA PUC No. S-3, Peoples Natural Gas proposes to combine the supplier tariff provisions of its Peoples and Equitable Divisions.

On February 5, 2019, Peoples was served with the Complaint filed by Daniel Killmeyer at Docket No. C-2019-3007635.

On February 7, 2019, Peoples was served with the Complaint filed by Charles Hagins at Docket No. C-2019-3007698.

Also on February 7, 2019, the Office of Small Business Advocate (“OSBA”) filed a Complaint, Public Statement, Verification, and Notice of Appearance, the Office of Consumer Advocate (“OCA”) filed a Complaint and Public Statement, and the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance.

On February 13, 2019, Peoples filed letters stating that it would not be filing Answers to the Complaints of OSBA, OCA, Mr. Killmeyer, and Mr. Hagins.

On February 14, 2019, Peoples was served with the Complaint filed by Sean D. Ferris at Docket No. C-2019-3007904.

On February 15, 2019, the Community Action Association of Pennsylvania (“CAAP”) filed a Petition to Intervene, the Coalition for Affordable Utility Service and Energy Efficiency (“CAUSE-PA”) filed a Petition to Intervene, and Peoples filed a letter stating that it would not be filing an Answer to the Complaint of Mr. Ferris.

On February 19, 2019, Peoples was served with the Complaint filed by Samuel Givens at Docket No. C-2019-3007959.

On February 21, 2019, Peoples filed a letter stating that it would not be filing an Answer to the Complaint of Mr. Givens.

On February 22, 2019, OCA filed a Notice of Appearance, and the Natural Gas Supplier Parties (“NGS Parties”) and the Retail Energy Supply Association (“RESA”) filed a Petition to Intervene.

On February 25, 2019, the Utility Workers Union of America, Local 612 (“UWUA”) filed a Petition to Intervene, and Duquesne Light Company (“Duquesne”) filed a Petition to Intervene.

On February 28, 2019, the Commission entered an Order suspending the proposed Retail Tariff Gas – Pa. P.U.C. No. 47 and Supplier Tariff Gas – Pa. P.U.C. No. S-3 by operation of law until October 29, 2019, unless otherwise directed by Order of the Commission, and assigning the case to the Office of Administrative Law Judge.

On March 4, 2019, a Prehearing Conference Notice was issued scheduling a prehearing conference for March 14, 2019, at 10:00 AM before the ALJ in Harrisburg, PA. Also, a Prehearing Conference Order was issued, which, among other things, directed the parties to file prehearing memoranda on or before March 11, 2019.

On March 5, 2019, Snyder Brothers, Inc. (“Snyder Brothers”), VEC Energy LLC (“VEC”), and Snyder Armclar Gas Co., LP (“SAG”) (collectively, “SBI”) filed a Petition to Intervene.

On March 7, 2019, Equitrans, L.P. (“Equitrans”) filed a Petition to Intervene.

## **II. SERVICE OF DOCUMENTS**

The Prehearing Conference Order provides that each participant shall list one person for entry on the service list. Please list Devin T. Ryan on the service list on behalf of Peoples. Mr. Ryan’s contact information is as follows:

Devin T. Ryan, Esquire  
Post & Schell, P.C.  
17 North Second Street

12th Floor  
Harrisburg, PA 17101  
Phone: 717-612-6052  
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E-mail: dryan@postschell.com

Peoples also requests that Michael W. Gang, Esquire, Anthony D. Kanagy, Esquire, William H. Roberts II, Esquire, and Andrew P. Wachter be included on all electronic mail sent in this proceeding. Mr. Gang's e-mail address is mgang@postschell.com, Mr. Kanagy's e-mail address is akanagy@postschell.com, Mr. Roberts's e-mail address is william.h.roberts@peoples-gas.com, and Mr. Wachter's e-mail address is Andrew.Wachter@peoples-gas.com.

Peoples's attorneys are authorized to accept service on behalf of the Company in this proceeding. Peoples requests that the Commission and all parties of record serve copies of all discovery requests and answers, correspondence, Commission Orders, and any other documents issued in this proceeding on its attorneys in Harrisburg, Pennsylvania.

### **III. WITNESSES AND ISSUES**

Below is a list of the witnesses and the areas of their testimony, which were included in Peoples's Filing. The subject matters listed below as further detailed in the Company's testimony represent as complete a statement of issues that Peoples can provide at this stage of the proceeding. Further definition of the issues will be developed during the course of the proceeding.

	<b>Witness</b>	<b>St. No.</b>	<b>Summary of Issues Addressed</b>
1.	Morgan K. O'Brien President and Chief Executive Officer Peoples Natural Gas Company LLC 375 North Shore Drive Pittsburgh, PA 15212	1	Overview of Testimony; Pipeline Replacement Plan and System Modernization; Customer Service Metrics; Expansion of Natural Gas in Pennsylvania; and Benefits to Customers and Region.

- |    |  |   |   |
|----|--|---|---|
| 2. | Joseph A. Gregorini<br>Senior Vice President, Chief<br>Operating Officer<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212 | 2 | Gas Supply Plan;<br>Gathering Study;<br>Capital Work with Pipeline<br>Replacement Program;<br>UFG Project Work;<br>PHMSA Regulations; and<br>Operations Performance.      |
| 3. | Andrew P. Wachter<br>Director, Finance and Regulation<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                    | 3 | Overview of Rate Case;<br>Revenue Requirement; and<br>O&M Expenses.   |
| 4. | Matthew D. Wesolosky<br>Director, Finance and Regulation<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                 | 4 | Tax Calculations; and<br>Tax-Related Filing Requirements.   |
| 5. | Carol A. Scanlon<br>Manager, Rates and Regulation<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                        | 5 | Historic and Projected Revenues;<br>Customer Counts;<br>Volume Projections;<br>Rates for Competitive Accounts;<br>Tariff Changes; and<br>Consolidation of Retail Tariffs. |
| 6. | Karen R. Worcester<br>Director, Finance and Accounting<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                   | 6 | Accounting Filing Requirements; and<br>Maintenance of Accounting Records.   |
| 7. | Anthony Caldoro<br>Rate Consultant<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                                       | 7 | Rate Base.  |
| 8. | Eric Petrichevich<br>Senior Financial Analyst<br>Peoples Natural Gas Company LLC<br>375 North Shore Drive<br>Pittsburgh, PA 15212                            | 8 | Cash Working Capital.   |



- |     |  |    |                                      |
|-----|--|----|--------------------------------------|
| 9.  | Paul R. Moul<br>Managing Consultant<br>P. Moul & Associates<br>251 Hopkins Road<br>Haddonfield, NJ 08033-3062                            | 9  | Rate of Return.                      |
| 10. | John J. Spanos<br>Senior Vice President<br>Gannett Fleming Valuation and Rate<br>Consultants<br>207 Senate Avenue<br>Camp Hill, PA 17011 | 10 | Depreciation.                        |
| 11. | Russell A. Feingold<br>Vice President<br>Black & Veatch Management<br>Consulting LLC<br>2525 Lindenwood Drive<br>Wexford, PA 15090       | 11 | Cost of Service; and<br>Rate Design. |

The testimony and exhibits fully support Peoples's proposed rate increase as well as the design of rates to recover that increase from customers. Peoples reserves the right to present testimony on additional issues and subject matters that may arise during the course of the proceeding.

#### **IV. DISCOVERY**

To date, the Company has received multiple sets of interrogatories from the parties and is in the process of responding to them. Peoples also encourages the use of informal discovery processes as the proceeding progresses. The Company is not aware of any discovery issues and does not propose any special orders regarding discovery.

#### **V. PROTECTION OF CONFIDENTIAL INFORMATION**

Peoples will submit a Motion for Protective Order for consideration by the ALJ. The Company will seek the concurrence of the other parties as to the form of the Protective Order before submitting the Motion.

**VI. LITIGATION SCHEDULE**

Peoples proposes the following schedule:

Prehearing Conference	March 14, 2019
Other Parties Direct Testimony	April 29, 2019
Rebuttal Testimony	May 28, 2019
Surrebuttal Testimony	June 12, 2019
Hearings	June 18-20, 2019
Main Briefs	July 9, 2019
Reply Briefs	July 22, 2019

Peoples has consulted with the other parties about a proposed procedural schedule. However, the Company is still working with the other parties on some conflicts with its proposed hearing dates. Peoples will provide an update before or at the prehearing conference on March 14, 2019.

In addition, the Company is not aware of any substantial public interest being expressed that would warrant the scheduling of a public input hearing. Nonetheless, Peoples is not opposed to a public input hearing being held, provided it is scheduled sufficiently in advance of the due date for rebuttal testimony to allow Peoples to respond, if necessary, to matters presented at a public input hearing.

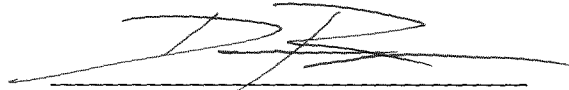
**VII. SETTLEMENT DISCUSSIONS**

Peoples is available for settlement discussions with the other Parties. The Company expects to undertake settlement negotiations at the earliest time available.

Peoples has been very successful in the past in working with other parties to achieve settlements, and the Company is confident that these past working relationships will continue.

As a result, Peoples does not perceive any need to include specific dates for settlement conferences in the procedural schedule.

Respectfully submitted,



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gas.com

Michael W. Gang (ID # 25670)  
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Date: March 11, 2019

Counsel for Peoples Natural Gas Company  
LLC