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March 29, 2019

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

VIA ELECTRONIC FILING

RE: Pa. PUC v. Peoples Natural Gas Company LLC. Docket No. R-2018-3006818

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") is the Petition to Intervene of Marco Drilling, Inc. in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Errin McCaulley

Counsel to Marco Drilling, Inc.

c: Administrative Law Judge Joel H. Cheskis
Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al.	:	R-2018-3006818
	:	C-2019-3007711
v.	:	C-2019-3007752
	:	C-2019-3007698
Peoples Natural Gas Company LLC.	:	C-2019-3007635
	:	C-2019-3007959
	:	C-2019-3007904
	:	C-2019-3008506

PETITION TO INTERVENE OF MARCO DRILLING, INC.

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Sections 5.71-5.74 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71-5.74, Marco Drilling, Inc. ("Marco") hereby submits this Petition to Intervene in the above-captioned proceeding. In support thereof, Marco avers as follows:

1. On or about January 28, 2019, Peoples Natural Gas Company LLC ("Peoples") filed its 2019 Base Rate Case in the above-captioned proceeding. Peoples' 2019 Base Rate Case includes two proposed tariffs, the Retail Tariff Gas - PA PUC No. 47 ("Retail Tariff") and the Supplier Tariff Gas - PA PUC No. S-3 ("Supplier Tariff"). Peoples' proposed tariffs, among other things, would modify and combine the rates and supplier tariff provisions for the Peoples and Equitable Divisions.¹

¹ Peoples Statement No. 11, p. 7, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

2. In both the Peoples and Equitable Divisions, Peoples operates a gathering system to obtain local gas from local producers in Pennsylvania.² Presently, Peoples recovers the costs associated with operating and maintaining this gathering system through gathering fees on its Equitable Division and through the voluntary PA Production Enhancement Service ("PES") program fees on the Peoples Division.³ As part of its 2019 Base Rate Case, Peoples proposes to implement the Appalachian Gathering Service ("AGS") tariff rate schedule and to bifurcate the costs of the gathering system among local producers and retail customer classes.⁴ Under the AGS tariff rate schedule, Peoples would eliminate the existing cost recovery structure and implement a uniform gathering service rate for all conventional gas production.⁵ Peoples proposes to adjust the uniform gathering service rate on a monthly basis by pegging the gathering service rate to the higher of "\$0.26/Mcf or 12.4% of the first of the month Dominion South Point Appalachia Index market price."⁶ Additionally, Peoples proposes a maximum gathering service rate of \$0.76/Mcf which was established by Peoples' analysis of its fully allocated cost of service associated with the gathering system.⁷

3. For the reasons set forth below, Marco has "[a]n interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding."⁸

² Peoples Statement No. 2, p. 15, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

³ *Id.* at 19-20.

⁴ *Id.* at 19-20, 24.

⁵ *Id.*; Peoples Natural Gas Exhibit No. JAG-2, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

⁶ *Id.* at 22.

⁷ *Id.*; Peoples Natural Gas Exhibit No. JAG-2, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

⁸ 52 Pa. Code § 5.72(a)(2). These issues and concerns described herein are for preliminary purposes only. Marco Drilling, Inc.'s participation in this proceeding may expand in light of additional issues or concerns that arise.

4. Petitioner, Marco Drilling, Inc., is a privately funded oil and natural gas exploration and production company operating conventional natural gas wells in Allegheny and Armstrong Counties. The conventional natural gas produced by Marco's wells is referred to as "local production," "local gas," "Pennsylvania gas," or "Commonwealth gas." Marco delivers its natural gas to wholesale marketers via Peoples' gathering system to serve retail and end-use customers in the respective territory.

5. The names and address of Marco's attorneys are:

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Vasiliki Karandrikas (Pa. I.D. No. 89711)
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6. Marco intends to jointly advocate with Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armelar Gas Co., LP (collectively, "SBI"), Baker Gas, Inc., and other similarly situated parties contemplating intervention in this proceeding. Although Marco has interests in subjects that are similar to SBI and Baker Gas, Inc., the impact of the resolution of this proceeding will vary based on an individual producer's well locations and volumes.

7. First, Marco will be directly affected by Peoples' proposed uniform gathering service rate. Under Peoples' proposed Appalachian Gathering Service tariff rate schedule, the voluntary PES program would be eliminated; thus Marco and other conventional producers "will be required to

pay the same uniform gathering fee for any gas produced into and transported on the distribution or gathering systems."⁹

8. Second, Marco may be directly affected by Peoples' proposal to combine the rate and supplier tariff provisions for the Peoples and Equitable Divisions. Marco intends to conduct discovery on whether cost differentials exist affecting the gathering costs in the Equitable Division which will be redistributed across the Peoples Division if the rates and supplier tariff provisions are combined. Additionally, Marco intends to conduct discovery on whether establishing uniform rates for the Peoples and Equitable Divisions would be just, reasonable, and appropriate.

9. Third, Marco will be directly affected by Peoples' proposal to establish rates for unconventional natural gas production via negotiation. Although Peoples proposes to create a uniform gathering service rate for conventional gas production, Peoples does not intend to impose such a rate on unconventional gas production.¹⁰ Rather, Peoples intends to set gathering service rates on unconventional gas production through negotiation, thus putting Marco, as a conventional producer, at a competitive disadvantage.¹¹

10. Fourth, based on Peoples' proposal to institute a uniform gathering service rate in this proceeding which will, among other things, cover the costs associated with acquiring, operating, and maintaining dehydration equipment at Peoples' compression facilities, Marco intends to conduct discovery on whether the enforcement provisions of the proposed tariffs would be necessary and comport with the Commission's rules and regulations.¹²

⁹ Peoples Statement No. 2, p. 21, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019); Peoples Natural Gas Exhibit No. JAG-2, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

¹⁰ *Id.* at 23-34; Peoples Natural Gas Exhibit No. JAG-2, *Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company, LLC* at Docket No. R-2018-3006818 (Jan. 28, 2019).

¹¹ *Id.*

¹² See Retail Tariff at Original Page No. 35; Supplier Tariff at Original Page No. 7.

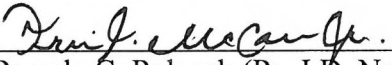
11. Marco may be directly affected by the Commission's resolution of the above-captioned proceeding. As a local producer that provides conventional natural gas on Peoples' system, Marco has a significant interest in this proceeding. No other party can adequately represent the individualized interests of Marco that exist due to the locations and operations of Marco's wells. Consequently, Marco satisfies the standards for intervention under Section 5.72 of the Commission's regulations.¹³

12. Marco accepts the procedural schedule and modified discovery rules established by order of Administrative Law Judge Cheskis on March 19, 2019. Additionally, Marco is willing to participate in discussions with the other parties in an attempt to amicably resolve the issues in these proceedings, subject to the approval of the Commission.

WHEREFORE, Marco Drilling, Inc. respectfully requests that the Commission grant this Petition to Intervene and provide Marco Drilling, Inc. with full party status in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
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Counsel to Marco Drilling, Inc.

Dated: March 29, 2019

¹³ See 52 Pa. Code § 5.72.

VERIFICATION

I, David Martha, hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are subject to the penalties of 18 Pa. C.S. Section 4909 (relating to unsworn falsification to authorities).



David Martha

Date: 3/28/19

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 52 Pa. Code Section 1.54 (relating to service by a participant).

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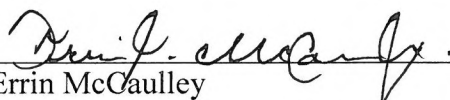
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Dated this 29th day of March, 2019, at Harrisburg, Pennsylvania