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April 2, 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 MDS Energy Development, LLC 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 MDS Energy Development, LLC

c: Administrative Law Judge Joel H. Cheskis
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 52 Pa. Code Section 1.54 (relating to service by a participant).

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Errin McCaulley

Counsel to MDS Energy Development, LLC

Dated this 2nd day of April, 2019, at Harrisburg, Pennsylvania

**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 MDS ENERGY DEVELOPMENT LLC

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, MDS Energy Development LLC ("MDS") hereby submits this Petition to Intervene in the above-captioned proceeding. In support thereof, MDS 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

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

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 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).

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, MDS 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

4. Petitioner, MDS, is a privately funded oil and natural gas exploration and production company operating conventional natural gas wells in Armstrong, Butler, Clarion, Indiana, McKean, and Westmoreland Counties. The conventional natural gas produced by MDS 's wells is referred to as "local production," "local gas," "Pennsylvania gas," or "Commonwealth gas."

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. MDS's participation in this proceeding may expand in light of additional issues or concerns that arise.

MDS 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 MDS 's attorneys are:

Pamela C. Polacek (Pa. I.D. No. 78276)
Vasiliki Karandrikas (Pa. I.D. No. 89711)
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6. MDS intends to jointly advocate with Snyder Brothers, Inc., VEC Energy LLC, and Snyder Armclar Gas Co., LP (collectively, "SBI"), Baker Gas, Inc. ("Baker Gas"), Marco Drilling, Inc. ("Marco"), and other similarly situated parties contemplating intervention in this proceeding. Although MDS has interests in subjects that are similar to SBI, Baker Gas, and Marco, the impact of the resolution of this proceeding will vary based on an individual producer's well locations and volumes.

7. First, MDS 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, MDS 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

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).

8. Second, MDS may be directly affected by Peoples' proposal to combine the rate and supplier tariff provisions for the Peoples and Equitable Divisions. MDS 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, MDS intends to conduct discovery on whether establishing uniform rates for the Peoples and Equitable Divisions would be just, reasonable, and appropriate.

9. Third, MDS 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 MDS, 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, MDS intends to conduct discovery on whether the enforcement provisions of the proposed tariffs would be necessary and comport with the Commission's rule and regulations.¹²

11. MDS 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, MDS has a significant interest in this proceeding. No other party can adequately represent the individualized interests of MDS that exist due to the locations and operations of MDS's wells.

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.

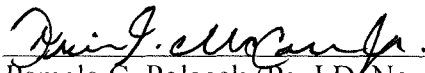
Consequently, MDS satisfies the standards for intervention under Section 5.72 of the Commission's regulations.¹³

12. MDS accepts the procedural schedule and modified discovery rules established by order of Administrative Law Judge Cheskis on March 19, 2019. Additionally, MDS 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, MDS Energy Development LLC respectfully requests that the Commission grant this Petition to Intervene and provide MDS Energy Development LLC with full party status in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
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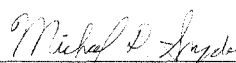
Counsel to MDS Energy Development LLC

Dated: April 2, 2019

¹³ See 52 Pa. Code § 5.72.

VERIFICATION

I, Michael Snyder, 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).



Michael Snyder

Date: 4/2/2019