



May 7, 2019

VIA E-FILE

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

**Re: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC;
Docket No. R-2018-3006818 (2019 Base Rate Case Filing)**

**ANSWER OF PEOPLES NATURAL GAS COMPANY LLC TO THE MOTION OF
PEOPLES NATURAL GAS COMPANY LLC FOR PROTECTIVE ORDER**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Answer of Peoples Natural Gas Company LLC to the Motion of Peoples Natural Gas Company LLC for Protective Order. Copies of the Answer are being served on the Presiding Officer, Deputy Chief Administrative Law Judge Joel H. Cheskis, and on all parties, as indicated on the enclosed Certificate of Service.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase
Counsel for Peoples Natural Gas Company LLC

JPN:kmg
Enclosure

cc: Honorable Joel H. Cheskis
Per Certificate of Service
Andrew Wachter, Esquire
William H. Roberts, II, Esquire

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**ANSWER OF PEOPLES NATURAL GAS COMPANY LLC
TO THE MOTION OF PEOPLES NATURAL GAS COMPANY LLC
FOR PROTECTIVE ORDER**

AND NOW COMES Peoples Natural Gas Company LLC (“Peoples” or the “Company”), by and through its attorneys, Cozen O’Connor, to file this answer to the Motion for Protective Order (“Motion”) filed by Peoples on May 3, 2019. In support thereof, Peoples represents as follows:

1. Admitted.
2. Admitted.
3. Admitted.
4. Admitted.
5. Admitted.
6. Admitted. By way of further answer, the proposed Order would permit outside counsel and outside experts for competitors of Peoples, such as Duquesne Light Company (“Duquesne”), immediate access to “Confidential” and “Highly Confidential” information. In the future, Duquesne could obtain access to “Confidential” information for specific persons who are demonstrated to be “Reviewing Representatives” meeting the criteria specified in Paragraph

7, so long as they are not “Restricted Persons” as described in Paragraph 8. In the future, Duquesne could also obtain access to “Highly Confidential” information for specific persons who are demonstrated to be “Reviewing Representatives” meeting the criteria specified in Paragraph 10, so long as they are not “Restricted Persons” as described in Paragraph 11.

Because Duquesne is a competitor of Peoples (as discussed below) and in order to avoid a future dispute that could delay the proceeding (which has a statutory deadline), the Protective Order should establish a presumption that all Duquesne employees are “Restricted Persons.” Prior to receipt of “Confidential” or “Highly Confidential” information regarding the Competitive Activities (as defined in Paragraph 8 below), a Duquesne employee should be required to make a demonstration -- via affidavit under penalty of false swearing (“Duquesne Affidavit”) – that he or she is not involved in the Competitive Activities in any respect.¹

Peoples recognizes that not all information that has been identified as “Confidential” or “Highly Confidential” information will relate to the Competitive Activities. As such, Peoples is willing to provide “Confidential” and “Highly Confidential” information that does not relate to the Competitive Activities to any Duquesne employee who executes the standard Protective Order Acknowledgement (“Acknowledgment”). This process would impose an additional layer of administrative complexity (predominately upon Peoples) but represents a necessary compromise to balance the competing interests of (a) Duquesne’s access to information necessary to represent its interest as a customer of Peoples in this base rate proceeding and (b) Peoples’ need to protect its competitively-sensitive information from a direct competitor.

Peoples’ compromise proposal as presented herein should, if followed by the parties in good faith, resolve most -- but probably not all – disputes. If parties cannot resolve any dispute regarding a particular person’s access to “Confidential” or “Highly Confidential” information,

¹ Indeed, even Duquesne’s in-house counsel are undoubtedly involved in the Competitive Activities.

they could attempt to negotiate a resolution informally and, if necessary, submit the dispute to the ALJ for resolution.

7. Admitted.

8. Admitted. By way of further answer, Duquesne is, without question, a competitor of Peoples. It is a competitor of Peoples for four fundamental reasons (collectively, the “Competitive Activities”). First, as a provider of electric distribution services, Duquesne is a direct competitor of Peoples for customer load because of the companies’ overlapping service territories. Peoples has flexed (*i.e.*, discounted) gas rates that are available to a customer with potential alternative energy sources, including electricity. *See*, Exhibit CJD-1, Peoples’ Answer to DLC-I-1. Electricity is considered a competitive alternative to natural gas because electricity can be used to displace natural gas for heating, cooking, clothes drying and other uses. *See*, Exhibit CJD-1, Peoples’ Answer to DLC-I-2. Duquesne’s own testimony, Duquesne Light Statement No. 1, Direct Testimony of C. James Davis, pp. 6-9, indicates that Peoples and Duquesne are currently competitors (although Duquesne does not believe that Peoples should be permitted to be a competitor).

Second, Peoples and Duquesne are competitors with regard to combined heat and power (“CHP”) and other distributed generation projects in the greater Pittsburgh region. Peoples currently owns a CHP project and is assisting customers who are seeking to develop their own CHP projects. Peoples’ CHP programs compete with Duquesne’s electric distribution service in that Peoples’ projects would lead customers to switch from using electricity to natural gas for heating and other uses. In addition, Peoples has submitted an energy efficiency and conservation plan (“EE&CP”) to the PUC which includes a CHP component. Duquesne intervened in that proceeding, citing, among other things, the overlap and potential conflict between Peoples’

EE&CP and Duquesne's own, pre-existing EE&CP with regard to CHP. *Petition of Peoples Natural Gas Company LLC for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2017-2640306,² Duquesne Light Company's Petition to Intervene, ¶¶ 9 and 11. Duquesne opposed Peoples' EE&CP arguing, in part, that the benefits of Peoples' proposed CHP program were largely because of reductions in electricity usage impacting Duquesne's electric distribution system. Brief of Duquesne Light Company in Support of its Petition for Interlocutory Review and Answer of Material Questions pp. 13-14. *See also*, Initial Brief of Duquesne Light Company p. 45 (arguing that CHP causes a shifting of costs among Duquesne's customers). Peoples and Duquesne are therefore competitors in developing CHP and other distributed generation projects.

Third, Peoples and Duquesne are competitors in that both companies have expressed an interest in purchasing, or entering into a private-public partnership with, the Pittsburgh Water and Sewer Authority. Adam Smeltz, Anya Litvak and Rich Lord, *Peoples Natural Gas sought \$1 billion-plus agreement with PWSA*, Pittsburgh Post-Gazette, February 22, 2018.

Fourth, Peoples and Duquesne compete in the labor marketplace. As energy companies serving the same geographic region, they frequently compete for the same talent in the labor pool. Information about compensation and benefits for Peoples' employees is commercially sensitive for this reason.

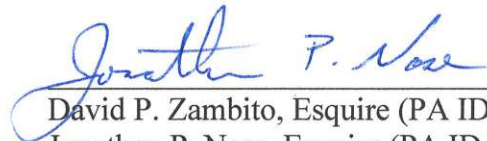
WHEREFORE, for all the foregoing reasons, the Honorable Deputy Chief Administrative Law Judge Joel H. Cheskis should:

- (i) grant the Motion and issue the Protective Order without modification, subject to inclusion of special provisions identifying Duquesne Light Company as a competitor of Peoples Natural Gas Company LLC (as described herein);

² As of this date, this case remains pending before the Commission.

- (ii) establish a presumption that Duquesne Light Company's employees are "Restricted Persons" under the Protective Order for purposes of "Confidential" and "Highly Confidential" information regarding the Competitive Activities (as described herein); and,
- (iii) require Duquesne Light Company employees to execute a Duquesne Affidavit before receiving any "Confidential" or "Highly Confidential" information regarding the Competitive Activities (as described herein).

Respectfully submitted,



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Dated May 7, 2019

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Peoples Natural Gas Company LLC

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Docket No. R-2018-3006818

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Answer of Peoples Natural Gas Company LLC to the Motion of Peoples Natural Gas Company LLC for Protective Order**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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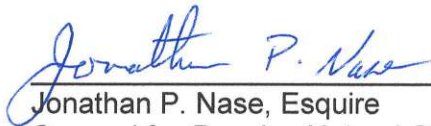
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