

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Petition of Valley Energy, Inc. for  
Expansion Project Surcharge and  
Waiver of Tariff Rule 4**

**Public Meeting held May 9, 2019  
3006500-ALJ  
Docket No. P-2018-3006500**

**STATEMENT OF CHAIRMAN GLADYS BROWN DUTRIEUILLE**

Before the Commission for consideration and disposition is the Petition of Valley Energy, Inc. (Valley) for Expansion Project Surcharge and Waiver of Tariff Rule 4. The Parties to the proceeding, including the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission's Bureau of Investigation and Enforcement, filed a Joint Petition for Settlement (Settlement).

The Settlement seeks, among other things, approval of a proposed surcharge to facilitate financing of a natural gas pipeline expansion project. The expansion project, if completed, would provide access to prospective customers in the area of East Athens through construction of pipe under the Susquehanna River.

The Settlement caps the expansion project cost at \$1,700,000 and proposes to finance this through three means. First, \$850,000 in funding via a Pipeline Investment Program (PIPE) grant from the Department of Community and Economic Development (DCED). Second, \$489,000 in funding from new customer distribution rates. Third, \$361,000 in funding from new customer contributions in aid of construction (CIAC). CIAC may be paid in a lump sum, or, amortized over 10-years and paid through monthly installments levied via a surcharge. This surcharge (EA Surcharge) would only be applied to new customers in East Athens connecting to gas service. Valley projects over 90 new customers will connect to the service.

I would like to take this opportunity to commend Valley for its practical commitment to extending natural gas service. The instant Settlement appropriately allocates costs to new customers while offering financing optionality through the EA Surcharge. This design insulates existing customers from capital cost overruns, as well as certain costs associated with the new service territory, and is consistent with numerous extension surcharge programs approved by this Commission. Further, I am pleased to see Valley utilize PIPE grant funds.

Extending access to natural gas distribution service is a challenging endeavor. While the costs of the commodity are extremely competitive when compared to other

heating sources, the costs for investment in fixed infrastructure can often be significant. I continue to support reasonable efforts to grow natural gas access in this state while not unreasonably burdening existing customers. Because I believe the instant case achieves this balance I am happy to vote for approval.

May 9, 2019  
Date

  
Gladys Brown Dutrieuille, Chairman