



COMMONWEALTH OF PENNSYLVANIA

August 22, 2019

E-FILED

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

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

Dear Secretary Chiavetta:

Enclosed please find the Exceptions to the Recommended Decision, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Erin K. Fure".

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**EXCEPTIONS
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

For: John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Date: August 22, 2019

I. Introduction

On January 28, 2019 Peoples Natural Gas Company LLC (“Peoples” or the “Company”) filed both Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 to become effective March 29, 2019.

The OSBA filed a Notice of Appearance and Complaint on February 7, 2019.

By Order entered February 28, 2019, the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3 were suspended by operation of law until October 29, 2019. The Pennsylvania Public Utility Commission (“Commission”) ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Retail Tariff Gas—PA P.U.C. No. 47 and Supplier Tariff Gas--PA P.U.C. No. S-3.

On March 14, 2019, a prehearing conference was held before Deputy Chief Administrative Law Judge (“ALJ”) Joel H. Cheskis.

On April 29, 2019, the OSBA submitted the direct testimony of Mr. Brian Kalcic.

On May 28, 2019, the OSBA submitted the rebuttal testimony of Mr. Kalcic.

On June 12, 2019, the OSBA submitted the surrebuttal testimony of Mr. Kalcic.

Evidentiary hearings were held before Deputy Chief ALJ Cheskis on June 20 and 25, 2019.

The testimony of OSBA witness Mr. Kalcic was moved into the record at the June 20th evidentiary hearing.

The parties successfully settled all issues except for the Company’s proposed modifications to its Main Line Extension Policy (“Extension Policy”).

The OSBA submitted its Main Brief on July 9, 2019. Main briefs were also filed by Peoples and Office of Consumer Advocate (“OCA”).

On July 22, 2019, the OSBA submitted its Reply Brief. Peoples and the OCA filed their Reply Briefs on July 22, 2019 as well.

On July 30, 2019, Deputy Chief ALJ Cheskis issued his Recommended Decision (“RD”).

The OSBA submits the following Exception in response to the RD.

II. Exception

Exception No. 1: The ALJ erred by failing to include in the RD’s Ordering Paragraphs the directive that the costs for new residential customers’ main line extensions should be assigned to the residential class. (RD, at 62-64)

The RD noted Peoples’ representation that, “even if existing customers would be required to pay a cost subsidy for new residential customers’ extensions, the cost for these new residential customers will be assigned to the residential class, and the small business class will not pay any subsidy.” (RD, at 57). The ALJ further indicated that “the parties can review the company’s residential extensions in Peoples’ next base rate proceeding to ensure that the costs are allocated appropriately and to modify the rule on a prospective basis, if necessary.” (RD, at 57). The ALJ’s discussion acknowledges that, to the extent that the Company’s proposed Extension Policy creates a subsidy, allocation of such costs to the residential class is appropriate. Nevertheless, the Order issued by Deputy Chief ALJ Cheskis did not include ordering paragraphs directing the Company to allocate these costs to the residential class in future base rate proceedings. The OSBA respectfully posits that omission of such directive was an error, and requests that the Commission revise the RD to include Ordering Paragraphs directing Peoples to allocate costs for new residential customers’ extensions incurred under the proposed Extension Policy to the residential class.

III. Conclusion

Wherefore, the OSBA respectfully requests that the Commission adopt OSBA Exception No. 1, as set forth above, and revise the Recommended Decision accordingly.

Respectfully submitted,



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Attorney ID No. 312245

For: John R. Evans
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Dated: August 22, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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