

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission et al. v. Peoples
Natural Gas Company, LLC**

**Public Meeting - October 3, 2019
3006818-OSA
Docket No. R-2018-3006818, et al.**

STATEMENT OF COMMISSIONER ANDREW G. PLACE

Before the Commission today are the Exceptions of the Office of Small Business Advocate to the Recommended Decision (R.D.) of Deputy Chief Administrative Law Judge Joel H. Cheskis, issued on August 15, 2019, which granted the Joint Petition for Approval of Settlement Stipulation (Joint Petition or Partial Settlement) in the above captioned matter. The Settlement addresses all issues with the exception of one in Peoples Natural Gas Company LLC's (Peoples or the Company) January 28, 2019 proposed distribution base rate increase filing at this docket.

While I am supportive of the Settlement and the R.D., I want to encourage Peoples to continue to pursue an Energy Efficiency and Conservation (EE&C) program. The Settlement provides that Peoples will petition to withdraw its proposed EE&C Plan and convene a stakeholder group with the statutory advocates and Duquesne Light to review any new proposal at least 120 days prior to filing of any proposal.

I am not unmindful of the complexities of this proceeding; however, a cost-effective EE&C program has value for the efficient use of natural gas resources – with ultimate benefits to Peoples' customers.

Also, I believe it to be prudent to request Peoples to record and report on critical elements of the contested issue – mainly their revised line extension policy. Under Peoples' existing line extension policy, the Company performs an economic analysis to compare the net present value of a customer's projected future revenue stream to the cost that the Company would incur to connect that customer to Peoples' distribution system. If the projected future revenues are greater than the cost the Company would incur to connect that customer, no contribution-in-aid-of-construction (CIAC) is required from the customer.

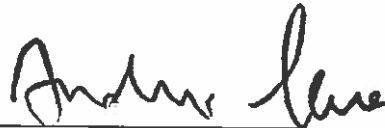
Under the new line extension policy, the Company would provide an allowance of 150 feet of main per residential customer without the necessity of performing this economic analysis. The allowance will offset the costs of main extensions that require more than 150 feet. Should an eligible customer require more than 150 feet of main, the customer may pay the offset CIAC amount either as an up-front payment or through Rider MLX. However, no rate credit will be provided to the originating customer if further customers are connected within the 150 feet allowance.

The Office of Small Business Advocate (OSBA) has expressed concern about the potential for subsidization of new residential customers under this revised line extension policy. Consequently, in order to have current and granular information to inform any

potential future modifications or reforms of this proposed policy, I would recommend that Peoples annually record and report, at a minimum, the following information:

1. The length, actual capitalized cost, net present value of a customer's projected future revenue stream, and CIAC of each new customer connected under this revised policy.
2. The net present value of projected revenue streams of additional customers later connected to facilities constructed under the 150 feet allowance provision (infill customer value).

DATE: October 3, 2019



Andrew G. Place, Commissioner