

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

May 28, 2019

The Honorable Joel H. Cheskis
Chief Administrative Law Judge
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 Judge Cheskis:

Enclosed please find a copy of the Rebuttal Testimony of Glenn Watkins, OCA Statement No. 3-R, being submitted on behalf of the Office of Consumer Advocate in the above proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

/s/Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Rebuttal Testimony of Glenn Watkins, OCA Statement No. 3-R, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 28th day of May 2019.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Erika L. McLain, Esquire
Carrie B. Wright, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Michael W. Gang, Esquire
Anthony D. Kanagy, Esquire
Devin T. Ryan, Esquire
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101
(*Peoples Natural Gas Company LLC*)

David P. Zambito, Esquire
Jonathan P. Nase, Esquire
Cozen O'Conner
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(*Peoples Natural Gas Company LLC*)

William H. Roberts II, Esquire
Andrew Wachter
Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212

Erin Fure, Esquire
Assistant Small Business Advocate
PA Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Daniel Clearfield, Esquire
Carl Shultz, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
(*Direct Energy*)

Patrick M. Cicero, Esquire
John W. Sweet, Esquire
Elizabeth R. Marx, Esquire
Kadeem G. Morris, Esquire
118 Locust Street
Harrisburg, PA 17101
(*CA USE-PA*)

Scott J. Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815
(*UWUA Local 612*)

Kevin J. Moody, Esquire
Vice President & General Counsel
Pennsylvania Independent Oil
& Gas Association
212 Locust Street, Suite 300
Harrisburg, PA 17101

Vasiliki Karandrikas, Esquire
Pamela C. Polacek, Esquire
Errin McCaulley, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
(*Snyder Brothers, Inc. et al.,
Marco Drilling*)

Charis Mincavage, Esquire
Alessandra L. Hylander, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
(*Peoples Industrial Intervenors, Energy
Development, LLC*)

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105
(*Consultant for OSBA*)

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 N. 10th Street
Harrisburg, PA 17101
(*NGS and RESA*)

Thomas J. Sniscak, Esquire
Hawke McKeon & Sniscak LLP
100 N. 10th Street
Harrisburg, PA 17101

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
(*Community Action Association of PA*)

Theodore J. Gallagher, Esquire
NiSource Corporate Services Company
Energy Distribution Group Legal
121 Champion Way, Suite 100
Canonsburg, PA 15317
(*Columbia Gas of Pennsylvania, Inc.*)

Michael A. Gruin, Esquire
Stevens & Lee
17 North Second Street
16th Floor
Harrisburg, PA 17101
(*Duquesne Light Company*)

Emily M. Farah, Esquire
Tishekia Williams, Esquire
Michael Zimmerman, Esquire
Duquesne Light Company
411 7th Avenue, 15th Fl.
Pittsburg, PA 15219

Tanya C. Leshko, Esquire
Buchanan Ingersoll & Rooney, PC
409 North Second Street
Suite 500
Harrisburg, PA 17101-1357
(*Equitrans LP*)

Linda R. Evers, Esq.
Donald R. Wagner, Esq.
Stevens & Lee
111 North Sixth Street
Reading, PA 19601
(*Duquesne Light Company*)

VIA FIRST CLASS MAIL

Michael J. Healey, Esquire
Healey Block & Hornack, P.C.
247 Fort Pitt Boulevard, 4th Floor
Pittsburgh, PA 15222
(*United Steelworkers*)

Severo C. Miglioretti
115 Shearer Road
New Kensington, PA 15068

Robert J. DeGregory, Esquire
United Steelworkers
Five Gateway Center
Pittsburgh, PA 15222

Daniel Killmeyer
184 McKay Road
Saxonburg, PA 16056

Charles F. Hagins
420 Goucher Street
Johnstown, PA 15905

Sean D. Ferris
406 Laurie Drive
Penn Hills, PA 15235
Samuel Givens
132 Thunderbird Drive
McKeesport, PA 15135

Diane Burgraff
37 Whittakers Mill Road
Williamsburg, VA 23185

/s/Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Barrett C. Sheridan
Assistant Consumer Advocate
PA Attorney I.D. # 61138
E-Mail: BSheridan@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Harrison W Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

J.D. Moore
Assistant Consumer Advocate
PA Attorney I.D. # 326292
E-Mail: JMoore@paoca.org

Counsel for: Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048 Fax: (717) 783-7152

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

REBUTTAL TESTIMONY
OF
GLENN A. WATKINS
ON BEHALF OF THE
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

MAY 28, 2019

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Glenn A. Watkins. My business address is 1503 Santa Rosa Road,
3 Suite 130, Richmond, VA 23229.

4
5 **Q. HAVE YOU PREVIOUSLY PRE-FILED DIRECT TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. Yes. I pre-filed direct testimony in this proceeding on April 29, 2019 which was
8 designated as OCA Statement No. 3.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of this testimony is to respond to the direct testimony of OSBA witness
12 Brian Kalcic as it relates to his opposition to the Company's proposal to modify its mains
13 extension tariff to incorporate an allowance of up to 150 feet of mains extensions per
14 customer at no charge.

15
16 **Q. WHAT ARE MR. KALCIC'S REASONS FOR OBJECTING TO THE**
17 **COMPANY'S PROPOSAL TO ALLOW A MAINS EXTENSION ALLOWANCE**
18 **OF UP TO 150 FEET PER CUSTOMER?**

19 A. First, Mr. Kalcic observes that the Company's proposal would only apply to
20 Residential customers and not all customers.¹ Second, Mr. Kalcic claims that the
21 Company's proposal would "shift a portion of the actual cost of extending service to
22 residential customers from residential applicants to general ratepayers."²

23
24 **Q. PLEASE RESPOND TO MR. KALCIC'S CONCERN THAT THE COMPANY'S**
25 **PROPOSED MAINS EXTENSION ALLOWANCE WOULD ONLY APPLY TO**
26 **RESIDENTIAL CUSTOMERS.**

¹ OSBA Statement No. 1 at 15.

² Id. at 16-17.

1 A. I agree with Mr. Kalcic’s concern in this regard and recommend that the Company’s
2 proposed mains extension allowance of 150 feet per customer be applicable to all
3 customers.

4
5 **Q. PLEASE RESPOND TO MR. KALCIC’S CONCERN THAT THE COMPANY’S**
6 **PROPOSAL WOULD SHIFT A PORTION OF THE ACTUAL COST OF**
7 **EXTENDING SERVICE TO RESIDENTIAL CUSTOMERS FROM**
8 **RESIDENTIAL APPLICANTS TO GENERAL RATEPAYERS.**

9 A. As a matter of arithmetic, Mr. Kalcic is correct. However, as a matter of public
10 policy, it is my opinion that the Company’s proposal is reasonable and is in the best public
11 interest of promoting the availability of natural gas to unserved and underserved areas of
12 the Company’s service area.

13 During the last few years, there have been several applications made by
14 Pennsylvania NGDCs to promote the availability of gas to unserved and underserved areas.
15 These applications and cases have involved various mechanisms to promote this objective
16 wherein various mains extension riders and rates have been established in order to enable
17 new customers more options, with lower upfront costs, in connecting to NGDC’s
18 distribution systems and thereby having natural gas made available for their various energy
19 needs. Indeed, Peoples currently has such a program that has been approved by the
20 Commission wherein new customers have the option of paying an upfront Contribution In
21 Aid of Construction (“CIAC”) or subscribing to the pilot Rider MLX, Main Line Extension
22 Service.

23 Unfortunately, the Company’s pilot Rider MLX has thus far been unsuccessful. In
24 response to OCA-IV-10, the Company stated that it has not connected any customers under
25 Rate MLX. While there is no need to speculate or argue as to why the current pilot Rider
26 MLX is unsuccessful, the fact of the matter is that this pilot program has not worked as
27 intended. Despite being in effect since 2016, there have been no realized extension of mains
28 to unserved and underserved areas as a result of the pilot Rider MLX, which was the
29 intention of this program from the beginning.

1 Furthermore, and as discussed in the direct testimony of Company witness Joseph
2 Gregorini³ on pages 38 and 39, other NGDCs have similar mains extension allowances
3 including Columbia Gas of Pennsylvania and Valley Energy Company. In addition, based
4 on my experience around the Country, mains extension allowances are becoming more and
5 more prevalent.
6

7 **Q. IN YOUR OPINION, IS A MAINS EXTENSION ALLOWANCE OF UP TO 150**
8 **FEET PER CUSTOMER REASONABLE?**

9 A. Yes. Consider a potential Residential customer in a suburban neighborhood in
10 which the Company's distribution mains end one or two properties down the same street.
11 Considering that the width of a typical suburban Residential lot is about 150 feet, it would
12 seem totally unfair that this customer cannot be provided natural gas service without a
13 significant CIAC while his neighbors one or two lots down the same street enjoy the energy
14 savings of natural gas service. The same would be true for Commercial establishments
15 where the Company's distribution mains ends only a few hundred feet from a particular
16 customer's business location.
17

18 **Q. TO BE CLEAR, DO YOU SUPPORT THE COMPANY'S PROPOSED MAINS**
19 **EXTENSION ALLOWANCE OF 150 FEET?**

20 A. Yes.
21

22 **Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?**

23 A. Yes.
24

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³ Peoples Statement No. 2.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

VERIFICATION

I, Glenn Watkins, hereby state that the facts above set forth in my Rebuttal Testimony OCA Statement No. 3-R are true and correct and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:  _____
Glenn Watkins
Technical Associates, Inc.
1503 Santa Rosa Road
Suite 130
Richmond, VA 23229
watkinsg@tai-econ.com

DATED: May 28, 2019
*272977


BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 v. :
Peoples Natural Gas Company LLC :

Docket No. R-2018-3006818

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Signature:  _____

Glenn Watkins
Technical Associates, Inc.
1503 Santa Rosa Road
Suite 130
Richmond, VA 23229
watkinsg@tai-econ.com

DATED: May 28, 2019
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