

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

Direct Testimony of C. James Davis on Behalf of
Duquesne Light Company

Subjects: Incremental Gas Sales from Combined Heat and Power, Flexed Gas Rates,
Advertising Expenses, Other Business Initiatives

DIRECT TESTIMONY OF C. JAMES DAVIS

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Q. Please state your full name and business address.

A. My name is C. James Davis. My business address is 411 Seventh Avenue, Pittsburgh, PA 15219.

Q. By whom are you employed and in what capacity?

A. I am employed by Duquesne Light Company (“Duquesne Light”) as the Director – Rates, Energy Procurement, and Federal/RTO Affairs.

Q. What are your current responsibilities in that position?

A. I am responsible for the oversight and direction of the Company’s Rates & Tariff Services Department, Supply Procurement and RTO Settlement activities, as well as Federal and RTO affairs.

Q. Please state your educational and professional qualifications.

A. I graduated from St. Vincent College with a Bachelor of Arts degree in Computer Science in 1989 and Duquesne University with a Master of Business Administration in 1995. Prior to joining Duquesne Light, I had more than 24 years of diversified experience in the utility industry working for Allegheny Energy and FirstEnergy. I have held positions in Risk Management, Finance, Portfolio Management, Generation Dispatch, and Commodity Operations.

1 **Q. Are you sponsoring any exhibits as part of your direct testimony?**

2 A. Yes. I am sponsoring three Exhibits, which have been marked as **Exhibits CJD- 1,2**
3 **and 3**, and are attached hereto.

4
5 **Q. Have you previously testified before the Pennsylvania Public Utility Commission?**

6 A. Yes. I testified in the 2016 Petition of Duquesne Light Company for Approval of a
7 Distribution System Improvement Charge at Docket No. P-2016-2540046, in the
8 Company's Petition for Default Service Plan for the period of June 1, 2017 through May
9 31, 2021 at Docket No. P-2016-2543140, and in the Company's General Base Rate Case
10 at Docket No. R-2018-3000124. I have also proffered prepared testimony in the Joint
11 Application of Aqua America Inc., Aqua Pennsylvania Inc., Aqua Pennsylvania
12 Wastewater Inc., and Peoples Natural Gas Company LLC for All of the Authority and
13 Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples
14 Natural Gas Company LLC and Peoples Gas Company, LLC by Way of the Purchase of
15 All of LDC Funding LLC's Membership Interests by Aqua America Inc., at Docket Nos.
16 A-2018-300601 *et. al* ("Peoples-Aqua Merger Proceeding"). As of the date of this
17 testimony, the Peoples-Aqua Merger Proceeding remains pending before the
18 Commission.

19
20 **Q. Please summarize the topics on which you will be providing testimony.**

21 A. My testimony will address certain issues related to Peoples' gas load growth, flexed gas
22 rates, and advertising and business development programs.

23

1 **COMBINED HEAT AND POWER**

2 **Q. Are you familiar with Peoples’ proposed Energy Efficiency and Conservation Plan,**
3 **presently pending before the Commission at Docket No. M-2017-2640306 (“Peoples**
4 **EE&C Proceeding”)?**

5 A. Yes. That proposed Plan includes, among other programs, a program to use up to \$17.5
6 million in ratepayer funds, recovered through a new surcharge, to incent new gas-fired
7 Combined Heat and Power (“CHP”) projects in Peoples’ service territory beginning in
8 2019 (“CHP Program”). As of the date of this testimony, Peoples’ proposal remains
9 pending before the Commission.

10

11 **Q. Does Peoples’ rate proposal in this proceeding reflect incremental gas sales**
12 **associated with the CHP Program?**

13 A. No. As Peoples witness Carol Scanlon stated in her response to DLC-I-12, Peoples’ gas
14 sales projections do not include any gas sales attributable to the CHP Program. Peoples
15 witness Joseph Gregorini indicated in his response to DLC-I-10 that the CHP Program
16 has not been incorporated into Peoples’ rate claim in this proceeding. These discovery
17 responses are included as part of **Exhibit CJD-1**.

18

19 **Q. Does Peoples’ rate proposal reflect any CHP incentive program?**

20 A. Apparently not. In his response to DLC-I-10, Mr. Gregorini stated that Peoples “currently
21 does not have any programs that offer specific incentives associated with CHP,” though it
22 does “work[] with business partners to assist them in evaluating CHP technology and
23 potential usage options.” Mr. Gregorini’s response indicates that the labor costs of

1 “working with business partners” represent the only costs associated with CHP initiatives
2 that Peoples has included in its claim in this case.
3

4 **Q. Does Peoples’ rate proposal reflect incremental gas sales associated with new CHP**
5 **projects?**

6 A. No. Mr. Gregorini stated in his response to DLC-I-11 that Peoples “did not project any
7 incremental gas sales or revenue associated with serving new CHP Systems in this case.”
8 Ms. Scanlon further stated in her response to DLC-I-8 the Peoples’ gas sales projections
9 in this proceeding do not include any incremental sales associated with new CHP
10 projects. These discovery responses are included as part of **Exhibit CJD-1**.
11

12 **Q. Do you have any comments regarding Peoples’ exclusion of the CHP Program, and**
13 **associated incremental gas sales, from its rate claim in this case?**

14 A. Yes. Peoples’ treatment of the CHP Program in this case is inconsistent with its posture
15 in the Peoples EE&C Proceeding. Peoples has not withdrawn its proposed CHP Program
16 in the Peoples EE&C Proceeding. That proposal remains pending before the
17 Commission, and may be approved. Yet in this proceeding, Peoples has forecasted its gas
18 sales as if the CHP Program will not be approved (or at least not implemented).
19

20 **Q. Does this pose any concerns?**

21 A. Yes. If the Commission approves a CHP incentive program not accounted for in Peoples’
22 sales forecasts, any incremental gas sales yielded by the program would represent a
23 windfall for Peoples. This is particularly true for the CHP Program under review in the

1 Peoples EE&C Proceeding, because that Program's costs would be borne not by Peoples,
2 but by a separate surcharge on customers. By ignoring the CHP Program in its sales
3 forecasts underlying its rate claim, Peoples proposes to retain any incremental revenues
4 that might result from the CHP Program, even though it would be exclusively funded by
5 Peoples' customers.

6
7 **Q. What do you recommend?**

8 A. Peoples' sales forecasts should be consistent with its customer-funded load-growth
9 programs. Peoples should be required to record incremental sales associated with
10 substantial customer-funded load-growth programs, such as its proposed CHP program
11 (should that program be approved), as a regulatory liability to be dispositioned in its next
12 rate case.¹ Furthermore, to the extent Peoples proposes to use ratepayer funds to grow its
13 load, the benefits of such load growth should accrue to all ratepayers, and not just those
14 with CHP projects. Given that Peoples has apparently assumed in this case that its CHP
15 Program will not be implemented, Peoples should withdraw that proposal in the Peoples
16 EE&C Proceeding.

17
18 **FLEXED GAS RATES**

19
20 **Q. Are all of Peoples' customers billed pursuant to Peoples' tariffed rates?**

21 A. No. According to Ms. Scanlon at Peoples Statement No. 5, page 13, line 16 through page
22 14, line 2, Peoples negotiates special "flexed" gas rates, below its tariffed rates, with

¹ Such disposition could reflect alternative ratemaking mechanisms.

1 certain customers that Peoples deems to be competitively situated. Ms. Scanlon identifies
2 several fuel sources – including electricity – whose availability to a customer might lead
3 Peoples to classify the customer as “competitive” and eligible for a flexed rate.
4 (Statement No. 5, page 15, lines 16-21.) In her response to DLC-I-1, included as part of
5 **Exhibit CJD-1**, Ms. Scanlon states that “potential alternatives include but are not limited
6 to other fuel sources such as coal, steam, propane, fuel oil, biomass, and electricity”.

7
8 **Q. Did Peoples explain why it considers electricity to be a “competitive alternative”?**

9 A. In her response to DLC-I-2, included as part of **Exhibit CJD-1**, Ms. Scanlon indicates
10 that Peoples considers electricity to be a “competitive alternative” because “[e]lectricity
11 can be used to displace natural gas for heating, cooking, clothes drying and other uses.”

12
13 **Q. Does Peoples’ identification of “competitive alternatives” pose any concerns?**

14 A. Yes. First, Peoples’ expansive conception of fuels that may constitute “competitive
15 alternatives” is overbroad. Ms. Scanlon’s discovery response suggests that Peoples
16 considers anything that may be used in lieu of gas to be a potential “competitive
17 alternative.” Under this formulation of “competitive alternative,” Peoples could deem
18 any customer with access to such a fuel (including electricity, which, to the best of my
19 knowledge, is available to the vast majority of Peoples customers) as “competitively
20 situated” and potentially eligible for a flexed gas rate. This exception swallows the rule –
21 Peoples’ discretion to waive its tariffed rates for nearly any customer is not reasonable
22 and opens the door to discriminatory treatment. It is also unfair to those Peoples
23 customers to whom Peoples does not offer a flexed rate. Those customers (which include

1 Duquesne Light) are asked to provide a subsidy to Peoples' flexed-rate customers that,
2 given Peoples' broad latitude to award flexed rates, may be excessive.

3 Second, as a matter of public policy, providing a customer with flexed rates, on
4 the basis of that customer's access to any potential gas alternative (such as electricity),
5 could yield negative consequences to Peoples' and electric distribution companies'
6 ("EDC") shared customers. Incenting a customer to replace their electric consumption
7 with gas consumption would not lower the costs the EDC incurs to deliver electricity to
8 customers, or reduce the EDC's revenue requirement; but it would reduce the billing
9 units over which the EDC's revenue requirement must be recovered. Such electric-to-gas
10 conversion would therefore put upward pressure on the EDC's rates, to the detriment of
11 those customers that Peoples shares with the EDC.

12
13 **Q. What do you recommend with respect to flexed gas rates?**

14 A. Peoples should submit a tariff revision, subject to review by the Commission and parties
15 to this proceeding, regarding its application of flexed gas rates. Such revision should
16 provide that electricity supplied by an EDC shall not constitute a competitive alternative
17 for purposes of flexed rate eligibility. In addition to solving the issues I identify above,
18 this approach would be consistent with the Commission's intent in the Gas-on-Gas
19 Competition proceeding (Docket Nos. I-2012-2320323 et. al.) to discourage competition
20 among regulated natural gas distribution companies.

21 Such tariff update would include, for example:

- 1 • Clarifying Peoples' Rate CER to provide that electric service from an EDC does
2 not constitute a "competitive option," and to specify that each Rate CER offering
3 is subject to Commission review and approval.
- 4 • Appending "or electric service from Electric Distribution Companies" to Peoples'
5 existing tariff language at Rate GS-T: "As used in this rate schedule, 'alternative
6 energy source' shall not include natural gas service from other Natural Gas
7 Distribution Companies."

8

9 **ADVERTISING AND "PEOPLES WATER" INITIATIVES**

10

11 **Q. Does Peoples' rate request include claims for advertising expenses?**

12 A. Yes. Peoples' claimed advertising expenses are included in Peoples Exhibit No. 4,
13 Schedule 1, page 21; and Exhibit 4, Schedule 4, page 2. These schedules indicate that
14 Peoples has claimed \$3,118,056 of advertising expenses in the HTY, and is claiming
15 \$3,113,755 in advertising expenses in the FPPTY.

16

17 **Q. Of these advertising expenses, how much are associated with sports team**
18 **sponsorships?**

19 A. The lion's share. According to Peoples' response to OCA-I-34, included here as **Exhibit**
20 **CJD-2**, Peoples spent \$2,566,215 on sports partnerships or sponsorships in the HTY.
21 These sports sponsorships constitute about 82% of Peoples' advertising expenses. I
22 would also note that the examples that Peoples supplied of its "brochures, notices, bill
23 inserts, maintenance tips and publications that the Company provides its customers"

1 under its advertising initiatives, OCA-I-34 Attachment A, do not appear to have anything
2 to do with Peoples' sports sponsorships.

3
4 **Q. Did you ask Peoples for additional information regarding these sports**
5 **sponsorships?**

6 A. Yes. Duquesne Light asked Peoples for breakdowns and ratepayer/shareholder
7 allocations of certain Peoples' sports sponsorship costs. Peoples did not object to this
8 request. Instead, Peoples answered the question by referring to its response to OCA-VI-
9 14. See Peoples' responses to DLC-II-6 and DLC-II-7, attached hereto as **Exhibit CJD-**
10 **3**. I therefore expect that OCA-VI-14 is both relevant to this case and responsive to
11 Duquesne Light's request.

12
13 **Q. What additional information does OCA-VI-14 contain regarding these sports**
14 **sponsorships?**

15 A. I do not know. I am advised by counsel that Peoples supplied its response to OCA-VI-14
16 to Duquesne Light's attorneys, but that Peoples demanded that the response not be shared
17 with any non-attorney at Duquesne Light. As of the date of this testimony, I understand
18 that the matter of this response's availability to me or other potential Duquesne Light
19 witnesses is being handled by counsel. I have not reviewed OCA-VI-14 pending
20 resolution of that matter. I am forced to suspect, however, that it must contain
21 information that Peoples does not wish to be widely known by parties to this rate case.

22

1 **Q. What do you recommend regarding Peoples' claim for sports sponsorship**
2 **advertising expenses?**

3 A. In the absence of more detail regarding Peoples' sports sponsorship costs, it is difficult to
4 understand how they could properly be recoverable from customers. Sports sponsorships
5 may inflate the value of the Peoples brand, but I struggle to see how they could possibly
6 be a cost-effective source of customer benefits or education, or how they could otherwise
7 support Peoples' regulated business as a natural gas distribution utility. Therefore, unless
8 Peoples can make a compelling showing that its sports sponsorships yield benefits to
9 Peoples' customers commensurate with their costs – which Peoples has clearly not
10 demonstrated to this point – Peoples should not be allowed to recover these costs from
11 customers. The expenses should be disallowed, and Peoples' rate claim should be
12 adjusted accordingly.

13 I reserve the right to supplement my testimony on this matter if and when I am
14 afforded access to relevant information.

15

16 **Q. Did Peoples include costs associated with the Peoples Water initiative in its rate**
17 **claim?**

18 A. No. See DLC-I-18, included as part of Exhibit CJD-1.

19

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23

1 **AQUA AMERICA, INC.’s ACQUISITION OF PEOPLES NATURAL GAS**

2
3 **Q. Should Peoples include projected synergy savings associated with the Aqua**
4 **America, Inc.’s proposed acquisition of Peoples Natural Gas (Docket Nos. A-2018-**
5 **3006061 et. al.) as part of the current rate case proceeding?**

6 A. Yes. Peoples has stated that “the application of Aqua America to acquire the Peoples
7 Companies does not affect this base rate filing.” See DLC-II-1, included as part of
8 **Exhibit CJD-3**. Without getting into the issues under review in that merger proceeding,
9 this claim is dubious. It is my understanding that a showing of “affirmative public
10 benefits” is a necessary precondition of such mergers. It seems unlikely that Aqua and
11 Peoples’ proposed merger could yield “affirmative public benefits” while simultaneously
12 having no impact on Peoples costs, revenues, or operations.

13 I understand that Peoples’ rate claim does not account for cost savings that may
14 result from the Aqua merger. Peoples should therefore be required, contingent on its
15 acquisition by Aqua, to separately track any acquisition synergies as a regulatory liability
16 to be dispositioned in its next rate case.

17
18 **Q. Does this conclude your direct testimony?**

19 A. Yes, it does. However, I reserve the right to supplement my testimony at some point in
20 the future based on the review of further information and discovery responses from
21 Peoples, and/or to address additional issues that may arise during the course of this
22 proceeding.

EXHIBIT CJD-1

Peoples' Responses to Duquesne Light Company Discovery Requests, Set I, Nos.
1, 2, 8, 10, 11, 12 and 18

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Carol Scanlon

DLC-I-1: Reference Peoples' response to I&E-RR-8-D. Please identify all "alternate fuel options" that constitute "competitive alternatives."

Response: These potential alternatives include but are not limited to other fuel sources such as coal, steam, propane, fuel oil, biomass, and electricity. This list is not intended to be all-inclusive. Alternative fuel technologies are rapidly advancing and the Company may be faced with other alternative fuel options in the future.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Carol Scanlon

DLC-I-2: Reference Peoples Statement No. 9, p. 9, lines 9-11 and Peoples' response to I&E-RR-8-D.

- a. Does electricity qualify as a "competitive alternative"?
- b. Please explain why or why not.

Response: Yes. Electricity can be used to displace natural gas for heating, cooking, clothes drying and other uses.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Carol Scanlon

DLC-I-8 Please identify, with citations to applicable Statements, Exhibits, and/or discovery responses, Peoples' historic and projected gas sales associated with customers' gas-fueled CHP systems for each year 2015 through the FPPTY.

Response: The Company did not project any incremental gas sales associated with serving new CHP Systems in this case as it has no knowledge of any existing projects under contract. All historical gas sales to serve existing CHP customers were reflected in the historical revenue as is the case with any other customer.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Joseph Gregorini

DLC-I-10: Please identify, with citations to applicable Statements, Exhibits, and/or discovery responses, all of Peoples' initiatives to incent or encourage the deployment of gas-fueled CHP in its service territory for each year 2015 through the FPFTY.

Response: The Company currently does not have any programs that offer specific incentives associated with CHP. The initiatives related to CHP include working with business partners to assist them in evaluating CHP technology and potential usage options. The Company's Energy Efficiency & Conservation Plan, which includes a CHP component, is currently pending before the Commission at Docket No. M-2017-2640306 and, due to the uncertainty of the outcome, has not been incorporated into the instant base rate filing.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Joseph Gregorini

DLC-I-11: For each initiative identified in response to DLC-I-10, please:

- a. Provide the initiative's historic and projected costs for each year 2015 through the FPFTY, as applicable;
- b. Identify the mechanism(s) by which Peoples recovers or intends to recover the costs of the initiative;
- c. To the extent Peoples recovers or intends to recover the costs of the initiative through base rates, provide citations to Statements, Exhibits, and/or discovery responses that pertain to the initiative;
- d. Provide the historic and projected incremental gas sales attributed to the initiative for each year 2015 through the FPFTY, as applicable;
- e. Provide the historic and projected incremental revenues attributed to the initiative for each year 2015 through the FPFTY, as applicable;
- f. Identify the responsible individual(s) within Peoples leading the initiative for each year 2015 through the FPFTY, as applicable; and
- g. Identify any Commission approval(s) authorizing Peoples to undertake the initiative.

Response:

- a-c. The Company has not made a claim for initiatives related to CHP beyond the labor associated with the time employees spend working with business partners as described in the response to DLC-I-10.
- d-e. n/a. The Company did not project any incremental gas sales or revenue associated with serving new CHP Systems in the case.
- f. As described in the response to DLC-I-10, the company currently has no programs that offer specific incentives associated with CHP.
- g. n/a. As described in the response to DLC-I-10, the company currently has no programs that offer specific incentives associated with CHP.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Carol Scanlon

DLC-I-12 Do Peoples' projections of gas sales in the FPFTY reflect the implementation of the CHP Program that Peoples proposed as part of its Revised Energy Efficiency and Conservation Plan, submitted August 6, 2018, in the proceeding at Docket No. M-2017- 2640306?

- a. If yes, please identify (with citations to applicable Statements, Exhibits, and/or discovery responses) the incremental gas sales in the FPFTY attributable to this initiative.
- b. If no, why not?

Response: No. The proceeding at Docket No. M-2017-2640306 is still pending before the Commission.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Joseph Gregorini

DLC-I-18: Peoples Natural Gas has previously stated that it was pursuing a Joint Partnership with the Pittsburgh Water and Sewer Authority. Please confirm whether such efforts were undertaken using ratepayer funds, including any labor costs resulting from the use of People's Natural Gas employees.

Response: No claim has been made for costs associated with that initiative.

EXHIBIT CJD-2

Peoples' Response to OCA Discovery Request I-34

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Andrew Wachter

OCA-I-34 With regard to the Company's Advertising Expense (Exhibit No. 4, Schedule 1, page 21, and Exhibit No. 4, Schedule 4, page 2), please provide a detailed breakdown and a description of the Company's Other Advertising Programs incurred in 2018 under each Program description. Please provide a breakdown and a description of the Company's Other Advertising totaling \$2,965,213. Please provide a sample of the Company's brochures, notices, bill inserts, maintenance tips and publications that the Company provides its customers.

Response: Refer to the charts below for the further detail on Other Advertising expense.

Category	Y	Purpose Description	Advertising Description	Amount
DIGITAL		Other	Conservation of Energy - benefits of NGV and gas technology solutions	\$1,800
			Creation/development of advertising content and materials in support of multiple advertising platforms and messages	\$172,458
			General public outreach	\$51,887
			Other Total	\$226,145
DIGITAL Total				\$226,145
CREATIVE		Other	Creation/development of advertising content and materials in support of multiple advertising platforms and messages	\$42,527
			Other Total	\$42,527
CREATIVE Total				\$42,527
BROADCAST		Other	Conservation of Energy - benefits of NGV and gas technology solutions	\$2,131
			General public outreach	\$10,646
			Other Total	\$12,776
BROADCAST Total				\$12,776
PRINT		Other	Creation/development of advertising content and materials in support of multiple advertising platforms and messages	\$21,778
			General public outreach	\$22,241
			Advertising component of support for local community groups/schools	\$1,375
			Billing Practices, Rates Changes, Assistance and other messaging	\$18,380
			Other Total	\$63,774
PRINT Total				\$63,774
PR FIRM		Other	Conservation of Energy - benefits of NGV and gas technology solutions	\$31,009
			Creation/development of advertising content and materials in support of multiple advertising platforms and messages	\$57,171
			Other Total	\$88,180
PR FIRM Total				\$88,180
Grand Total				\$433,402

Purpose Description	Advertising Description	Amount
☐ Conservation of Energy	Conservation of Energy – benefits of NGV and gas technology solutions	\$98,189
	General public outreach	\$2,360
	Support for local business partners and natural gas related alliances	\$31,101
	Conservation of Energy Total	\$131,650
☐ Explanation of Billing Practices, Rates, etc.	Utilizing sports partnerships and other event partnerships to reach customers & general public at local events on key safety, billing, etc. messages	\$1,163,706
	Billing Practices, Rates Changes, Assistance and other messaging	\$11,361
	Explanation of Billing Practices, Rates, etc. Total	\$1,175,067
☐ Other	Conservation of Energy – benefits of NGV and gas technology solutions	\$45,192
	Creation/development of advertising content and materials in support of multiple advertising platforms and messages	\$36,364
	General public outreach	\$9,250
	Support for local business partners and natural gas related alliances	\$17,366
	Advertising component of support for local community groups/schools	\$11,426
	Miscellaneous	\$36,253
	Advertising component of support for local charitable events and organizations	\$15,659
	Utilizing sports partnerships and other event partnerships to reach customers & general public at local events on key safety, billing, etc. messages	\$56,934
	Billing Practices, Rates Changes, Assistance and other messaging	\$27,543
	Other Total	\$255,987
☐ Public Health & Safety	Utilizing sports partnerships and other event partnerships to reach customers & general public at local events on key safety, billing, etc. messages	\$1,402,509
	Public Health & Safety Total	\$1,402,509
Grand Total		\$2,965,214

Refer to Attachment A for samples of the Company’s brochures, notices, bill inserts, maintenance tips and publications that the Company provides its customers

EXHIBIT CJD-3

Peoples' Response to Duquesne Light Company Discovery Requests, Set II,

Nos. 1, 6 and 7

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Andrew Wachter

DLC-II-1

Does Peoples anticipate realizing cost savings as a result of its proposed acquisition by Aqua America (currently pending at Docket Nos. A-2018-3006061 et. al.)?

- a. If yes, please provide each category of costs, along with the respective anticipated cost savings, that are incorporated into Peoples' base rate request in this proceeding. To the extent any cost savings would be realized after the FPPTY but before 2024, please provide each such category of costs, along with the respective anticipated cost savings and year of cost saving realization, and explain how Peoples plans to return the value of the savings to customers.
- b. If no, why not?

Response:

As referenced in the direct testimony of Morgan O'Brien, the application of Aqua America to acquire the Peoples Companies does not affect this base rate filing. The acquisition of Peoples Companies by Aqua America will be addressed in the Application proceeding at Dockets A-2018-3006061, A-2018-3006062, and A-2018-3006063.

Docket No. R-2018-3006818
Peoples Natural Gas Company LLC
Data Requests

Respondent: Andrew Wachter

DLC-II-6 For each year 2016 through the FPFTY, please provide Peoples' costs of sponsorship/naming rights associated with the Peoples Gas Gate at PPG Paints Arena in Pittsburgh, PA. For each year in which Peoples incurred or will incur costs, please identify those costs recovered from Peoples customers, and those allocated to Peoples shareholders.

Response: Please refer to OCA-VI-14.

Docket No. R-2018-3006818

**Peoples Natural Gas Company LLC
Data Requests**

Respondent: Andrew Wachter

DLC-II-7 For each year 2016 through the FPFTY, please provide Peoples' costs of sponsorship/naming rights associated with the Peoples Natural Gas Field in Altoona, PA. For each year in which Peoples incurred or will incur costs, please identify those costs recovered from Peoples customers, and those allocated to Peoples shareholders.

Response: Please refer to OCA-VI-14.