

**I&E Statement No. 1-R  
Witness: Christopher Keller**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**PEOPLES NATURAL GAS COMPANY LLC**

**Docket No. R-2018-3006818**

**Rebuttal Testimony**

**of**

**Christopher Keller**

**Bureau of Investigation and Enforcement**

**Concerning:**

**PENSION EXPENSE  
PAYMENT PROCESSING**

**TABLE OF CONTENTS**

PENSION EXPENSE ..... 2

PAYMENT PROCESSING ..... 3

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

2 A. My name is Christopher Keller. My business address is Pennsylvania Public  
3 Utility Commission, Commonwealth Keystone Building, 400 North Street,  
4 Harrisburg, PA 17120.

5  
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in  
8 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial  
9 Analyst.

10

11 **Q. ARE YOU THE SAME CHRISTOPHER KELLER WHO SUBMITTED**  
12 **THE DIRECT TESTIMONY CONTAINED IN I&E STATEMENT NO. 1**  
13 **AND I&E EXHIBIT NO. 1?**

14 A. Yes.

15

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

17 A. The purpose of my rebuttal testimony is to respond to the direct testimony of the  
18 Office of Consumer Advocate witness (OCA) Dante Mugrace where he accepts  
19 the Peoples Natural Gas Company's (Peoples or Company's) claims for pension  
20 expense and payment processing (OCA Statement No. 1).

1 **Q. DOES YOUR REBUTTAL TESTIMONY INCLUDE AN EXHIBIT?**

2 A. No. However, I will make references to my direct testimony (I&E Statement  
3 No. 1).  
4

5 **PENSION EXPENSE**

6 **Q. SUMMARIZE OCA WITNESS MUGRACE'S RECOMMENDATION IN**  
7 **DIRECT TESTIMONY FOR PENSION EXPENSE?**

8 A. In direct testimony, OCA witness Dante Mugrace accepted the Company's  
9 pension expense claim of \$2,363,000 based on a schedule received in an  
10 interrogatory of pension contributions for Peoples and Equitable Gas Company  
11 (Equitable) (OCA Statement No. 1, pp. 21-22).  
12

13 **Q. DO YOU AGREE WITH MR. MUGRACE'S ACCEPTANCE OF THE**  
14 **COMPANY'S PENSION EXPENSE CLAIM?**

15 A. No. As I stated in my direct testimony, the Company's pension expense  
16 allowance should be based on an accrual method rather than on a cash basis since  
17 the Company based its pension expense claim in its prior base rate case on an  
18 accrual basis. My recommendation maintains consistency in Peoples' pension  
19 allowance between cases for ratemaking purposes. As stated in my direct  
20 testimony, the Company should not be allowed to switch methods in order to  
21 maximize its revenue requirement (I&E Statement No. 1, pp. 12-15).

1 **Q. DO YOU HAVE ANY CHANGES TO YOUR RECOMMENDATION?**

2 A. No. I continue to recommend an allowance of \$553,000 for pension expense, or a  
3 reduction of \$1,810,000 (\$2,363,000 - \$553,000) to the Company's claim (I&E  
4 Statement No. 1, p. 13).

5

6 **PAYMENT PROCESSING**

7 **Q. SUMMARIZE OCA WITNESS MUGRACE'S RECOMMENDATION IN**  
8 **DIRECT TESTIMONY FOR PAYMENT PROCESSING?**

9 A. In direct testimony, OCA witness Dante Mugrace accepted the Company's  
10 payment processing claim of \$2,308,208 but does not provide a basis for accepting  
11 the Company's claim (OCA Statement No. 1, pp. 48-49).

12

13 **Q. DO YOU AGREE WITH MR. MUGRACE'S ACCEPTANCE OF THE**  
14 **COMPANY'S PAYMENT PROCESSING CLAIM?**

15 A. No. As I stated in my direct testimony, the Company's allowance should be based  
16 on its current quantity of payments by type of payment. The Company did not  
17 provide supporting documentation that 31% of ratepayers will begin using debit or  
18 credit card payment methods upon the effective date of new rates. Currently only  
19 11% of customers make payments via debit and credit cards. The Company made  
20 its determination solely based upon an AITE Group paper that gas customers make  
21 31% of payments by debit and credit cards. While there may eventually be  
22 increased usage of debit and credit cards due to the elimination of the transaction

1 fee, the Company did not provide supporting documentation that usage will jump  
2 to 31% upon the effective date of rates or at any time during the FPFTY (I&E  
3 Statement No. 1, pp. 24-27).

4  
5 **Q. DO YOU HAVE ANY CHANGES TO YOUR RECOMMENDATION?**

6 A. No. I continue to recommend that the Company's allowance for payment  
7 processing be based on its current quantity of payments by type of payment which  
8 results in an allowance of \$1,358,459 for the fee-free bank card acceptance  
9 proposal, or a reduction of \$944,749 (\$2,303,208 - \$1,358,459) to the Company's  
10 claim (I&E Statement No. 1, pp. 26-27).

11  
12 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13 A. Yes.