



COMMONWEALTH OF PENNSYLVANIA

February 1, 2024

E-FILED

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

Re: Peoples Natural Gas Company LLC (Peoples Natural Gas Division and Peoples Gas Division) Base Rate Case Filing Original Tariff GAS – PA PUC No. 48 / Docket No. R-2023-3044549

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, 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,

/s/ Steven C. Gray

Steven C. Gray
Senior Supervising
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Robert D. Knecht
Mark Ewen
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Peoples Natural Gas Company LLC : Docket No. R-2023-3044549
(Peoples Natural Gas Division and :
Peoples Gas Division) Base Rate Case :
Filing Original Tariff GAS – PA PUC No. :
48 :

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter are Assistant Small Business Advocates Steven C. Gray and Rebecca Lyttle.

Please address all correspondence in that matter as follows:

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II. FILING BACKGROUND

On December 29, 2023, Peoples Natural Gas Company LLC (“Peoples NG” or the “Company”) filed Original Tariff Gas - Pa. P.U.C. No. 48 with the Commission. The proposed Original Tariff Gas - Pa. P.U.C. No. 48, if approved by the Commission, would result in an overall revenue increase for Peoples NG of approximately \$156.0 million per year. In addition, the December 29th filing included a proposed Weather Normalization Adjustment (“WNA”), which supposedly reflects “normalized weather conditions.”

The OSBA filed a Complaint in opposition to Original Tariff Gas - Pa. P.U.C. No. 48 January 11, 2024.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Mark Ewen
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Cambridge, MA 02140
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mde@indecon.com

Mr. Robert D. Knecht
Industrial Economics Incorporated
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The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by Peoples NG, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

- 1) Whether the proposed equity share of capital (54.67 percent) and return on equity (11.75 percent) are reasonably necessary to attract and compensate investment capital in the Company;
- 2) Whether the forecast volumes and customer count for the fully projected future test year are justified and reasonable;
- 3) Whether the revenue discounts claimed by the Company for competitive accounts are reasonable and credibly justified;
- 4) Whether the class cost of service studies offered by the Company represent a reasonable basis for allocating the revenue requirement among the various rate classes;
- 5) Whether the Company's gathering system meets the "used-and-useful" standard, and whether the proposed recovery of gathering system costs represents a reasonable balance between the benefits of those systems to gas producers and the benefits to both PGC and shopping ratepayers, and between the two divisions;
- 6) Whether the proposed revenue allocation of the rate increase among the various rate classes is consistent with Pennsylvania revenue allocation practice and other established regulatory criteria;
- 7) Whether the design of rates for the small and medium general service classes is reasonable;
- 8) Whether the Company's proposal to consolidate and harmonize the tariffs for PNG and PG in this proceeding is reasonable, and whether customers are reasonably protected against rate shock;

- 9) Whether the Company's proposal for a weather normalization adjustment mechanism is reasonable, and whether the risk reduction associated with this mechanism is reasonably reflected in the Company's proposal for an allowed return on capital;
- 10) Whether the Company's proposal for a rate designed to attract new large industrial customers to the Company's distribution system will have negative impacts on existing customers over the longer term.

The OSBA reserves the right to address additional issues as they arise throughout this proceeding.

IV. SERVICE OF DOCUMENTS

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement. The OSBA requests that email delivery of documents also be provided to its witnesses identified above.

In addition to email copies of pleadings, briefs, and exceptions, the OSBA requests email copies of responses to discovery propounded by the OSBA or any other party.

V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. DISCOVERY

The OSBA does not propose any discovery modifications in this proceeding.

VII. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the parties are working on a proposed procedural schedule.

Due to significant travel commitments for the OSBA expert witnesses, the OSBA

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

requests that evidentiary hearings take place telephonically.

The OSBA also requests that evidentiary hearings begin at 10:00 am Eastern Time.

Respectfully submitted,

/s/ Steven C. Gray _____

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Attorney ID # 77538

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Dated: February 1, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Peoples Natural Gas Company LLC : **Docket No. R-2023-3044549**
(Peoples Natural Gas Division and : **C-2024-3045385**
Peoples Gas Division) Base Rate Case :
Filing Original Tariff GAS – PA PUC :
No. 48 :

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*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).

The Honorable Mary D. Long
Administrative Law Judge
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Attorney I.D. No. 77538

DATE: February 1, 2024