



375 North Shore Drive, Suite 600
Pittsburgh, Pennsylvania 15212

www.peoples-gas.com

William H. Roberts II
Senior Counsel

Peoples Natural Gas Company LLC
Phone: 412-208-6527; Fax: 412-208-6577
Email: William.H.Roberts@peoples-gas.com

August 30, 2012

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

Re: Joint Petition for Generic Investigation or
Rulemaking Regarding "Gas-On-Gas" Competition
Between Jurisdictional Natural Gas Distribution
Companies
Docket No. P-2011-2277868

Generic Investigation Regarding Gas-On-Gas
Competition Between Jurisdictional Natural
Gas Distribution Companies
Docket No. I-2012-2320323

Dear Secretary Chiavetta:

Please accept for electronic filing in the above-referenced matters the enclosed Prehearing Conference Memorandum of Peoples Natural Gas Company LLC.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink that reads "William H. Roberts II".

Counsel for Peoples
Natural Gas Company LLC

cc: The Honorable Elizabeth H. Barnes
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

Theodore J. Gallagher, Sr. Counsel
Nisource Corporate Services Company
121 Champion Way Suite 100
Canonsburg, PA 15317
724-416-6355
tgallagher@nisource.com

Elizabeth Rose Triscari, Esq.
Steven C. Gray, Esq.
Sharon Webb, Esq.
Office of Small Business Advocate
Suite 1102
300 North Second Street
Harrisburg, PA 17101
717-783-2525
etriscari@pa.gov

Teresa K. Schmittberger, Esq.
McNees Wallace and Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108
717 237-5270
tschmittberger@mwn.com

William E. Lehman, Esq.
Thomas J. Sniscak, Esq.
Hawke McKeon & Sniscak LLP
100 North Tenth Street
PO Box 1778
Harrisburg, PA 17105-1778
717 236-1300
tjsniscak@hmslegal.com
welehman@hmslegal.com

Tanya J. McCloskey, Esq.
James A. Mullins, Esq.
Office of Consumer Advocate
Forum Place 5th Floor
555 Walnut Street
Harrisburg, PA 17101-1923
717 783-5048
tmccloskey@paoca.org
jmullins@paoca.org

Mark C. Morrow, Esq.
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
610 768-3628
morrow@ugicorp.com

Maureen Geary Krowicki, Esq.
National Fuel Distribution Corporation
PO Box 2081
1100 Erie Street
Erie, PA 16512
814 871-8035
krowickim@natfuel.com

Allison C. Kaster, Esq.
Bureau of Investigation and
Enforcement
PO Box 3265
Harrisburg, PA 17105-3265
717 787-1976
akaster@pa.gov

David W. Gray, Esq.
Equitable Gas Company, LLC
225 North Shore Drive
Pittsburgh, PA 15212-5861
412 395-3634
dgray@eqt.com

Charles E. Thomas, Jr., Esq.
Thomas T. Niesen, Esq.
Thomas Long Niesen & Kennard
PO Box 9500
Harrisburg, PA 17108-9500
717 255 7615
cthomasjr@thomaslonglaw.com
tniesen@thomaslonglaw.com

Michael S. Swerling, Esq.
PECO Energy Company
230 I Market Street – S23-1
Philadelphia, PA 19101-8699
215 841-4220
michael.swerling@exeloncorp.com

Hon. Elizabeth H. Barnes
Office of Administrative Law Judges
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
717 787-1399



William H. Roberts II

Dated this 30th day
of August, 2012

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Generic Investigation or	:	
Rulemaking Regarding "Gas-On-Gas" Competition	:	
Between Jurisdictional Natural Gas Distribution	:	Docket No. P-2011-2277868
Companies	:	
	:	
Generic Investigation Regarding Gas-On-Gas	:	
Competition Between Jurisdictional Natural	:	Docket No. I-2012-2320323
Gas Distribution Companies	:	

**PREHEARING CONFERENCE MEMORANDUM OF
PEOPLES NATURAL GAS COMPANY LLC**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

Peoples Natural Gas Company LLC (Peoples) hereby submits this Prehearing Conference Memorandum pursuant to 52 Pa. Code § 5.224(c).

I. SERVICE OF DOCUMENTS

Peoples requests that all documents be served on:

William H. Roberts II
Peoples Natural Gas Company LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212
Phone: (412) 208-6527
Fax: (412) 208-6577
Email: william.h.roberts@peoples-gas.com

Peoples agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies also be served upon Joseph A. Gregorini at joseph.a.gregorini@peoples-gas.com.

II. PROCEDURAL HISTORY

On December 8, 2011, the Bureau of Investigation and Enforcement (BI&E), the Office of Consumer Advocate (OCA), Office of Small Business Advocate (OSBA), Peoples TWP LLC (PeoplesTWP) and Peoples Natural Gas Company (Peoples) (together “Joint Petitioners”) jointly filed a petition (Joint Petition) in which they requested the Commission institute an investigation or rulemaking to address distribution base rate discounting among natural gas distribution companies (NGDCs) with overlapping service territories, often referred to as “gas-on-gas” competition. On December 28, 2011, the Industrial Energy Consumers of Pennsylvania (IECPA) filed an answer to the Joint Petition.

On July 25, 2012, the Commission issued a Secretarial Letter stating that the Commission has determined that separately resolving NGDC gas-on-gas competition issues in each of the NGDC’s next individual base rate proceedings could lead to inequitable results. The Commission further stated that it agrees with Joint Petitioners that the issues related to a NGDC’s flexing of distribution rates to meet the lower rates from other NGDCs and the treatment of flexed revenues for ratemaking purposes in future ratemaking proceedings should be resolved through a generic investigation. The Commission assigned this matter to the Office of Administrative Law Judge (OALJ) for disposition and resolution and invited other interested parties to file interventions in order to participate in these proceedings.

As of the time of filing of this Prehearing Conference Memorandum, the following parties have filed petitions to intervene in one or both of the above-referenced dockets: Columbia Gas of Pennsylvania, Inc., UGI Distribution Companies (consisting of UGI Utilities, Inc., and its wholly-owned subsidiaries UGI Central Penn Gas, Inc. and UGI Penn Natural Gas, Inc.), National Fuel Gas Distribution Corporation, The Pennsylvania State University, PECO Energy Company, Equitable Gas Company, and IECPA. In addition, the Commission’s Bureau

of Investigation and Enforcement and the Office of Small Business Advocate have filed notices of appearance.

On August 9, 2012, the Commission issued a Notice of Initial Prehearing Conference to be held on August 31, 2012, and advising that Administrative Law Judge Elizabeth H. Barnes would be presiding. On August 23, 2012, ALJ Barnes issued a Prehearing Conference Order.

III. MATTERS FOR CONSIDERATION AT PREHEARING CONFERENCE

Paragraph 8 of the Prehearing Conference Order lists eight subject matters to be considered at the prehearing conference. In addition, section 5.222 of the Commission's rules relating to Formal Proceedings, 52 Pa. Code § 5.222, also lists matters to be considered at a prehearing conference in a nonrate proceeding. All of the subject matters listed in the Prehearing Conference Order and in Rule 5.222 relate to procedure.

Peoples submits that it is premature in this case to consider the listed subject matters when the scope of the proceeding has not been established. By scope, reference is made to both subject matter and type of proceeding. With regard to subject matter, it is obvious that gas-on-gas competition is the subject matter, but the Commission gave no indication to what extent the subject matter should be addressed. For example, are the parties expected to address the merits of gas-on-gas competition generally - that is, the pros and cons of allowing any gas-on-gas competition - or do they take as a given that gas-on-gas competition exists and limit their subject matter to the ratemaking issues arising from such competition? With regard to type of proceeding, there is not yet any basis to conclude that factual issues have to be determined in this case, and so there is no basis for presuming that evidentiary hearings are needed and, correspondingly, no basis for presuming discovery must be scheduled or witnesses identified. If there are no factual issues, then this matter can be resolved on written comments or briefs.

Peoples, therefore, proposes that the initial matter to be addressed at the prehearing conference should be the scope of this proceeding. In the event there are differences among parties as to that scope, the parties should have the opportunity to file written comments to assist the presiding ALJ in making her determination. After a determination of the scope of the proceeding is made, a further prehearing conference should be scheduled to address procedural issues.

IV. WITNESSES

If it is determined that evidentiary hearings will be held, then Peoples intends to present the testimony of Joseph A. Gregorini, who will testify as to the following subject matter:

Witness	Subject Matter
Joseph A. Gregorini, Vice President Peoples Natural Gas Company LLC 375 North Shore Drive, Suite 600 Pittsburgh, PA 15212 Phone: (412) 208-7905 Email: joseph.a.gregorini @peoples-gas.com	Price competition for competitive customers. Ratemaking impacts of flexed delivery charges.

Peoples reserves the right to present additional witnesses, testimony, and exhibits on all matters arising during the course of the proceeding, including all matters raised by other parties.

V. DISCOVERY, PROCEDURAL SCHEDULE, AND PROTECTIVE ORDER

Peoples and the other parties have not discussed these matters, all of which Peoples believes to be dependent on the determination of the scope of the proceeding.

VI. SETTLEMENT

As of this time, no settlement discussions have been held. Peoples remains open and available for settlement discussions with the other parties and would support initiatives to begin settlement discussions at the earliest possible date.

Respectfully submitted,



William H. Roberts II, Esquire (I.D. # 54724)
Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212
Telephone: (412) 208-6527
Facsimile: (412) 208-6575
E-mail: william.h.roberts@peoples-gas.com

Date: August 30, 2012

Counsel for *Peoples Natural Gas Company LLC*