

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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(717) 783-5048
800-684-6560 (in PA only)

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

April 12, 2013

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

RE: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc. 1307(f)
Docket No. R-2013-2351073

Office of Consumer Advocate v. Columbia
Gas of Pennsylvania, Inc. 1307(f)
Docket No. C-2013-2354079

Office of Small Business Advocate v.
Columbia Gas of Pennsylvania, Inc. 1307(f)
Docket No. C-2013-2354106

Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Erin L. Gannon".

Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. # 83487

Enclosures

cc: Hon. Joel H. Cheskis
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2013-2351073
	:	
Columbia Gas of Pennsylvania, Inc.	:	
	:	
Office of Consumer Advocate	:	
	:	
v.	:	Docket No. C-2013-2354079
	:	
Columbia Gas of Pennsylvania, Inc.	:	
	:	
Office of Small Business Advocate	:	
	:	
v.	:	Docket No. C-2013-2354106
	:	
Columbia Gas of Pennsylvania, Inc.	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333 and the Prehearing Conference Order issued by Administrative Law Judge Dennis J. Buckley on April 1, 2013, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On or about March 1, 2013, Columbia Gas of Pennsylvania (Columbia or the Company) submitted its purchased gas cost (PGC) pre-filing information, 52 Pa. Code §§ 53.64, 53.65, in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility

Code. 66 Pa. C.S. § 1307(f). On March 6, 2013, the Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance. On March 20, 2013, the Office of Small Business Advocate (OSBA) filed a Formal Complaint. On March 22, 2013, the OCA filed a Formal Complaint. On March 28, 2013, Columbia Industrial Intervenors (CII) filed a Petition to Intervene. On April 1, 2013, Columbia filed a letter with the Commission stating that, for the quarterly period commencing April 1, 2013, the Company's recalculated PGC rate does not differ by more than 2% from the currently effective rate. Accordingly, Columbia did not propose to implement any quarterly change to its PGC rate. Also on April 1, 2013, Columbia submitted its definitive, annual PGC filing, which proposes a rate of \$0.53454/Therm for service rendered on or after October 1, 2013. This is a decrease of \$0.00412/Therm in its gas cost recovery rate from the current rate of \$0.53866/Therm. This assumes there are no changes to the currently effective PGC rates on July 1, 2013.

The Company's filing was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Joel H. Cheskis for investigation and scheduling of hearings to determine whether Columbia's gas costs comply with the standards set forth in the Public Utility Code.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of Columbia's PGC filing, the OCA has compiled a list of issues and sub-issues that it anticipates will be included in its investigation of the Company's proposed rate changes. It is anticipated that the OCA will identify other issues upon further review of Columbia's filing, and that other issues may arise and may be pursued after the answers to all of the OCA's interrogatories have been received and analyzed.

As soon as the OCA has completed its review of the Company's filing, including issuing discovery and review of the Company's responses, it is expected that informal discovery meetings can be scheduled. At those meetings, the OCA will be able to narrow the scope of information requests. After the discovery process has been completed, the OCA will file its Direct Testimony, which will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify its specific recommendations and fully participate in settlement negotiations between the parties.

The following list sets forth a more specific identification of the issues that OCA anticipates it will investigate and may raise, in addition those discussed above:

1. Reasonableness and prudence of historic purchased gas costs, and assessment of compliance with Commission Orders in prior 1307(f) cases;
2. Reasonableness and accuracy of estimating gas costs during the interim and prospective periods;
3. Reasonableness and prudence of the Company's gas supply mix, including purchases of local gas suppliers and price volatility risk management programs and policies;
4. Reasonableness and prudence of the Company's mix of demand entitlements, storage and local production, to include an assessment of the reasonableness of the Company's estimate of design day requirements;
5. Reasonableness and prudence of contracts with pipelines and suppliers, and in particular, long-term contracts that provide for special reservation charges, minimum take commitments or other fixed contract requirements, especially in light of any other subsidies or unreasonable discrimination between customer classes;

6. Reasonableness and prudence of the Company's use of capacity release, off-system sales and interruptible sales, and the crediting of such revenues to PGC ratepayers;

7. Assessment of the value of the purchased gas cost incentive mechanisms as components of a least cost fuel procurement policy. These may include incentive mechanisms for off-systems sales, capacity release, spot market purchases and hedging;

8. Reasonableness of sales volumes projections; and

9. Technical issues pertaining to the gas cost recovery mechanism, including computation of quarterly adjustments to purchased gas costs, treatment of supplier refunds, provision of carrying costs associated with gas in storage, interest on gas overcollections, and proper computation of the E-factor and migration riders.

The OCA will examine each of these issues and all changes proposed in the Company's filing to ascertain if they comply with the terms and policies of the Public Utility Code, the Natural Gas Choice and Competition Act, and sound ratemaking and cost allocation principles. The OCA will recommend any appropriate changes to ensure that customers pay only reasonable purchased gas costs and to address customers' reliability needs.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of Ralph E. Miller in this proceeding. Mr. Miller will present testimony in written form and will also attach various exhibits, documents and explanatory information that will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony and answers to interrogatories be mailed directly to its expert witness at the following address, as well as mailing a copy to counsel for the OCA:

Ralph E. Miller
5502 Western Ave.
Chevy Chase, MD 20815
Telephone: 301-652-5522
E-mail: ralph-e-miller@ralphmiller.org

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SERVICE ON THE OCA

The OCA will be represented in this case by Assistant Consumer Advocates Erin L. Gannon and Aron J. Beatty. Two copies of the documents should be served on the OCA as follows:

Erin L. Gannon
Assistant Consumer Advocate
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
E-mail: egannon@paoca.org

The OCA requests that any documents served electronically also be directed to the OCA's consultant, Mr. Miller, and to our Legal Assistant, Cammie Shoen at cshoen@paoca.org.

V. PROPOSED REVISED RULES / DISCOVERY

Because time for preparation of complainant testimony is limited, the OCA submits that a shortened discovery response time in this proceeding is necessary to enable complainant parties to have adequate time to investigate the Company's claims and present testimony. The OCA, therefore, requests the following modifications to the timeframes specified by the Commission's regulations for discovery matters on a going-forward basis.

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service of the interrogatories;

2. Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories; unresolved objections shall be served on the parties, with a certificate of service filed with the Secretary's Bureau, within five (5) days of service of the interrogatories;

3. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections;

4. Answers to motions to dismiss objections or direct the answering of interrogatories shall be filed within three (3) calendar days of service of such motions;

5. Rulings over motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion;

6. Responses to requests for document production, entry for inspection, or other purposes shall be served in-hand within ten (10) calendar days;

7. Requests for admission shall be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service of the requests; and

8. Answers to on-the-record data requests shall be served in-hand within seven (7) calendar days of the requests.

9. The OCA proposes that any discovery served after 12 noon on a Friday will be deemed to have been served on the following business day for purposes of tracking due dates.

10. The OCA proposes that the due dates be "in-hand" and that electronic or fax service on the due date will satisfy the "in-hand" requirement, where such service is immediately followed by a hard copy sent by first-class mail.

The OCA notes that all time periods established in the foregoing proposed changes to the rules should be calculated using calendar days.

VI. PUBLIC INPUT HEARINGS

The OCA is unaware of any specific consumer requests for public input hearings in this matter to date. If the OCA becomes aware of substantial consumer interest, however, the OCA will promptly notify the Administrative Law Judge and parties to request a public input hearing.

VII. PROPOSED SCHEDULE

The OCA's proposed litigation schedule is attached as Appendix A. It is our understanding that this schedule is acceptable to Columbia, OTS, OSBA and CII. The OCA will continue to work with the parties to develop a litigation schedule that will be acceptable to the Presiding Officer and all active parties involved in this proceeding.

Respectfully Submitted,



Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. # 83487
E-Mail: EGannon@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

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Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: April 12, 2013
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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v.	:	Docket No. R-2013-2351073
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Columbia Gas of Pennsylvania, Inc.	:	
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Office of Small Business Advocate	:	
	:	
v.	:	Docket No. C-2013-2354106
	:	
Columbia Gas of Pennsylvania, Inc.	:	

OCA PROPOSED SCHEDULE

Prehearing Conference	April 15
Direct Testimony ¹	May 10
Rebuttal Testimony	June 3 by noon
Surrebuttal Testimony	June 10 by 4 p.m.
Hearings in Harrisburg	June 13 and June 14, 2013
Main Briefs	June 27
Reply Briefs	July 8

¹ The OCA proposes that the schedule dates be “in-hand” and that electronic service on the due date will satisfy the “in-hand” requirement, where a hard copy is sent by first-class mail.

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2013-2351073
Office of Consumer Advocate	:		C-2013-2354079
Office of Small Business Advocate	:		C-2013-2354106
v.	:		
Columbia Gas of Pennsylvania, Inc.	:		
1307(f) Proceeding	:		

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum, 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 12th day of April 2013.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Charles Daniel Shields, Senior Prosecutor
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Michael W. Hassell, Esq.
Jessica Rogers, Esq.
Post & Schell, P.C.
17 North Second Street, 12th Fl.
Harrisburg, PA 17101

Elizabeth Rose Triscari, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Kimberly S. Cuccia, Esq.
Theodore J. Gallagher, Esq.
Columbia Gas of Pennsylvania, Inc.
121 Champion Way, Suite 100
Canonsburg, PA 15317

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