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May 8, 2013

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA HAND DELIVERY**

**RE: Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC for All of the Authority and the Necessary Certificates of Public Convenience (1) To Transfer All of the Issued and Outstanding Limited Liability Company Membership Interest of Equitable Gas Company, LLC and PNG Companies LLC, (2) To Merge Equitable Gas Company, LLC with Peoples Natural Gas Company LLC, (3) To Transfer Certain Storage and Transmission Assets of Peoples Natural Gas Company LLC to Affiliates of EQT Corporation, (4) To Transfer Certain Assets Between Equitable Gas Company, LLC and Affiliates of EQT Corporation, (5) for Approval of Certain Ownership Changes Associated with the Transaction, (6) for Approval of Certain Associated Gas Capacity and Supply Agreements, and (7) for Approval of Certain Changes in the Tariff of Peoples Natural Gas Company LLC; Docket Nos. A-2013-2353647, A-2013-2353649, and A-2013-2353651**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") is the Prehearing Memorandum of the Peoples-Equitable Merger Intervenors ("PEMI") regarding the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document. Please date stamp the extra copy of this transmittal letter and Prehearing Memorandum, and kindly return them to our messenger for our filing purposes. Thank you.

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Rosemary Chiavetta, Secretary  
May 8, 2013  
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Sincerely,

McNEES WALLACE & NURICK LLC

By   
Vasiliki Karandrikas

Counsel to the Peoples-Equitable Merger Intervenors

VK/sds

Enclosures

c: Administrative Law Judge, Mark A. Hoyer (via E-mail and First-Class Mail)  
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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Peoples Natural Gas :  
Company LLC, Peoples TWP LLC, and :  
Equitable Gas Company, LLC for All of the :  
Authority and the Necessary Certificates of :  
Public Convenience (1) To Transfer All of the :  
Issued and Outstanding Limited Liability :  
Company Membership Interest of Equitable :  
Gas Company, LLC and PNG Companies :  
LLC, (2) To Merge Equitable Gas Company, :  
LLC with Peoples Natural Gas Company :  
LLC, (3) To Transfer Certain Storage and :  
Transmission Assets of Peoples Natural Gas :  
Company LLC to Affiliates of EQT :  
Corporation, (4) To Transfer Certain Assets :  
Between Equitable Gas Company, LLC and :  
Affiliates of EQT Corporation, (5) for :  
Approval of Certain Ownership Changes :  
Associated with the Transaction, (6) for :  
Approval of Certain Associated Gas Capacity :  
and Supply Agreements, and (7) for Approval :  
of Certain Changes in the Tariff of Peoples :  
Natural Gas Company LLC :

Docket Nos. A-2013-2353647  
A-2013-2353649  
A-2013-2353651

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**PREHEARING MEMORANDUM OF  
PEOPLES-EQUITABLE MERGER INTERVENORS**

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Pursuant to the April 24, 2013 Prehearing Conference Order issued by Administrative Law Judge ("ALJ") Mark A. Hoyer, Peoples-Equitable Merger Intervenors ("PEMI") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

**I. HISTORY OF THE PROCEEDING**

On March 21, 2013, Peoples Natural Gas Company LLC ("Peoples"), Peoples TWP LLC ("Peoples TWP"), and Equitable Gas Company, LLC ("Equitable") (together, "Applicants"), filed a Joint Application with the Pennsylvania Public Utility Commission ("PUC" or

"Commission") seeking: (1) to transfer all of the issued and outstanding limited liability membership interest of Equitable to PNG Companies, LLC, the parent company of Peoples; (2) to merge Peoples with Equitable; (3) to transfer certain storage and transmission assets of Peoples to affiliates of EQT Corporation ("EQT"), the ultimate parent company of Equitable; (4) to transfer certain assets between Equitable and affiliates of EQT; (5) for approval of certain ownership changes associated with the proposed transaction; (6) for approval of certain associated gas capacity and supply agreements; and (7) for approval of certain changes in the Peoples tariff ("Proposed Transaction").

On April 17, 2013, the Applicants submitted Direct Testimony setting forth additional details in support of the Proposed Transaction, including the elimination of "gas-on-gas" competition; avoided replacement costs; the transfer of assets and associated commercial agreements; changes to the Peoples tariff; and the continued operation of Equitable following the close of the Proposed Transaction.

On April 15, 2013, PEMI filed a Protest in this proceeding. A description of PEMI is set forth in Paragraph 5 of PEMI's Protest.

## II. SERVICE LIST

*The names and address for purposes of the service list in this proceeding are:*

Pamela C. Polacek (I.D. No. 78276)  
Vasiliki Karandrikas (I.D. No. 89711)  
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### III. ANTICIPATED ISSUES AND SUB-ISSUES

PEMI's preliminary review of the Applicants' filing indicates the need for Commission investigation into at least the following issues:

- (a) Whether the Proposed Transaction satisfies the City of York standard;<sup>1</sup>
- (b) Whether the Proposed Transaction's effective elimination of "gas-on-gas" competition in overlapping portions of the Equitable and Peoples service territories is contrary to economic development and the public interest;
- (c) Whether Peoples' and Equitable's intentions to cease investment in maintaining and/or replacing aging pipelines in the overlapping portions of the companies' service territories will impact the costs, terms, and/or conditions of service for large commercial and industrial customers;
- (d) Whether Peoples' proposed tariff changes, including the imposition of an "AVC capacity charge" on transportation customers with a negotiated delivery rate, result in unjust and unreasonable rates, terms and/or conditions of service for customers; and
- (e) Whether the Proposed Transaction is "likely to result in anticompetitive or discriminatory conduct, including the unlawful exercise of market power, which will prevent retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market."<sup>2</sup>

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<sup>1</sup> The City of York standard requires "those seeking approval of a utility merger" to "demonstrate more than a mere absence of any adverse effect on the public" by showing that "the merger will affirmatively propose the 'service, accommodation, convenience or safety of the public' in some substantial way." City of York v. Pa. P.U.C., 449 Pa. P.U.C. (1972).

<sup>2</sup> 66 Pa. C.S. § 2210(a)(1).

PEMI reserves the right to raise and address other issues of concern during the course of the proceeding.

**IV. PROPOSED WITNESSES**

PEMI is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PEMI decides to sponsor testimony, it will immediately inform the parties and the ALJ of any intended witnesses and topics of testimony. PEMI also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

**V. PROPOSED SCHEDULE AND DISCOVERY RULES**

PEMI proposes the following procedural schedule:

Application Filed	March 19, 2013
Applicants' Direct Testimony	April 17, 2013
Prehearing Conference	May 9, 2013
Other Parties' Direct Testimony	August 26, 2013
Rebuttal Testimony	September 30, 2013
Surrebuttal Testimony	October 30, 2013
Outlines of Rejoinder	November 11, 2013
Evidentiary Hearings	November 19-21, 2013
Main Briefs	December 30, 2014
Reply Briefs	January 31, 2014

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PEMI will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

**VI. POSSIBILITY OF SETTLEMENT**

PEMI is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By Vasiliki Karandrikas  
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Counsel to the Peoples-Equitable Merger  
Intervenors

Dated: May 8, 2013

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## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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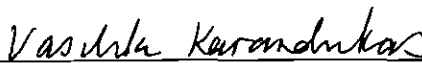
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Vasiliki Karandrikas

Counsel to Peoples-Equitable Merger Intervenors

Dated this 8<sup>th</sup> day of May, 2013, at Harrisburg, Pennsylvania.

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