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June 19, 2013

VIA ELECTRONIC FILING

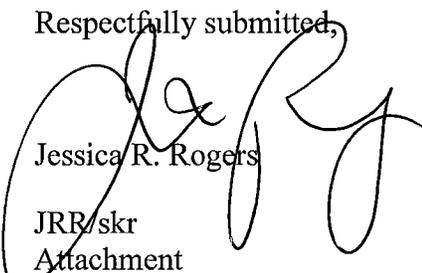
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of Peoples Natural Gas Company LLC for Approval of a Distribution
System Improvement Charge
Docket Nos. P-2013-2344596 and C-2013-2348847**

Dear Secretary Chiavetta:

Attached please find the Prehearing Memorandum of Peoples Natural Gas Company LLC in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Jessica R. Rogers

JRR/skr
Attachment

cc: Certificate of Service
Honorable Mary D. Long
Honorable Jeffrey Watson

CERTIFICATE OF SERVICE
(Docket Nos. P-2013-2344596 and C-2013-2348847)

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

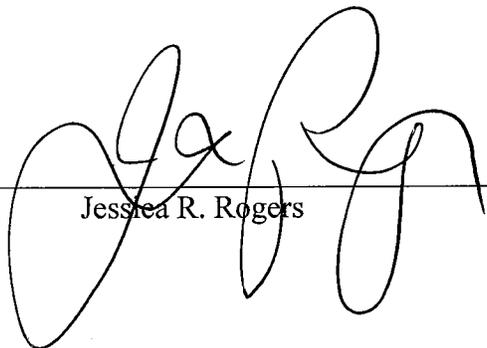
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Kevin J. Moody, Esquire
Vice President and General Counsel
Pennsylvania Independent Oil & Gas
Association
212 Locust Street, Suite 300
Harrisburg PA 17101

DATED: June 19, 2013



Jessica R. Rogers

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Peoples National Gas Company LLC for Approval of a Distribution System Improvement Charge	:	
	:	P-2013-2344596
	:	
Office of Consumer Advocate	:	
	:	
v.	:	C-2013-2348847
	:	
Peoples Natural Gas Company LLC	:	

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

TO ADMINISTRATIVE LAW JUDGES MARY D. LONG AND JEFFREY A. WATSON:

Peoples Natural Gas Company LLC (“Peoples”), hereby submits this Prehearing Memorandum in response to the Notice of Prehearing Conference dated June 3, 2013 and the Prehearing Conference Order dated June 4, 2013.

I. BACKGROUND

On January 23, 2013, Peoples filed a Long Term Infrastructure Improvement Plan (“LTIIIP”) pursuant to Section 1352 of the Public Utility Code, 66 Pa. C.S. § 1352. On January 31, 2013, pursuant to Section 1353, Peoples filed a Petition for Approval of a Distribution System Improvement Charge (“DSIC”). 66 Pa. C.S. § 1353.

On February 12, 2013, the Office of Consumer Advocate (“OCA”) filed Comments on the LTIIIP. On February 19, 2013, Pennsylvania Independent Oil & Gas Association (“PIOGA”) filed a Petition to Intervene. On February 20, 2013, the OCA filed an Answer, Notice of Intervention and Formal Complaint and Public Statement. Also on February 20, 2013, the Office of Small Business Advocate (“OSBA”) filed an Answer, Notice of Intervention, Public Statement, and Notice of Appearance.

On March 4, 2013, Peoples filed an Answer to the OCA's Complaint. On March 22, 2013, Peoples filed a letter indicating that it was delaying the filing of its updated DSIC rate and tariff until the Commission had issued an order in the LTIP and DSIC proceedings. On April 8, 2013, Peoples filed a letter clarifying certain statements made in its LTIP and DSIC petitions and their supporting documents.

On April 29, 2013, the United States Steel Corporation filed a Petition to Intervene.

By Order entered May 23, 2013, the Public Utility Commission ("Commission") approved Peoples' LTIP and DSIC. The DSIC was approved subject to refund, pending final resolution of issues raised in the parties' filings and identified in the Commission's Order. In the May 23 Order, the Commission also denied the United States Steel Corporation's Petition to Intervene as untimely.

II. WITNESSES

As part of its direct case, Peoples will present the following witnesses who will testify as to the matters explained in the following prefiled statements:

Witness & General Subject Matter

Statement

Andrew Wachter
375 North Shore Drive, Suite 600
Pittsburgh, Pennsylvania 15212

Peoples St. No. 1

DSIC Tariff and Calculations

Kenneth Johnston
375 North Shore Drive, Suite 600
Pittsburgh, Pennsylvania 15212

Peoples St. No. 2

**Smart Modernization Plan, Customer
Owned Service Lines, Reliability
Improvements, Special Meter
Technology, and Additional Expenses**

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.

III. ISSUES

In its May 23, 2013 Order, the Commission directed that the following issues be assigned to the Office of Administrative Law Judge for hearing and preparation of a Recommended Decision:

- a. DSIC-recovery of costs related to customer owned service lines, reliability improvements, special meter technology, information technology support, and vehicles, tools and equipment;
- b. Impact of accumulated deferred income taxes associated with DSIC investments; and
- c. Calculation of state income tax component of the DSIC revenue requirement.

Peoples does not believe that any other issues should be raised in this proceeding.

IV. SCHEDULE

Peoples proposes the following procedural schedule, which is acceptable to the parties to this proceeding.

July 1	Supplemental Direct of Peoples
August 6	Other Parties' Direct
September 5	Rebuttal
October 3	Surrebuttal
October 17	Written Rejoinder
Nov 12-13	Hearings in Harrisburg

All dates are for in-hand delivery. Electronic mail for receipt and distribution of testimony and exhibits will satisfy in-hand service dates, with follow-up hard copies provided by first class mail.

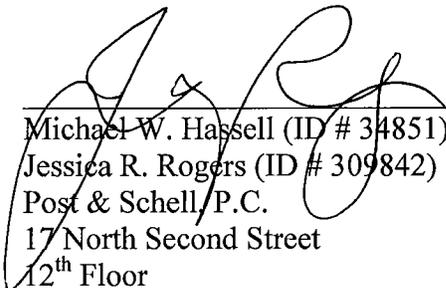
V. DISCOVERY

Peoples does not propose any modifications regarding discovery in this proceeding.

VI. SETTLEMENT

Peoples will work with the parties to attempt to resolve all or portions of this case.

Respectfully submitted,



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Of Counsel:

Post & Schell, P.C.

Date: June 19, 2013

Attorneys for Peoples Natural Gas Company LLC