

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105

PA PUC et al. v. Peoples Natural
Gas Company LLC and Peoples
Natural Gas Company LLC-
Equitable Division.

Public Meeting: August 11, 2016
2528562-ALJ
Docket Nos. R-2016-2528562, et al.

PA PUC, OSBA, OCA v. Peoples
TWP LLC.

2528557-ALJ
Docket Nos. R-2016-2528557, et al.

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

Before the Commission are two Joint Petitions for Settlement of the 2016 Purchase Gas Cost filings (Filings) of Peoples Natural Gas Company LLC (Peoples LLC), acting on behalf of its Peoples Division and its Equitable Division (Peoples-Equitable), and Peoples TWP LLC (Peoples TWP), (collectively "Companies") pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), and the Commission's regulations at 52 Pa.Code § 53.65.

As part of the Bureau of Investigation and Enforcement's (I&E's) review of these two filings, it was established that total lost and unaccounted for (LAUF) percentages have increased for all of the Companies. Even though the Companies have met the maximum LAUF requirements established for the distribution component of their systems in accordance with the Commission's regulations, I remain concerned about the overall system LAUF, which includes losses from other system components such as transmission, storage, and gathering.

More specifically, I&E asserts that, although the Commission's metric is satisfied, the LAUF on a total system (distribution and gathering) basis for the Peoples and Equitable Divisions has increased by 826,406 Mcf from August 31, 2014 to August 31, 2015.¹ I&E asserts the Commission's LAUF metrics apply only to distribution system losses; however, I&E remains concerned about the high levels of LAUF on the gathering system and the recent LAUF increase on a total system basis. Similarly, for Peoples TWP, the three year average of LAUF was 2.87%, which was comprised of 2.27% for the year ended August 31, 2013, 2.88% for the year ended August 31, 2014 and 3.36% for the year ended August 31, 2015. Although the Commission's metric is satisfied, the LAUF on Peoples TWP total system (distribution and gathering) has increased by 429,779 Mcf from August 31, 2013 to August 31, 2015.

I&E is to be commended for drawing attention to this trend of increasing total system LAUF. Such increases impact PGC customers, since LAUF costs are embedded in PGC rates, or are reflected in increased Natural Gas Supplier fuel retention rates that are ultimately paid for by shopping customers. I encourage the parties to continue to monitor total system LAUF and provide this information to the Commission to help guide our future decision making in these PGC filings.



Andrew G. Place, Vice Chairman

DATE: August 11, 2016

¹ The Peoples Division and Equitable Division two year average of LAUF is 4.1%, which is comprised of 3.8% for the year ended August 31, 2014 and 4.4% for the year ended August 31, 2015.