



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

November 28, 2016

Rosemary Chiavetta
Pa. Public Utility Commission
2nd Floor, 400 North Street
P.O. Box 3265
Harrisburg, PA 17105

Re: Pennsylvania Public Utility Commission Bureau of Investigation and
Enforcement v. Vantage Energy Appalachia, LLC; Docket No. 2016-

Dear Secretary Chiavetta:

Enclosed for filing is the Complaint on behalf of the Bureau of Investigation and
Enforcement in the above-referenced case. Copies have been served on the parties of
record in accordance with the Certificate of Service.

If you have any questions on this matter, please call me at 717-214-9594.

Sincerely,

A handwritten signature in cursive script that reads "Heidi L. Wushinske".

Heidi L. Wushinske
Senior Prosecutor
PA Attorney ID No. 93792

Enclosures

cc: As per Certificate of Service

RECEIVED
2016 NOV 28 PM 1:13
SECRETARY'S BUREAU
PA PUC

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

NOV 28 2016

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement, :
Complainant :

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

v. :

Docket No. C-2016

Vantage Energy Appalachia, LLC, :
Respondent :

NOTICE

A. You must file an Answer within 20 days of the date of service of this Complaint. 52 Pa. Code § 5.61(a). The date of service is the mailing date as indicated at the top of the Secretarial Letter. See 52 Pa. Code § 1.56(a). The Answer must raise all factual and legal arguments that you wish to claim in your defense, include the docket number of this Complaint, and be verified. You may file your Answer by mailing an original to:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

B. The answer must be in writing and (1) set forth in paragraphs numbered to correspond with the complaint; (2) advise the parties and the Commission as to the nature of the defense; (3) admit or deny specifically all material allegations of the complaint; (4) state concisely the facts and matters of law relied upon; and, (5) include a copy of a document, or the material part of a document when relied upon in the answer. If the writing or a copy is not available, the answer must set forth that the document is not available and the reason, and set forth the substance of the document. 52 Pa. Code § 5.61(b).

C. Alternatively, you may eFile your Answer using the Commission's website at www.puc.pa.gov. The link to eFiling is located under the Filing & Resources tab on the homepage. If your Answer is 250 pages or less, you are not required to file a paper copy. If your Answer exceeds 250 pages, you must file a paper copy with the Secretary's Bureau. If you choose to e-file, hard copies should be mailed to:

Heidi L. Wushinske, Senior Prosecutor
Michael L. Swindler, Deputy Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

D. If you fail to answer this Complaint within 20 days, the Bureau of Investigation and Enforcement will request that the Commission issue an Order imposing the penalty.

E. You may elect not to contest this Complaint by paying the civil penalty within 20 days. Your check or money order for the civil penalty should be payable to the Commonwealth of Pennsylvania and mailed to:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

F. If you file an Answer which either admits or fails to deny the allegations of the Complaint, the Bureau of Investigation and Enforcement will request the Commission to issue an Order imposing the penalty set forth in this Complaint.

G. If you file an Answer which contests the Complaint, the matter will be assigned to an Administrative Law Judge for hearing and decision. The Judge is not bound by the penalty set forth in the Complaint, and may impose additional and/or alternative penalties as appropriate.

H. If you are a corporation, you must be represented by legal counsel. 52 Pa. Code §1.21.

I. Alternative formats of this material are available for persons with disabilities by contacting the Commission's ADA Coordinator at 717-787-8714.

RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

NOV 28 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement,
Complainant

v.

Vantage Energy Appalachia, LLC,
Respondent

Docket No. C-2016

COMPLAINT
and
NOTICE OF AMOUNT DUE

NOW COMES the Pennsylvania Public Utility Commission's (Commission), Bureau of Investigation and Enforcement (I&E), by its prosecuting attorneys, pursuant to Section 2307(b) of Act 13 of 2012, the Unconventional Gas Well Impact Fee Act (Act 13 or Act), 58 Pa.C.S. §§ 2301 to 2318, and files this Complaint and Notice of Amount Due against Vantage Energy Appalachia, LLC (Vantage Appalachia or Respondent), alleging violations of Act 13.¹ In support of its Complaint, I&E respectfully represents the following:

PARTIES AND JURISDICTION:

1. The Pennsylvania Public Utility Commission (Commission), with a mailing address of P.O. Box 3265, Harrisburg, PA 17105-3265, is a duly constituted agency of the Commonwealth of Pennsylvania empowered to make all inquiries and determinations necessary to calculate and collect the fee, administrative charges or assessments imposed under Act 13, including, if applicable, interest and penalties.

¹ This Complaint and Notice of Amount Due should not be confused with that filed against Vantage Appalachia II, LLC. at Docket No. C-2016-2558268.

2. Complainant's prosecuting attorneys are as follows:

Heidi L. Wushinske
Senior Prosecutor
hwushinske@pa.gov
717.214.9594

Michael L. Swindler
Deputy Chief Prosecutor
mwindler@pa.gov

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

3. Respondent is an unconventional gas well producer, as defined in Section 2301 of Act 13, 58 Pa.C.S. § 2301, with a principal place of business at 116 Inverness Drive East, Suite 107, Englewood, CO 80112, attn. Linette Purdum.

4. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over the subject matter of this complaint and the actions of Respondent related thereto.

BACKGROUND:

5. Chapter 23 of Act 13 authorizes the Commission to collect, administer and distribute fees collected from unconventional gas well producers.²

6. Impact fees imposed under Act 13 were due by September 1, 2012, for wells spud³ before January 1, 2012, and April 1 for each subsequent year. 58 Pa.C.S. § 2303(a).

² An "unconventional gas well" is a "bore hole drilled or being drilled for the purpose of or to be used for the production of natural gas from an unconventional formation." 58 Pa.C.S. § 2301. An "unconventional formation" is a "geological shale formation... where natural gas generally cannot be produced at economic flow rates or in economic volumes except by vertical or horizontal well bores stimulated by hydraulic fracture treatments or by using multilateral well bores or other techniques to expose more of the formation to the well bore." *Id.*

³ "The actual start of drilling of an unconventional gas well." 58 Pa.C.S. § 2301.

7. Act 13 also authorizes the Commission to impose an annual administrative charge, not to exceed \$50 per spud unconventional gas well, to cover the actual costs incurred to enforce the requirements of Act 13. 58 Pa.C.S. § 2303(c)(1).⁴

8. Administrative charges must be paid with impact fees on April 1 of each year. 58 Pa.C.S. § 2303(c)(1).

9. The Act provides that, for producers with delinquent fees, the Commission shall assess interest. 58 Pa.C.S. § 2308(a). For the calendar year 2013, the interest rate was set at 3.0% pursuant to 61 Pa. Code § 4.2.

10. In addition to the assessed interest, the Commission shall add a penalty of 5% of the amount of the fee if the failure to timely pay is for less than one month, with an additional 5% penalty for each additional month or fraction of a month, not to exceed 25% in the aggregate. 58 Pa.C.S. § 2308(b).

11. The Commission may also assess civil penalties of up to \$2,500 per unconventional well impact fee and administrative charge for each day that a producer fails to make and continues to fail to make timely payment. 58 Pa.C.S. § 2310.

12. Respondent was required to file an Annual Report with the Commission listing the number of its spud unconventional gas wells subject to impact fees and administrative charges for the previous calendar year. 58 Pa.C.S. § 2303(b). The Annual Report for 2013 was due by April 1, 2014.

13. Respondent timely filed its Annual Report with the Commission for calendar year 2013. This Annual Report is attached hereto and marked Attachment A.

⁴ See also *Act 13 of 2012-Implementation of Unconventional Gas Well Impact Fee Act, Proposed Rulemaking*, Docket No. L-2013-2375551 (Order entered May 10, 2012) (*Proposed Rulemaking Order*).

14. According to the Commission's Fiscal Office (Fiscal Office) and Respondent's 2013 Annual Report, for calendar year 2013, Respondent identified the 22 wells in Paragraph 15 as unconventional wells.

15. Specifically, Respondent identified the following wells on its 2013 Annual Report:

Permit Number

1. 059-25233
2. 059-25402
3. 059-25518
4. 059-25566
5. 059-25585
6. 059-25586
7. 059-25617
8. 059-25771
9. 059-25867
10. 059-25868
11. 059-25871
12. 059-25872
13. 059-25902
14. 059-25936
15. 059-26201
16. 059-26202
17. 059-26203
18. 059-26204
19. 059-26205
20. 059-26209
21. 059-25783*
22. 059-25791*

*These wells were mistakenly omitted from Respondent's 2011 Annual Report. The fees due for these wells were applied to the 2013 total. In calendar year 2012, the wells were transferred from Vantage Appalachia to Vantage Appalachia II.

16. Based on Respondent's 2013 Annual Report, it owed a total of \$880,000 in impact fees on its wells.⁵

⁵ Respondent amended its 2013 report on May 27 and 28, 2014, after it made payment for the amount invoiced based on its initial report (\$480,000), resulting in additional impact fees of \$400,000.

17. Respondent paid \$480,000 in impact fees on April 7, 2014, and an additional \$400,000 in impact fees on September 26, 2014, for a total of \$880,000 in impact fees.

18. For 2013, the administrative charge due under Act 13 was \$50 per well. 58 Pa.C.S. § 2303(c)(1); *See also Proposed Rulemaking Order.*

19. Based on Respondent's 2013 Annual Report, it reported 22 wells subject to Act 13 administrative charges, for a total due of \$1,100.

20. These administrative charges were due by April 1, 2014.

21. To date, Respondent has not yet paid the \$1,100 administrative charges due for 2013.

22. Respondent has not filed any dispute contesting the amount of its administrative charges for 2013.

VIOLATIONS:

Count One

23. All allegations in paragraphs 1- 22 are incorporated as if fully set forth herein.

24. To date, Respondent has failed to comply with Act 13 in that it has not paid the full amount of administrative charges imposed under the Act for its unconventional gas wells listed in Paragraph 15. Payment in full of the administrative charges for these wells in the amount of \$1,100 was due by April 1, 2014.

If proven, this is a continuing violation of 58 Pa.C.S. § 2303(c) from April 2, 2014, until the administrative charges are paid in full.

RELIEF REQUESTED:

25. Based on the foregoing allegations, the Bureau of Investigation and Enforcement hereby requests the following relief:

- a. Respondent be ordered to pay its past due administrative charges in the amount of \$1,100, plus interest and penalties pursuant to 58 Pa.C.S. §§ 2303(a) and (b) in the amount of \$75.65, for total amount due of \$1,175.65;
- b. Respondent be ordered to pay a civil penalty of \$2,200; and
- c. Grant such other relief as the Commission deems appropriate.

WHEREFORE, for all the foregoing reasons, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission respectfully requests that, after consideration of the record, the Office of Administrative Law Judge and the Commission find Vantage Energy Appalachia, LLC in violation of each and every count as set forth herein and grant the relief specified above.

Respectfully submitted,



Heidi L. Wushinske
Senior Prosecutor
PA Attorney ID No. 93792
717.214.9594
hwushinske@pa.gov

Michael L. Swindler
Deputy Chief Prosecutor
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

Date: November 28, 2016

VERIFICATION

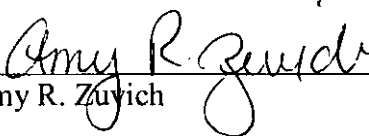
I, Amy R. Zuvich, Budget Analyst of the Pennsylvania Public Utility Commission's Fiscal Office ("Fiscal Office"), hereby state that the facts above set forth are true and correct to the best of my knowledge, information, and belief and that I expect that the Fiscal Office will be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: November 21, 2016

RECEIVED

NOV 28 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Amy R. Zuvich

RECEIVED

NOV 28 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ATTACHMENT A



Pennsylvania Public Utility Commission



Permit Number	Reporting Year	Well Type	Well Status	Operation Year	Impact Fee
					\$780,000.00
059-25233	2013	Horizontal	Active	3	\$30,000.00
059-25402	2013	Horizontal	Active	3	\$30,000.00
059-25518	2013	Horizontal	Active	3	\$30,000.00
059-25566	2013	Horizontal	Active	3	\$30,000.00
059-25585	2013	Horizontal	Active	3	\$30,000.00
059-25586	2013	Horizontal	Active	3	\$30,000.00
059-25617	2013	Horizontal	Active	3	\$30,000.00
059-25771	2013	Horizontal	Active	3	\$30,000.00
059-25867	2013	Horizontal	Active	2	\$40,000.00
059-25868	2013	Horizontal	Active	2	\$40,000.00
059-25871	2013	Horizontal	Active	2	\$40,000.00
059-25872	2013	Horizontal	Active	2	\$40,000.00
059-25902	2013	Horizontal	Active	2	\$40,000.00
059-25936	2013	Horizontal	Active	2	\$40,000.00
059-26201	2013	Horizontal	Stripper Or Less	1	\$50,000.00
059-26202	2013	Horizontal	Stripper Or Less	1	\$50,000.00
059-26203	2013	Horizontal	Stripper Or Less	1	\$50,000.00
059-26204	2013	Horizontal	Stripper Or Less	1	\$50,000.00
059-26205	2013	Horizontal	Stripper Or Less	1	\$50,000.00
059-26209	2013	Horizontal	Stripper Or Less	1	\$50,000.00

RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION NOV 28 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement, :
Complainant :
:
v. :
:
Vantage Energy Appalachia, LLC, :
Respondent :

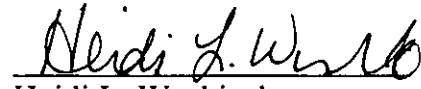
Docket No. C-2016

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 52 Pa. Code § 1.54 (relating to service by a party).

Notification by First Class Mail:

Linette Purdum
Vantage Appalachia II, LLC
116 Inverness Drive East, Suite 107
Englewood, CO 80112


Heidi L. Wushinske
Senior Prosecutor
PA Attorney I.D. No. 93792

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265
717.214.9594
hwushinske@pa.gov

Dated: November 28, 2016