



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

IN REPLY PLEASE
REFER TO OUR FILE

April 17, 2018

Via E-Filing

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

Re: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc.
Docket No. R-2018-2647577

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of
service. If you have any questions, please contact me at (717) 783-6170.

Sincerely,

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #320526

ELM/wsf
Enclosure

cc: Certificate of Service
ALJ Jeffrey A. Watson

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-2647577
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**PREHEARING MEMORANDUM OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE JEFFREY A. WATSON:

In accordance with the Prehearing Conference Order dated April 10, 2018, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutor assigned to this proceeding is Erika L. McLain. Ms. McLain may be contacted as follows:

By mail: Erika L. McLain
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: ermclain@pa.gov

Telephone: (717) 783-6170
FAX: (717) 772-2677

I. BACKGROUND

On March 16, 2018, Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”) filed Supplement No. 267 To Tariff – Gas Pa. P.U.C. No. 9 to become

effective May 15, 2018. It proposed to increase Columbia's total annual operating revenues by approximately \$46.9 million or 8.16%.

On April 5, 2018, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered an order suspending the implementation of Supplement No. 267 by operation of law until December 15, 2018, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 267. Further, the matter was assigned to the Office of Administrative Law Judge ("OALJ") to schedule such hearings as necessary to develop a record in this proceeding.

A Prehearing Conference is now scheduled for Wednesday, April 18, 2018, at 9:00 a.m., before Administrative Law Judge Jeffrey A. Watson ("ALJ Watson"). The Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") have filed Notices of Appearance. Petitions to Intervene have been filed by Shipley Choice, LLC, Dominion Retail, Inc., and Direct Energy (collectively the "NGS Parties"), the Community Action Association of Pennsylvania ("CAAP"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively "Direct Energy"). Formal Complaints have been filed by the OCA, OSBA, Columbia Industrial Intervenors ("CII"), and The Pennsylvania State University ("PSU"). The Bureau of Investigation and Enforcement, in accordance with the Prehearing Conference Order issued by ALJ Watson on April 10, 2018, now respectfully submits this Prehearing Memorandum.

II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Rate Base
 - Plant in Service;
 - Depreciation Reserve;
 - Annual Depreciation Expense;
 - Cost of Service;
 - Customer Count Projections;
 - Usage per Customer Projections;
 - Use of Fully Projected Future Test Year;
 - Appropriate Treatment of Flex Rate Revenue;
 - Forfeited Discounts;
 - Miscellaneous Service Revenue;
 - Rent from Gas Property;
 - Other Gas Revenue;
 - Materials and Supplies; and
 - Gas Storage Underground
- Rate Structure/ Rate Design
 - Customer Charges / Customer Cost Analysis
- Rate of Return
 - Overall Rate of Return;
 - Cost of Equity;
 - Cost of long-term debt;
 - Cost of short-term debt;
 - Capital Structure; and
 - Tax Cuts and Jobs Act
- Operating and Maintenance
 - Rate Case expense;
 - Payroll expense;
 - Incentive Compensation;
 - Pension Deferral amortization;
 - Outside Services;

- NCSC Shared Services/Operations expenses;
- C&I Network expense;
- Taxes; and
- Hardship Fund

Most of the issues raised by I&E will be supported by the Direct Testimony of I&E witnesses. If there are issues of Commission policy or legal interpretation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

III. WITNESSES

It is currently expected that I&E may call the following witnesses without being limited thereto:

Ethan Cline	<i>Fixed Utility Valuation Engineer</i>
Dusyant Patel	<i>Fixed Utility Financial Analyst</i>
Christopher Henkel	<i>Fixed Utility Financial Analyst</i>

The I&E witnesses may be contacted through the contact information listed above for Ms. McLain. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.¹ All active parties will be notified of any amendments to the I&E witness list.

¹ The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

IV. SCHEDULE

The parties have not yet agreed to a mutually acceptable schedule. I&E proposes the following procedural schedule:

Non-Company Direct	June 5
Rebuttal	July 3
Surrebuttal	July 17
Rejoinder Outline	July 20
Hearings ²	July 25-27
Main Briefs	August 16
Reply Briefs	August 31

Nevertheless, I&E is committed to cooperating with all parties to finalize an acceptable litigation schedule. I&E would like to note that Ms. McLain and I&E witness Patel will be unavailable the week of July 30 through August 7, 2018.

V. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of Smart Hearings where possible.

² I&E requests that the hearings be held in Harrisburg.

VI. DISCOVERY

Due to the time limitations in the proceedings, I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories shall be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within seven (7) days of service of interrogatories.
3. Motion to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 p.m. on any business day preceding a state holiday will be deemed to be served on the next business day.

VII. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other

relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

VIII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first-class mail.

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues.

Respectfully submitted,



Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

April 17, 2018

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2018-2647577
 :
 Columbia Gas of Pennsylvania, Inc. :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated April 17, 2018, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via First Class and Electronic Mail

Theodore J. Gallagher, Esquire
Columbia Gas of Pennsylvania, Inc.
121 Champion Way
Suite 100
Canonsburg, PA 15317
Counsel for Columbia Gas of PA, Inc.

Daniel G. Asmus
Office of Small Business Advocate
300 North Second Street
Suite 202, Commerce Building
Harrisburg, PA 17101

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 N. Tenth Street
Harrisburg, PA 17101

Dan Clearfield, Esquire
Kristine Marsilio, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
Counsel for Direct Energy

Darryl Lawrence, Esquire
Lauren M. Burge, Esquire
Hayley Dunn, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101

Michael W. Hassell, Esquire
Lindsay A. Berkstresser, Esquire
Post & Schell, P.C.
12th Floor
17 North Second Street
Harrisburg, PA 17101
Counsel for Columbia Gas of PA, Inc.

Elizabeth R. Marx, Esquire
Kadeem G. Morris, Esquire
Patrick M. Cicero, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Joseph L. Vullo, Esquire
Community Action Association of
Pennsylvania
1460 Wyoming Avenue
Forty Fort, PA 18704

A handwritten signature in black ink, appearing to read "Erika L. McLain", written over a horizontal line.

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #320526