

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105**

**Pennsylvania Public Utility Commission,  
et al. v. Peoples Gas Company, LLC;  
Purchase Gas Costs (PGC) Filing.**

**Public Meeting: September 20, 2018  
2645296-OSA, 2645278-OSA  
Docket Nos. R-2018-2645296, R-2018-  
2645278, R-2018-3000236**

**Pennsylvania Public Utility Commission,  
et al. v. Peoples Natural Gas Company,  
LLC – Peoples Division and Peoples  
Natural Gas Company, LLC – Equitable  
Division, Purchase Gas Costs (PGC)  
Filing.**

**STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE**

Before us is the Purchased Gas Costs (PGC) filings 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 well as the Joint Petition for Partial Settlement of the Section 1307(f) Rate Investigation of Peoples Gas Company LLC (Peoples Gas), Peoples Natural Gas Company LLC (Peoples Natural Gas, PNG), acting on behalf of its Peoples Division (Peoples Division) and its Equitable Division (Peoples-Equitable Division) (jointly Companies).

The parties in this case reached consensus on all issues, except whether to approve a fuel retention charge on conventional gas producers connected directly to the Companies' gathering and distribution systems. I support the ALJ's Recommended Decision to approve this charge, believing that the Companies carried their burden of proof to initiate this change. Most importantly, I believe that producers are the main beneficiaries of these low-pressure systems, especially in areas where delivery customer services are scarce.

Going forward, however, I remain open to further arguments as to where on the system such retention charges should be imposed, and the amount of that charge. Specifically, in future 1307(f) filings or base rate cases greater detail should be provided regarding the following issues:

1. The full average unit cost of natural gas supply from conventional suppliers interconnected directly with the gathering and distribution system of the Companies, relative to the full cost of supply at the citygate, delivered from interstate pipelines to the Companies;
2. The cost of service, net of distribution system customer revenues, as well as production volumes on these gathering systems;
3. Administrative costs related to implementation of separate retention fuel charges for gathering and distribution, versus combined billing as is done today on Equitable; and
4. Continued collection of gathering system and distribution system loss data.

Information on the above issues will assist the Commission in determining the true beneficiaries of the Companies' lower pressure systems, and the value of that cost support.

  
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Andrew G. Place, Vice Chairman

**DATE: September 20, 2018**