


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 30, 2019

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

Re: Pennsylvania Public Utility Commission
v.
Valley Energy, Inc. – Supplement No. 49
to Tariff Electric – Pa. P.U.C. No. 2
Docket No. R-2019-3008209

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J.D. Moore".

J.D. Moore
Assistant Consumer Advocate
PA Attorney I.D. # 326292
E-Mail: JMoore@paoca.org

Enclosures:

cc: Office of Special Assistants (email only: ra-OSA@pa.gov)
Office of Administrative Law Judge (OALJ)
Bureau of Technical Utility Services (email only)
Certificate of Service

*275701

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County
Phone: (717) 783-5048

2. UTILITY NAME (RESPONDENT)

Valley Energy, Inc.—Docket No. R-2019-3008209

3. TYPE OF UTILITY

Natural Gas

4. COMPLAINT

A. On July 1, 2019, Valley Energy, Inc. (Valley or the Company) filed Supplement No. 49 to Tariff Electric – Pa. P.U.C. No. 2 (Supplement No. 49). In Supplement No. 49, the Company proposed an overall net distribution increase of \$1,034,186, or approximately 20.6% on a distribution revenue basis. The proposed rate increase would become effective August 30, 2019.

B. Valley is a subsidiary of C&T Enterprises, Inc. (C&T). C&T also owns Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company, which both filed for general rate increases concurrently with Valley on July 1, 2019. See Docket Nos. R-2019-3008208, R-2019-3008212.

C. Alongside its July 1, 2019 filing, Valley filed a Petition for Waiver of Filing Requirements Under 52 Pa. Code Section 53.53 because the Company's claim was in excess of the \$1 million rate increase threshold established by Section 53.53. On July 22, 2019, the Office of Consumer Advocate, the Commission's Bureau of Investigation and Enforcement, and the

Office of Small Business Advocate jointly filed a motion to reject the Company's base rate filing as failing to comply with the requirements of Section 53.53. In response to the Joint Advocates' Motion, Valley revised its rate increase request and filed replacement schedules and tariff pages on July 29, 2019.

D. Under the Company's revised Supplement No. 49, the Company proposes an overall net distribution increase of \$834,497, or approximately 16.57% on a distribution revenue basis. The proposed rate increase would become effective August 30, 2019.

E. Valley is engaged in the business of furnishing natural gas to approximately 6,870 residential, commercial and industrial customers in predominantly rural areas within Bradford County, Pennsylvania.

F. The Company has proposed to increase the residential monthly customer charge from \$10.50 to \$12.79, an increase of 21.8%.

G. Under the Company's proposal, the monthly bill of a residential customer using 71 Ccf per month would increase from \$49.75 to \$56.94 per month, or by approximately 14.45%.

H. If the Company's entire request is approved by the Commission, the Company would be allowed an 8.32% return on rate base.

I. The Company is proposing to utilize a Fully Projected Future Test Year ending on December 31, 2020.

J. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*

K. A preliminary examination of the Company's filed Supplement No. 49 indicates that the proposed changes and increase in rates, proposed rate schedule modifications and transfers,

and proposed changes in rate policy, rules and regulations contained in Supplement No. 49 may be unjust, unreasonable, in violation of the law, and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*

L. The Acting Consumer Advocate also avers that the proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.

M. A preliminary examination and review by the OCA of the Company's existing rates, rules and regulations indicates that certain rates, rules and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa. C.S. § 1301 *et seq.*

N. The Acting Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates—and any and all rate policy changes—are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

The Acting Consumer Advocate respectfully requests that the Commission take the following actions:

A. Suspend and investigate the operation of Supplement No. 49, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Consolidate all complaints filed against proposed Supplement No. 49;

C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;

D. After providing the public with adequate notice, hold public input hearings in the Company's service territory in order to provide customers with an opportunity to be heard on the record, and hold those hearings as early in the case as feasible;

E. Deny any increase or change in the Company's rates that is unjust, unreasonable, unduly discriminatory or otherwise inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;

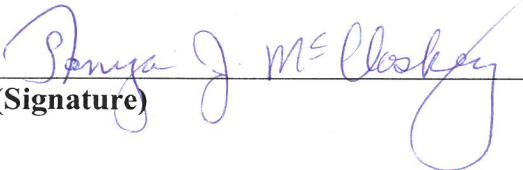
F. Determine the justness and reasonableness of the Company's current and proposed rates and tariff; and

G. Grant such other relief it deems appropriate.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a 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).



(Signature)

July 30, 2019
(Date)

7. LEGAL REPRESENTATION

J.D. Moore, Assistant Consumer Advocate, Pa. Bar No. 326292
Christy M. Appleby, Assistant Consumer Advocate, Pa. Bar No. 85824
Darryl A. Lawrence, Senior Assistant Consumer Advocate, Pa. Bar No. 93682

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interest of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by Valley Energy, Inc. (Valley or the Company) at Docket No. R-2019-3008209.

Valley is engaged in the business of furnishing natural gas to approximately 6,870 residential, commercial and industrial customers in predominantly rural areas within Bradford County, Pennsylvania. The proposed tariff supplement, if approved, would allow the Company an increase of \$834,497, or 16.57% on a distribution revenue basis. The Company would also be allowed an 8.32% return on rate base if the entire rate increase request is approved. A residential customer using 71 Ccf per month would see an increase from \$49.75 to \$56.94 per month, or by approximately 14.45%.

The Acting Consumer Advocate files this Complaint to ensure that the rate increase and other charges and mechanisms sought by the Company are just and reasonable. The Acting Consumer Advocate will represent the interests of Valley's ratepayers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable, unduly discriminatory or otherwise contrary to law.

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2019-3008209
Valley Energy, Inc. – Supplement No. 49 to :
Tariff Electric – Pa. P.U.C. No. 2 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 30th day of July 2019.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

John M. Coogan, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

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Pamela C. Polacek, Esquire
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Dated: July 30, 2019
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