



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

June 2, 2020

**Via Electronic Filing**

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

Re: Pennsylvania Public Utility Commission, v.  
Columbia Gas of Pennsylvania, Inc.  
Docket No.: R-2020-3018835  
**I&E Prehearing Memorandum**

Dear Secretary Chiavetta:

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

Copies are being served on parties of record per the attached Certificate of Service. *Due to the temporary closing of the PUC's offices, I&E is only providing electronic Service.* Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Erika L. McLain".

Erika L. McLain  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 320526  
(717) 783-6170  
[ermclain@pa.gov](mailto:ermclain@pa.gov)

ELM/ac  
Enclosures

cc: Honorable Katrina L. Dunderdale (*ALJ, PUC Pittsburgh – via email only*)  
Dan Pallas (*Legal Assistant, PUC Pittsburgh – via email only*)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission                   :  
  :  
                                  v.   :  
  :  
  :  
Columbia Gas of Pennsylvania, Inc.                         :

Docket No.: R-2020-3018835

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

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**TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in this proceeding will be Erika L. McLain. Contact information is as follows:

By mail:                     Erika L. McLain  
                                   Pennsylvania Public Utility Commission  
                                   Commonwealth Keystone Building  
                                   400 North Street  
                                   Harrisburg, PA 17120

By e-mail:                   [ermclain@pa.gov](mailto:ermclain@pa.gov)

By telephone:             (717) 783-6170  
By fax:                     (717) 772-2677

**I. INTRODUCTION**

On April 24, 2020, Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”) filed Supplement No. 307 to Tariff Gas Pa. P.U.C. No. 9 to become effective June 23, 2020.

It contained proposed changes in rates, rules, and regulations calculated to produce \$100.4 million in additional annual revenues.

The Pennsylvania Public Utility Commission (“PUC” or “Commission”) entered an order suspending the implementation of Supplement No. 307 by operation of law until January 23, 2021, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 307. 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 telephonic Prehearing Conference is scheduled for Wednesday, June 3, 2020, at 9:00 am, with Administrative Law Judge Katrina L. Dunderdale presiding.

## **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 of Return**
  - Overall Rate of Return
  - Cost of Debt
  - Cost of Equity
  - Management Performance
  - Capital Structure
- **Operation and Maintenance**
  - Labor
  - Incentive Compensation
  - Pension
  - OPEB
  - Other Employee Benefits
  - Outside Services
  - Building Leases

- Other Rent and Leases
- Corporate Insurance
- Injuries and Damages
- Employee Expenses
- Company Memberships
- Utilities and Fuel used in Company Operations
- Advertising
- Fleet
- Materials and Supplies
- PUC, OCA, OSBA Fees
- NCSC
- Rate Base
  - Test Year plant balance comparisons
  - Future Test Year and Fully Projected Future Test Year Reports
  - Amortizations included in annual depreciation
  - Rate Base additions and deductions
  - Utility Plant in Service
  - Accumulated Depreciation
  - Annual Depreciation Expense
  - Materials and Supplies
  - Gas Storage Underground
- Cost of Service
- Revenue
  - Customer count projections
  - Usage per customer projections
  - Appropriate treatment of flex rate revenue
  - Forfeited Discounts
  - Miscellaneous Service Revenue
  - Rent from Gas Property
  - Revenue Normalization Adjustment
  - Weather Normalization Adjustment
- Rate Structure/ Rate Design
  - Customer Charges/Customer Cost Analysis
- Other
  - Lost and Unaccounted for Gas
- Pipeline Safety
  - Damage Prevention Program
    - Leaks/Risk Reduction
    - Mapping/Poor Records
    - Incorrect Operations
  - Long-Term Infrastructure Improvement Plan or LTIIIP

- Distribution Integrity Management Plan (DIMP)
- Pipeline Replacement Program
  - Cost of the program in general
  - Cost per mile of pipe replaced
  - Restoration costs

### **III. WITNESSES**

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

- Ethan Cline, Fixed Utility Valuation Engineer
- Esyan Sakaya, Fixed Utility Valuation Engineer
- Christopher Keller, Fixed Utility Financial Analyst
- John Zalesky, Fixed Utility Financial Analyst
- Kokou Apetoh, Pipeline Safety Engineer
- Lassine Niambele, Pipeline Safety Engineer

The I&E witnesses may be contacted through the information listed above for Prosecutor McLain. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above. In the event that I&E decides to call additional witnesses, I&E will notify the ALJ and the parties as soon as possible.

### **IV. 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.

## **V. DISCOVERY**

Pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

I&E requests 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 shall be served to the ALJ in writing within five (5) days of service of interrogatories.
3. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) days of service of such motions.
5. Discovery and discovery related pleadings served after 12:00 noon on a Friday or after 12:00 noon on any business day preceding a state holiday will be deemed to be served on the next business day.

## **VI. SCHEDULE**

The closure of Commission offices has impacted I&E's ability to review this filing. As a result, I&E is requesting more time than the statutory nine (9) month time frame indicated in the Public Utility Code. However, I&E will work with the parties to develop a mutually agreeable schedule in this proceeding.

## **VII. PUBLIC INPUT HEARINGS**

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of telephonic public input hearings given the current social distancing protocols in place in the Commonwealth.

## **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. As of the time of the filing of this pre-hearing memo, I&E is still operating under the Commission's telework protocol and does not generally have the capability to either send out or receive hard copies in this proceeding. Should that change, I&E will notify the parties and the ALJ.

## **IX. SETTLEMENT**

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Erika L. McLain  
Prosecutor  
PA Attorney ID No. 320526

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120  
(717) 783-6170

Dated: June 2, 2020

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
 :  
v. : Docket No.: R-2020-3018835  
 :  
Columbia Gas of Pennsylvania, Inc. :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 2, 2020, in the manner and upon the persons listed below:

**Served via Electronic Mail Only**

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