



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

May 14, 2021

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-2021-3024296
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic 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

ELM/jfm
Enclosures

cc: Hon. Mark A. Hoyer, OALJ-Pittsburgh (*via email only*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No: R-2021-3024296
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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

TO THE HONORABLE MARK A. HOYER:

In accordance with the Prehearing Conference Order issued on May 10, 2021, 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 will be represented in this proceeding by the undersigned prosecutor. Contact information is as follows:

By mail:	Erika L. McLain Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120
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By e-mail:	<u>ermclain@pa.gov</u>
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By telephone:	(717) 783-6170
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By fax:	(717) 772-2677
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I. BACKGROUND

On March 30, 2021, Columbia Gas of Pennsylvania, Inc. (Columbia or Company) filed with the Commission proposed Tariff Gas – Pa. P.U.C. No. 9 (Tariff No. 7). Tariff No. 9 contained rates rules and regulations designed to increase its annual distribution revenues by \$98.3 million. Tariff No. 9 has a proposed an effective date of May 29, 2021.

At Public Meeting on May 6, 2021, the Commission stated that pursuant to 66 Pa. C.S. § 1308(d), the filing will be suspended by operation of law until December 29, 2021, unless permitted by Commission Order to become effective at an earlier date. The case was subsequently assigned to the Officer of Administrative Law Judge (OALJ) for the development of an evidentiary record including a Recommended Decision. The OALJ assigned the suspended proceeding to Deputy Chief Administrative Law Judge Mark A. Hoyer (ALJ Hoyer) for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's Rate increase request. A Prehearing Conference has been scheduled for May 17, 2021. I&E filed its Notice of Appearance on April 7, 2021.

II. ISSUES

Based upon a preliminary review of the filing, I&E has identified certain areas of inquiry. The following statement of areas of inquiry represents the potential issues in this proceeding at this time and is as complete as I&E is currently able to make the list of issues. However, I&E specifically reserves the right to address such other issues should other issues arise during the course of this proceeding:

- a) Overall Rate of Return including:
 - Cost of Debt
 - Cost of Common Equity
 - Capital Structure
 - Proxy Group

- b) Rate Structure/Rate Design including:
 - Customer Charges/Customer Cost Analysis
- c) Rate Base including:
 - 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
- d) Cost of Service
- e) Revenue including:
 - Customer cost projections
 - Usage per customer projections
 - Appropriate treatment of flex rate revenue
 - Forfeited Discounts
 - Miscellaneous Service Revenue
 - Rent from Gas Property
 - Revenue Normalization Adjustment
- f) Operation and Maintenance Expense Claims including:
 - Labor
 - Incentive Compensation
 - Other Employee Benefits
 - Outside Service
 - Building Leases
 - Other Rent and Leases
 - Corporate Insurance
 - Injuries and Damages
 - Employee Expenses
 - Company Memberships
 - Utilities and Fuel used in Company Operations
 - Advertising
 - Fleet & Other Clearing
 - Materials and Supplies
 - PUC, OCA, OSBA Fees
 - NCSC
 - NCSC OPEB costs Amortization
 - Rate Case Expense
 - Uncollectible Accounts

Total Rider USP
Interest on Customer Deposits
Income Taxes
Taxes other than Income

- g) Tariff Changes
- h) Other:
Lost and Unaccounted for Gas
- i) Pipeline Safety Issues:
Replacement costs of plant accounts including:
Gas Plant Accounts 382, 383, 375, 385 and 383.

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness in his or her area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be 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 expert witnesses without being limited thereto:

- Christopher Keller Fixed Utility Financial Analyst
- John Zalesky Fixed Utility Financial Analyst
- Ethan Cline Fixed Utility Valuation Engineer
- Kokou Apetoh Pipeline Safety Engineer

I&E reserves the right to call additional witnesses and/or delete witnesses listed above. The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. All active parties will be

notified of any additions or deletions to the I&E witness list. The I&E witnesses may be contacted at the above contact information for the I&E prosecutor.

IV. SCHEDULE

I&E proposes the following procedural schedule:

Direct Testimony	June 16, 2021
Rebuttal Testimony	July 14, 2021
Surrebuttal Testimony	July 27, 2021
Rejoinder Outlines	July 30, 2021
Hearings	August 3-5, 2021 ¹
Main Briefs	August 25, 2021
Reply Briefs	September 7, 2021

V. PUBLIC INPUT HEARINGS

To the extent that Public Input Hearings are deemed necessary in this proceeding I&E requests that Public Input Hearings be held electronically or telephonically.

VI. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to reach a resolution of any or all issues. However, a discussion of issues that may be settled is not possible until further discovery has been conducted and the positions of the other parties are known.

¹ I&E requests that if Evidentiary Hearings are held in person, those hearings be held in Harrisburg.

VII. DISCOVERY

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

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) calendar days of service; unresolved objections shall be served in writing within five (5) calendar days of service of interrogatories.
3. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar 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) calendar 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.

VIII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs during the closure of Commission offices, and consistent with Paragraph 8 of the Commission's March 20, 2020 Emergency Order,² I&E will both only serve and accept electronic delivery of documents. Upon re-opening of Commission offices, and only on a forward-moving basis from that point onward, I&E requests parties provide a follow-up hard copy by regular first-class mail in addition to electronic delivery.

Respectfully submitted,

A handwritten signature in cursive script, reading "Erika L. McLain".

Erika L. McLain

Prosecutor

PA Attorney ID No. 320526

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Dated: May 14, 2021

² Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements*.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket No.: R-2021-3024296
	:	
Columbia Gas of Pennsylvania, Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Conference Memorandum** dated May 14, 2021, in the manner and upon the person listed below.

Served via Electronic Mail Only

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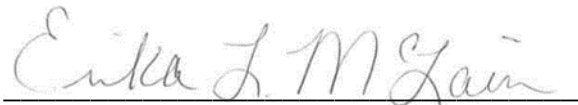
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