



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

August 12, 2022

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.
Leatherstocking Gas Company, LLC
Docket No.: R-2022-3032764
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Prehearing Memorandum of the Bureau of Investigation and Enforcement** in the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Carrie B. Wright' is enclosed in a thin black rectangular border.

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
carwright@pa.gov

CBW/ac
Enclosures

cc: Administrative Law Judge Jeffrey A. Watson (*via email*)
Nick Miskanic, Legal Assistant (*via email*)
Per Certificate of Service

I. INTRODUCTION

On July 1, 2022, the Leatherstocking Gas Company, LLC (“Leatherstocking” or “Company”) filed its proposed Supplement No. 17 to Tariff Gas - Pa. P.U.C. No. 1, with a proposed effective date of September 1, 2022. The rates set forth in Supplement No. 1 to Tariff No. 1, if approved by the Commission, would increase Leatherstocking’s annual revenues by \$701,200 or by 32.4%.

I&E filed its Notice of Appearance regarding this proceeding on July 19, 2022. The Office of Small Business Advocate (“OSBA”) filed its Notice of Appearance and Public Statement on July 25, 2022. In addition, on August 3, 2022, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Notice of Appearance in this proceeding.

On August 4, 2022, the Commission entered an Order suspending the implementation of proposed Supplement No. 17 to Tariff No. 1 by operation of law until April 1, 2021, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained in proposed Supplement No. 17 to Tariff No. 1.

A telephonic Prehearing Conference is scheduled for August 16, 2022, 2022, at 10:00 am before Administrative Law Judge Jeffrey Watson.

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:

- Overall Rate of Return
- Cost of Debt
- Cost of Equity
- Capital Structure
- Rate Case Expense
- Other Operation and Maintenance Expense
- Taxes Other Than Income
- Income Tax Expense
- Cash Working Capital
- Rate Base – Construction Work in Progress
- Plant in Service
- Annual Depreciation Expense
- Accrued Depreciation
- Present Revenue
- Proposed Rates
- Proposed Revenue
- Gas Safety Issues

III. WITNESSES

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

- Anthony Spadaccio, Fixed Utility Financial Analyst
- Christine Wilson, Fixed Utility Financial Analyst
- Esyan Sakaya, Fixed Utility Valuation Engineer
- Vanessa Okum, Fixed Utility Financial Analyst
- Lara Lipinski, Pipeline Safety Engineer

The I&E witnesses may be contacted through the information listed above for Ms. Wright. 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.

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, supplemental testimony, 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

I&E will work with the parties and the ALJ to determine the appropriate discovery modifications in this proceeding.

VI. SCHEDULE

I&E will work with the parties and the ALJ to develop a schedule in this proceeding.

VII. PUBLIC INPUT HEARINGS

To the extent that public input hearings occur in this proceeding, I&E requests these hearings be held telephonically.

VIII. SERVICE OF DOCUMENTS

The Commission's March 20, 2020 Emergency Order,¹ which was controlling

¹ Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines, Modification to Filing and Service Requirements* ("March 20 Order").

regarding electronic service of documents, expired on September 30, 2021. In anticipation of the expiration of the March 20 Order, the Commission issued a new Order on September 15, 2021 regarding the regulations controlling service requirements.² Pursuant to the September 15 Order, the Commission recognized, for purposes of satisfying service of documents requirements:

... that some of the measures we implemented significantly benefitted the operational needs of the Commission, the public and the regulated community. Specifically, the electronic service requirements we adopted were essential to ensuring continued, uninterrupted operations, providing needed flexibility. Therefore, in order to maintain that flexibility to respond to operational demands, we will waive certain regulatory service provisions, consistent with our previous actions.³

Further, the Commission stated:

... some of the operational restraints occasioned by the pandemic remain. ... Toward this end, we will continue to permit electronic service *by* the Commission on all parties, regardless of whether a particular party has agreed to electronic service. ... Additionally, service *on* Commission staff in proceedings pending before it, whether staff is a party or otherwise, shall be exclusively electronic unless the parties agree otherwise.⁴

Therefore, for purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs and other documents during this proceeding, and consistent with the Commission's September 15 Order, I&E requests that electronic

² Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements* ("September 15 Order").

³ September 15 Order, p. 3.

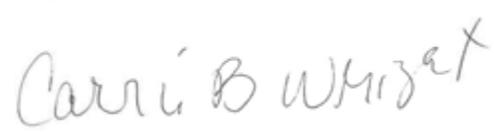
⁴ *Id.*, p. 6.

delivery of documents continue to satisfy the service requirements without the need to follow up with hardcopies.

IX. SETTLEMENT

I&E will maintain an open dialogue and 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,

A handwritten signature in cursive script that reads "Carrie B. Wright". The signature is enclosed in a thin black rectangular border.

Carrie B. Wright
Prosecutor
PA Attorney ID No. 208185

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Dated: August 12, 2022

