


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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August 12, 2022

Rosemary Chiavetta, Secretary
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

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Enclosures:

cc: The Honorable Jeffrey A. Watson (**email only**)
Nick Miskanic, ALJ's Legal Assistant (**email only**: nmiskanic@pa.gov)
Certificate of Service

*333761

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2022-3032764
 :
 Leatherstocking Gas Company LLC :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, 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 12th day of August 2022.

SERVICE BY E-MAIL ONLY

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Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: August 12, 2022
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3032764
	:	
Leatherstocking Gas Company	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. §333 the Prehearing Conference Order issued by Administrative Law Judge Jeffrey A. Watson, and in anticipation of the Prehearing Conference scheduled for Tuesday, August 16, 2022, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION AND BACKGROUND

On July 1, 2022, Leatherstocking Gas Company LLC (Leatherstocking or Company) filed Supplement No. 17 to Tariff Gas – Pa. P.U.C. No. 1 at Docket No. R-2022-3032764. The Company proposes to increase rates to produce additional annual operating revenues of \$701,200 per year or an overall increase of 32.4% in total gas revenues. According to the filing, residential customers using 79 Ccf would see their average bill rise from \$169.82 to \$226.19 per month, or by approximately 33.2%. The Company states that it is engaged in the business of furnishing natural gas service to approximately 450 residential and commercial customers in Susquehanna County, Pennsylvania. This is the Company’s first general base rate filing.

On August 2, 2022, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance. In an Order entered August 4, 2022, the Commission suspended the Company's proposed Tariff until April 1, 2023. The proceeding was assigned to Administrative Law Judge (ALJ) Jeffrey A. Watson, and a prehearing conference is scheduled for August 16, 2022.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of Leatherstocking's base rate filing, the Office of Consumer Advocate has compiled a list of issues which it anticipates will be included in its investigation of the Company's request. The OCA anticipates that issues in addition to those enumerated below may arise and may be pursued once the answer to the OCA's interrogatories have been received and analyzed. The OCA reserves the right to present any new or unanticipated issues at such time.

The list of issues and sub-issues set forth below will be analyzed and presented as appropriate by the OCA with the assistance of OCA's expert witnesses.

A. Revenues and Expenses

The OCA will examine the Company's claimed revenues and any adjustments to the level of revenues, and will seek to ascertain whether the Company's claimed expenses are supported and appropriate. This includes an examination of the Company's claimed increases in operating and maintenance expenses, including wages, salaries, and the cost of providing employee health care and retirement benefits. The OCA will review the sales forecast utilized by the Company in order to project future test year sales and revenues, including the proposed normalization of future test year sales. The OCA will also examine the Company's proposed tax expenses, as well as the Company's proposed annualizations and pro-forma test year adjustments.

The OCA may explore additional revenues and expense issues after it has completed its review of outstanding interrogatory responses.

B. Rate of Return

The OCA will perform an analysis of the 10% cost of common equity claimed by Leatherstocking. In addition, the OCA will examine the capital structure and long-term and short-term debt cost rates proposed by the Company so as to determine if they are accurate and appropriate.

C. Rate Base/Measure of Values

The OCA will examine the reasonableness and accuracy of the Company's filing as it relates to the rate base/measure of values. This will include an examination of the Company's plant in service claims in order to determine if they are reasonable and whether the plant claimed is used and useful in providing utility service. The OCA will also examine the Company's claims of cash working capital, deferred income taxes, customer deposits, and customer advances for construction to determine whether they are at levels appropriate for use in setting base rates for Leatherstocking.

D. Rate Structure/Cost of Service/Rate Design

The OCA will examine the Company's proposed distribution of revenue increase among customer classes. The OCA will assess whether the rate design proposed by the Company is reasonable and appropriate. Additionally, the OCA will review the reasonableness and appropriateness of the Company's proposed tariff changes and any other relevant issues that arise as a result of the Company's operations.

III. WITNESSES

The OCA intends to present direct, rebuttal, and surrebuttal testimony, as may be necessary. Testimony will be presented in written form and will also attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. At this time, the OCA is finalizing its witnesses and plans to notify the parties of the OCA's witnesses at the Prehearing Conference.

IV. PUBLIC INPUT HEARINGS

At this time, no formal requests for Public Input hearings have been received by the OCA. Given the magnitude of the proposed increases for residential customers, the OCA respectfully requests that a telephonic public input hearing be held in this proceeding. The OCA is able to use its call center staff to sign up consumers who want to testify or listen to the public input hearings. The OCA will be prepared to discuss public input hearings at the prehearing conference.

V. SERVICE ON THE OFFICE OF CONSUMER ADVOCATE

The OCA will be represented by Senior Assistant Consumer Advocate Aron J. Beatty:

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VI. PROPOSED SCHEDULE

The OCA is working with the parties to develop a settlement that complies with the parameters set for in the Prehearing Conference Order.

VIII. SETTLEMENT

The OCA is willing to engage in settlement discussions with the Parties.

Respectfully Submitted,

/s/ Aron J. Beatty

Aron J. Beatty

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DATE: August 12, 2022

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