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October 5, 2022

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Valley Energy, Inc. – Supplement No. 59 to Tariff Gas – Pa. P.U.C. No. 2;  
Docket No. R-2022-3032300**

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Joint Petition for Settlement in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare  
MCNEES WALLACE & NURICK LLC

Counsel to Valley Energy, Inc.

c: Administrative Law Judge Eranda Vero (via email)  
Administrative Law Judge Charece Z. Collins (via email)  
Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

**VIA E-MAIL**

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*Counsel to Borough of Athens and  
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NO CONFIDENTIAL MATERIALS*

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*NO CONFIDENTIAL MATERIALS*



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Adeolu A. Bakare

Counsel to Valley Energy, Inc.

Dated this 5<sup>th</sup> day of October, 2022, in Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2022-3032300
	:	
VALLEY ENERGY, INC.	:	

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**JOINT PETITION FOR SETTLEMENT**

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**I. INTRODUCTION**

Valley Energy, Inc. ("Valley" or "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("PUC" or "Commission"), and the Office of Consumer Advocate ("OCA") (individually, "Settlement Party," and collectively, "Settlement Parties"),<sup>1</sup> submit this Joint Petition for Settlement ("Joint Petition" or "Settlement") of the above-captioned proceeding and respectfully request that Administrative Law Judges ("ALJs") Eranda Vero and Charece Z. Collins and the Commission approve all of the terms and conditions set forth in this Settlement.

**II. BACKGROUND**

1. On April 29, 2022, Valley filed with the Commission proposed Supplement No. 59 to Tariff Gas Pa. P.U.C. No. 2 ("Supplement No. 59"), which requested an overall rate increase of just under \$1 million per year. Valley also submitted proposed Supplement No. 2 to Tariff Gas- Pa. P.U.C. No. 1S ("Supplier Tariff Supplement No. 2") to make modifications to its Supplier Tariff. In support of the filings, Valley submitted a Statement of Reasons, the

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<sup>1</sup> The Office of Small Business Advocate ("OSBA"), Athens Borough, and South Waverly Borough are not Settlement Parties, but have confirmed non-opposition to the Settlement.

supporting information required by 52 Pa. Code § 53.52(a), (b), and (c), and various other information.

2. OSBA filed a Formal Complaint in this proceeding on May 12, 2022.
3. I&E filed a Notice of Appearance in this proceeding on May 13, 2022.
4. OCA filed a Formal Complaint in this proceeding on May 19, 2022.
5. Ratepayer Larry E. Cole filed a Formal Complaint in this proceeding on May 23, 2022.
6. Athens Borough and South Waverly Borough filed Complaints on May 27, 2022.
7. By Order entered June 16, 2022, the Commission allowed Supplement No. 59 and Supplier Tariff Supplement No. 2 to be suspended by operation of law until January 28, 2023 and ordered that the Company's rate increase filing and its existing rates, rules, and regulations be investigated. The Commission also ordered that this matter be assigned to the Office of Administrative Law Judge for scheduling of hearings. As a result, the Commission assigned this proceeding to ALJ Marta Guhl.
8. On April 29, 2022, Valley submitted to the parties its prepared direct testimony, consisting of the following statements:
  - Direct Testimony of Howard S. Gorman (Valley Statement No. 1)
  - Direct Testimony of Dylan W. D'Ascendis (Valley Statement No. 2)
  - Direct Testimony of Melissa Sullivan (Valley Statement No. 3)
  - Direct Testimony of Edward E. Rogers (Valley Statement No. 4)
  - Direct Testimony of Jamie Levering (Valley Statement No. 5)
  - Direct Testimony of Cody Chapman (Valley Statement No. 6).
9. On July 1, 2022, Valley, along with Citizens' Electric Company of Lewisburg, PA ("Citizens"), jointly moved to consolidate the proceedings with Citizens' 2022 Base Rate Filing, located at docket number R-2022-3032369.

10. On July 7, 2022, the proceedings were reassigned from ALJ Guhl to ALJs Eranda Vero and Charece Z. Collins. On July 11, 2022, ALJs Vero and Collins issued an Order granting the motion for consolidation and ordering the parties to engage in discovery. On the same date, Valley submitted corrections and updates to its direct testimony, consisting of the Corrections and Updates Testimony of Howard S. Gorman (Valley Statement No. 1-CU).

11. On July 25, 2022, OCA and I&E submitted direct testimony. OCA submitted the following:

- Direct Testimony of Dante Mugrace (OCA Statement No. 1)
- Direct Testimony of Morgan N. DeAngelo (OCA Statement No. 2)
- Direct Testimony of Karl R. Pavlovic (OCA Statement No. 3)

I&E submitted the following:

- Direct Testimony of Brian LaTorre (I&E Statement No. 1)
- Direct Testimony of Christopher Keller (I&E Statement No. 2)
- Direct Testimony of Esvan A. Sakaya (I&E Statement No. 3)
- Direct Testimony of Jessalynn Heydenreich (I&E Statement No. 4).

OSBA did not file Direct Testimony.

12. On August 16, 2022, Valley served prepared rebuttal testimony. Valley submitted the following rebuttal statements:

- Rebuttal Testimony of Howard S. Gorman (Valley Statement No. 1-R)
- Rebuttal Testimony of Dylan W. D'Ascendis (Valley Statement No. 2-R)
- Rebuttal Testimony of Melissa Sullivan (Valley Statement No. 3-R)
- Rebuttal Testimony of Edward E. Rogers (Valley Statement No. 4-R)
- Rebuttal Testimony of Jamie Levering (Valley Statement No. 5-R)
- Rebuttal Testimony of Cody Chapman (Valley Statement No. 6-R).

OCA, OSBA, and I&E did not submit rebuttal testimony.

13. On September 6, 2022, I&E submitted the following surrebuttal testimony:

- Surrebuttal Testimony of Brian LaTorre (I&E Statement No. 1-SR)
- Surrebuttal Testimony of Christopher Keller (I&E Statement No. 2-SR)
- Surrebuttal Testimony of Esyan A. Sakaya (I&E Statement No. 3-SR)
- Surrebuttal Testimony of Jessalynn Heydenreich (I&E Statement No. 4-SR).

OCA and OSBA did not submit surrebuttal testimony.

14. During this proceeding, numerous settlement discussions were held among the parties. As a result of those discussions, a settlement-in-principle was reached among the Settlement Parties. The agreement of the Settlement Parties is embodied in this Settlement.

### **III. TERMS OF SETTLEMENT**

The terms of the Settlement are as follows:

15. The Settlement Parties agree to a stipulated increase in Valley's annual distribution base rate revenues of \$958,000, with an effective date of January 29, 2023.

16. The Settlement Parties agree that the Pennsylvania Corporate Net Income ("CNI") Tax rate in this proceeding will be set at 8.99%. The Company will reflect actual CNI rates for the post-2023 tax years through the Company's State Tax Adjustment Surcharge, or future base rate proceedings.

17. The Company has withdrawn the request for additional carrying charges related to COVID-19 accounts receivables in excess of those normally experienced and other COVID-19 incremental costs.

18. Other revisions to the proposed revenue requirement shall not otherwise be ascribed to any specific proposed adjustment or position of any Settlement Party.

19. Valley's Gas Plant in Service at the end of the FPFTY will be set at \$40,520,766 and its Rate Base at the end of the FPFTY will be set at \$19,756,771, which reflects the removal of \$18,028 in CWIP.

20. Valley's Accumulated Depreciation, Accumulated Deferred Income Taxes, Excess Deferred Income Taxes and Accrued Pension/Other Post-Employment Benefit Liability shall be as set forth in Exhibit HSG-1 (CU).

21. The Settlement Parties agree that Valley's revenue requirement increase will be allocated among the Company's rate classes in accordance with the allocation methodology set forth in Attachment A to this Settlement. The distribution rates and fees for each class are set forth in Attachment B. The supplier tariff changes, unmodified from the initial rate filing, are included in Attachment C.

22. Valley will propose the creation of sub-categories within its Distribution Integrity Management Plan ("DIMP") "Regulators/Relief" asset category for its next DIMP update in 2024. Valley will provide I&E with a courtesy copy of its monthly submissions to the Plastic Pipeline Database Committee to include both positive and negative failure reports.

23. The Company will provide an update to Exhibit\_\_(HSG-1), Schedule C3-CU no later than April 1, 2023, under this docket number, which should include actual plant additions, and retirements by month for the twelve months ending December 31, 2022. And an additional update will be provided for actual plant additions and retirements by month through December 31, 2023, no later than April 1, 2024.

24. The Company agrees to cease the recording of any increases to the COVID-19 deferral claimed in this proceeding for uncollectibles and COVID-19 incremental expenses as of

the effective date of the new rates. Any future claim for similar costs must be based on Commission action occurring after the effective date of the new rates.

#### **IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

25. This Settlement was achieved by the Settlement Parties after an extensive investigation of the Company's base rate filing, including formal and informal discovery and the submission of direct testimony, rebuttal testimony, and surrebuttal testimony by certain of the parties. The Settlement is lawful and supported by the record of this proceeding.

26. With the approval of the Settlement, the parties and the Commission avoid the time, expense and uncertainty that would occur if the parties were required to fully litigate the issues in this proceeding.

27. The Settlement Parties are providing support of the Settlement via Statements in Support, which are attached to the Settlement as Attachments D through G. These statements will set forth additional arguments and reasons supporting approval of this Settlement without modification as appropriate and in the public interest.

#### **V. CONDITIONS OF SETTLEMENT**

28. This Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Settlement, any Settlement Party may elect to withdraw from this Settlement and may proceed with litigation, and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon the other parties within five (5) business days after the entry of an order modifying the Settlement.



29. The Settlement is proposed by the Settlement Parties to settle all issues in the instant proceeding and is made without any admission against, or prejudice to, any position that any Settlement Party may adopt during any subsequent litigation of this proceeding or any other proceeding.

30. If the ALJs adopt the Settlement without modification, the Parties waive their rights to file exceptions and reply exceptions.

31. If the Commission does not approve the Settlement, and the proceeding continues to further hearings, the Settlement Parties reserve their respective rights to present testimony and to conduct full cross-examination, briefing and argument.

32. The Commission's approval of this Settlement shall not be construed to represent approval of any Settlement Party's position on any issue.

33. It is understood and agreed among the Settlement Parties that this Settlement is the result of compromises and does not necessarily represent the position(s) that would be advanced by any Settlement Party if this proceeding were fully litigated.

## **VI. CONCLUSION**

**WHEREFORE**, the Settlement Parties respectfully request as follows:

1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
  - a. Valley's proposed base rate increase, retail tariff, and supplier tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania Public Utility Code.
  - b. Approval of this Settlement is in the public interest.
  - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective on January 29, 2023.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.

3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.

Dated: October 5, 2022

Respectfully submitted,



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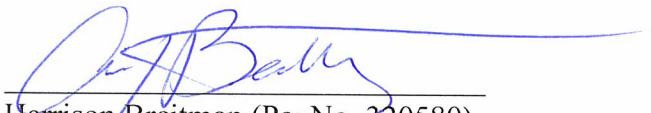
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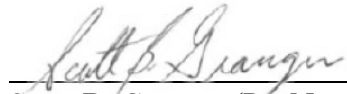
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# **Attachment A**

**Valley Energy Company (PA)**  
**Rate Case with Fully Projected Future Test Year 2023 (S)**  
**Net Operating Income And Rates of Return**  
**Years Ended 12/31/2021, 12/31/2022 and 12/31/2023**  
**Answer to 52 Pa. Code 53.52 c[1]**

Line	Description	Historic Year December 31, 2021		Future Test Year December 31, 2022	Present Rates Fully Projected Future Test Year December 31, 2023	Full Revenue Requirement Fully Projected Future Test Year December 31, 2023	Proposed Rates Fully Projected Future Test Year December 31, 2023
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	<u>REVENUE</u>						
2	Residential	\$5,252,386	\$2,500,218	\$2,643,225	\$2,695,871		3,251,862
3	Commercial and industrial	2,443,490	832,275	856,824	861,522		1,032,806
4	Transportation	1,886,645	1,886,645	1,925,649	1,939,577		2,169,989
5	Operating revenue	9,582,521	5,219,138	5,425,698	5,496,970	6,715,932	6,454,656
6	Other revenue, net	26,516	26,516	24,205	24,205	24,205	24,205
7	Total Revenue	9,609,037	5,245,654	5,449,903	5,521,175	6,740,137	6,478,861
8	<i>ccf</i>	34,492,533		34,914,570		35,049,281	35,049,281
9	<u>EXPENSES</u>						
10	Purchased gas (in revenue)	3,650,808					
11	Distribution	1,456,979	1,456,979	1,680,980	1,808,705	1,808,705	1,808,705
12	Customer accounting & collection	603,108	603,108	676,444	690,450	698,625	696,874
13	Rate case expense normalization				122,359	122,359	122,359
14	Administrative & general expenses	1,028,273	1,028,273	1,079,960	996,234	996,234	996,234
15	Total Operating expenses	6,739,168	3,088,360	3,437,384	3,617,748	3,625,922	3,624,172
16							
17	Depreciation expense	1,063,704	1,063,704	937,616	1,178,428	1,178,428	1,178,428
18	Taxes other than income	31,548	31,548	32,996	34,169	34,169	34,169
19							
20	Total Expenses	7,834,420	4,183,612	4,407,996	4,830,344	4,838,519	4,836,769
21							
22	Net operating income before income tax	1,774,616	1,062,042	1,041,907	690,831	1,901,618	1,642,092
23							
24	Income tax expense	(51,033)	(222,867)	(194,770)	(13,253)	327,004	254,071
25							
26	NET UTILITY OPERATING INCOME (LOSS) (A)	\$1,825,649	\$1,284,909	\$1,236,677	\$704,084	\$1,574,615	\$1,388,021
27							
28	RATE BASE (B)	\$18,929,130	\$18,929,130	\$19,760,538	\$19,756,771	\$19,756,771	\$19,756,771
29	RATE OF RETURN ON RATE BASE (C)	9.64%	6.79%	6.26%	3.56%	7.97%	7.03%
30							







**Valley Energy Company (PA)**  
**Rate Case with Fully Projected Future Test Year 2023 (S)**

**Billing Units, Rates And Revenue At PROPOSED Rates**  
**Fully Projected Future Test Year December 31, 2023**

Line	Description	Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
<b>BILLING UNITS</b>										
1										
2	ccf Sales	6,106,738	2,646,262	587,921	55,582	2,663,890	15,926,624	924,708	6,137,556	35,049,281
3										
4	Number of Bills	79,884	10,272	36	48	156	24	672	48	91,140
5	Average Monthly Bills	6,657	856	3	4	13	2	56	4	7,595
6										
<b>RATES AND CHARGES</b>										
<b>Tariff Rates</b>										
9	Customer Charge	\$12.35	\$21.95	\$82.00	\$82.00	\$82.00	\$0.00	\$21.95	\$82.00	
10							Contract-2			
11	Commodity Block 1	\$0.37095	\$0.27929	\$0.08672	\$0.18690	\$0.18690	\$0.0484	\$0.27929	\$0.08672	
12	Commodity Block 2						\$0.0484			
13	Commodity Block 3						9.2%			
14	Commodity Block 4						Dec ccf %			
15										
16	Demand Block 1									
17	Demand Block 2						Contract-1			
18	Fixed Monthly, Oct-Dec						40,224	10/22-9/23, monthly		
19	Fixed Monthly, Jan-Sep						41,028	10/23-9/24, monthly		
20										
<b>COMPUTATION OF REVENUE</b>										
21	Fixed Charge Revenue	986,567	225,470	2,952	3,936	12,792	485,100	14,750	3,936	1,735,504
22	Volumetric Revenue	2,265,294	739,074	50,985	10,388	497,881	365,018	258,262	532,249	4,719,152
23	<b>Total Distribution Revenue</b>	<b>\$3,251,862</b>	<b>\$964,545</b>	<b>\$53,937</b>	<b>\$14,324</b>	<b>\$510,673</b>	<b>\$850,118</b>	<b>\$273,012</b>	<b>\$536,185</b>	<b>\$6,454,656</b>
24	Target	3,251,851	964,647	53,928	14,312	510,675	850,118	273,260	536,181	6,454,970
25										
<b>BILLING UNITS- DETAIL</b>										
26	Block 1 ccf Sales	6,106,738	2,646,262	587,921	55,582	2,663,890	15,926,624	924,708	6,137,556	35,049,281
27								<i>Check</i>		<i>35,049,281</i>

Valley Energy Company (PA)  
Rate Case with Fully Projected Future Test Year 2023 (S)

Summary Of Present And Proposed Tariff Rates  
Historic Year December 31, 2021 and Fully Projected Future Test Year December 31, 2023

Line	Present Rates (excluding GCR)	GCR Current	Present Rates (including GCR present rate)	Proposed Rates (excluding GCR)	GCR Current	Proposed Rates (including GCR present rate)	Proposed Increase (excluding GCR)	Proposed Increase (including GCR present rate)	
1	<b>Rate R- Residential</b>								
2	Customer Charge per Bill		\$11.79	\$11.79		\$12.35	\$12.35	4.75%	4.75%
3									
4	<u>Commodity charge per ccf</u>								
5	All usage	\$0.28723	\$0.81209	\$1.09932	\$0.37095	\$0.81209	\$1.18304	29.15%	7.62%
6	<b>Rate C- Commercial</b>								
7	Customer Charge per Bill		\$20.21	\$20.21		\$21.95	\$21.95	8.61%	8.61%
8									
9	<u>Commodity charge per ccf</u>								
10	All usage	\$0.22553	\$0.81209	\$1.03762	\$0.27929	\$0.81209	\$1.09138	23.84%	5.18%
11	<b>Rate I- Large Industrial Firm</b>								
12	Customer Charge per Bill		\$0.00	\$0.00		\$0.00			
13									
14	<u>Commodity charge per ccf</u>								
15	Block 1	\$0.11738	\$0.81209	\$0.92947	\$0.14158	\$0.81209	\$0.95367	20.62%	2.60%
16	Block 2	\$0.07210	\$0.81209	\$0.88419	\$0.08696	\$0.81209	\$0.89905	20.61%	1.68%
17	Block 3	\$0.04723	\$0.81209	\$0.85932	\$0.05697	\$0.81209	\$0.86906	20.62%	1.13%
18									
19	<u>Demand charge per mcf</u>								
20	Block 1	\$1.288650		\$1.28865	\$1.55432		\$1.55432	20.62%	20.62%
21	Block 2	\$0.668730		\$0.66873	\$0.80660		\$0.80660	20.62%	20.62%
22	<b>Rate IS- Interruptible Service</b>								
23	Customer Charge per Bill		\$75.23	\$75.23		\$82.00	\$82.00	9.00%	9.00%
24									
25	<u>Transport charge per ccf</u>								
26	All usage	\$0.07180		\$0.0718	\$0.08672		\$0.0867	20.78%	20.78%

Valley Energy Company (PA)  
Rate Case with Fully Projected Future Test Year 2023 (S)

Summary Of Present And Proposed Tariff Rates  
Historic Year December 31, 2021 and Fully Projected Future Test Year December 31, 2023

Line	Present Rates (excluding GCR)	GCR Current	Present Rates (including GCR present rate)	Proposed Rates (excluding GCR)	GCR Current	Proposed Rates (including GCR present rate)	Proposed Increase (excluding GCR)	Proposed Increase (including GCR present rate)
27	<b>Rate SI- Small Industrial</b>							
28	Customer Charge per Bill	\$75.23	\$75.23	\$82.00		\$82.00	9.00%	9.00%
29								
30	<u>Demand charge per mcf</u>							
31	All usage	\$0.1544	\$0.8121	\$0.9665	\$0.1869	\$0.8121	\$0.9990	21.05% 3.36%
32	<b>Rate ST- Transport Firm</b>							
33	Customer Charge per Bill	\$75.23	\$75.23	\$82.00		\$82.00	9.00%	
34								
35	<u>Transport charge per ccf</u>							
36	All usage	\$0.1544	\$0.1544	\$0.1869		\$0.1869	21.05%	21.05%
37	<b>Transport. Firm- DDQ</b>							
38	Customer Charge per Bill	\$20.21	\$20.21	\$21.95		\$21.95	8.61%	8.61%
39								
40	<u>Transport charge per ccf</u>							
41	All usage	\$0.2255	\$0.2255	\$0.2793		\$0.2793	23.84%	23.84%
42	<b>Transport. Interruptible</b>							
43	Customer Charge per Bill	\$75.23	\$75.23	\$82.00		\$82.00	9.00%	
44								
45	<u>Transport charge per ccf</u>							
46	All usage	\$0.0718	\$0.0718	\$0.0867		\$0.0867	20.78%	20.78%

B5-1 (S)

**Valley Energy Company (PA)**  
**Rate Case with Fully Projected Future Test Year 2023 (S)**

**Bill Comparisons (including GCR to take effect November 1, 2022)**  
**Fully Projected Future Test Year December 31, 2023**  
**Rate R- Residential**

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
1		Minimum	\$11.79		\$12.35		\$0.56	4.75%
2		10	22.78	\$2.27832	24.18	\$2.41804	1.40	6.13%
3		20	33.78	1.68882	36.01	1.80054	2.23	6.62%
4	All Residential, Apr-Sep	36	51.37	1.42682	54.94	1.52610	3.57	6.96%
5		50	66.76	1.33512	71.50	1.43004	4.75	7.11%
6	All Residential, Annual	76	95.34	1.25445	102.26	1.34554	6.92	7.26%
7	All Residential, Oct-Mar	117	140.41	1.20009	150.77	1.28860	10.36	7.37%
8		150	176.69	1.17792	189.81	1.26537	13.12	7.42%
9		200	231.65	1.15827	248.96	1.24479	17.30	7.47%
10		250	286.62	1.14648	308.11	1.23244	21.49	7.50%

**Rate C- Commercial**

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
16		Minimum	\$20.21		\$21.95		\$1.74	8.61%
17		25	46.15	\$1.84602	49.23	\$1.96938	3.08	6.68%
18		50	72.09	1.44182	76.52	1.53038	4.43	6.14%
19		100	123.97	1.23972	131.09	1.31088	7.12	5.74%
20		200	227.73	1.13867	240.23	1.20113	12.49	5.49%
21	All Commercial, Annual	258	287.92	1.11595	303.53	1.17646	15.61	5.42%
22		300	331.50	1.10499	349.36	1.16455	17.87	5.39%
23		400	435.26	1.08815	458.50	1.14626	23.24	5.34%
24		500	539.02	1.07804	567.64	1.13528	28.62	5.31%
25		750	798.43	1.06457	840.49	1.12065	42.06	5.27%
26		1,000	1,057.83	1.05783	1,113.33	1.11333	55.50	5.25%

B5-1 (S)

Valley Energy Company (PA)  
Rate Case with Fully Projected Future Test Year 2023 (S)

Bill Comparisons (including GCR to take effect November 1, 2022)  
Fully Projected Future Test Year December 31, 2023

Rate SI- Small Industrial

28  
29  
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Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
		Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
	Minimum	\$75.23		\$82.00		\$6.77	9.00%
	2,000	2,008.21	\$1.00411	2,079.98	\$1.03999	71.77	3.57%
	4,000	3,941.19	0.98530	4,077.96	1.01949	136.77	3.47%
	6,000	5,874.17	0.97903	6,075.94	1.01266	201.77	3.43%
	8,000	7,807.15	0.97589	8,073.92	1.00924	266.77	3.42%
	10,000	9,740.13	0.97401	10,071.90	1.00719	331.77	3.41%
	12,000	11,673.11	0.97276	12,069.88	1.00582	396.77	3.40%
	14,000	13,606.09	0.97186	14,067.86	1.00485	461.77	3.39%
	16,000	15,539.07	0.97119	16,065.84	1.00412	526.77	3.39%
	18,000	17,472.05	0.97067	18,063.82	1.00355	591.77	3.39%
	20,000	19,405.03	0.97025	20,061.80	1.00309	656.77	3.38%

B5-2 (S)

Valley Energy Company (PA)  
Rate Case with Fully Projected Future Test Year 2023 (S)

Bill Comparisons (excluding GCR)  
Fully Projected Future Test Year December 31, 2023  
Rate R- Residential

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
1		Minimum	\$11.79		\$12.35		\$0.56	4.75%
2		10	14.66	\$1.46623	16.06	\$1.60595	1.40	9.53%
3		20	17.53	0.87673	19.77	0.98845	2.23	12.74%
4	All Residential, Apr-Sep	36	22.13	0.61473	25.70	0.71401	3.57	16.15%
5		50	26.15	0.52303	30.90	0.61795	4.75	18.15%
6	All Residential, Annual	76	33.62	0.44236	40.54	0.53345	6.92	20.59%
7	All Residential, Oct-Mar	117	45.40	0.38800	55.75	0.47651	10.36	22.81%
8		150	54.87	0.36583	67.99	0.45328	13.12	23.91%
9		200	69.24	0.34618	86.54	0.43270	17.30	24.99%
10		250	83.60	0.33439	105.09	0.42035	21.49	25.71%

Rate C- Commercial

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
16		Minimum	\$20.21		\$21.95		\$1.74	8.61%
17		25	25.85	\$1.03393	28.93	\$1.15729	3.08	11.93%
18		50	31.49	0.62973	35.91	0.71829	4.43	14.06%
19		100	42.76	0.42763	49.88	0.49879	7.12	16.64%
20		200	65.32	0.32658	77.81	0.38904	12.49	19.13%
21	All Commercial, Annual	258	78.40	0.30386	94.01	0.36437	15.61	19.91%
22		300	87.87	0.29290	105.74	0.35246	17.87	20.33%
23		400	110.42	0.27606	133.67	0.33417	23.24	21.05%
24		500	132.98	0.26595	161.60	0.32319	28.62	21.52%
25		750	189.36	0.25248	231.42	0.30856	42.06	22.21%
26		1,000	245.74	0.24574	301.24	0.30124	55.50	22.58%





# **Attachment B**

**VALLEY ENERGY, INC. -  
PENNSYLVANIA DIVISION**

Rates and Rules  
Governing and Furnishing of  
Gas Service  
in the

Boroughs of Athens, Monroe, Sayre, South Waverly  
and Towanda; and the Townships of Asylum, Athens,  
Monroe, North Towanda, Towanda, Ulster and Wysox  
all in the County of Bradford

**THIS TARIFF MAKES  $\{\}$ CHANGES $\}$  TO EXISTING RATES,  
RULES AND REGULATIONS  
See Page No. 2**

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Issued: XXXXX

Effective: January 29, 2023

By: Edward E. Rogers, President & Chief Executive Officer  
523 S. Keystone Ave.  
Sayre, PA 18840-0340  
(570) 888-9664

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

Supplement No. XX implements a distribution rate increase. Specifically, Supplement No. XX:

- Page 11: Revised the definition of “Demand.”
- Page 12: Added the definition of “Main.”
- Page 34: For “Rule 7 – Suspension of Discontinuance of Service,” increased the disconnection and reconnection fees.
- Page 35: For “Rule 8 – Temporary, Short Term, Seasonal or Special Service,” increased the disconnection and reconnection fees.
- Pages 35A-35G: Added “Rule 9 – Gas Quality.”
- Page 36: For “Rate “C” – Commercial Rate,” increased the “Monthly Distribution Rate,” revised the definition of “Monthly Minimum Charge” and added the definition of “Minimum Bill Provisions.”
- Page 38: For “Rate “I” – Large Industrial Service-Firm,” increased the “Distribution Rate Per Service Per Month.”
- Page 39: For “Rate “I” – Large Industrial Service-Firm,” increased the “Monthly Minimum Charge.”
- Page 40: For “Rate “I” – Large Industrial Service-Firm,” revised the “Terms of Payment” section.
- Page 41: For “Rate “I” – Large Industrial Service-Firm,” revised the “Measurement of Gas” section.
- Page 43: For “Rate “IS” – Industrial Interruptible Service,” revised the “Interruptibility of Service” section.
- Page 44: For “Rate “IS” – Industrial Interruptible Service,” increased the “Distribution Rate Per Month” and the “Monthly Minimum Charge.”
- Page 45: For “Rate “IS” – Industrial Interruptible Service,” revised the “Measurement of Gas” and “Terms of Payment” sections.
- Page 48: For “Rate Schedule “AFD” – Alternative Fuel Displacement Rate,” revised the “Terms of Payment” section.
- Page 49: For “Rate “SI” – Small Industrial,” increased the “Monthly Distribution Rate” and Monthly Minimum Charge.”
- Page 50: For “Rate “R” – Residential Rate,” revised the “Availability” section, increased the “Monthly Distribution Rate” and revised the “Monthly Minimum Charge.”
- Page 58: For “Rate Schedule “T” – Transportation Service,” increased the “Overrun Penalties.”
- Page 59: For “Rate Schedule “T” – Transportation Service,” increased the “Unauthorized Use” rate and updated the gas “Quality” section.
- Page 81: For “Rider “B” – State Tax Surcharge,” decreased the surcharge to 0.0000%.

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(C) Indicates Change

Issued: XXXXX

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**DEFINITIONS (Continued)**

**COMPANY**

VALLEY ENERGY, INC.

**CONNECTED LOAD**

Connected Load is the combined rated capacity of all of Customer's gas consuming devices.

**CUSTOMER**

Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff. For residential accounts, Customer includes a natural person in whose name the account is listed and any adult occupant whose name appears on the mortgage, deed or lease of the property.

**CUSTOMER CHARGE**

A monthly charge to cover such Company costs as maintaining the gas lines, meter reading and billing.

**CUSTOMER'S INSTALLATION**

All pipes, fixtures, valves, shut-off cocks, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose, ordinarily located on the Customer's side of the Point of Delivery and including the Service Extension, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

**DAILY QUANTITY**

The quantity of gas used in a twenty-four (24)-hour period beginning at 10:00 a.m., Eastern Standard Time or Daylight Savings Time, whichever is in common use, or as subsequently defined by natural gas industry standards promulgated by FERC.

**DEMAND**

Demand is the amount of gas which the Company is under contract to furnish to Customer and Customer is obliged to take and pay for, whether it is expressed in therms, cubic feet or any other unit of measurement. It is the amount specified in the application or contract, or as shown by test. (C)

(C) Indicates Change

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**DEFINITIONS (Continued)**

**DISTRIBUTION CHARGES**

Charges to recover the costs the Company incurs to provide the services necessary to deliver natural gas to a customer from the point of receipt into the Company's distribution system.

**Dth (Dekatherm)**

A measure of the heat content value of gas equal to one million BTUs. Gas usage is determined by multiplying the Mcf used by the heat (BTU) content value of the gas per Mcf.

**GAS SUPPLY CHARGE**

Charges by an NGS or Supplier of Last Resort to recover the cost of procuring natural gas and delivering it to the Company's facilities for redelivery to Customers.

**MAIN:**

Shall mean a pipeline located on a public or private right-of-way which is generally available or used to transport gas to more than one service line.

(C)  
|  
(C)

**Mcf**

1,000 cubic feet of gas. This is a volume measure of gas usage.

**NATURAL GAS SUPPLIER (NGS)**

Any person, corporation or other entity that has received a license from the Commission determining that it is eligible and licensed to supply natural gas supply services to Customers in the Company's service territory under and pursuant to the Act and that has met the additional criteria established by the Company to permit it to provide natural gas supply service to Customers.

**POINT OF DELIVERY**

That point at which the Customer's facilities are connected to the Company's facilities which is the first fitting after the outlet side of the meter connection point.

**SERVICE**

The furnishing of service or the delivery of gas referred to in these Rules and Regulations and in contracts with Customers shall be construed to mean readiness and ability on the part of Company to supply the Customer at the time Company is obligated to supply, whether or not Customer makes any use thereof.

**SERVICE EXTENSION**

The portion of Customer's Installation to which Company connects its Service Pipe.

(C) Indicates Change

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**RULE 7—SUSPENSION OR DISCONTINUANCE OF SERVICE**

**A. DISCONTINUANCE BY CUSTOMER**

1. All residential Customers shall give at least seven days notice to Company and to any occupant specifying the date service is to be discontinued. In the absence of such notice, the ratepayer shall be responsible for all services rendered. The ratepayer also shall be responsible for bills, if the residence is either multi-family or other than the ratepayer's residence and the ratepayer has not stated in writing on the appropriate form provided by Company that the premises are unoccupied. If the premises are occupied, and the ratepayer is terminating service, then Company requires written consent from the occupants to the disconnection of service.

2. Discontinuance of service for Non-Residential Customers shall be in accordance with the terms of the contract and/or applicable Rate Schedule.

**B. SHUT-DOWN FOR REPAIRS**

For the purpose of making necessary repairs upon the mains or other parts of its system, Company may suspend service for such period in such manner as in its judgment be necessary, but Customer shall be given at least three hours advance notice of any such suspension, except in cases of emergency where such notice is impracticable.

**C. COMPANY'S RIGHT TO TERMINATE CONTRACT OR SUSPEND SERVICE**

Company may disconnect service and remove its meter and other property from the premises of Customer upon any violation by the latter of any of these rules and regulations or of any of the terms and conditions of the contract between Company and Customer and in accordance with the Rules and Regulations of the Pennsylvania Public Utility Commission and Chapter 14 of the Public Utility Code, 66 Pa.C.S. Chapter 14. In the event of such disconnection, service will not be reconnected until the expense of disconnecting and reconnection is paid. The usual charge of making a disconnection and reconnection shall be thirty dollars (\$30.00) if the reconnection is made during normal working hours, otherwise the charge will be forty dollars (\$40.00), and shall be due upon reconnection of service.

(C) (I)  
(C) (I)

(C) Indicates Change (I) Indicates Increase

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(C)

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**RULE 8—TEMPORARY, SHORT TERM, SEASONAL OR SPECIAL SERVICE**

1. Temporary, short term or special service will be supplied only under the terms of schedules covering such service and when Company has capacity and equipment available for the service desired. Company may, however, at its option, supply service for periods of less than one year under any standard schedule for purposes of tests and as an aid in securing business.

2. Seasonal service for annually recurring periods of less than one year and for which no specific schedule is provided will be supplied under the general service schedule plus a charge covering all costs of connection and disconnection. Unless it is specified to the contrary in the schedule the minimum charge for making a disconnection and reconnection shall be thirty dollars (\$30.00) if the reconnection is during normal working hours, otherwise the charge will be forty dollars (\$40.00).

(C) (I)  
(C) (I)

3. Unless it is specified to the contrary in the schedule, the schedules contained in this tariff do not apply to standby and/or breakdown service and no other source of supply of gas shall be introduced or used by Customer in conjunction with Company's service without the written consent of Company.

4. Where gas service is requested by any applicant for standby or supplemental purposes, such as but not limited to gas for electric power generation in the event of failure of the normal electric power supply, and where the business in prospect does not warrant the expenditure required to render service, the Company will determine, from the circumstances of each case, what guarantees of revenue, or what financing shall be required of the Customer.

5. Customer contracting for service for not more than one year and discontinuing the use thereof before the expiration of such contract shall pay for the service already received at the rates provided in the short term schedule applicable thereto. The final bill shall be an amount equal to the sum of the monthly bills based on the short term schedule less the sum of the payments already made by the Customer.

(C) Indicates Change (I) Indicates Increase

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**RULE 9—GAS QUALITY**

A. INTERSTATE PIPELINE

1. Gas delivered by or on behalf of Customer to Company at point(s) of receipt with an interstate pipeline shall conform to the interstate pipeline's gas quality standards.

B. AT OTHER RECEIPT POINT(S)

1. Gas delivered by or on behalf of Customer to Company at point(s) of receipt other than an interstate pipeline shall be commercially free from oil, water, air, salt, dust, gum, gum-forming constituents, harmful or noxious vapors, or other solid or liquid matter which might interfere with its merchantability or cause to or interference with proper operation of the lines, regulators, meters, and other equipment of Company or its customers.
2. Customer will indemnify and hold Company harmless from any suits, actions, debts, accounts, damages, costs, losses and expenses, including but not limited to, attorneys' fees and expenses, arising from personal injury, death, or damage to Company's equipment or facilities or arising from personal injuries, death, or damage to the facilities, products, or equipment of Company's other customers or third parties, or arising from additional hours worked by Company or its other customers or third parties, caused as a result of Customer's gas failing to meet the quality specifications set forth herein.
3. To assure that the gas delivered by Customer to Company conforms to the quality specifications of this Section, Customer's gas shall be analyzed at the point(s) of receipt from time-to-time as Company deems necessary. The gas delivered shall conform to the following gas quality specifications:

**RULE 9—GAS QUALITY (continued)****GAS QUALITY SPECIFICATIONS<sup>1</sup>**

CONSTITUENT	UNITS	LOW	HIGH
HIGH HEAT VALUE (HHV) <sup>2</sup>	BTU/SCF	967	1110
WOBBE INDEX	BTU/SCF	1267	1400
WATER CONTENT	LBS/MMCF		< 7.0
TEMPERATURE	°F		< 120
CARBON DIOXIDE	VOL%		2.0
OXYGEN	VOL%		0.4
TOTAL INERTS (CO <sub>2</sub> +O <sub>2</sub> +N <sub>2</sub> )	VOL%		5.0
HYDROCARBON DEW POINT (CHDP)	°F		15
LIQUIDS AND HYDROCARBONS	NA		NONE
HYDROGEN SULFIDE	PPM		5.0
TOTAL SULFUR	GRAINS/100 SCF		2.0
TOTAL MERCAPTANS	PPM		8.0
ALDEHYDES/KETONES		Aldehydes/Ketones must be at a level that does not unreasonably interfere with odorization of Company's gas	
AMMONIA	PPM		10
HYDROGEN	VOL%		0.1
P-DICHLOROBENZENE	PPM		24
ETHYLBENZENE	PPM		150
VINYL CHLORIDE	PPM		8.3
TOLUENE	PPM		240
N-NITROSO-DIN-PROPYLAMINE	PPM		0.15
METHACROLEIN	PPM		18
TOTAL SILOXANES	MG SI/M3		< 0.5
MERCURY	PPB	Comm Free (< 1.0)	
ARSENIC	PPM		0.2
PCBs/PESTICIDES	PPB	Comm Free (< 1.0)	

1. For purposes of this Tariff, "Commercially Free" is defined as "Not Detectable" relative to typical pipeline gas flowing at the interconnect location that results in RNG, or "Renewable Natural Gas," being compositionally equivalent to flowing supplies. The analytical method, associated detection threshold, and testing facility shall be determined by the Company. Periodic testing will be required where potential Constituents of Concern are reasonably expected.

2. Higher Heating Value is dry, @ 14.73 psia 60° F.

As used in this Rule, RNG means gas, consistently primarily of methane, which: (1) is derived from biogas produced by landfills, animal farms, wastewater treatment plans, or other sources; and (2) is subsequently processed by removing carbon dioxide, nitrogen, and other constituents in order to convert the biogas into pipeline-compatible gaseous fuel.

**RULE 9—GAS QUALITY (continued)**

4. The Total Heating Value of the gas shall be determined by taking samples of the gas at the point(s) of receipt at such reasonable times as may be designated by Company. The Btu content per cubic foot shall be determined by an accepted type of calorimeter or other suitable instrument for a cubic foot of gas at a temperature of sixty (60) degrees Fahrenheit when saturated with water vapor and at a pressure of 14.73 psia. The Btu determination designated by Company shall be made by Company at its expense. Any additional Btu determinations requested by Customer shall be at Customer's expense.
5. Company may, on a not-unduly discriminatory basis, accept volumes of gas, including renewable natural gas, that fail to meet the quality specifications set forth in this tariff section, if Company determines that it can do so without adversely affecting (1) system operations; (2) the operation of the Company's equipment; (3) the operation of gas-burning equipment of Company's other customers; or (4) the quality of public utility service provided by Company. In deciding whether to accept such volumes of gas, the Company shall consider, without limitation, (1) which specifications are not being met; (2) the sensitivity of customer equipment and potential impact on such equipment; (3) Customer's plan to improve gas quality; (4) the effect on system supply; (5) interchangeability; (6) the anticipated duration of the quality deviation; and (7) the blending ratio between geological natural gas and RNG in the area of Company's distribution system where RNG is being injected.
6. Company shall not be obligated to accept gas which it reasonably believes may adversely affect the standard of public utility service offered by Company, or gas which it reasonably believes may adversely affect the operation of its equipment or the gas-burning equipment of its customers. If any gas delivered hereunder fails to meet the quality specifications set forth herein, Company may, at any time, elect to refuse to accept all or any portions of such gas until Customer brings the gas into conformity with such specifications.

**RULE 9—GAS QUALITY (continued)**

C. GAS QUALITY TESTING

1. Gas delivered to Company must be continuously monitored, at Customer's expense, to ensure it meets the quality specifications set forth in Section B of this Rule. Constituents that are not continuously monitored using currently-available technology must be tested in a laboratory once per year at Company's expense. If the quality of the gas, based on a laboratory test, does not meet the standards in Section B of this Rule, the gas must be tested in a laboratory monthly, at the Customer's expense, until the gas meets the standards in Section B of this Rule for three consecutive months or the Customer otherwise demonstrates to the Company, in the Company's reasonable discretion, that it has remediated the constituent deficiency.
2. Such tests shall include only the test method or methods that tests for the specific standard or standards that were not met, but Company may consider any results provided by such test method(s). Company will provide Customer with at least three (3) business days' notice of the tests described in this Section C, and Customer will be given the opportunity to be present and observe such tests. Company may, at its option, require Customer to install automatic shutoff devices, at Customer's expense, to prevent gas that fails to meet the quality specifications set forth in Section B of this Rule from entering Company's pipeline system.
3. The scope of all gas testing shall follow the parameters below based on the origin of the gas. The parameters for each origin of gas are based on the source of gas and likelihood of a constituent being present in the source gas. The Company has the discretion to test for additional constituents on the list below, notwithstanding the origin of the gas, if the Company reasonably believes those constituents may be present.

**RULE 9—GAS QUALITY (continued)****GAS TESTING PARAMETERS<sup>1</sup>**

CONSTITUENT	TESTING TYPE <sup>2</sup>	ORIGIN OF GAS		
		GEOLOGICAL	DIGESTER	LANDFILL/WWTP
HIGH HEAT VALUE (HHV)	IN-FIELD	X	X	X
WOBBE INDEX	IN-FIELD	X	X	X
WATER CONTENT	IN-FIELD	X	X	X
TEMPERATURE	IN-FIELD	X	X	X
CARBON DIOXIDE	IN-FIELD	X	X	X
OXYGEN	IN-FIELD	X	X	X
TOTAL INERTS (CO <sub>2</sub> +O <sub>2</sub> +N <sub>2</sub> )	IN-FIELD	X	X	X
HYDROCARBON DEW POINT (CHDP)	IN-FIELD	X	X	X
LIQUIDS AND HYDROCARBONS	IN-FIELD	X	X	X
HYDROGEN SULFIDE	IN-FIELD	X	X	X
TOTAL SULFUR	LAB	X	X	X
TOTAL MERCAPTANS	LAB	X		X
ALDEHYDES/KETONES	LAB			X
AMMONIA	LAB			X
HYDROGEN	LAB		X	X
P-DICHLOROBENZENE	LAB		X	X
ETHYLBENZENE	LAB		X	X
VINYL CHLORIDE	LAB		X	X
TOLUENE	LAB		X	X
N-NITROSO-DIN-PROPYLAMINE	LAB		X	X
METHACROLEIN	LAB		X	X
TOTAL SILOXANES	LAB			X
MERCURY	LAB			X
ARSENIC	LAB			X
PCBs/PESTICIDES	LAB			X

1. Constituents to be tested for each category of gas are indicated with an “X.”

2. Testing method is defined as “In-Field” or “Lab.” “In-Field” testing requires the Customer’s use of readily available, continuously testing, industry-standard equipment, which has been reviewed and approved by Company. “Lab” testing requires the Customer and the Company to coordinate the sampling of gas and sending it to a laboratory for testing and analysis.

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**RULE 9—GAS QUALITY (continued)****C. MEASUREMENT**

1. For all gas delivered by Customer to Company, the volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and a temperature base of sixty (60) degrees Fahrenheit. The average absolute atmospheric (barometric) pressure shall be fourteen and four tenths (14.4) pounds per square inch. The flowing temperature shall be sixty (60) degrees Fahrenheit and may be adjusted to actual flowing conditions by Company if deemed necessary by Company. All said gas shall be measured by orifice or displacement type meter or any other approved measuring device of equal accuracy. Orifice meters shall be installed and operated, and gas volumes computed in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, including any revisions applying thereto.
2. Customer shall install, or cause to be installed, at no expense to Company, measuring equipment necessary in Company's judgment to accomplish accurate measurement of the gas. Company shall operate and maintain said measuring equipment. The measuring equipment will be installed, operated, and maintained in accordance with the specifications of the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, as amended from time to time, or by any other mutually acceptable method commonly used in the industry. Such measuring equipment shall conform to the specifications provided by Company; shall be calibrated, as Company deems necessary, by Company; shall be inspected by Company; and must be approved by Company prior to any deliveries hereunder.
3. Customer recognizes that it may be necessary for Company's employees, agents, or representatives, to enter the property on which said measuring equipment is located to perform such functions upon said measuring equipment as may be necessary to effectuate the provisions of a Service Agreement, and Customer hereby expressly grants Company permission to perform such functions on said measuring equipment. Customer, to the extent it is within Customer's power to do so, will grant Company such easements as may be necessary for Company's employees to enter the property on which said measuring equipment is located. In the event that easements from other parties are necessary for Company's employees, agents, or representatives to enter the property on which said measuring equipment is located, Customer will acquire such easements, and agrees that the Service Agreement will not become effective until and unless such easements are acquired.



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**RULE 9—GAS QUALITY (continued)**

4. Company will read the meter(s) measuring the consumption at Customer's facility at the conclusion of each billing month. Measurement shall be governed by any applicable provisions of Company's tariff, and any applicable regulations of the Pennsylvania Public Utility Commission. The pressure base shall be fourteen and sixty-five hundredths (14.65) pounds per square inch absolute. No volumetric adjustments shall be made to compensate for the difference between this pressure base and the pressure base identified in Paragraph C(1) above.
5. Each party shall have constant access to the meters and access, upon reasonable notice and during business hours, to meter charts and records.
6. Measurement of production gas at receipt meters shall be calculated following the recommendations of the ANSI/API 2530 "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids" (A.G.A. Report No. 3) including the A.G.A. Manual for Determination of Supercompressibility Factors of Natural Gas or the A.G.A. Transmission Measurement Committee Report No. 8 "Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases" or the ANSI B109.3 "Standard for Rotary Meters" and "Measurement by Turbine Meters - Volumetric Flow Measurement" (A.G.A. Report No. 7), as appropriate to the type of measurement installed at the receipt facility, including any revisions applying thereto. If the receipt facility gas flow characteristics are such that calculations cannot be performed consistent with the above-mentioned recommendations due to a decline in production or other operational matters, the Company shall have the right to turn off a meter until a replacement meter meeting the above specifications is installed.

**D. WARRANTY OF TITLE**

1. Customer warrants the title to all gas delivered to Company from Customer or on behalf of Customer and shall indemnify and save harmless Company from all suits, actions, accounts, costs, losses, and expenses (including attorney's fees) arising from or connected with the adverse claim of any person or persons to the gas received, transported, or delivered. Customer assumes all responsibility for all royalties, licenses, taxes, and charges to which the gas transported, or the transportation service, may be subject.

**RATE "C" - COMMERCIAL RATE**

**AVAILABILITY**

This rate is applicable to natural and manufactured gas service for all commercial purposes. Service will be supplied only where the Company's facilities and available quantity of gas are suitable to the service desired.

**MONTHLY DISTRIBUTION RATE**

Customer charge per month	\$21.95	(I)
All gas purchased per month	\$0.27929 per Ccf	(I)

**GAS SUPPLY SERVICE**

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

**OTHER RATE PROVISIONS**

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

**MONTHLY MINIMUM CHARGE**

Customer Charge as set forth above. (C)

**MINIMUM BILL PROVISIONS**

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period. (C)  
 (C)

The minimum charge provision in this Rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

**NET PAYMENT PERIOD**

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase    (C) Indicates Change

Issued: XXXXX

Effective: January 29, 2023

By: Edward E. Rogers, President & Chief Executive Officer  
 523 S. Keystone Ave.  
 Sayre, PA 18840-0340  
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**RATE "I" - LARGE INDUSTRIAL SERVICE - FIRM****AVAILABILITY**

This Industrial Gas Service Rate is an optional rate, covering the furnishing of "Firm" gas service. Available to any Industrial customer located immediately adjacent to Company's existing distribution lines, and where Company's facilities and the available quantity of gas are adequate and suitable for Customer's requirements. Service under this rate shall be furnished only under a special negotiated contract. Available to any Industrial Customer using 10,000 Ccf or more per day.

**CHARACTER OF SERVICE**

The service furnished by Company shall be natural gas having a heat content of approximately 1,000 Btu per cu. ft. The gas service pressure shall be adequate to operate the various commercial and industrial appliances, space heating and other equipment whose capacity and operating characteristics conform to Company standards.

**DISTRIBUTION RATE PER SERVICE PER MONTH**

The total maximum monthly base distribution rate shall be the sum of the following demand (1) and commodity (2) charges applied to the monthly billing demand and the total quantity of gas used in Ccf (100 cu. ft.), and as referred to elsewhere in this rate:

(1) <u>Demand Charges Per Month</u>			
First 1,000 Mcf of billing demand	@ \$1.55432 per Mcf		(I)
Each additional Mcf of billing demand	@ \$0.80660 per Mcf		(I)
(2) <u>Commodity Charges per Month</u>			
First 80,000 Ccf of gas used per month	@ \$0.14158 per Ccf		(I)
Next 140,000 Ccf of gas used per month	@ \$0.08696 per Ccf		(I)
Over 220,000 Ccf of gas used per month	@ \$0.05697 per Ccf		(I)

**GAS SUPPLY SERVICE**

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service at a rate negotiated between Company and Customer, which shall not be less than the cost for Company to obtain such supplies and transportation of the same to the Company's system.

(I) Indicates Increase

Issued: XXXXX

Effective: January 29, 2023

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**RATE I - LARGE INDUSTRIAL SERVICE — FIRM (Continued)**

**OTHER RATE PROVISIONS**

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

**AUTOMATIC METER READING EQUIPMENT**

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

**MONTHLY MINIMUM CHARGE**

Unless another methodology or charge is specified in the Customer's contract, the monthly minimum charge under this rate shall be the highest demand charge established during the twelve month period ending with the billing month under consideration, but not less than \$3,030.202. (I)

(I) Indicates Increase

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**RATE I - LARGE INDUSTRIAL SERVICE - FIRM (Continued)**

**BILLING DEMAND**

Unless otherwise specified in Customer's contract, the billing demand for each Point of Delivery shall be equal to the greatest number of Mcf delivered by Company to Customer in any one day at said Point of Delivery during the twelve month period ending with the last day of the month for which the monthly bill is being rendered.

**TERMS OF PAYMENT**

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill, and after twenty-six (26) days, 1-1/4% will be added per month up to a maximum of 15% per annum. (C)  
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(C)

(C) Indicates Change

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Effective: January 29, 2023

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**RATE I - LARGE INDUSTRIAL SERVICE - FIRM (Continued)**

**MEASUREMENT OF GAS**

1. The sales unit of the gas delivered hereunder shall be in 100 cu. ft. (Ccf).
2. The unit of measurement shall be that quantity of gas which will occupy one cubic foot at a pressure base of 14.73 pounds per square inch absolute at temperature base of 60 degrees F., and without adjustment for water vapor content.
3. The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

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**CONTRACT PERIOD**

Service will be established for an initial period of not less than twelve months.

(C) Indicates Change

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**RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)**

DISTRIBUTION RATE PER MONTH

Customer charge per month	\$82.00	(C)
Per 100 cu. ft. (Ccf) for all gas billed	\$0.08672 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

The monthly minimum charge under this rate shall be \$82.00.

The monthly minimum charge for any month that the Company requires that service be interrupted shall be prorated in proportion to the number of days in which service was interrupted, as related to thirty (30) days.

(C) Indicates Change    (I) Indicates Increase

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**RATE IS - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)**

**MEASUREMENT OF GAS**

1. The sales unit of the gas delivered hereunder shall be in 100 cu. ft. (Ccf).
2. The unit of measurement shall be that quantity of gas which will occupy one cubic foot at a pressure base of 14.73 pounds per square inch absolute at temperature base of 60 degrees F., and without adjustment for water vapor content.
3. The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

\* \* \*

**TERMS OF PAYMENT**

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill, and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

**CONTRACT PERIOD**

Service will be established for an initial period of not less than twelve months.

(C)  
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(C) Indicates Change

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**RATE SCHEDULE "AFD" – ALTERNATE FUEL DISPLACEMENT RATE (Continued)**

**TERMS OF PAYMENT**

The Company will notify the Customer prior to the first day of the billing month of the rate to be charged for gas consumed during that month under this rate schedule. All other Rules and Regulations of this tariff are a part of this rate schedule.

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill, and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(C)  
|  
(C)

**REPORTING REQUIREMENTS**

If a Customer(s) purchases services on this Schedule, then the Company will file a report with the Pennsylvania Public Utility Commission each month.

**OTHER RATE PROVISIONS**

This Schedule is subject to adjustment applications of State Tax Surcharge, Rider "B".

(C) Indicates Change

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Issued: XXXXX

Effective: January 29, 2023

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(C)

**RATE "SI" – SMALL INDUSTRIAL**

**AVAILABILITY**

Available to any Industrial customer using less than 1,000 Mcf per day.

**CHARACTER OF SERVICE**

Continuous natural gas of 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

**MONTHLY DISTRIBUTION RATE**

Customer charge per month	\$82.00	(I)
All gas purchased per month	\$0.1869 per Ccf	(I)

**GAS SUPPLY SERVICE**

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

**OTHER RATE PROVISIONS**

This Schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

**MONTHLY MINIMUM CHARGE**

The net minimum monthly charge is \$82.00. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

(I) Indicates Increase

Issued: XXXXX

Effective: January 29, 2023

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**RATE "R" - RESIDENTIAL RATE**

**AVAILABILITY**

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any Residential Customer. Residential Customers are customers receiving the Company’s gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family. (C)

**CHARACTER OF SERVICE**

Continuous natural gas 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column. (C)

**MONTHLY DISTRIBUTION RATE**

Customer charge per month	\$12.35	(I)
All gas purchased per month	\$0.37095 per Ccf	(I)

**GAS SUPPLY SERVICE**

Any Customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. The total gas cost rate is \$0.41748 per Ccf.

**OTHER RATE PROVISIONS**

This schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

**MONTHLY MINIMUM CHARGE**

Customer Charge as set forth above. (C)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of 12 months of the intervening period. (C)

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used. (C)

**NET PAYMENT PERIOD**

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of the bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(C) Indicates Change (I) Indicates Increase

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Effective: January 29, 2023

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**RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)****RATE FOR SERVICE (Continued)**

5. Overrun Penalties - Any unauthorized withdrawals from the Company's facilities in excess of a customer's contract for Standby Service or any unauthorized withdrawals from the Company's facilities, for a customer not selecting Standby Service, in excess of that customer's delivery for that day shall be considered overrun gas subject to a penalty of the market value of gas (if consumed but not delivered by an NGS) plus \$5.00 per Ccf multiplied by any excess quantity withdrawn; provided, however, no penalty charge shall be imposed if the Company has an adequate supply of gas available. (I)

6. Transportation Storage Service - The Company shall notify all customers receiving service under Rate Schedule "T" of any available storage capacity prior to April 30 of each year. Available capacity shall be allocated on a pro-rata basis according to requests received. The customer(s) electing this service shall be required to have a balance of zero (0) by March 31 of the succeeding year at which time the Company will determine available capacity for the next twelve months and notify customers pursuant to the notification provisions above.

Delivery of natural gas withdrawn from storage shall be on an interruptible basis.

The charge for this service shall be in addition to other transportation fees and shall be the Company's monthly cost for storage service and the related transportation to the Company's facilities. The current cost for storage service is as follows:

- a. A demand charge of \$98 per Mcf of annual storage capacity.
- b. A fee for interruptible delivery of \$0.01393 per Ccf transported.

Any customer(s) purchasing natural gas pursuant to an applicable retail rate schedule (including the current Gas Cost Rate) who has selected the interruptible Transportation Storage Service option shall receive a credit for retail purchases equivalent to that portion of gas costs related to storage fees. The present storage cost component of the currently effective Gas Cost Rate is \$0.30572 per Ccf purchased.

7. Automatic Meter Reading Equipment - In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost shall be paid by the customer prior to commencement of service. A dedicated telephone line must be provided by the customer, and the customer shall be responsible for maintaining the line. All maintenance performed by the Company at the request of the customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

(I) Indicates Increase

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Issued: XXXXX

Effective: January 29, 2023

By: Edward E. Rogers, President & Chief Executive Officer  
523 S. Keystone Ave.  
Sayre, PA 18840-0340  
(570) 888-9664

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**RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)**

**RATE FOR SERVICE (Continued)**

8. **Facilities Surcharge** - The cost of any modification to existing facilities or of any new facilities required exclusively to provide transportation service under this rate schedule shall be paid by the Customer. All modifications and new facilities shall be agreed to and specified by contract.

**TERMS OF PAYMENT**

Bills for transportation service under this schedule shall be rendered monthly. Bills are due and payable fifteen (15) days after rendition. A late payment penalty of five percent (5%) shall be applied to the first fifty dollars (\$50) and two percent (2%) shall be applied to all remaining balances after the fifteen (15) day due date.

**TAXES AND ASSESSMENTS**

This schedule is subject to adjustment application of the State Tax Surcharge Rider B.

**UNAUTHORIZED USE**

If Customer uses gas, after having been notified that gas is not available under this rate schedule, uses gas in excess of the maximum daily quantity as established in the Service Agreement, or fails to comply with a Critical Day Flow Order (CDFO), all such unauthorized usage shall be billed at the rate of \$5.00 per Ccf. Nothing herein shall be construed to prevent the Company from taking all lawful steps to stop the unauthorized use of gas by Customer, including disconnecting Customer's service. In addition, if Customer fails to comply with a CDFO, Company reserves the right, in its discretion, to suspend the Customer's ability to purchase transportation service for a period of one year or to require the Customer to purchase Standby Service.

(I)

**GAS SUPPLY OBLIGATION**

The Company shall have no obligation to provide natural gas supplies to Customers that contract for Firm Transportation Service without also contracting for Standby Service. In the event that a Firm Transportation Service Customer that does not contract for Standby Service seeks to purchase natural gas supplies from the Company, such sales may be made by the Company in its sole discretion.

**BALANCING**

Natural Gas Suppliers (NGSs) serving customers under Rate Schedule T are subject to the terms and conditions of Company's Supplier Tariff, including the Large Customer Balancing requirements.

**QUALITY**

The gas sold hereunder shall be of pipeline quality sufficient to meet the quality standards of the Company as set forth in Rule 9 of this Tariff and the Company's Supplier Tariff.

(C)

\* \* \*

(C)

(I) Indicates Increase

---

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(C)

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**RIDER "B" - STATE TAX SURCHARGE**

In addition to the charges provided in this tariff, a surcharge of 0.0000% will apply to all bills for sales service rendered on or after January 29, 2023.

(D)  
(C)

The above surcharge will be recomputed, using the elements prescribed by the Commission:

1. Whenever any of the tax rates used in calculation of the surcharge are changed.
2. Whenever the utility makes effective increased or decreased rates.
3. And on March 31, 1992, and each year thereafter.

The above recalculation will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect the utility may submit with such recomputation a tariff or supplement to reflect.

(D) Indicates Decrease    (C) Indicates Change

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# **Attachment C**



**VALLEY ENERGY, INC. -  
PENNSYLVANIA DIVISION**

**NATURAL GAS SUPPLIER COORDINATION TARIFF**

(C) Indicates Change

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(C)

**LIST OF CHANGES MADE BY THIS TARIFF**

Supplement No. XX makes the following changes:

Page 4: Revised the definition of “Demand” to remove references to “minimum.”

Pages 16-22: Added a new “Gas Quality” provision.

(C) Indicates Change

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Effective January 29, 2023

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(C)

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(C) Indicates Change

Issued: XXXXX

Effective January 29, 2023

By: Edward E. Rogers, President & Chief Executive Officer (C)  
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(570) 888-9664

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**DEFINITIONS**

**BUREAU OF CONSUMER SERVICES**

The Bureau of the Commission responsible for handling informal Customer complaints.

**CHAPTER 56**

The Commission regulations that govern metering, billing and collections for residential gas and electricity service.

**COMMISSION OR PUC**

The Pennsylvania Public Utility Commission or any lawful successor thereto.

**COMPANY**

Valley Energy, Inc.

**CUSTOMER**

Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Supplier of Last Resort Service and/or Distribution Service under this Tariff. For residential accounts, Customer includes a natural person in whose name the account is listed and any adult occupant whose name appears on the mortgage, deed or lease of the property.

**DEMAND**

Demand is the amount of gas which Company is under contract to furnish to Customer and Customer is obliged to take and pay for, whether it is expressed in therms, cubic feet or any other unit of measurement. It is the amount specified in the application or contract or as shown by test. (C)

(C) Indicates Change

---

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Effective January 29, 2023

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**RATE SCHEDULE NGS - NGS SERVICE (continued)**

**GAS QUALITY**

**A. INTERSTATE PIPELINE**

1. Gas delivered by or on behalf of Customer to Company at point(s) of receipt with an interstate pipeline shall conform to the interstate pipeline's gas quality standards.

**B. AT OTHER RECEIPT POINT(S)**

1. Gas delivered by or on behalf of Customer to Company at point(s) of receipt other than an interstate pipeline shall be commercially free from oil, water, air, salt, dust, gum, gum-forming constituents, harmful or noxious vapors, or other solid or liquid matter which might interfere with its merchantability or cause to or interference with proper operation of the lines, regulators, meters, and other equipment of Company or its customers.
2. Customer will indemnify and hold Company harmless from any suits, actions, debts, accounts, damages, costs, losses and expenses, including but not limited to, attorneys' fees and expenses, arising from personal injury, death, or damage to Company's equipment or facilities or arising from personal injuries, death, or damage to the facilities, products, or equipment of Company's other customers or third parties, or arising from additional hours worked by Company or its other customers or third parties, caused as a result of Customer's gas failing to meet the quality specifications set forth herein.
3. To assure that the gas delivered by Customer to Company conforms to the quality specifications of this Section, Customer's gas shall be analyzed at the point(s) of receipt from time-to-time as Company deems necessary. The gas delivered shall conform to the following gas quality specifications:

**RATE SCHEDULE NGS - NGS SERVICE (continued)**GAS QUALITY (continued)**GAS QUALITY SPECIFICATIONS<sup>1</sup>**

CONSTITUENT	UNITS	LOW	HIGH
HIGH HEAT VALUE (HHV) <sup>2</sup>	BTU/SCF	967	1110
WOBBE INDEX	BTU/SCF	1267	1400
WATER CONTENT	LBS/MMCF		< 7.0
TEMPERATURE	°F		< 120
CARBON DIOXIDE	VOL%		2.0
OXYGEN	VOL%		0.4
TOTAL INERTS (CO <sub>2</sub> +O <sub>2</sub> +N <sub>2</sub> )	VOL%		5.0
HYDROCARBON DEW POINT (CHDP)	°F		15
LIQUIDS AND HYDROCARBONS	NA		NONE
HYDROGEN SULFIDE	PPM		5.0
TOTAL SULFUR	GRAINS/100 SCF		2.0
TOTAL MERCAPTANS	PPM		8.0
ALDEHYDES/KETONES		Aldehydes/Ketones must be at a level that does not unreasonably interfere with odorization of Company's gas	
AMMONIA	PPM		10
HYDROGEN	VOL%		0.1
P-DICHLOROBENZENE	PPM		24
ETHYLBENZENE	PPM		150
VINYL CHLORIDE	PPM		8.3
TOLUENE	PPM		240
N-NITROSO-DIN-PROPYLAMINE	PPM		0.15
METHACROLEIN	PPM		18
TOTAL SILOXANES	MG SI/M3		< 0.5
MERCURY	PPB	Comm Free (< 1.0)	
ARSENIC	PPM		0.2
PCBs/PESTICIDES	PPB	Comm Free (< 1.0)	

1. For purposes of this Tariff, "Commercially Free" is defined as "Not Detectable" relative to typical pipeline gas flowing at the interconnect location that results in RNG, or "Renewable Natural Gas," being compositionally equivalent to flowing supplies. The analytical method, associated detection threshold, and testing facility shall be determined by the Company. Periodic testing will be required where potential Constituents of Concern are reasonably expected.

2. Higher Heating Value is dry, @ 14.73 psia 60° F.

As used in this Rule, RNG means gas, consistently primarily of methane, which: (1) is derived from biogas produced by landfills, animal farms, wastewater treatment plants, or other sources; and (2) is subsequently processed by removing carbon dioxide, nitrogen, and other constituents in order to convert the biogas into pipeline-compatible gaseous fuel.

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**RATE SCHEDULE NGS - NGS SERVICE (continued)**

**GAS QUALITY (continued)**

4. The Total Heating Value of the gas shall be determined by taking samples of the gas at the point(s) of receipt at such reasonable times as may be designated by Company. The Btu content per cubic foot shall be determined by an accepted type of calorimeter or other suitable instrument for a cubic foot of gas at a temperature of sixty (60) degrees Fahrenheit when saturated with water vapor and at a pressure of 14.73 psia. The Btu determination designated by Company shall be made by Company at its expense. Any additional Btu determinations requested by Customer shall be at Customer's expense.
5. Company may, on a not-unduly discriminatory basis, accept volumes of gas, including renewable natural gas, that fail to meet the quality specifications set forth in this tariff section, if Company determines that it can do so without adversely affecting (1) system operations; (2) the operation of the Company's equipment; (3) the operation of gas-burning equipment of Company's other customers; or (4) the quality of public utility service provided by Company. In deciding whether to accept such volumes of gas, the Company shall consider, without limitation, (1) which specifications are not being met; (2) the sensitivity of customer equipment and potential impact on such equipment; (3) Customer's plan to improve gas quality; (4) the effect on system supply; (5) interchangeability; (6) the anticipated duration of the quality deviation; and (7) the blending ratio between geological natural gas and RNG in the area of Company's distribution system where RNG is being injected.
6. Company shall not be obligated to accept gas which it reasonably believes may adversely affect the standard of public utility service offered by Company, or gas which it reasonably believes may adversely affect the operation of its equipment or the gas-burning equipment of its customers. If any gas delivered hereunder fails to meet the quality specifications set forth herein, Company may, at any time, elect to refuse to accept all or any portions of such gas until Customer brings the gas into conformity with such specifications.

---

**RATE SCHEDULE NGS - NGS SERVICE (continued)**

GAS QUALITY (continued)

C. GAS QUALITY TESTING

1. Gas delivered to Company must be continuously monitored, at Customer's expense, to ensure it meets the quality specifications set forth in Section B of this Rule. Constituents that are not continuously monitored using currently-available technology must be tested in a laboratory once per year at Company's expense. If the quality of the gas, based on a laboratory test, does not meet the standards in Section B of this Rule, the gas must be tested in a laboratory monthly, at the Customer's expense, until the gas meets the standards in Section B of this Rule for three consecutive months or the Customer otherwise demonstrates to the Company, in the Company's reasonable discretion, that it has remediated the constituent deficiency.
2. Such tests shall include only the test method or methods that tests for the specific standard or standards that were not met, but Company may consider any results provided by such test method(s). Company will provide Customer with at least three (3) business days' notice of the tests described in this Section C, and Customer will be given the opportunity to be present and observe such tests. Company may, at its option, require Customer to install automatic shutoff devices, at Customer's expense, to prevent gas that fails to meet the quality specifications set forth in Section B of this Rule from entering Company's pipeline system.
3. The scope of all gas testing shall follow the parameters below based on the origin of the gas. The parameters for each origin of gas are based on the source of gas and likelihood of a constituent being present in the source gas. The Company has the discretion to test for additional constituents on the list below, notwithstanding the origin of the gas, if the Company reasonably believes those constituents may be present.



**RATE SCHEDULE NGS - NGS SERVICE (continued)****GAS QUALITY (continued)****GAS TESTING PARAMETERS<sup>1</sup>**

CONSTITUENT	TESTING TYPE <sup>2</sup>	ORIGIN OF GAS		
		GEOLOGICAL	DIGESTER	LANDFILL/WWTP
HIGH HEAT VALUE (HHV)	IN-FIELD	X	X	X
WOBBE INDEX	IN-FIELD	X	X	X
WATER CONTENT	IN-FIELD	X	X	X
TEMPERATURE	IN-FIELD	X	X	X
CARBON DIOXIDE	IN-FIELD	X	X	X
OXYGEN	IN-FIELD	X	X	X
TOTAL INERTS (CO <sub>2</sub> +O <sub>2</sub> +N <sub>2</sub> )	IN-FIELD	X	X	X
HYDROCARBON DEW POINT (CHDP)	IN-FIELD	X	X	X
LIQUIDS AND HYDROCARBONS	IN-FIELD	X	X	X
HYDROGEN SULFIDE	IN-FIELD	X	X	X
TOTAL SULFUR	LAB	X	X	X
TOTAL MERCAPTANS	LAB	X		X
ALDEHYDES/KETONES	LAB			X
AMMONIA	LAB			X
HYDROGEN	LAB		X	X
P-DICHLOROBENZENE	LAB		X	X
ETHYLBENZENE	LAB		X	X
VINYL CHLORIDE	LAB		X	X
TOLUENE	LAB		X	X
N-NITROSO-DIN-PROPYLAMINE	LAB		X	X
METHACROLEIN	LAB		X	X
TOTAL SILOXANES	LAB			X
MERCURY	LAB			X
ARSENIC	LAB			X
PCBs/PESTICIDES	LAB			X

1. Constituents to be tested for each category of gas are indicated with an "X."

2. Testing method is defined as "In-Field" or "Lab." "In-Field" testing requires the Customer's use of readily available, continuously testing, industry-standard equipment, which has been reviewed and approved by Company. "Lab" testing requires the Customer and the Company to coordinate the sampling of gas and sending it to a laboratory for testing and analysis.

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**RATE SCHEDULE NGS - NGS SERVICE (continued)**

GAS QUALITY (continued)

C. MEASUREMENT

1. For all gas delivered by Customer to Company, the volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and a temperature base of sixty (60) degrees Fahrenheit. The average absolute atmospheric (barometric) pressure shall be fourteen and four tenths (14.4) pounds per square inch. The flowing temperature shall be sixty (60) degrees Fahrenheit and may be adjusted to actual flowing conditions by Company if deemed necessary by Company. All said gas shall be measured by orifice or displacement type meter or any other approved measuring device of equal accuracy. Orifice meters shall be installed and operated, and gas volumes computed in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, including any revisions applying thereto.
2. Customer shall install, or cause to be installed, at no expense to Company, measuring equipment necessary in Company's judgment to accomplish accurate measurement of the gas. Company shall operate and maintain said measuring equipment. The measuring equipment will be installed, operated, and maintained in accordance with the specifications of the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, as amended from time to time, or by any other mutually acceptable method commonly used in the industry. Such measuring equipment shall conform to the specifications provided by Company; shall be calibrated, as Company deems necessary, by Company; shall be inspected by Company; and must be approved by Company prior to any deliveries hereunder.
3. Customer recognizes that it may be necessary for Company's employees, agents, or representatives, to enter the property on which said measuring equipment is located to perform such functions upon said measuring equipment as may be necessary to effectuate the provisions of a Service Agreement, and Customer hereby expressly grants Company permission to perform such functions on said measuring equipment. Customer, to the extent it is within Customer's power to do so, will grant Company such easements as may be necessary for Company's employees to enter the property on which said measuring equipment is located. In the event that easements from other parties are necessary for Company's employees, agents, or representatives to enter the property on which said measuring equipment is located, Customer will acquire such easements, and agrees that the Service Agreement will not become effective until and unless such easements are acquired.

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**RATE SCHEDULE NGS - NGS SERVICE (continued)**

**GAS QUALITY (continued)**

4. Company will read the meter(s) measuring the consumption at Customer's facility at the conclusion of each billing month. Measurement shall be governed by any applicable provisions of Company's tariff, and any applicable regulations of the Pennsylvania Public Utility Commission. The pressure base shall be fourteen and sixty-five hundredths (14.65) pounds per square inch absolute. No volumetric adjustments shall be made to compensate for the difference between this pressure base and the pressure base identified in Paragraph C(1) above.
5. Each party shall have constant access to the meters and access, upon reasonable notice and during business hours, to meter charts and records.
6. Measurement of production gas at receipt meters shall be calculated following the recommendations of the ANSI/API 2530 "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids" (A.G.A. Report No. 3) including the A.G.A. Manual for Determination of Supercompressibility Factors of Natural Gas or the A.G.A. Transmission Measurement Committee Report No. 8 "Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases" or the ANSI B109.3 "Standard for Rotary Meters" and "Measurement by Turbine Meters - Volumetric Flow Measurement" (A.G.A. Report No. 7), as appropriate to the type of measurement installed at the receipt facility, including any revisions applying thereto. If the receipt facility gas flow characteristics are such that calculations cannot be performed consistent with the above-mentioned recommendations due to a decline in production or other operational matters, the Company shall have the right to turn off a meter until a replacement meter meeting the above specifications is installed.

**D. WARRANTY OF TITLE**

1. Customer warrants the title to all gas delivered to Company from Customer or on behalf of Customer and shall indemnify and save harmless Company from all suits, actions, accounts, costs, losses, and expenses (including attorney's fees) arising from or connected with the adverse claim of any person or persons to the gas received, transported, or delivered. Customer assumes all responsibility for all royalties, licenses, taxes, and charges to which the gas transported, or the transportation service, may be subject.

# **Attachment D**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2022-3032300
	:	
VALLEY ENERGY, INC.	:	

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**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT  
VALLEY ENERGY, INC.**

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On October 5, 2022, Valley Energy, Inc. ("Valley" or "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("PUC" or "Commission"), and the Office of Consumer Advocate ("OCA") (collectively, "Parties"), submitted to the Commission a Joint Petition for Settlement ("Joint Petition" or "Settlement") proposing a negotiated resolution of all outstanding issues in the above-captioned proceeding. Valley hereby provides a Statement in Support, which explains the background and provisions of the Settlement and establishes that approval of the Settlement without modification is appropriate and in the public interest.

**I. BACKGROUND**

1. On April 29, 2022, Valley submitted proposed Supplement No. 59 to Tariff Gas Pa. P.U.C. No. 2 ("Supplement No. 152") proposing to increase its base rates by just under \$1 million per year. *See* Statement of Reasons at 3, Docket No. R-2022-3032300 (filed April 29, 2022). Valley also submitted proposed Supplement No. 2 to Tariff Gas- Pa. P.U.C. No. 1S ("Supplier Tariff Supplement No. 2") to implement modifications to its Supplier Tariff. Valley submitted a detailed Statement of Reasons explaining the basis for the requested increase, as well as the required supporting information under the Commission's Regulations at 52 Pa. Code § 53.52.

2. The Company's supporting information demonstrated that an increase of \$1,250,125 was warranted; however, the Company voluntarily limited its request to just under \$1 million so it could proceed under the "small rate case" provisions in the Commission's regulations at 52 Pa Code § 53.52.

3. The OCA and OSBA filed Complaints with the Commission challenging Valley's request. In addition, I&E submitted a Notice of Appearance. Athens Borough and South Waverly Borough also filed formal Complaints, as did ratepayer Larry E. Cole.

4. By Order entered June 16, 2022, the Commission allowed Supplement No. 59 and Supplier Tariff Supplement No. 2 to be suspended by operation of law until January 28, 2023, and ordered that the Company's rate increase filing and its existing rates, rules, and regulations be investigated. The Commission also ordered that this matter be assigned to the Office of Administrative Law Judge for scheduling of hearings and issuance of a Recommended Decision. As a result, the Commission assigned this proceeding to Administrative Law Judge ("ALJ") Marta Guhl.

5. On July 1, 2022, Valley, along with Citizens' Electric Company of Lewisburg, PA, jointly moved to consolidate the proceedings with Citizens' 2022 Base Rate Filing, located at docket number R-2022-3032369. The proceedings were then reassigned from ALJ Guhl to ALJs Eranda Vero and Charece Z. Collins. On July 11, 2022, ALJs Vero and Collins issued an Order granting the motion for consolidation and ordering the parties to engage in discovery.

6. Pursuant to that discovery schedule, the Parties submitted multiple rounds of testimony, as detailed in Section II of the Joint Petition. The Company also responded to numerous sets of written interrogatories, providing detailed explanations of various issues related to its request.

7. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Parties engaged in multiple settlement meetings and exchanged settlement proposals to amicably resolve this matter. As a result of those efforts, the Parties reached an agreement in principle, which has subsequently been memorialized in the Joint Petition.

## **II. STATEMENT IN SUPPORT**

8. The Joint Petition reflects a reasonable balance and appropriate compromise of the Parties' positions regarding the Company's clearly documented need for additional revenue. The annual revenue requirement increase of \$958,000 in the Joint Petition will be sufficient for Valley to continue furnishing safe and reliable service, and will provide Valley with the opportunity to earn a fair and reasonable return on the resources invested in the distribution system. Since Valley's last base rate increase in May 2020, the costs associated with operating and maintaining the gas system have increased substantially, including labor and benefit cost increases and material and supply cost increases resulting from the inflationary economic environment following the COVID-19 pandemic. *See* Valley Statement No. 4 at 3–4. Additionally, during the pandemic, Valley was forced to close its office to the public, establish remote payment sites, install protective equipment for its employees, increase cleaning and sanitation, purchase information technology equipment, and implement masking and social distancing requirements. *Id.* at 5.

9. In addition, Valley has continued to make significant improvements to its distribution system to enhance service, safety, and reliability, including: replacing all bare steel pipe on its system; performing upgrades to its City Gate facility; upgrading transmission mains;

adding, replacing, or upgrading 14 district regulator stations; installing over 24 miles of new or replacement plastic gas mains; installing 2,132 new or replacement services; relocating over 100 meters from indoors to outdoors; adding remote pressure monitoring devices; installing additional over-pressure protection equipment on low-pressure systems; and adding or replacing 32 large commercial metering facilities. *See* Valley Statement No. 4 at 6–7. The Company was required to relocate its facilities as part of the Pennsylvania Department of Transportation's enhancement projects. *Id.* at 7.

10. In addition, this amount will permit the Company, in the short term, to cope with the enhanced business and financial risks discussed by witness Dylan D'Ascendis that exist due to the Company's size, operational characteristics, and credit obligations. *See* Valley Statement No. 2 at 10–12. Although Valley believes that, if this proceeding were fully litigated, the Commission would find that the Company is entitled to all or substantially all of the fully requested rate increase as calculated and supported by witness Howard Gorman in his Rebuttal Testimony,<sup>1</sup> in the interest of avoiding the expense and uncertainty of continued litigation in this matter, Valley has agreed to accept an annual revenue increase in the amount of \$958,000. The benefits of avoiding litigation will accrue to the other parties to this rate case, as well. The compromise will also moderate the impact of the revenue increase upon the rates charged to Valley's customers.

11. Finally, the Settlement approves several tariff changes that the Company believes are just, reasonable, and appropriate. *See* Valley Statement No. 4 at 13–15.

### **III. CONCLUSION**

12. Based on all of the testimony and exhibits submitted by Valley and the other Parties, the Company respectfully submits that approval of the Joint Petition without modification is

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<sup>1</sup> *See* Valley Statement No. 1R, p. 2.



appropriate and in the public interest. The Joint Petition results in a base rate increase that will allow the Company to continue to provide safe and reliable natural gas service to its customers. In addition, the Joint Petition represents a compromise solution that adequately addresses the needs of all parties to this proceeding.

13. Further, the Joint Petition results in base rates that are just, reasonable, and non-discriminatory, while also implementing provisions that result in fair and appropriate treatment of the Company and its customers. Finally, the Joint Petition avoids the expense and uncertainty of fully litigating all of the matters in this proceeding and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement processes.

**WHEREFORE**, Valley respectfully requests that the Commission adopt the Joint Petition for Settlement without modification.

Respectfully submitted,

MCNEES WALLACE & NURICK LLC

By 

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*Counsel to Valley Energy, Inc.*

Dated: October 5, 2022

# **Attachment E**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3032300
	:	
Valley Energy, Inc.	:	

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**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT OF  
JOINT PETITION FOR SETTLEMENT**

---

**TO: ADMINISTRATIVE LAW JUDGE ERANDO VERO AND  
CHARECE Z. COLLINS:**

**I. INTRODUCTION**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, and reasonable balance of the interests of Valley Energy, Inc (“Valley” or the “Company”), I&E, the Office of Consumer Advocate (“OCA”) (parties in the above-captioned proceeding and hereinafter collectively referred to as “Joint Petitioners”), and the Valley ratepayers. The remaining parties, the Office of Small Business Advocate (“OSBA”), *pro se* formal complainant Larry E. Cole, South Waverly Borough (“South Waverly”), and Athens Borough (“Athens”) do not oppose the Joint Petition.

## II. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served. Based upon I&E's analysis of the Valley base rate filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judges and the Commission approve the Settlement in its entirety.

2. On April 29, 2022, Valley, filed Supplement No. 59 to Tariff Gas Pa. P.U.C. No. 2 ("Supplement 59"). Supplement 59 contains proposed changes in rates, rules, and regulations calculated to produce an overall rate increase of \$999,631 (11.8%) in additional annual total revenues, resulting in a total bill for a typical residential customer using 76 Ccf increasing from \$65.35 to \$72.57 per month or about 11%. Valley proposed Supplement 59 to become effective on June 28, 2022. Valley also filed Supplement No. 2 to Tariff Gas Pa. P.U.C. No. 1S ("Supplement 2") to make modifications to its Supplier Tariff.

3. On May 12, 2022, the OSBA filed a Formal Complaint and a Notice of Appearance.

4. On May 13, 2022, I&E filed its Notice of Appearance.

5. On May 19, 2022, the OCA filed a Formal Complaint and a Notice of Appearance.

6. On May 23, 2022, ratepayer Larry E. Cole filed a Formal Complaint with the Commission.

7. On May 27, 2022, South Waverly Borough filed a Formal Complaint with the Commission on behalf of South Waverly Borough and the Borough residents.

8. Also on May 27, 2022, Athens Borough filed a Formal Complaint with the Commission on behalf of the Borough and the Athens Borough residents.

9. On June 16, 2022, pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered the suspension and investigation of the proposed tariff changes until January 28, 2023, unless otherwise directed by Order of the Commission. Through its Order, the Commission assigned this case to the Office of Administrative Law Judge for scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

10. A telephonic Prehearing Conference was held on June 30, 2022 at 10:00 a.m. before Administrative Law Judge Marta Guhl (“ALJ Guhl”) during which the parties tentatively agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings. Also, the issue of consolidating this Valley base rate proceeding with the Citizens’ Electric Company of Lewisburg, PA (“Citizens”) base rate proceeding at Docket No. R-2022-3032369 was discussed.

11. On July 1, 2022, Valley and Citizens, both subsidiaries of their parent company C&T Enterprises, Inc., filed a Motion to Consolidate Base Rate Proceedings.

12. On July 7, 2022, ALJ Guhl issued a Judge Change Notice informing the parties that the Administrative Law Judge assigned to this Valley base rate proceeding was changed from ALJ Guhl to Administrative Law Judges Erando Vero (“ALJ Vero”) and Charece Z. Collins (“ALJ Collins”) (or the “ALJs”).

13. On July 11, 2022, The ALJs issued an Order consolidating the Valley and Citizens base rate cases under ALJ Vero and ALJ Collins. The Order also established and consolidated the litigation schedules for both cases; and, set August 11, 2022 as the date for a joint public input hearing.

14. On August 11, 2022 a joint telephonic public input hearing was held for both the Valley and Citizens base rate cases.

15. All parties undertook comprehensive discovery in this proceeding after the filing was made and continued to conduct discovery throughout the litigation and settlement negotiation process.

16. On September 6, 2022, the parties informed the ALJs by email that the parties reached a full settlement in principle of all issues and asked that the parties be allowed to submit testimony and exhibits into the record by verification and joint stipulation. Also, the parties requested that the evidentiary hearings be cancelled. The ALJs granted the parties requests by email which was followed by a Notice.

17. On September 8, 2022, the ALJs issued a Cancellation Notice cancelling the evidentiary hearings scheduled for September 8<sup>th</sup> and 12<sup>th</sup>.

18. In accordance with the procedural schedule established at the prehearing conference, I&E served to all active parties the following eight (8) pieces of testimony and accompanying four (4) exhibits from four (4) I&E witnesses:

- I&E Statement No. 1 and I&E Exhibit No. 1  
– the Direct Testimony of I&E witness Brian LaTorre;
- I&E Statement No. 1-SR  
– the Surrebuttal Testimony of I&E witness Brian LaTorre;
- I&E Statement No. 2 and I&E Exhibit No. 2  
– the Direct Testimony of I&E witness Christopher Keller;
- I&E Statement No. 2-SR  
– the Surrebuttal Testimony of I&E witness Christopher Keller;
- I&E Statement No. 3 and I&E Exhibit No. 3  
– the Direct Testimony of I&E witness Esyan A. Sakaya;
- I&E Statement No. 3-SR  
– the Surrebuttal Testimony of I&E witness Esyan A. Sakaya;

- I&E Statement No. 4 and I&E Exhibit No. 4  
– the Direct Testimony of Jessalyn Heydenreich; and
- I&E Statement No. 4-SR  
– the Surrebuttal Testimony of Jessalyn Heydenreich.

19. On October 5, 2022, in conjunction with this Joint Petition for Settlement, the Parties filed a Joint Stipulation requesting the admission of all Parties testimony and exhibits into the record by verification. Copies of the I&E witness verifications were filed and provided to the ALJs and the Parties.

20. In accordance with Commission policy encouraging settlements at 52 Pa. Code § 5.231 and § 69.401 as they often achieve results preferable to a fully litigated proceeding, I&E participated in multiple settlement discussions with Valley and the Parties to this proceeding. Following extensive settlement negotiations, the Joint Petitioners reached a full settlement of all issues as set forth in the Joint Petition.

### **III. SETTLEMENT**

21. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

22. “The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”<sup>1</sup> The Commission has recognized that a

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<sup>1</sup> *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”<sup>2</sup>

23. Settlements conserve precious administrative resources and provide regulatory certainty with respect to the disposition of issues with results that are often preferable to those achieved at the conclusion of a fully-litigated proceeding; and, provide a final resolution of adversarial proceedings which, in the Commission’s judgement, is preferable.<sup>3</sup> The very nature of a settlement requires a review and discussion of all issues raised by the parties’ and a negotiated compromise on the part of all parties.

24. I&E submits that this Settlement balances the interests of the Company, its customers, and the Joint Petitioners in a fair and equitable manner and presents a resolution for the Commission’s adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement; I&E requests that the Settlement be recommended by ALJs Vero and Collins, and approved by the Commission, without modification.

**A. General (Joint Petition ¶¶ 15-18).**

The Joint Petitioners agree that the terms of this Settlement reflect a carefully balanced “black box” compromise of the interests of all the active Parties in this proceeding. The Joint Petitioners also agree that except as specifically modified by this Settlement, all

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<sup>2</sup> *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

<sup>3</sup> *See generally* 52 Pa. Code § 5.231 and § 69.401.



tariff changes contained in Supplement No. 59 to Tariff Gas PA PUC No. 2 and Supplement No. 2 to Tariff Gas PA PUC No. 1S (Supplier Tariff) are accepted.

**B. Revenue Requirement (Joint Petition ¶ 15).**

In the Settlement, the Joint Petitioners agreed that Valley will be permitted to implement an annual revenue requirement increase of \$958,000, with an effective date of January 29, 2023. The settlement as to revenue requirement shall be a “black box” settlement, except for the items specifically set forth in the Joint Petition.

**1) State Income Tax (Joint Petition ¶ 16).**

The Joint Petitioners agree that the Pennsylvania Corporate Net Income Tax rate in this proceeding will be set at 8.99% and has been reflected in the settlement revenue requirement. The Company will reflect actual CNI rates for the post-2023 tax years through the Company’s State Tax Adjustment Surcharge, or future base rate proceedings.

**2) COVID-19 Incremental Expenses (Joint Petition ¶ 17).**

The Company agrees to withdraw its request for additional carrying charges related to COVID-19 accounts receivables in excess of those normally experienced and other COVID-19 incremental costs. This withdrawal is reflected in the settlement revenue requirement stated above and in the Joint Petition.

**3) Other Revisions (Joint Petition ¶ 17).**

Other revisions to the proposed revenue requirement shall not otherwise be ascribed to any specific proposed adjustment or position of any party.

I&E engaged in extensive discovery and submitted extensive testimony regarding Valley’s proposed overall base rate revenue increase. In its direct testimony, I&E discussed

significant operating and maintenance expense adjustments;<sup>4</sup> and, cost of common equity and overall rate of return adjustments<sup>5</sup> regarding Valley’s base rate filing that had the potential to have significant impacts to the proposed overall annual distribution revenue increase. Further, I&E submitted testimony regarding the recent changes to the Pennsylvania Corporate Net Income Tax rates<sup>6</sup> and COVID-19 incremental expenses.<sup>7</sup>

I&E now submits that it fully supports the negotiated level of overall base rate revenue increase as compared to Valley’s original request. While the overall revenue requirement is a “black box” compromise, the overall revenue levels are within the levels advanced on the evidentiary record and reflect a full compromise of all revenue-related issues raised by the Parties. And, as a “black box” settlement, unless specifically addressed below, the Settlement does not reflect agreement upon individual issues. Therefore, in consideration of the extensive testimony presented by all of the Parties to this proceeding, I&E fully supports the negotiated level of overall base rate revenue increase as a full and fair compromise that provides Valley, the Joint Petitioners, affected ratepayers, and the Commission with resolution of these issues, all of which is in the public interest.

**C. Rate Base (Joint Petition ¶¶ 19-20).**

**1) Plant In Service (Joint Petition ¶ 19).**

The Joint Petitioners agree that Valley’s Gas Plant in Service at the end of the FPFTY will be set at \$40,520,766 and its Rate Base at the end of the FPFTY will be set at \$19,756,771, which reflects the removal of \$18,028 in CWIP.

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<sup>4</sup> See I&E St. No. 1, pp. 2-14; I&E St. No. 1-SR, pp. 2-11.

<sup>5</sup> See I&E St. No. 2, pp. 2-47; I&E St. No. 2-SR, pp. 2-21.

<sup>6</sup> See I&E St. No. 1, pp. 11-12.

<sup>7</sup> See I&E St. No. 1, pp. 6-10; I&E St. No. 1-SR, pp. 6-8.

**2) *Accumulated Depreciation (Joint Petition ¶ 20).***

The Joint Petitioners agree that Valley's Accumulated Depreciation, Accumulated Deferred Income Taxes, Excess Deferred Income Taxes and Accrued Pension/OPEB Liability shall be as set forth in Valley Exhibit HSG-1 (CU).

I&E reviewed the initial filing, engaged in discovery, and submitted testimony regarding Valley's proposed plant in service<sup>8</sup> and accumulated depreciation.<sup>9</sup> And, in consideration of all of the information presented by all parties and the negotiations with the Company and the Joint Petitioners, I&E supports these settled upon terms as a full and fair compromise that provides Valley, the Joint Petitioners, affected ratepayers, and the Commission with resolution of the plant in service and accumulated depreciation issues, all of which provides regulatory certainty and is in the public interest.

**D. *Revenue Allocation (Joint Petition ¶ 21).***

The Joint Petitioners agree that Valley's revenue requirement increase will be allocated among the Company's rate classes in accordance with the allocation methodology set forth in Joint Petition Attachment A.<sup>10</sup>

I&E reviewed the initial filing, conducted its analysis, and submitted testimony regarding revenue allocation, rate design and scale back of rates.<sup>11</sup> And, after extensive negotiations among the Company and the Joint Petitioners, and in consideration of all of the testimony presented, I&E supports the revenue allocation settlement terms as set forth in the Joint Petition as a full and fair compromise that provides Valley, the Joint Petitioners,

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<sup>8</sup> See I&E St. No. 3, pp. 3-5.

<sup>9</sup> See I&E St. No. 1, pp. 11-14.

<sup>10</sup> See Joint Petition Attachment A.

<sup>11</sup> See I&E St. No. 3, pp. 3-11; I&E St. No. 3-SR, pp. 4-6.

affected ratepayers, and the Commission with an amicable resolution of revenue allocation, all of which is in the public interest.

**E. Rate Design and Fees (Joint Petition ¶ 21).**

**1) Disconnection and Reconnection Fees (Joint Petition ¶ 21).**

In the Settlement, the Joint Petitioners agree that the disconnection and reconnection fees will be as set forth in Joint Petition Attachment B.

**2) Residential Customer Charge (Joint Petition ¶ 21).**

In the Settlement, the Joint Petitioners agree that the residential customer charge will be as set forth in Joint Petition Attachment B.

**3) All Other Customer Charges (Joint Petition ¶ 21).**

In the Settlement, the Joint Petitioners agree that the monthly customer charges for all other rate schedules shall be as proposed by the Company and set forth in Joint Petition Attachment C.

I&E reviewed Valley's proposed rate design and fees; conducted its analysis, and, reviewed the information presented by all parties. I&E recognizes the testimony submitted by all parties and shares the concerns of the interested Joint Petitioners. Additionally, I&E played an active role in the settlement negotiations regarding the rate design and fees, and, monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Valley, the Joint Petitioners and the Commission with regulatory certainty and resolution of these issues, all of which is in the public interest.

## **F. Distribution Integrity Management Plan (Joint Petition ¶ 22)**

In the Settlement, the Joint Petitioners agree that Valley will propose the creation of sub-categories within its DIMP ‘Regulators/Relief’ asset category for its next DIMP update in 2024. Valley will provide I&E with a courtesy copy of its monthly submissions to the Plastic Pipeline Database Committee to include both positive and negative failure reports.

I&E submitted testimony regarding Valley’s DIMP.<sup>12</sup> I&E recommended that Valley perform a root cause analysis of the four plastic failures of pipe installed in the six-month period between July and December of 2013 and use that data to determine if any specific pipeline assets outside of vintage plastic could be at an elevated risk of failure.<sup>13</sup> Further, I&E recommended that Valley incorporate the findings of the root cause analysis into DIMP and this new asset category’s risk score being reduced through appropriate mitigative measures.<sup>14</sup> Valley stated an analysis for the four failures of non-vintage pipe has previously been performed and the cause of each of the failures is currently being addressed in the current DIMP Plan.<sup>15</sup>

I&E played an active role in the settlement negotiations regarding these DIMP issues. And, after extensive negotiations and in consideration of the record evidence presented, I&E commends Valley for proposing these settlement terms. Further, I&E supports the DIMP settlement terms as a full and fair compromise that provides Valley, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and resolution of these issues, all of which is in the public interest.

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<sup>12</sup> See I&E St. No. 4, pp. 2-9; I&E St. No. 4-SR, pp. 1-3.

<sup>13</sup> See I&E St. No. 4, pp. 8-9; I&E St. No. 4-SR, pp. 2-3.

<sup>14</sup> See I&E St. No. 4 p. 9.

<sup>15</sup> See Valley St. No. 6-R, p. 3.

**G. Post-Case Reporting of Plant Additions (Joint Petition ¶ 23)**

In the Settlement, the Joint Petitioners agree that the Company will provide an update to Valley Exhibit\_(HSG-1), Schedule C3-CU no later than April 1, 2023, which should include actual plant additions, and retirements by month for the twelve months ending December 31, 2022. And an additional update will be provided for actual plant additions and retirements by month through December 31, 2023, no later than April 1, 2024.

I&E submitted testimony regarding the requested plant additions and retirements updates.<sup>16</sup> Usage of the FPPTY has become common practice by Pennsylvania utilities, including Valley, and I&E commends Valley for agreeing to provide the requested updates. Therefore, in consideration of the testimony presented by I&E and negotiations with the Company and the Joint Petitioners, I&E supports this settled upon term regarding the plant reporting request as a full and fair compromise that provides Valley, the Joint Petitioners, affected ratepayers, and the Commission with resolution of this issue, all of which is in the public interest.

**H. COVID-19 Deferrals (Joint Petition ¶ 24).**

The Company agrees to cease the recording of any increases to the COVID-19 deferrals claimed in this proceeding for uncollectibles and COVID-19 incremental expenses as of the effective date of the new rates. Any future claim for similar costs must be based on Commission action occurring after the effective date of the new rates.

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<sup>16</sup> See I&E St. No. 3, pp. 6-8; I&E St. No. 3-SR, pp. 2-5.

I&E reviewed the initial filing, conducted its analysis, and submitted testimony regarding COVID-19 related extraordinary costs.<sup>17</sup> And, after extensive negotiations with the Company, and in consideration of all of the record evidence presented, I&E supports the COVID-19 deferrals settlement terms as set forth in the Joint Petition as a full and fair compromise that provides Valley, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and an amicable resolution of this issue, all of which is in the public interest.

#### **IV. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST**

25. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

26. I&E submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the

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<sup>17</sup> See I&E St. No. 1, pp. 6-10; I&E St. No. 1-SR, pp. 6-8.

preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers.

Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all parties agree benefits their discrete interests.

27. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Joint Petitioner.

28. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlement.

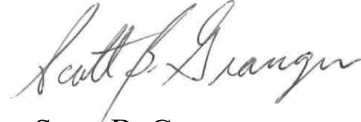
29. If the ALJs recommend that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJs in their Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

**WHEREFORE**, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Erando Vero and Charece Z. Collins



recommend, and the Commission approves, the terms and conditions contained in the Joint Petition for Settlement without modification.

Respectfully Submitted,



Scott B. Granger  
Prosecutor  
PA Attorney ID No. 63641

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Dated: October 5, 2022

# **Attachment F**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	Docket No. R-2022-3032300
	:	
v.	:	
	:	
Valley Energy, Inc.	:	

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STATEMENT OF THE  
OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF THE  
JOINT PETITION FOR SETTLEMENT

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The Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Settlement (Settlement) in the captioned proceedings, respectfully requests that the terms and conditions of the Settlement be approved by the Administrative Law Judges (ALJs) and the Pennsylvania Public Utility Commission (Commission). The Settlement resolves the issues raised by the Office of Consumer Advocate regarding the request for increases in distribution revenues by Valley Energy, Inc. (Valley). It is the position of the OCA that the proposed Settlement is in the public interest and, considering the uncertainty surrounding litigation, is in the interests of the customers of Valley.

**I. INTRODUCTION**

Also on April 29, 2022, Valley Energy, Inc. filed Supplement No. 59 to Tariff Gas – Pa. P.U.C. No. 2 at Docket No. R-2022-3032300 (Supplement No. 59), with an effective date of June 28, 2022. The Company proposed an overall distribution rate increase of approximately \$1,000,000 per year, or a distribution base rate increase of 11.8%. Valley also proposed to increase the residential fixed monthly charge from \$11.79 to \$12.90.

On May 12, 2022, the Office of Small Business Advocate (OSBA) filed a Formal Complaint and Notice of Appearance in this proceeding. The Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on May 13, 2022. On May 19, 2022, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance in this proceeding to protect the interests of Valley's residential customers and to ensure that Valley is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles.

On June 16, 2022, the Commission issued an Order initiating an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing, in addition to the Company's existing rates, rules, and regulations, and suspended the effective date of Supplement Nos. 59 and 152 until January 28, 2023, by operation of law. The case was assigned to the Office of Administrative Law Judge (OALJ), and further assigned to Administrative Law Judges Eranda Vero and Charece Z. Collins.

A Prehearing Conference was convened on Friday, July 1, 2022, and a litigation schedule was adopted. The Companies' filings were consolidated for purposes of hearing and decision by Order dated July 11, 2022. Throughout the course of the proceeding, the OCA engaged in formal and informal discovery designed to thoroughly investigate all aspects of Valley's proposed rate increases. On July 25, 2022, the OCA submitted the Direct Testimonies of Dante Mugrace (OCA Statement No. 1), Morgan DeAngelo (OCA Statement No. 2), and Karl Pavlovic (OCA Statement No. 3).

Prior to the evidentiary hearing dates, the parties reached a settlement agreement in principle. As noted above, and discussed further below, the OCA submits that the proposed Settlement is in the public interest and in the interest of Valley's customers. The OCA submits that

the Settlement should be approved. The OCA will discuss below several of the key provisions of the Settlement that are of particular importance to the OCA.

## **II. SETTLEMENT**

### **A. Revenue Requirement (Settlement at ¶¶ 14-16)**

In its filing, Valley claimed to provide support for an increase of \$1.23 million in base rates. The Company's filing further modified that request, seeking an increase of \$1 million and designing rates to reach that increase. The proposed Settlement provides for an overall distribution base rate increase of \$958,000 for Valley. Settlement at ¶ 15. The revenue increases contained in the Settlement are approximately \$42,000 less than the \$1,000,000 rate increase amount originally requested by Valley, and \$272,000 less than the rate increase that the Company supported in its filing.

Additionally, pursuant to the Settlement, Valley agreed to set the Pennsylvania Corporate Net Income Tax rate at 8.99% and noted that it has been reflected in the settlement revenue requirement. Settlement at ¶ 16. Further, Valley agreed to withdraw their request for additional carrying charges related to COVID-19 accounts receivables in excess of those normally experienced and other COVID-19 incremental costs. This withdrawal is reflected in the settlement revenue requirement. Settlement at ¶ 17.

Based on the OCA's analysis of Valley's filings, discovery and testimony in this case, the rate increases under the proposed Settlement represent a result that would be within the range of likely outcomes in the event of full litigation of the case. The increases reflect the Company's cost of providing service and, when accompanied by other important provisions contained in the Settlement, yield a result that is just and reasonable.

**B. Rate Design and Fees (Settlement at ¶ 20)**

Under the Settlement, Valley's monthly residential customer charges will increase from \$11.79 to \$12.35, rather than to \$12.90, as was originally proposed by the Company. Settlement at ¶ 21; Attachment B. The Settlement residential customer charge is within a reasonable range relative to other Pennsylvania gas utilities. The OCA submits that reducing the customer charge and recovering the remaining revenue through volumetric charges will benefit residential customers and send the appropriate signals to customers regarding energy conservation, a benefit that is not realized through fixed customer charges. OCA St. 3 at 11.

Under the Settlement, Valley's disconnection and reconnection fees during business hours would increase from \$25 to \$30, rather than to \$60, as was originally proposed by the Company. Settlement at ¶ 20. Furthermore, under the Settlement, Valley's disconnection and reconnection fees after business hours would increase from \$30 to \$40, rather than to \$70, as was originally proposed by the Company. Settlement at ¶ 21; Attachment B. In testimony, OCA witness DeAngelo noted that all disconnection and reconnection fees operate in a regressive manner and that the Company's proposal to increase these fees by 133%-140% without sufficient documentation that these increases are cost based would be unreasonable. OCA St. 2 at 14-15.

The OCA submits that the residential rate design established through the Settlement is reasonable and consistent with sound ratemaking principles. These rate design changes result in customer charges that are below the customer charges originally proposed, and the increase in both charges and fees are within the range of the likely outcomes in the event of full litigation of the case.

**C. Revenue Allocation (Settlement at ¶ 21; Attachment A)**

In Valley's original filing, residential customers were allocated an increase of \$580,142, a proposed revenue increase of 21.5%. OCA St. 3 at 5. OCA witness Karl Pavlovic recommended a uniform allocation of the recommended revenue increase in this case, as no cost of service study was conducted by the Company. OCA St. 3 at 6.

Under the Settlement, Valley's residential customers will be allocated \$555,980, or 58% of the total increase. Settlement at ¶ 21; Attachment A. This is a 21% increase in distribution rates for residential customers. See, Attachment A, Sch. B-4. The Settlement allocation reflects a proportional scale back of the Company's proposed allocation consistent with the concerns identified by OCA witness Pavlovic.

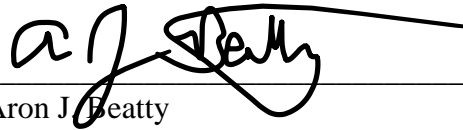
The revenue allocation contained in the Settlement ensures that each class pays an appropriate portion of the total revenue requirement increase. Valley was not required to present a cost of service study in this proceeding due to its small size. As a result, a more refined allocation was not possible. The allocation agreed to by the parties, based on the record in this proceeding, produces just and reasonable results and should be approved.

### III. CONCLUSION

The terms and conditions of the Settlement provide for an overall distribution base rate increase of \$958,000 for Valley. The OCA submits that the reductions in the proposed revenue increases, proposed customer charges, proposed reconnection and disconnection fees, the revenue allocations, along with all of the other terms and conditions of the Settlement described above, represent a fair and reasonable settlement of this proceeding.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest and in the best interest of Valley's ratepayers.

Respectfully submitted,



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DATE: October 5, 2022  
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