**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :

:

v. : R-2022-3032764

:

Leatherstocking Gas Company LLC

**INTERIM ORDER**

**REOPENING THE RECORD AND ADMITTING THE** **BILL**

**IMPACT ANALYSIS ADDENDUM AND THE ATTACHED**

**APPENDIX H TO THE ADDENDUM INTO THE HEARING RECORD**

On July 1, 2022, Leatherstocking Gas Company LLC (Leatherstocking, Company or LGC); filed Supplement No. 17 to Tariff Gas -Pa.P.U.C. No. 1 to become effective September 1, 2022, which proposed changes in rates, rules, and regulations calculated to produce approximately $701,200 (32.35%) in additional annual revenues. Based upon a review of the initial filing by the Company, it appears that the initial filing and proposed rate increase projections were based upon distribution revenue, excluding gas costs.

On July 19, 2022, the Bureau of Investigation & Enforcement (I&E), filed a Notice of Appearance for Carrie B. Wright, Esquire.

On July 22, 2022, the Office of Small Business Advocate (OSBA) filed a Formal Complaint, Public Statement, and Notice of Appearance, which was docketed at C-2022-3033978.

On August 4, 2022, the Office of Consumer Advocate (OCA) filed a Formal Complaint, Public Statement, and Notice of Appearance, which was docketed at C-2022-3034235.

On August 4, 2022, the Pennsylvania Public Utility Commission (Commission) issued an Order suspending Supplement No. 17 by operation of law until April 1, 2023, unless permitted by Commission Order to become effective at an earlier date.

A prehearing conference was held on August 16, 2022, and a prehearing order was entered on August 17, 2022. The prehearing order confirmed the litigation schedule and discovery deadlines for this proceeding.

On August 17, 2022, a Telephonic Evidentiary Hearing Notice was issued scheduling the evidentiary hearing for October 26-27, 2022.

On August 19, 2022, a Telephonic Public Input Hearing Notice was issued scheduling the public input hearing for September 19, 2022.

On September 13, 2022, I&E, the OCA, and OSBA served their respective Direct Testimony and Exhibits as described below.

The public input hearing was held on September 19, 2022.

On October 4, 2022, an Interim Order was entered directing the Parties to exchange all written testimony by October 21, 2022, and a witness matrix by October 25, 2022. The October 4, 2022 interim order also directed the Parties to electronically submit all the pre-marked proposed exhibits/testimony and a master list of all the parties’ proposed testimonies, evidence and exhibits list of such exhibits and testimonies from all of the Parties, not later than October 25, 2022, at 12:00 p.m.

On October 5, 2022, Leatherstocking, OCA, and I&E served their respective Rebuttal Testimony and Exhibits as described below.

On October 17, 2022, counsel for the Company provided an email to the undersigned presiding officer advising that the Parties had reached a settlement in principle, advising that the Parties intended to enter into a stipulation, and requesting that the evidentiary hearing be cancelled. The undersigned presiding officer provided an email response to the Parties requesting that the stipulation include a list of all of the pre-marked testimony and evidence and exhibits, along with the testimony, verifications, and exhibits/evidence on or before October 24, 2022. In addition, the Parties were requested to confer and agree upon a common outline of issues to be used by all parties in the Settlement and Statements in Support of Settlement submitted by the Parties.

On October 21, 2022, an interim order was entered suspending the deadline imposed by the Interim Order entered on December 4, 2022, requiring the Parties to submit and exchange all written testimonies and exhibits they intend to introduce into evidence at the evidentiary hearing not later than  October 21, 2022; suspending the deadline requiring the Parties to submit a witness matrix not later than October 25, 2022; and requiring the Parties to submit their proposed stipulation, to include all pre-marked proposed exhibits/testimonies and a list of such exhibits and testimonies, not later than 4 p.m. on Monday, October 24, 2022.

On October 24, 2022, Leatherstocking Gas Company, LLC; the Bureau of Investigation & Enforcement; the Office of Consumer Advocate; and the Office of Small Business Advocate (hereinafter collectively referred to as the Joint Petitioners or Settling Parties), by their respective counsel, filed a Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record (Joint Stipulation or Stipulation). The Joint Petitioners agreed to the admission into the evidentiary record of this proceeding the previously distributed written testimony and exhibits prepared by Leatherstocking, I&E, the OCA, and OSBA and their witnesses as identified below.

In their Stipulation, the Parties stipulated to the admission of the evidence identified below, into the evidentiary record. The Parties also agreed to the following:

1. That, upon the issuance of a separate Order by the undersigned presiding officer, the Testimony and Exhibits, as described above, shall be deemed to be made a part of the official evidentiary record of this proceeding and may be used for all proper and legal purposes in support of the Settlement and Joint Petition as if hearings had been conducted in this matter.
2. That cross-examination is waived with respect to all of the witnesses of the Joint Petitioners, that the Joint Petitioners agreed to the matters set forth above, and that evidentiary hearings scheduled for October 26-27, 2022, be cancelled. Copies of the testimony and exhibits will be filed electronically with the Commission pursuant to Section 5.412a of the Commission’s regulations. See 52 Pa. Code § 5.412a.
3. The admission by stipulation of the foregoing testimony and exhibits is subject to the Commission’s approval without modification of the Joint Petition for Settlement, which will be filed no later than December 1, 2022. The Joint Petitioners reserve their respective rights to submit additional testimony and to cross-examine witnesses in the event the Joint Petition for Settlement is not approved without modification.

On October 25, 2022, an interim order was entered cancelling the evidentiary hearing in this proceeding and approving the Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record.

The following pre-served written testimony statements, accompanying exhibits and appendices, and respective executed verifications were admitted into the formal evidentiary record as evidence:

Leatherstocking Gas Company LLC Testimony and Exhibits:

Rate Case Filing and Direct Testimony

* 1. Appendix A – Tariff Leaves;
  2. Appendix B – Impact of the Proposed Rate Change on Total Bill Revenues for the Twelve Months Ended March 31, 2023;
  3. Leatherstocking Statement No. 1 – Direct Testimony of Accounting and Rate Panel Charles Lenns and Richard A. Kane, including Exhibit Nos. G-1 through G-6;
  4. Data Responses to 52 Pa. Code Section 53.52;
  5. Proofs of Notice;
  6. Verification.

Rebuttal Testimony

1. Leatherstocking Statement No. 1-R - Rebuttal Testimony of Accounting and Rate Panel Charles Lenns and Richard A. Kane, including Appendices A and B and Exhibits G-2 Oct. 2022 Update through G-4 Oct. 2022 Update.

Verifications

1. Testimony Verification of Charles Lenns;
2. Testimony Verification of Richard A. Kane.

Bureau of Investigation and Enforcement Testimony and Exhibits:

Direct Testimony

1. I&E Statement No. 1 – Direct Testimony of Christine Wilson, including I&E Exhibit No. 1;
2. I&E Statement No. 2 – Direct Testimony of Anthony Spadaccio, including I&E Exhibit No. 2;
3. I&E Statement No. 3 - Direct Testimony of Esyan Sakaya, including I&E Exhibit No. 3.

Rebuttal Testimony

* + 1. I&E Statement No. 3-R – Rebuttal Testimony of Esyan Sakaya, including I&E Exhibit No. 3-R.

Verifications

1. Testimony Verification of Christine Wilson;
2. Testimony Verification of Anthony Spadaccio;
3. Testimony Verification of Esyan Sakaya.

The Office of Consumer Advocate Testimony and Exhibits:

Direct Testimony

1. OCA Statement No. 1 - Direct Testimony of Jennifer Rogers, including Schedules JLR-1 to JLR-12 and a verification.

Rebuttal Testimony

1. OCA Statement No. 2-R – Rebuttal Testimony of Jerome D. Mierzwa, including a verification.

Office of Small Business Advocate Testimony and Exhibits:

Direct Testimony

1. OSBA Statement No. 1 - Direct Testimony of Kevin Higgins, including an Appendix, Exhibits KCH-1 through KCH-5, and a verification.

In addition, the evidentiary hearing scheduled for October 26-27, 2022, was cancelled and the Parties were directed to file their Settlement Petition accompanied by Statements in Support of Settlement from each Party, on or before December 1, 2022.

On November 23, 2022, Leatherstocking Gas Company, LLC; the Bureau of Investigation & Enforcement; the Office of Consumer Advocate; and the Office of Small Business Advocate (hereinafter collectively referred to as the Joint Petitioners or Settling Parties), by their respective counsel, filed a Unanimous Joint Petition Of Leatherstocking, I&E, OCA And OSBA For Full Settlement of Rate Proceeding (Joint Petition or Settlement).

On November 23, 2022, Leatherstocking Gas Company, LLC., filed its Statement in Support of the Unanimous Joint Petition for Full Settlement of Rate Proceeding. I&E, OCA, and OSBA each filed their Statement In Support Of Joint Petition For Settlement Of Rate Investigation on November 23, 2022.

On December 2, 2022, an interim order was entered closing the evidentiary record in this proceeding.

On December 6, 2022, the Parties filed a Bill Impact Analysis Addendum To The

Unanimous Joint Petition Of Leatherstocking, I&E, OCA, and OSBA For Full Settlement Of Rate Proceeding (Addendum or Addendum to Settlement).

In the Addendum, the Parties stipulated to the averments set forth in the Bill Impact Analysis Addendum to the Settlement. Accompanying the Addendum is **Appendix H**, which is a bill impact analysis demonstrating the average customer bill impacts of the agreed-upon revenue increase as allocated under the terms of the Settlement. Appendix H provides the bill impacts both inclusive and exclusive of purchased gas cost revenues.

In the Addendum, the Parties explained that the Joint Petitioners agreed in the Settlement to allocate the agreed-upon revenue increase based on a uniform percentage increase to the SC-1, SC-2, and SC-3 classes on a distribution revenue basis. See Settlement ¶ 6. However, the Parties point out that the Proposed Findings of Fact in Appendix A present the bill impacts inclusive of purchased gas costs, which gives the appearance that each class is receiving a different percentage increase. *See* Settlement, App. A at 9-10, ¶¶ 25-27. Accordingly, the Parties submit that, when excluding gas cost revenues from the bill impact analysis, the average SC-1, SC-2, and SC-3 customers receive the same percentage increase in their monthly bills consistent with the terms of the Settlement. *See* App. H, at 2.

The Parties further stipulate as follows:

Specifically, under as-filed rates, the monthly bill of a residential customer using 79 CCF per month would have increased from $95.21 to $151.58 per month, or by 59.2%, excluding estimated gas costs. Under Year 1 Settlement rates, the monthly bill of a residential customer using 79 CCF per month will increase from $95.21 to $141.80 per month, or by 48.9%, excluding estimated gas costs, beginning April 1, 2023. Under Year 2 Settlement rates, the monthly bill of a residential customer using 79 CCF per month will increase from $141.80 to $153.01 per month, or by 7.9%, excluding estimated gas costs, beginning April 1, 2024.

Under as-filed rates, the monthly bill of a general service and non-residential space heating customer using 235 CCF per month would have increased from $251.95 to $425.30 per month, or by 68.8%, excluding estimated gas costs. Under Year 1 Settlement rates, the monthly bill of a general service and non-residential space heating customer using 235 CCF per month will increase from $251.95 to $375.27 per month, or by 48.9%, excluding estimated gas costs, beginning April 1, 2023. Under Year 2 Settlement rates, the monthly bill of a general service and non-residential space heating customer using 235 CCF per month will increase from $375.27 to $404.93 per month, or by 7.9%, excluding estimated gas costs, beginning April 1, 2024.

Under as-filed rates, the monthly bill of a commercial service customer using 5,432 CCF per month would have increased from $4,917.50 to $8,378.50 per month, or by 70.4%, excluding estimated gas costs. Under Year 1 Settlement rates, the monthly bill of a commercial service customer using 5,432 CCF per month will increase from $4,917.50 to $7,324.19 per month, or by 48.9%, excluding estimated gas costs, beginning April 1, 2023. Under Year 2 Settlement rates, a commercial service customer’s monthly bill using 5,432 CCF per month will increase from $7,324.20 to $7,902.42 per month, or by 7.9%, excluding estimated gas costs, beginning April 1, 2024.

In the Addendum, the Joint Petitioners stipulated to the inclusion of Appendix H, including the calculated bill impacts both inclusive and exclusive of purchased gas costs, as an appendix to the Settlement and requested that the attached Appendix H be treated as an appendix to the Joint Petition and that the Settlement, including all terms and conditions, be approved without modification.

Based upon a review of the initial filing by the Company, it appears that the initial filing and proposed rate increase projections were based upon distribution revenue, excluding gas costs.

Under the circumstances, the following order will be entered.

THEREFORE,

IT IS ORDERED:

1. That the evidentiary record at Docket Number R-2022-3032764 is reopened.

1. That the Bill Impact Analysis Addendum To The Unanimous Joint Petition Of Leatherstocking, I&E, OCA, and OSBA For Full Settlement Of Rate Proceeding and the attached Appendix H to the Addendum are hereby approved and admitted into the evidentiary record.
2. That the  Unanimous Joint Petition Of Leatherstocking, I&E, OCA And OSBA For Full Settlement of Rate Proceeding previously filed is hereby amended to include the Bill Impact Analysis Addendum To The Unanimous Joint Petition Of Leatherstocking, I&E, OCA, and OSBA For Full Settlement Of Rate Proceding, and attached Appendix H.

Date: December 9, 2022 /s/

Jeffrey A. Watson

Administrative Law Judge

**R-2022-3032764 – PENNSYLVANIA PUBLIC UTILITY COMMISSION v. LEATHERSTOCKING GAS COMPANY, LLC**WHITNEY E SNYDER ESQUIRE  
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