

COMMONWEALTH OF PENNSYLVANIA



PATRICK M. CICERO
Consumer Advocate

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April 6, 2023

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

Re: Pennsylvania Public Utility Commission
v.
Peoples Natural Gas Company LLC
1307(f) Proceeding
Docket No. R-2023-3037928

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Andrew J. Zerby
Andrew J. Zerby
Assistant Consumer Advocate
PA Attorney I.D. # 332222
E-Mail: AZerby@paoca.org

Enclosures:

cc: The Honorable Charles E. Rainey, Jr. (**email only:** crainey@pa.gov)
Paul Diskin, TUS (**email only:** pdiskin@pa.gov)
Office of Special Assistants (**email only:** ra-OSA@pa.gov)
Certificate of Service

*344042

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
:
v. : Docket No. R-2023-3037928
:
Peoples Natural Gas Company LLC :
1307(f) Proceeding :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 6th day of April 2023.

SERVICE BY E-MAIL ONLY

Allison C. Kaster, Esquire
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Pennsylvania Public Utility Commission
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Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Dated: April 6, 2023
*344040

Pennsylvania Public Utility Commission

Formal Complaint Form

1. COMPLAINANT

Patrick M. Cicero, Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: (717) 783-5048

Facsimile: (717) 783-7152

2. RESPONDENT

Peoples Natural Gas Company LLC, Docket No. R-2023-3037928

3. TYPE OF UTILITY

Gas

4. COMPLAINT

- A. On January 30, 2023, Peoples Natural Gas Company LLC (Peoples or the Company) submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates, pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations, 52 Pa. Code §§ 53.64-65. The Company's definitive filing was submitted on March 31, 2023.
- B. Peoples projects a decrease of \$4.7754/McF to the PGC rate for Peoples Natural Gas Division, and a decrease of \$4.8131/ McF for the Peoples Gas Division PGC rate.
- C. The Public Utility Code provides that no rates of a natural gas distribution utility shall be deemed just and reasonable unless the Commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service. 66 Pa. C.S. § 1318. The Commission must find, among other things, that the utility has: (1) fully and vigorously represented ratepayer interests before the Federal Energy Regulatory Commission; (2) taken all prudent steps to negotiate favorable gas supply contracts and to relieve its obligations under contracts that may be adverse to ratepayer interests; (3) taken all reasonable steps to obtain lower cost gas supplies; and (4) not withheld or cause to be withheld gas supplies that should have been utilized as part of a least cost fuel procurement policy. 66 Pa. C.S. § 1318(a)(1-4).

- D. The Public Utility Code also requires the Pennsylvania Public Utility Commission to make specific findings with regard to the justness and reasonableness of all purchases from any affiliated supplier.
- E. The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission (the “Commission”) pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. Stat. Ann. §§309-1, *et seq.*
- F. The Consumer Advocate will investigate all aspects of Peoples’ filing, including Peoples’ findings from the investigation of its Gas Procurement Strategy, specifically including hedging pursuant to the Settlement from Peoples 2022 PGC rate proceeding. Pa. PUC v. Peoples Natural Gas Company LLC, Docket No. R-2022-3030661 at 19-21.
- G. After initial review of Peoples’ filing, the Consumer Advocate files this Formal Complaint in order to ensure that the Company's proposed purchased gas cost rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to the Public Utility Code or Commission regulation or policy.

5. RELIEF

The Consumer Advocate respectfully requests that the Commission:

- A. Hold evidentiary hearings as mandated by Section 1307(f) of the Public Utility Code;
- B. Hold at least one public input hearing, if there is sufficient public interest in holding one;
- C. Deny any rate or tariff changes, which are not the result of a least cost fuel procurement policy as defined by the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, and as defined by other applicable ratemaking standards;
- D. Ensure that the Company's PGC customers are only allocated those costs that should be borne by them;
- E. Deny any rate or tariff that is unjust, unreasonable, unduly discriminatory or contrary to sound ratemaking principles; and;
- F. Grant such other relief that the Commission may deem to be necessary, just or proper.

6. VERIFICATION

Verification:

I, Patrick M. Cicero, Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



(Signature)

04/06/2023

(Date)

7. LEGAL REPRESENTATION

Aron J. Beatty, Senior Assistant Consumer Advocate, PA Bar No. 86625
David T. Evrard, Assistant Consumer Advocate, PA Bar No. 33870
Andrew J. Zerby, Assistant Consumer Advocate, PA Bar No. 332222

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Office of Consumer Advocate (OCA) to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC or the Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate has determined to file a Formal Complaint and participate in proceedings before the Commission involving Peoples Natural Gas Company LLC (Peoples or the Company).

The Consumer Advocate has filed this Complaint with the Commission to ensure that each element of Peoples' purchased gas cost rate is scrutinized. A thorough analysis and review are appropriate because Section 1318 of the Public Utility Code mandates that no purchased gas costs shall be determined to be just and reasonable unless such rates result from a least cost fuel procurement policy. That section of the Public Utility Code also specifies certain findings which must be made before such costs are determined to be lawful. The OCA, therefore, will seek to ensure that only those purchased gas costs which meet the requirements of Section 1318 will be paid by Peoples' ratepayers. In addition, the OCA will seek to ensure that the rates approved by the Commission are otherwise just and reasonable, and not unduly discriminatory or excessive.