

COMMONWEALTH OF PENNSYLVANIA



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April 5, 2024

Via Electronic Filing

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)
Docket No. R-2024-3045945

Dear Secretary Chiavetta:

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

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

Respectfully submitted,

/s/ Melanie Joy El Atieh
Melanie Joy El Atieh
Deputy Consumer Advocate
PA Attorney I.D. # 209323
MElAtieh@paoca.org

Enclosures:

cc: The Honorable Katrina L. Dunderdale (email only: kdunderdal@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2024-3045945
 :
 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 Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below. This document was filed electronically on the Commission’s electronic filing system.

Dated this 5th day of April 2024.

SERVICE BY E-MAIL ONLY

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Dated: April 5, 2024

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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| Pennsylvania Public Utility Commission | : |
| | : |
| v. | : |
| | : |
| | : |
| Peoples Natural Gas Company LLC | : |
| 1307(f) Proceeding | : |

Docket No. R-2024-3045945

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. HISTORY OF THE PROCEEDING

On March 1, 2024, Peoples Natural Gas Company LLC (Peoples or Company) submitted its purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code §§ 53.64, 53.65. On April 1, 2024, the Company submitted its definitive filing pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f).

The Company’s filing was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge (ALJ) Katrina L. Dunderdale for investigation and scheduling of hearings to determine whether Peoples’ purchased gas costs comply with the standards set forth in the Public Utility Code.

On March 20, 2024, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance. On March 21, 2024, the Office of Small Business Advocate (OSBA) filed its Formal Complaint, Public Statement and Notice of Appearance. On April 1, 2024, the Bureau of

Investigation and Enforcement (I&E) filed its Notice of Appearance. On April 1, 2024, the Pennsylvania Independent Oil & Gas Association filed a Petition to Intervene.

The OCA has served two sets of discovery to date and anticipates additional discovery will be required. As soon as the OCA has completed its review of the Company's filing and interrogatory responses, it is expected that informal discovery meetings may be scheduled. At those meetings, the OCA will be able to narrow the scope of additional information requests. After the discovery process has completed, the OCA will file its Direct Testimony, which will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify specific recommendations.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of Peoples' filing, the OCA has compiled a list of issues and sub-issues that it anticipates will be included in its investigation of the Company's proposed rate changes. It is anticipated that the OCA will identify additional issues upon further review of People's filing, and that other issues may arise and may be pursued after the answers to all of the OCA's interrogatories have been received and analyzed.

The following sets forth a more specific identification of the issues that the OCA will investigate and may raise, in addition to those discussed above:

- (1) Reasonableness and prudence of historic purchased gas costs, and assessment of compliance with Commission Orders in prior 1307(f) cases;
- (2) Reasonableness and accuracy of estimating gas costs during the interim and prospective periods;
- (3) Reasonableness and prudence of the Company's gas supply mix, including purchases of Pennsylvania-sourced gas supplies;

(4) Technical issues pertaining to the gas cost recovery mechanism, including computation of quarterly adjustments to purchased gas costs, treatment of supplier refunds, provision of carrying costs associated with gas in storage, interest on gas over-collections, and proper computation of the E-Factor;

(5) Reasonableness and prudence of the Company's mix of demand entitlements and storage, to include an assessment of the reasonableness of the Company's estimate of design day requirements;

(6) Reasonableness and prudence of contracts of pipelines and suppliers, and in particular, long-term contracts that provide for special reservation charges, minimum take commitments or other fixed contract requirements;

(7) Reasonableness of the Company's allocation of purchased gas costs between customer classes and assessment of any unreasonable discrimination between customer classes;

(8) Reasonableness and prudence of the Company's use of capacity release, off-system sales and interruptible sales, and the crediting of such revenue to PGC ratepayers;

(9) Assessment of the value of any purchased gas cost incentive mechanism as components of a least cost fuel procurement policy; and

(10) Reasonableness of the sales volumes projections.

(11) Reasonableness of the Company's compliance with the terms contained in the Settlement of Peoples' 2023 PGC rate proceeding at R-2023-3037928.

The OCA will examine each of these and all other changes proposed in the Company's filing to ascertain if it complies with the terms and policies of the Public Utility Code, the Natural Gas Choice and Competition Act, and sound ratemaking and cost allocation principles.

III. WITNESSES

The OCA intends to present the Direct, Rebuttal and Surrebuttal Testimony, as may be necessary, of Jerome D. Mierzwa in this proceeding. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony and answers to interrogatories be e-mailed directly to Mr. Mierzwa at the following e-mail address:

Jerome D. Mierzwa
Exeter Associates, Inc.
Suite 300
10480 Little Patuxent Parkway
Columbia, MD. 21044
Telephone: (410) 992-7500
Fax: (410) 992-3445
E-mail: jmierzwa@exeterassociates.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the Administrative Law Judge and all parties of record will be notified.

IV. SERVICE ON THE OCA

The OCA will be represented in this case by Deputy Consumer Advocate, Melanie J. El Atieh. The OCA only requires e-service at the following e-mail addresses:

Melanie J. El Atieh
Deputy Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
E-mail: OCA1307F2024@paoca.org

The OCA reserves the right to request paper copies if necessary. The OCA asks that the electronic service to the parties and ALJ Dunderdale meet all service requirements so that paper copies are not required.

V. PUBLIC INPUT HEARINGS

At this time, the OCA is not aware of any Formal Complaints or letters in opposition to the Company's filing. If the OCA becomes aware of substantial public interest in a public input hearing, the OCA will promptly notify the ALJ and the parties and request that a public input hearing be scheduled.

VI. DISCOVERY

The OCA has issued two sets of interrogatories in this proceeding under the existing Commission regulatory timeframe. In order to effectively investigate and adequately develop a record on these issues, the OCA requests the following discovery modifications be approved for discovery from the date of this Prehearing Conference forward:

1. Answers to written interrogatories and requests for document production, entry for inspection, or other purposes shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories and/or requests for production shall be communicated orally within three (3) calendar days of service; unresolved objections shall be served to the propounding party within five (5) calendar days of service of the interrogatories.
3. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of such motions.
5. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
6. Answers to on-the-record data requests shall be served in-hand within five (5) calendar days of the requests.
7. Discovery or discovery-related pleadings (such as objections, motions, and answers to same) served after 1:30 p.m. on a Friday

or after 1:30 p.m. on any business day preceding a state holiday will be deemed to have been served on the next business day.

VII. PROCEDURAL SCHEDULE

The OCA will continue to work with the other parties to agree to a procedural schedule. For the deadlines in the final schedule, the OCA requests that the dates be considered “in-hand” dates and that electronic service on the due date will satisfy the “in-hand” requirement.

VIII. SETTLEMENT

The OCA will participate in settlement discussions with the parties.

Respectfully Submitted,

/s/ Melanie Joy El Atieh

Melanie Joy El Atieh

Deputy Consumer Advocate

PA Attorney I.D. # 209323

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Patrick M. Cicero

Consumer Advocate

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DATED: April 5, 2024