

COMMONWEALTH OF PENNSYLVANIA



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April 9, 2025

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
Docket No. R-2025-3053184

Dear Secretary Chiavetta:

Attached for electronic filing, please find enclosed a copy of Prehearing Conference Memorandum submitted on behalf of the Office of Consumer Advocate in this proceeding.

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

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 320580
Email: HBreitman@paoca.org

Enclosures

cc: Administrative Law Judge Katrina L. Dunderdale (Email Only: kdunderdal@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2025-3053184
 :
 Peoples Natural Gas Company LLC :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Conference 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 9th day of April 2025.

SERVICE BY E-MAIL ONLY

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Dated: April 9, 2025

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. R-2025-3053184
v.	:	
	:	
Peoples Natural Gas Company, LLC	:	

PREHEARING CONFERENCE MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333, and in response to the Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) submits this prehearing conference memorandum.

I. INTRODUCTION AND PROCEDURAL HISTORY

On January 31, 2025, Peoples Natural Gas Company LLC, (Peoples or the Company) submitted its 60-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64, 53.65.

The Company’s filing was assigned to the Office of Administrative Law Judge (OALJ) and further assigned to Administrative Law Judge (ALJ) Katrina 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 February 20, 2025, the OCA filed a Notice of Appearance, Formal Complaint and Public Statement. Also on February 20, 2025, the Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. On February 27, 2025, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance.

On February 28, 2025, Peoples submitted its 30-day purchased gas cost (PGC) pre-filing pursuant to 52 Pa. Code Sections 53.64, 53.65.

On March 17, 2025, ALJ Dunderdale sent e-mail correspondence to counsel in this proceeding, directing the parties to plan for a prehearing conference at 9:00 AM on April 10, 2025.

On March 31, 2025, the Bureau of Investigation and Enforcement (I&E) filed an additional Notice of Appearance.

On April 1, 2025, the Company submitted its definitive filing pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f).

On April 1, 2025, the ALJ issued an Order setting the date and time for the prehearing conference in this matter for Thursday, April 10, 2025, at 9:00 A.M.

On April 2, 2025, OSBA filed a Formal Complaint and Public Statement.

The OCA has filed three 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

Based upon a preliminary analysis of the Company's filing, the OCA has compiled a list of 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

Peoples' 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 with 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;

(10) Reasonableness of the sales volumes projections; and,

(11) Reasonableness of the Company's compliance with the terms contained in the Settlement of Peoples' 2024 1307(f) proceeding, docketed at R-2024-3045945.

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. 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 OCA's counsel and Mr. Mierzwa at the following e-mail address: OCAPNG1307f@paoca.org.

Mr. Mierzwa's additional contact information is as follows:

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

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 Assistant Consumer Advocates Harrison W. Breitman and Ryan Morden. The OCA only requires e-service at the following e-mail addresses:

Harrison W. Breitman
Ryan Morden
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
E-mail: OCAPNG1307f@paoca.org

Mr. Morden will serve as the lead attorney for speaking purposes at the Prehearing Conference. 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. PROCEDURAL SCHEDULE

The OCA continues to work with the Company and the parties on a procedural schedule that is a reasonable compromise of the parties' competing interests within the time afforded for litigation of this matter. In consultation with other parties, the OCA proposes the following schedule:

<u>Date</u>	<u>Event</u>
Wednesday, April 30	Written Direct Testimony of All Non-Company Parties
Tuesday, May 13	Written Rebuttal Testimony of All Parties
Monday, May 19	Written Surrebuttal Testimony of All Parties
Wednesday, May 21	Witness Lists
Thursday, May 22	Telephonic Evidentiary Hearings/Oral Rejoinder

Friday, June 6, 2025 Main Briefs Due

Friday, June 13, 2025 Reply Briefs Due

The OCA requests that the dates included in the schedule be considered “in-hand” dates and that electronic service on the due date will satisfy the “in-hand” requirement.

VI. DISCOVERY

In conjunction with its proposed schedule, the OCA proposes the following modifications to the Commission’s procedural rules regarding discovery. The OCA requests that the Presiding Officers direct that the modifications will take effect when addressed during the on the record prehearing conference and apply to all future discovery requests served on and after the date of the prehearing conference Thursday, April 10, 2025. The OCA also requests that any outstanding interrogatories or requests for admissions are due no later than 10 calendar days on a best efforts basis after the Prehearing Conference to the extent such responses are due later than such date, in accordance with Paragraph A below.

- A. 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.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within three (3) calendar days of service of the interrogatories; unresolved objections shall be served in writing to the propounding party within five (5) calendar days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within five (5) business days of service of written objections.

- D. Answers to motions to dismiss objections and/or answering of interrogatories and/or requests for production shall be filed within three (3) business days of service of such motions.
- E. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
- F. Answers to on-the-record data requests shall be served in-hand within five (5) calendar days of the requests.
- G. Any discovery or discovery-related pleadings (such as objections, motions, and answers to same) served after served after 4:30 p.m. Monday through Thursday or after 12:00 p.m. on a Friday or the day before a holiday will be deemed to have been served on the next business day for purposes of calculating the due date for any responsive filing.

After rebuttal is served, the OCA proposes that the deadlines should be reduced as follows:

- A. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes shall be served within five (5) calendar days of service of the interrogatories or requests for production.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within two (2) calendar days of service; unresolved objections shall be served on the propounding party in writing within three (3) calendar days of service of the interrogatories and/or requests for production.

- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) business days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) business days of service of such motions.
- E. Requests for admission shall be deemed admitted unless answered or objected to within three (3) calendar days of service.
- F. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 12:00 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

VII. 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.

VIII. SETTLEMENT

The OCA will participate in settlement discussions with the parties.

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Dated: April 9, 2025

Respectfully Submitted,

/s/ Ryan Morden

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Harrison W. Breitman
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Counsel for:
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