



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 2, 2025

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
Valley Energy, Inc.
Docket No. R-2025-3054393
I&E Prehearing Memorandum

Dear Secretary Homsher:

Enclosed for electronic filing please find the Prehearing Memorandum of the Bureau of Investigation and Enforcement in the above-captioned proceeding.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Williams', is written over a white background.

Adam J. Williams
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 310019
(717) 787-8754
adawilliam@pa.gov

AJW/ac
Enclosures

cc: Administrative Law Judge Mary D. Long (*via email* – malong@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3054393
	:	
Valley Energy, Inc.	:	
Base Rates	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Adam J. Williams. Contact information is as follows:

By mail: Adam J. Williams
 Pennsylvania Public Utility Commission
 Bureau of Investigation and Enforcement
 Commonwealth Keystone Building
 400 North Street, 2nd Floor West
 Harrisburg, PA 17120

By e-mail: adawilliam@pa.gov

By telephone: (717) 787-8754

I. INTRODUCTION

On April 30, 2025, Valley Energy, Inc. (“Valley” or “Company”) filed Supplement No. 69 to Tariff Gas Pa. P.U.C. No. 2 (“Supplement 69”) pursuant to 66 Pa. C.S. § 1308, seeking a general rate increase. Supplement 69 issued April 30, 2025, to be effective June 29, 2025, proposes an increase to Valley’s base distribution rates designed to produce an additional \$1.6 million in revenue, a 19% increase.

Pursuant to the proposed increase in rates, the bill for a residential customer of Valley using 76 Ccf/month would increase from \$66.81 to \$78.84/month, an increase of 18%.

On May 7, 2025, I&E filed a Notice of Appearance in this proceeding.

On May 12, 2025, the Office of Consumer Advocate (“OCA”) filed a Notice of Appearances and Formal Complaint in this proceeding.

On May 14, 2025, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearances and Formal Complaint in this proceeding.

A telephonic Prehearing Conference is scheduled for Tuesday, June 3, 2025, beginning at 9:00 a.m. before Administrative Law Judge (“ALJ”) Mary D. Long.

II. WITNESSES AND ISSUES

I&E currently expects that it may call the following expert witnesses, without being limited thereto, who will address the issues listed *infra*. The list represents I&E’s preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other

issues as it deems appropriate if any such relevant issues arise. The witnesses and issues are as follows:

Witnesses:

- D.C. Patel, Fixed Utility Financial Analyst.
- Eryan Sakaya, Fixed Utility Valuation Engineer.
- Christine Wilson, Fixed Utility Supervisor.

Issues:

- Proxy Group Composition
- Capital Structure
- Cost of Debt
- Cost of Equity Analysis (including the methods and data adjustments)
- Business and Financial Risk Assessments
- Size Premium Adjustment
- Reasonableness of Return on Equity
- Management Performance Adjustment
- Rate Base
- Fully Projected Future Test Year Reporting Requirements
- Cost Allocation
- Rate Structure
- Present Rate Revenue
- Proposed Rate Revenue
- Revenue Allocation
- Income Taxes
- Taxes Other than Income Tax
- Rate Case Expense
- Payroll Expense – direct and allocated
- Employee Benefits – direct and allocated
- Distribution Expenses – non-labor
- Customer Accounting & Collection Expenses – non-labor
- Administrative & General Expenses

The I&E witnesses may be contacted through the information listed above for Prosecutor Williams. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding.

Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of any witnesses listed above.

III. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, quarterly and annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports. However, there may be issues of Commission policy or legal representation that are not properly the subject of testimony or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony, when, in its opinion, an issue can be adequately addressed through briefing.

IV. DISCOVERY

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E. I&E will give due consideration to any discovery modifications proposed by any other party. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

V. CONSOLIDATION

I&E supports the consolidation of the Wellsboro Electric Company base rate case (Docket No. R-2025-3054392), Valley Energy, Inc. base rate case (Docket No. R-2025-

3054393), and Citizens' Electric Company of Lewisburg, PA base rate case (Docket No. R-2025-3054394) for scheduling purposes only.

VI. SCHEDULE

As of this date, the parties are actively negotiating an amicable litigation schedule.

I&E proposes the following schedule, subject to further discussion.

Filed	April 30, 2025
Prehearing Conference	June 3, 2025
Public Input Hearings	June 23-27, 2025
Other Parties Direct	July 25, 2025
Rebuttal Testimony	August 15, 2025
Surrebuttal Testimony	September 5, 2025
Rejoinder Outline	September 12, 2025
Evidentiary Hearings	September 15 (full day) and September 18 (half day if necessary), 2025
Main Brief	October 3, 2025
Reply Brief	October 17, 2025

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E proposes to only serve and accept electronic delivery of documents. If the ALJs and/ or any party prefers to have additional service (or "hard copies") of documents by mail, I&E will certainly provide such service.

VIII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and

complete resolution of the matter, I&E is prepared to fully, or partially, litigate this proceeding.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Adam J. Williams", with a long horizontal flourish extending to the right.

Adam J. Williams
Prosecutor
PA Attorney ID No. 310019

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Dated: June 2, 2025

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2025-3054393
 :
 Valley Energy, Inc. :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 2, 2025, in the manner and upon the persons listed below.

Served via Electronic Mail Only

Adeolu A. Bakare, Esq.
Matthew L. Garber, Esq.
Rebecca Kimmel, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
abakare@mcneeslaw.com
mgarber@mcneeslaw.com
rkimmel@mcneeslaw.com
Counsel for Valley Energy, Inc.

Melanie Joy El Atieh, Esq.
Barrett C. Sheridan, Esq.
Ryan Morden, Esq.
Lori A. Arnsparger, Paralegal
Office of Consumer Advocate
Forum Place
555 Walnut Street, 5th Floor
Harrisburg, PA 17101
melatieh@paoca.org
bsheridan@paoca.org
rmorden@paoca.org
larnsparger@paoca.org

Steven C. Gray, Esq.
Rebecca Lyttle, Esq.
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA17101
sgray@pa.gov
relyttle@pa.gov

Pamela C. Polacek, Esq.
C&T Enterprises, Inc.
P.O. Box 129
Venetia, PA 15367
ppolacek@ctenterprises.org
Counsel for Valley Energy, Inc.



Adam J. Williams
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 310019
(717) 787-8754
adawilliam@pa.gov