

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 9, 2019

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
National Fuel Gas Distribution Corporation 1307(f)
Docket No. R-2019-3006858

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Phillip D. Demanchick".

Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Enclosures

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

*264815

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2019-3006858
 :
 National Fuel Gas Distribution :
 Corporation 1307(f) :

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 processing 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 9th day of January 2019.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

The Honorable Charles E. Rainey, Jr.
Chief Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Richard Kanaskie, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Paul Diskin, Director
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Anthony D. Kanagy, Esquire
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101
(Counsel for NFG)

Steven C. Gray, Esquire
Assistant Small Business Advocate
PA Office of Small Business Advocate
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Pennsylvania Public Utility Commission

Formal Complaint Form

1. COMPLAINANT

Tanya J. McCloskey, Acting 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

National Fuel Gas Distribution Corporation, Docket No. R-2019-3006858

3. TYPE OF UTILITY

GAS

4. COMPLAINT

- A. On December 28, 2018, National Fuel Gas Distribution Corporation (NFGD 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. On or about February 1, 2019, NFGD will submit its definitive annual PGC filing to the Commission pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f).
- B. NFGD's most recent quarterly update to its PGC rate became effective on November 1, 2018. Relative to the current rate of \$4.3824/Mcf, the Company's pre-filing anticipates a decrease of \$0.1412/Mcf, to a rate of \$4.2412/Mcf. This assumes that there are no further changes to the currently effective PGC rate. NFGD, however, may file quarterly updates to take effect on February 1, 2019 and May 1, 2019, respectively.
- C. NFGD provides service to residential customers in Armstrong, Butler, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Venango, and Warren counties.

- D. 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 caused 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).
- 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. After initial review of NFGD's filing information, the Acting Consumer Advocate files this Formal Complaint in order to ensure that the Company's proposed PGC rate is consistent with a least cost fuel procurement policy and does not result in rates or charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulations or policy.

5. RELIEF

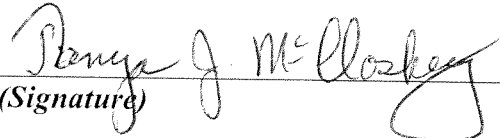
The Acting Consumer Advocate respectfully requests that the Public Utility Commission:

- A. Hold evidentiary hearings as mandated by Section 1307(f) of the Public Utility Code;
- B. Hold at least one public input hearing in the NFGD service territory, 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, and as defined by other applicable ratemaking standards;
- D. Ensure that the Company's PGC customers are only allocated those costs, which 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, Tanya J. McCloskey, Acting 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)

January 9, 2019
(Date)

7. LEGAL REPRESENTATION

Lauren M. Burge, Assistant Consumer Advocate, PA Bar No. 311570
Phillip D. Demanchick, Assistant Consumer Advocate, PA Bar No. 324761

555 Walnut Street, 5th Floor, Forum Place
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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 Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in the proceedings before the Commission involving the proposed rate increase by National Fuel Gas Distribution Corporation (NFGD or the Company) at Docket No. R-2019-3006858.

On December 28, 2018, pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations, NFGD submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates. On or about February 1, 2019, NFGD will submit its definitive annual PGC filing to the Commission pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f).

The Office of Consumer Advocate (OCA) has filed this Formal Complaint to ensure that the Commission examines NFGD's PGC filing and that any implemented PGC rate is consistent with the least cost fuel procurement obligation under the Public Utility Code. A thorough analysis and review are appropriate because Section 1318 mandates that purchased gas costs cannot be determined to be just and reasonable unless such rates result from a least cost fuel procurement policy. 66 Pa. C.S. § 1318(a). The OCA will seek to ensure that only those purchased gas costs which meet the requirements of Section 1318 will be paid by NFGD's ratepayers. The OCA will also seek to ensure that the rates approved by the Commission are otherwise just and reasonable, and not unduly discriminatory or excessive.