

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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February 7, 2019

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

Re: Pennsylvania Public Utility Commission v.
Peoples Natural Gas Company LLC
Docket No. R-2018-3006818

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 per the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "H. Breitman", written over a horizontal line.

Harrison W Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Enclosure

cc: Office of Administrative Law Judge
Office of Special Assistants (email only: ra-OSA@pa.gov)
Bureau of Technical Utility Services (email only)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v. : Docket No. R-2018-3006818
Peoples Natural Gas Company LLC :

I hereby certify that I have this day served a true copy of the foregoing 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 7th day of February 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

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

Michael W. Gang, Esquire
Anthony D. Kanagy, Esquire
Devin T. Ryan, Esquire
Post & Schell PC
17 North Second Street, 12th Floor
Harrisburg, PA 17101
(Counsel for Peoples)

Steven C. Gray, Esquire
Assistant Small Business Advocate
PA Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

William H. Roberts II, Esquire
Peoples Natural Gas Company LLC
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Phone: (717) 783-5048 Fax: (717) 783-7152

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate

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

Phone: (717) 783-5048

2. UTILITY NAME (RESPONDENT)

Peoples Natural Gas Company, LLC – Docket No. R-2018-3006818

3. TYPE OF UTILITY

Natural Gas

4. COMPLAINT

- A. On January 28, 2019, Peoples Natural Gas Company, LLC (Peoples or the Company) filed Retail Tariff Gas – PA PUC No. 47 with the Pennsylvania Public Utility Commission (Commission) to become effective on March 29, 2019. Utilizing a Fully Forecasted Future Test Year ending October 31, 2020, Retail Tariff Gas – PA. PUC No. 47, seeks to consolidate the retail rates and tariffs of the Peoples and Equitable Divisions and proposes an overall rate increase of \$94.9 million per year, or approximately 14% on a total annual revenue basis.
- B. Peoples is a natural gas distribution company that serves approximately 620,000 residential, commercial and industrial customers in Pittsburgh and surrounding counties throughout southwestern Pennsylvania.

- C. Through its proposed tariff, the Company requests to increase the monthly customer charge for residential customers in the Company's Peoples Division from \$13.95 to \$20.00, an increase of approximately 43%. The Company also requests to increase the monthly customer charge for residential customers in the Company's Equitable Division from \$13.25 to \$20.00, an increase of approximately 51%.
- D. Under the Company's proposed tariff, the monthly bill of a residential customer in the Peoples Division using 86 Mcf per year would increase from \$74.24 to \$84.73 per month, or by 14.1%. The monthly bill of a residential customer in the Equitable Division using 86 Mcf per year would increase from \$70.79 to \$84.73 per month, or by 19.7%. Under the Company's proposed tariff, the Peoples Division and Equitable Division will be consolidated and the average monthly bill of a residential customer using 86 Mcf per year would increase to \$84.73.
- E. If the Company's entire rate increase request is approved by the Commission, the Company would be allowed an 8% overall rate of return on rate base and an 11.25% return on common equity.
- F. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*
- G. A preliminary examination of the Company's filed Retail Tariff Gas – PA PUC No. 47 indicates that:
 - 1. The proposed changes and increase in rates, proposed rate schedule modifications and transfers, and proposed changes in rate policy, rules and

regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and may produce an excessive return on investment in violation of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*;

2. The proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.

3. The Company's existing rates, rules and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa. C.S. § 1301 *et seq.*

H. The Acting Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates—and any and all rate policy changes—are just, reasonable, and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

The Acting Consumer Advocate respectfully requests that the Commission take the following actions:

- A. Suspend and investigate the operation of Retail Tariff Gas – PA PUC No. 47, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B. Consolidate all complaints filed against proposed Retail Tariff Gas – PA PUC No. 47;

- C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;
- D. After providing the public with adequate notice, hold public input hearings as early as feasible in the Company's service territories in order to provide customers with an opportunity to be heard on the record;
- E. Deny any increase or change in the Company's rates that is unjust, unreasonable, unduly discriminatory or inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;
- F. Determine the justness and reasonableness of the Company's current and proposed rates and tariff; and
- G. Grant such other relief it deems appropriate.

6. VERIFICATION AND SIGNATURE

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. Section 4904 (relating to unsworn falsification to authorities).



 (Signature)

February 7, 2019
 (Date)

7. LEGAL REPRESENTATION

J.D. Moore, Assistant Consumer Advocate, PA Bar No. 326292
 David T. Evrard, Assistant Consumer Advocate, PA Bar No. 33870
 Harrison W. Breitman, Assistant Consumer Advocate, PA Bar No. 320580
 Darryl A. Lawrence, Senior Assistant Consumer Advocate, PA Bar No. 93682

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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. Section 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interest 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 proceedings before the Commission involving the proposed rate increase requested by Peoples Natural Gas Company, LLC (Peoples or the Company) docketed at R-2018-3006818.

Peoples is a natural gas distribution company that serves approximately 620,000 residential, commercial and industrial customers in Pittsburgh and surrounding counties throughout southwestern Pennsylvania. The proposed tariff, if approved, would provide the Company with an annual revenue increase of \$94.9 million, or approximately 14%. If approved in its entirety, the Company's proposed tariff would also provide an 11.25% return on common equity and an overall 8% return on rate base. Under the Company's proposed tariff, the monthly bill of a residential customer in the Company's Peoples Division using 86 Mcf per year would increase from \$74.24 to \$84.73 per month, or by 14.1%. The monthly bill of a residential customer in the Company's Equitable Division using 86 Mcf per year would increase from \$70.79 to \$84.73 per month, or by 19.7%. Under the Company's proposed tariff, the Peoples Division and Equitable Division will be consolidated.

The Acting Consumer Advocate will represent the interests of Peoples ratepayers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable, unduly discriminatory or otherwise contrary to law.