

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 19, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
Valley Energy, Inc. – Supplement No. 59
to Tariff Gas – Pa. P.U.C. No. 2
Docket No. R-2022-3032300

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,

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

Enclosures:

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

*328915

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2022-3032300
 :
 Valley Energy, Inc. – Supplement No. 59 :
 to Tariff Gas – Pa. P.U.C. No. 2 :

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 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 19th day of May 2022.

SERVICE BY E-MAIL ONLY

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
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sgranger@pa.gov

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/s/ Harrison W. Breitman
Harrison W. Breitman
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Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: May 19, 2022
*328925

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. COMPLAINANT

Patrick M. Cicero, 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

Valley Energy, Inc.; Docket No. R-2022-3032300

3. TYPE OF UTILITY

Natural Gas

4. COMPLAINT

- A.** On April 29, 2022, Valley Energy, Inc. (“Valley” or Company) filed Supplement No. 59 to Tariff Gas - Pa. P.U.C. No. 2 (Supplement No. 59). In Supplement No. 59, the Company proposes an overall distribution rate increase of approximately \$1.00 million per year, or a distribution base rate increase of 11.8%. The proposed rate increase would be effective June 28, 2022.
- B.** The Company is engaged in the business of furnishing natural gas service to approximately 7,300 residential, commercial and industrial customers in Pennsylvania. The Company serves twelve communities in Bradford County, Pennsylvania, and Tioga and Chemung Counties in New York. Valley’s Pennsylvania natural gas distribution includes over 170 miles of mains. The Company operates the Pennsylvania and New York system as an integrated system, with all natural gas injected into the system at points in Pennsylvania.
- C.** For the residential class, the Company is proposing an overall total bill increase of approximately 11%. The total bill (distribution, transmission, and generation) of a typical residential customer using 76 Ccf per month would experience an increase of \$7.23 per month, from \$65.35 to \$72.57.
- D.** Valley proposes to increase the residential monthly Customer Charge from \$11.79 to \$12.90.

- E.** The Company states that its filing supports an 11.50% return on equity, producing a 7.97% overall rate of return on its original cost rate base for distribution service.
- F.** The Company is proposing to utilize a Fully Projected Future Test Year ending on December 31, 2023.
- G.** The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. C.S. §§ 309-1, *et seq.*
- H.** A preliminary examination of the Company's filed Tariff Supplement indicates that 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 will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa.C.S. § 1301, *et seq.*
- I.** The Acting Consumer Advocate avers that the proposed tariff changes and proposed 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.
- J.** A preliminary examination and review by the OCA of the Company's existing rates, rules, and regulations indicates that certain 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.*
- K.** The Acting Consumer Advocate files this Formal Complaint to ensure that the Commission fully and fairly adjudicates issues pertaining to whether the Company's existing and proposed rates—and any and all rate policy changes—are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

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

- A.** Refer this matter to the Office of Administrative Law Judge for assignment to an Administrative Law Judge for hearings where all issues can be thoroughly developed;
- B.** Consolidate all complaints filed against the proposed Supplement No. 59;
- C.** Suspend and investigate the operation of Supplement No. 59, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d);

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

6. VERIFICATION AND SIGNATURE

Verification:

I, Patrick M. Cicero, 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).

/s/ Patrick M. Cicero
(Signature)

05/19/2022
(Date)

7. LEGAL REPRESENTATION

Aron J. Beatty, Senior Assistant Consumer Advocate, PA Bar No. 86625
Harrison W. Breitman, Assistant Consumer Advocate, PA Bar No. 320580

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

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. § 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint in proceedings before the PUC involving the proposed rate increase requested by Valley' Energy, Inc. (Valley or the Company) at Docket No. R-2022-3032300.

On April 29, 2022, the Company filed Supplement No. 59 to Tariff Gas – Pa. P.U.C. No. 2. In Supplement No. 59, the Company proposes an overall distribution rate increase of \$1.25 million per year, or a distribution base rate increase of 11.8%. For the residential class, the Company is proposing an overall total bill increase of approximately 11%. The total bill (distribution, transmission, and generation) of a typical residential customer using 76 Ccf per month would increase \$7.23 per month, from \$65.34 to \$72.57.

The Office of Consumer Advocate files this Formal Complaint to ensure that the rate increase and other changes sought by the Company are just and reasonable based upon the information filed by the Company in support of its claim. The Consumer Advocate will represent the interests of Valley' ratepayers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable or otherwise contrary to law.