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File #: 3552/155121

April 9, 2013

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

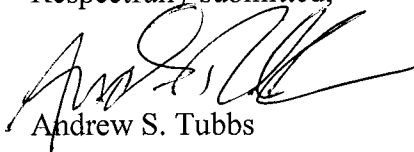
Re: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC
Docket No. R-2013-2350914

Dear Secretary Chiavetta:

Enclosed for filing is Peoples Natural Gas Company LLC's Prehearing Conference Memorandum for the above-referenced proceeding.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Andrew S. Tubbs

AST/jl
Enclosures

cc: Certificate of Service
Honorable Conrad A. Johnson (*Via E-Mail & First Class Mail*)
Honorable Jeffrey Watson (*Via E-Mail & First Class Mail*)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Daniel Killmeyer
184 McKay Road
Saxonburg, PA 16056

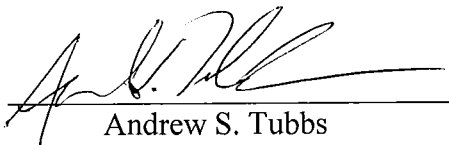
VIA FIRST CLASS MAIL & E-MAIL

Aron J. Beatty, Esquire
Brandon J. Pierce, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Elizabeth Rose Triscari, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Richard A. Kanaskie, Esquire
Carrie B. Wright, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: April 9, 2013



Andrew S. Tubbs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | Docket No. R-2013-2350914 |
| Office of Small Business Advocate | : | C-2013-2354071 |
| Daniel Killmeyer | : | C-2013-2355180 |
| Office of Consumer Advocate | : | C-2013-2355226 |
| | : | |
| v. | : | |
| | : | |
| Peoples Natural Gas Company LLC | : | |

**PREHEARING CONFERENCE MEMORANDUM
OF PEOPLES NATURAL GAS COMPANY LLC**

TO ADMINISTRATIVE LAW JUDGES CONRAD A. JOHNSON AND JEFFREY WATSON:

Pursuant to 52 Pa. Code § 5.224(c) and the Prehearing Conference Order dated April 2, 2013 in the above-captioned proceeding, Peoples Natural Gas Company LLC (“Peoples”) hereby submits this Prehearing Conference Memorandum.

I. PROCEDURAL HISTORY

On March 1, 2013, Peoples made its Purchased Gas Cost (“PGC”) pre-filing with the Pennsylvania Public Utility Commission (“Commission”) in compliance with Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f) and the Commission’s regulations at 52 Pa. Code § 53.64.

On March 13, 2013, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance.

On March 20, 2013, the Office of Small Business Advocate filed a Formal Complaint at Docket No. C-2013-2354071.

On March 25, 2013, Daniel Killmeyer filed a Formal Complaint at Docket No. C-2013-2355180.

On March 29, 2013, the Office of Consumer Advocate filed a Notice of Appearance and a Formal Complaint at Docket No. C-2013-2355226.

On April 1, 2013, Peoples filed with the Commission Supplement No. 16 to Peoples Tariff Gas - Pa. P.U.C. No. 45 (“Supplement No. 16”) reflecting actual and projected changes in natural gas costs and other tariff changes. Supplement No. 16 was filed with an issue date of April 1, 2013 and an effective date of October 1, 2013. The Company also filed direct testimony and exhibits in support of Supplement No. 16.

On April 2, 2013, a Prehearing Conference Order was issued by the Honorable Conrad A. Johnson and the Honorable Jeffrey Watson (the “ALJs”), directing the parties to file Prehearing Memoranda before 3:00 p.m. on April 9, 2013. Also on April 2, 2013, a Notice was issued scheduling a Prehearing Conference before the ALJs at 1:30 p.m. on April 11, 2013, Piatt Place, Room 220, Pittsburgh, Pennsylvania and in the Commonwealth Keystone Building, Hearing Room 5, Harrisburg, Pennsylvania.

Peoples hereby files this Prehearing Memorandum pursuant to the April 2, 2013 Prehearing Conference Order.

II. SERVICE OF DOCUMENTS

Peoples requests that Michael W. Gang, Anthony D. Kanagy and Andrew S. Tubbs be listed on the service list on behalf of Peoples. Their contact information is provided below:

Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Andrew S. Tubbs (ID #80310)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6026
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Fax: 717-731-1985
E-mail: mgang@postschell.com
akanagy@postschell.com
atubbs@postschell.com

Peoples agrees to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies be served upon William H. Roberts, II at William.H.RobertsII@Peoples-Gas.com and Andrew P. Wachter at andrew.wachter@peoples-gas.com.

III. WITNESSES AND ISSUES

Below is a list of the witnesses that Peoples intends to call in this proceeding and the subject areas of their testimony. Further definition of the issues will be developed by the parties during the course of this proceeding. Peoples reserves the right to call additional witnesses and/or present testimony on additional issues and subject matters that may arise during the course of this proceeding.

| <u>Witness</u> | <u>Statement</u> | <u>General Subject Matter</u> |
|---|-------------------|--|
| Jon H. Skoog Vice President Gas Supply 375 North Shore Drive Suite 600 Pittsburgh, PA 15212 | Peoples St. No. 1 | Natural Gas Procurement Policy and Supply Planning, Supply Requirements, Gas Supply Portfolio and Related Other Issues |
| Anthony Caldro Consultant – Rates and Regulatory Affairs 375 North Shore Drive Suite 600 Pittsburgh, PA 15212 | Peoples St. No. 2 | Peoples’ FERC Activities and Rates |
| Jeffrey S. Nehr Director, Business Development 1201 Pitt Street Wilkinsburg, PA 15221 | Peoples St. No. 3 | Lost and Unaccounted for Gas |
| Andrew P. Wachter Manager, Rates and Regulatory Affairs 375 North Shore Drive Suite 600 Pittsburgh, PA 15212 | Peoples St. No. 4 | Retainage, NP-1 Supplier On-System Storage Capacity, Retail Tariff, Capacity Sharing Mechanism and Other Issues |

Peoples may amend its pre-filed statements and exhibits, as appropriate, during the course of this proceeding, based upon more recent information, as such information becomes available. Such update(s) will reflect changes in information relevant to the determination of the proper level of PGC rates to become effective October 1, 2013.

IV. DISCOVERY

Peoples proposes the following discovery rule modifications that were adopted in the Company’s 2012 1307(f) proceeding:

1. Written interrogatories propounded after noon on a Friday or the business day before a state-recognized holiday shall be deemed served on the following business day.
2. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service. After May 3, 2013, answers to written interrogatories shall be served in-hand within five (5) calendar days of service.
3. Objections to interrogatories must be communicated orally within three (3) calendar days of service. Unresolved objections must be served upon the Presiding ALJ within five (5) days of service of interrogatories.
4. Motions to dismiss objections and/or direct the answering of interrogatories (motions to compel) must be filed within three (3) calendar days of service of written objections.
5. Answers to motions to dismiss and/or direct the answering of interrogatories must be filed within three (3) calendar days of service of such motions.
6. Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within ten (10) calendar days of service.
7. Answers to on-the-record data requests shall be served in-hand within seven (7) calendar days of the requests.

Peoples is not aware of any outstanding discovery disputes and has already received discovery requests from I&E and OCA. Peoples is willing to work with the parties, through informal discovery, to expedite discovery.

With regard to service of discovery, Peoples has established a discovery virtual data room for use by other parties' counsel and experts. Due to the use of a virtual data room, Peoples intends to provide electronic service of discovery to the Parties via PDF of the cover letter only to inform the parties that new responses are available in the virtual data room. Peoples will also serve the parties with the requested number of hard copies via first class mail. Peoples requests that discovery responses served by other parties be served via electronic mail with PDF's of the responses so that Peoples may post them in the virtual data room.

V. PROCEDURAL SCHEDULE

Peoples proposes the following schedule:

| | |
|-------------------------------------|------------------|
| Prehearing Conference | April 11, 2013 |
| Other Parties' Direct Testimony | May 3, 2013 |
| Rebuttal Testimony | May 22, 2013 |
| Surrebuttal Testimony | May 31, 2013 |
| Hearings (including Oral Rejoinder) | June 5 – 6, 2013 |
| Main Brief | June 20, 2013 |
| Reply Brief | July 2, 2013 |

Peoples will continue to work with the parties to develop a mutually agreeable schedule.

VI. PUBLIC INPUT HEARINGS

Peoples is not aware of any substantial consumer interest with respect to this filing. Peoples does not propose that any public input hearings be held absent substantial public interest in the filing.

VII. PROTECTION OF CONFIDENTIAL INFORMATION

Peoples will submit a Motion for Protective Order for consideration by the ALJs. Peoples will seek the concurrence of the other parties as to the form of the Protective Order before submitting the Motion.

VIII. SETTLEMENT DISCUSSIONS

To date, no settlement discussions have been held. However, Peoples will be working with the parties in an effort to resolve these proceedings through settlement.

Respectfully submitted,



Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Andrew S. Tubbs (ID #80310)
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E-mail: mgang@postschell.com
akanagy@postschell.com
atubbs@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: April 9, 2013

Counsel for Peoples Natural Gas Company LLC