

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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April 6, 2015

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

RE: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc. 1307(f)
Docket Nos. R-2015-2469665
C-2015-2474515

Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum, in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink that reads "Hobart J. Webster".

Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. #314639
E-Mail: HWebster@paoca.org

Enclosures

cc: Honorable Mark A. Hoyer, ALJ
Certificate of Service

*204029

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:		
	:		
v.	:	Docket No.	R-2015-2469665
	:		
Columbia Gas of Pennsylvania, Inc.	:		
	:		
Office of Consumer Advocate	:		
	:		
v.	:	Docket No.	C-2015-2474515
	:		
Columbia Gas of Pennsylvania, Inc.	:		

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and the Prehearing Order of Administrative Law Judge Mark A. Hoyer issued on April 1, 2015, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On or about February 27, 2015, Columbia Gas of Pennsylvania (Columbia or the Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f); 52 Pa. Code §§ 53.64, 53.65. On March 13, 2015, the Bureau of Investigation & Enforcement filed a Notice of Appearance. On March 27, 2015, Interstate Gas Supply, Inc., Shipley Energy Company and Dominion Retail, Inc. filed a Petition to Intervene. On March 30, 2015, the OCA filed a Formal Complaint. Also on March 30, 2015, Columbia Industrial Intervenors filed a Petition to Intervene.

On March 31, 2015, Columbia filed a letter with the Commission stating that, for the quarterly period commencing April 1, 2015, the Company's recalculated PGC rate will decrease \$0.03148/Therm. 52 Pa. Code § 53.64 (i)(5)(iii). On April 1, 2015, Columbia submitted its definitive annual PGC filing. Relative to the current rate of \$0.50743/Therm, Columbia's definitive filing anticipates a decrease of \$0.10902/Therm to a rate of \$0.39841/Therm for service rendered on and after October 1, 2015. This assumes that there are no further changes to the currently effective PGC rates on July 1, 2015.

The Company's filing was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Mark A. Hoyer for investigation and scheduling of hearings to determine whether Columbia's gas costs comply with the standards set forth in the Public Utility Code.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of Columbia's PGC filing, the OCA has compiled a list of issues and sub-issues that it anticipates will be included in its investigation of the Company's proposed rate changes. It is anticipated that the OCA will identify other issues upon further review of Columbia's filing, and that other issues may arise and may be pursued after the answers to all of the OCA's interrogatories have been received and analyzed.

As soon as the OCA has completed its review of the Company's filing, including issuing discovery and reviewing the Company's responses, it is expected that informal discovery meetings can be scheduled. At those meetings, the OCA will be able to narrow the scope of information requests. After the discovery process has been completed, the OCA will file its Direct Testimony, which will set forth the specific issues to be addressed in this proceeding. At

that time, the OCA will also be able to make and to quantify its specific recommendations and fully participate in settlement negotiations between the parties.

The following list sets forth a more specific identification of the issues that OCA anticipates it will investigate and may raise, in addition those discussed above:

1. Reasonableness and prudence of historic purchased gas costs, and assessment of compliance with Commission Orders in prior 1307(f) cases;
2. Reasonableness and accuracy of estimating gas costs during the interim and prospective periods;
3. Reasonableness and prudence of the Company's gas supply mix, including purchases of local gas suppliers and price volatility risk management programs and policies;
4. Reasonableness and prudence of the Company's mix of demand entitlements, storage and local production, to include an assessment of the reasonableness of the Company's estimate of design day requirements;
5. Reasonableness and prudence of contracts with pipelines and suppliers, and in particular, long-term contracts that provide for special reservation charges, minimum take commitments or other fixed contract requirements, especially in light of any other subsidies or unreasonable discrimination between customer classes;
6. Reasonableness and prudence of the Company's use of capacity release, off-system sales and interruptible sales, and the crediting of such revenues to PGC ratepayers;
7. Assessment of the value of the purchased gas cost incentive mechanisms as components of a least cost fuel procurement policy. These may include incentive mechanisms for off-systems sales, capacity release, spot market purchases and hedging;
8. Reasonableness of sales volumes projections; and

9. Technical issues pertaining to the gas cost recovery mechanism, including computation of quarterly adjustments to purchased gas costs, treatment of supplier refunds, provision of carrying costs associated with gas in storage, interest on gas overcollections, and proper computation of the E-factor and migration riders.

The OCA will examine each of these issues and all changes proposed in the Company's filing to ascertain if they comply with the terms and policies of the Public Utility Code, the Natural Gas Choice and Competition Act, and sound ratemaking and cost allocation principles. The OCA will recommend any appropriate changes to ensure that customers pay only reasonable purchased gas costs and to address customers' reliability needs.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of Melissa Whitten in this proceeding. Ms. Whitten will present testimony in written form and will also attach various exhibits, documents and explanatory information that will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony and answers to interrogatories be mailed directly to its expert witness at the following address, as well as mailing a copy to counsel for the OCA:

Melissa Whitten
La Capra Associates, Inc.
One Washington Mall, 9th floor Boston, MA 02108
Email: mwhitten@lacapra.com
Telephone: (617) 778-2433

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SERVICE ON THE OCA

The OCA will be represented in this case by Assistant Consumer Advocates Erin L. Gannon and Hobart J. Webster. Two copies of the documents should be served on the OCA as follows:

Erin L. Gannon
Assistant Consumer Advocate
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
E-mail: EGannon@paoca.org

The OCA requests that any documents served electronically also be directed to Hobart Webster at hwebster@paoca.org, the OCA's consultant, Ms. Witten at MWhitten@LaCapra.com, and to our Legal Assistant, Denise Smith at DSmith@paoca.org.

V. PROPOSED REVISED RULES / DISCOVERY

The OCA proposes that discovery shall be conducted according to the Commission's rules and regulations (52 Pa. Code §5.321, *et seq.*), subject to the following modifications:

1. Answers to written interrogatories will be served in-hand within ten (10) calendar days of service of the interrogatories except that service of interrogatories on a Friday shall be deemed service on the following business day;
2. Objections to interrogatories will be communicated orally within three (3) business days of service; unresolved objections shall be served on the parties in writing within five (5) business days of service of the interrogatories;
3. Motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) business days of service of written objections;

4. Answers to motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) business days of service of such motions;

5. Responses to requests for document production, entry for inspection, or other purposes will be served in-hand within ten (10) calendar days;

6. Requests for admission will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) business days of service;

7. Answers to on-the-record data requests will be served in-hand within seven (7) calendar days of the request;

8. Rulings over motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion;

9. Any discovery or discovery related pleadings such as objections, motions, answers to motions served on a Friday or on any business day preceding a state holiday shall be deemed to have been served on the following business day for purposes of tracking responsive due dates; and

10. Due dates will be “in-hand” with electronic or fax service on the due date satisfying the “in-hand” requirement and where such service is immediately followed by a hard copy sent by first-class mail.

VI. PUBLIC INPUT HEARINGS

The OCA is unaware of any specific consumer requests for public input hearings in this matter to date. If the OCA becomes aware of substantial consumer interest, however, the OCA will promptly notify the Administrative Law Judge and parties to request a public input hearing.

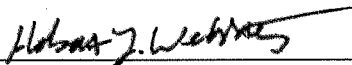
VII. PROPOSED SCHEDULE

The OCA's proposed litigation schedule is attached as Appendix A. It is our understanding that this schedule is acceptable to the active parties and is consistent with the deadline for Reply Briefs provided by the Presiding Officer. The OCA notes that the proposed schedule resulted from the parties' efforts to accommodate a shorter timeframe for litigation than in prior years and should not be considered precedent for future PGC cases.

VIII. SETTLEMENT

The OCA is willing to engage in settlement discussions with the Parties at the appropriate time.

Respectfully Submitted,



Erin L. Gannon

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Hobart J. Webster
Assistant Consumer Advocate
PA Attorney I.D. # 314639
E-Mail: HWebster@paoca.org

Counsel for:
Tanya J. McCloskey
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Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: April 6, 2014

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
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v.	:	Docket No. R-2015-2469665
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Office of Consumer Advocate	:	
	:	
v.	:	Docket No. C-2015-2474515
	:	
Columbia Gas of Pennsylvania, Inc.	:	

OCA PROPOSED SCHEDULE

Prehearing Conference	April 7, 2015
Direct Testimony ¹	May 5, 2015
Rebuttal Testimony	May 22, 2015
Surrebuttal Testimony	May 28, 2015
Written Rejoinder or Outline	June 1, 2015
Hearings in Harrisburg	June 3, 2015 and June 4, 2015
Main Briefs	June 16, 2015
Reply Briefs	June 24, 2015

¹ The OCA proposes that the schedule dates be “in-hand” and that electronic service on the due date will satisfy the “in-hand” requirement, where a hard copy is sent by first-class mail.

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission : Docket Nos. R-2015-2469665
 : C-2015-2474515
 v. :
 :
 :
 Columbia Gas of Pennsylvania, Inc. :
 1307(f) Proceeding :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate’s Prehearing Memorandum, 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 6th day of April 2015.

SERVICE BY INTER-OFFICE MAIL

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