



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

April 27, 2016

Via E-Filing

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.  
Columbia Gas of Pennsylvania, Inc.  
Docket No. R-2016-2529660

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #208185

Enclosure  
CBW/sea

cc: Certificate of Service  
ALJ Katrina L. Dunderdale

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2016-2529660  
 :  
 Columbia Gas of Pennsylvania, Inc. :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated April 27, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

**Served via First Class and Electronic Mail**

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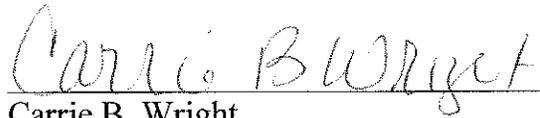
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Carrie B. Wright  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #208185

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

|  |   |                |
|--|---|----------------|
| Pennsylvania Public Utility Commission | : |                |
|  | : |                |
| v.                                     | : |                |
|  | : | R-2016-2529660 |
| Columbia Gas of Pennsylvania, Inc.     | : |                |
| Base Rate Case                         | : |                |

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PREHEARING MEMORANDUM  
OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT

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**TO ADMINISTRATIVE LAW JUDGE KATRINA DUNDERDALE:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Scott B. Granger. Contact information is as follows:

By mail: Carrie B. Wright  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

By e-mail: [carwright@pa.gov](mailto:carwright@pa.gov)  
By telephone: (717) 783-6156  
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## **I. INTRODUCTION**

On March 18, 2016, Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”) filed Supplement No. 241 to Tariff Gas Pa. P.U.C. No. 9 to become effective May 17, 2016. It contained proposed changes in rates, rules, and regulations calculated to produce \$55.3 million, or 11.23%, in additional annual revenues.

On April 21, 2016, the Commission entered an order suspending the implementation of Supplement No. 241 by operation of law until December 19, 2016, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 241.

A telephonic Prehearing Conference is scheduled for Thursday, April 28, 2016, at 10:00 am, with Administrative Law Judge Katrina Dunderdale.

## **II. ISSUES**

The following list represents I&E’s preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Plant in Service
- Depreciation Reserve
- Annual Depreciation Expense
- Pipeline Replacement
- Restoration Costs
- Cost of Service
- Rate Structure
- Customer Charges / Customer Cost Analysis
- Customer Count Projections
- Usage Per Customer Projections

- Competitive Discounts to Other LDC's.
- Rate of Return
- Overall Rate of Return
- Cost of Short-term Debt
- Cost of Long-term Debt
- Cost of Common Equity
- Capital Structure
- Use of Fully Projected Future Test Year
- Appropriate Treatment of Flex Rate Revenue
- Recovery of Flex Rate Revenue
- Forfeited Discounts
- Miscellaneous Service Revenue
- Rent from Gas Property
- Other Gas Revenue
- Materials and Supplies
- Gas Storage Underground
- Multifamily House Line Reimbursement
- Officers, Directors Salaries Expense
- Purchased Power Expense
- Rate Case Expense
- Operations Management Expense
- Contracted Administrative Services Expense
- Grounds Maintenance Expense
- Offices Expenses
- Bad Debt Expense
- Other Taxes – Real Estate Taxes Expense
- Taxes
- Hardship Fund
- Gas Safety

### **III. WITNESSES**

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

Jeremy Hubert, Fixed Utility Valuation Engineer  
 Kokou Apetoh, Fixed Utility Valuation Engineer  
 Rachel A. Maurer, Fixed Utility Financial Analyst  
 Anthony Spadaccio, Fixed Utility Financial Analyst  
 DC Patel, Fixed Utility Financial Analyst

Brenton Grab, Fixed Utility Financial Analyst  
David Kline, Gas Safety Engineer

The I&E witnesses may be contacted through the information listed above for Prosecutor Wright. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

#### **IV. EVIDENCE**

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

#### **V. DISCOVERY**

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. I&E is not requesting any modification to the rules of discovery at this time. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

#### **VI. SCHEDULE**

I&E will work with the parties to develop a mutually agreeable schedule in this proceeding.

## VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

## VIII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Carrie Wright

Prosecutor

PA Attorney I.D. # 208185

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 787-1976

Dated: April 27, 2016