



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

April 27, 2022

Via Electronic Filing

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.
Docket No.: R-2022-3031211
I&E Prehearing Memorandum

Dear Counsel:

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

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Erika L. McLain'.

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 320526
(717) 783-6170
ermclain@pa.gov

ELM/cem
Enclosures

cc: Deputy Chief Administrative Law Judge Christopher P. Pell (*via email*)
Per Certificate of Service

I. BACKGROUND

On March 18, 2022, Columbia Gas of Pennsylvania, Inc. (Columbia or Company) filed with the Commission proposed Tariff Gas – Pa. P.U.C. No. 9 (Tariff No. 9). Tariff No. 9 contained rates rules and regulations designed to increase its annual distribution revenues by \$82.2 million. Tariff No. 9 has a proposed an effective date of May 17, 2022.

At Public Meeting on April 14, 2022, the Commission stated that pursuant to 66 Pa. C.S. § 1308(d), the filing will be suspended by operation of law until December 17, 2022, unless permitted by Commission Order to become effective at an earlier date. The case was subsequently assigned to the Officer of Administrative Law Judge (OALJ) for the development of an evidentiary record including a Recommended Decision. The OALJ assigned the suspended proceeding to Deputy Chief Administrative Law Judge Christopher P. Pell (ALJ Pell) for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's Rate increase request. A Prehearing Conference has been scheduled for April 29, 2022. I&E filed its Notice of Appearance on March 22, 2022.

II. ISSUES

Based upon a preliminary review of the filing, I&E has identified certain areas of inquiry. The following statement of areas of inquiry represents the potential issues in this proceeding at this time and is as complete as I&E is currently able to make the list of issues. However, I&E specifically reserves the right to address such other issues should

other issues arise during the course of this proceeding:

- a) Overall Rate of Return including:
 - Cost of Debt
 - Cost of Common Equity
 - Capital Structure
 - Management Performance

- b) Rate Structure/Rate Design including:
 - Customer Charges/Customer Cost Analysis

- c) Rate Base including:
 - Test Year plant balance comparisons
 - Future Test Year and Fully Projected Future Test Year Reports
 - Amortizations included in annual depreciation
 - Rate Base additions and deductions
 - Utility Plant in Service
 - Accumulated Depreciation
 - Annual Depreciation Expense
 - Materials and Supplies

- d) Cost of Service

- e) Revenue including:
 - Customer cost projections
 - Usage per customer projections
 - Appropriate treatment of flex rate revenue
 - Forfeited Discounts
 - Miscellaneous Service Revenue
 - Rent from Gas Property
 - Revenue Normalization Adjustment

- f) Operation and Maintenance Expense Claims including:
 - Labor Expense
 - Incentive Compensation
 - Other Employee Benefits
 - Outside Service
 - Corporate Insurance
 - Injuries and Damages
 - Materials and Supplies
 - NCSC Expense
 - Rate Case Expense
 - Uncollectible Accounts

COVID-19 Deferral
Total Rider USP
Interest on Customer Deposits
Rate Base – Prepayments
Other O&M

- g) Tariff Changes
- h) Other:
 Lost and Unaccounted for Gas
- i) Pipeline Safety Issues:
 LTIP Goals
 Priority Pipe Materials
 Leak Rate per Mile
 Contractor Issues

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness in his or her area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

III. WITNESSES

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

- Christopher Keller Fixed Utility Financial Analyst
- DC Patel Fixed Utility Financial Analyst
- Ethan Cline Fixed Utility Valuation Engineer
- Tyler Merritt Pipeline Safety Engineer

I&E reserves the right to call additional witnesses and/or delete witnesses listed above. The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. All active parties will be notified of any additions or deletions to the I&E witness list. The I&E witnesses may be contacted at the above contact information for the I&E prosecutor.

IV. SCHEDULE

I&E proposes the following procedural schedule:

Direct Testimony	June 7, 2022
Rebuttal Testimony	July 6, 2022
Surrebuttal Testimony	July 26, 2022
Rejoinder Outlines	August 1, 2022
Hearings	August 2-4, 2022
Main Briefs	August 23, 2022
Reply Briefs	September 2, 2022

V. PUBLIC INPUT HEARINGS

To the extent that Public Input Hearings are deemed necessary in this proceeding I&E requests that Public Input Hearings be held electronically or telephonically.

VI. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to reach a resolution of any or all issues. However, a discussion of issues that may be settled is not possible until further discovery has been conducted and the positions of the other parties are known.

VII. DISCOVERY

Pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing. I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories shall be communicated orally within three (3) calendar days of service; unresolved objections shall be served in writing within five (5) calendar days of service of interrogatories.
3. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 p.m. on any business day preceding a state holiday will be deemed to be served on the next business day.

VIII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony, and briefs during the closure of Commission offices, and consistent with the

provisions of the Commission's September 15, 2021 Order for Waiver of Regulations Regarding Service Requirements,¹ I&E proposes to both only serve and accept electronic delivery of documents.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika L. McLain".

Erika L. McLain
Prosecutor
PA Attorney ID No. 320526

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Dated: April 27, 2022

¹ Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements*, p. 6.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No.: R-2022-3031211
	:	
Columbia Gas of Pennsylvania, Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated April 27, 2022, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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