



Meagan Moore, Senior Attorney

Office: 412-208-6527; Mobile: 412-690-5912

Email: Meagan.moore@peoples-gas.com



Via E-file

November 15, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – 2nd Floor
Harrisburg, PA 17120

Re: Notice of Proposed Rulemaking: Use of Fully Projected Future Test Year, 52 Pa. Code
Chapter 53.51 – 53.56a
Docket No. L-2012-2317273

Dear Secretary Chiavetta:

On May 12, 2022, the Pennsylvania Public Utility Commission (“Commission”) clarified its Notice of Proposed Rulemaking (“NOPR”) at Docket No. L-2012-23137273 regarding the use of the Fully Projected Future Test Year. The Commission’s clarifications were published in the Pennsylvania Bulletin on October 1, 2022. Comments to the NOPR are due to be filed 45 days from the date of the published notice, or on November 15, 2022.

Please accept for filing the following comments offered by Peoples Natural Gas Company LLC and Peoples Gas Company LLC (collectively, “the Peoples Companies”) in the referenced matter.

Sincerely yours,

Meagan Moore

Meagan Moore
Counsel for the Peoples Companies

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Use of Fully Projected Future Test Year, :
52 Pa. Code Chapter 53.51-53.56a : Docket No. L-2012-2317273

**COMMENTS OF PEOPLES NATURAL GAS AND PEOPLES GAS COMPANY LLC
TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION’S NOTICE OF
PROPOSED RULEMAKING**

I. INTRODUCTION

Peoples Natural Gas Company LLC (“Peoples Natural”) and Peoples Gas Company LLC (“Peoples Gas”) (hereinafter, collectively, “the Peoples Companies” or “Peoples”) appreciate the opportunity to comment on the Pennsylvania Public Utility Commission’s (“PUC” or the “Commission”) Notice of Proposed Rulemaking (“NOPR”) entered into the referenced docket on August 24, 2022 and published in the Pennsylvania Bulletin on October 1, 2022 regarding the use of the Fully Projected Future Test Year by eligible utilities in base rate cases.

On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 (the “Act” or “Act 11”), which amended several sections of the Pennsylvania Public Utility Code (“Code”) including Section 315(e). The amendment to Section 315(e) permits public utilities to employ data for a “fully projected future test year” to support an increase in base rates under Section 1308(d).

Over the ten years since Section 315(e) was amended by Act 11, more than thirty base rate cases for natural gas and electric utilities employing a fully projected future test year were filed and concluded. In the thirty base rate cases previously identified, the filing utilities followed the filing requirements for their respective industry group and, just as the term “test year” had been interpreted to apply to historic and future test years, that term was applied to encompass fully projected test years.

Over ten years and more than thirty cases, gas and electric utilities, as well as various stakeholder intervenors, have developed and accumulated a substantial and experienced repository of work with the use of a fully projected future test year. Throughout this timeframe and the applicable base rate proceedings contained therein, there has been no indication that the existing industry-specific filing requirements caused any problems with the presentation, review, analysis, litigation or ultimate resolution of base rate cases supported by fully projected future test year data. To the contrary, the existing filing requirements proved to be well adapted to the presentation of fully projected future test year data. In fact, the existing filing requirements facilitated the transition to the use of fully projected future test years because utilities were able to present supporting data and information in a form and progression that is familiar to the parties that regularly participate in their base rate cases. Significantly, the Peoples Companies note that these issues have not posed any problems for utilities filing a rate case or for other rate case participants reviewing and analyzing utility rate filings within the existing experienced construct of the fully projected future test year.

The Peoples Companies agree that there are some elements of the existing filing requirements that could be updated and that there is some overlap in the proposed data requests. However, the Peoples Companies note that these issues have not posed any problems for utilities filing a rate case or for other rate case participants reviewing and analyzing utility rate filings within the existing experienced construct of the fully projected future test year.

The stated purpose of the proposed regulations and regulatory changes contained in the NOPR is to “standardize and streamline the required filing information and data related to various ratemaking components of a public utility’s rates as based on the public utility’s claimed cost of service and proposed cost allocations to customer classes.” NOPR at 10. For public utilities, the

Commission expects the “standardized and streamlined filing requirements ... to **reduce the regulatory burden and costs associated with preparing and litigating general rate increase cases.**” *Id.*, emphasis added. The Peoples Companies support the Commission’s stated purpose with regard to the proposed regulations, which ultimately encourages the elimination of filing requirements which are not used or relevant. The Peoples Companies contend that the regulations should streamline the process for all parties involved.

In considering the proposed Annex A and Annex B and the parties’ comments in this proceeding, the Commission should bear in mind the underlying purpose of standard rate case filing requirements, and recognize that standard filing requirements are neither designed nor intended to replace other aspects of a contested rate case proceeding which are designed and intended to allow the Commission and other parties to question, study, and contest the substance of the relief requested in a rate case application, such as discovery, evidentiary hearings, and briefing.

In addition to the Peoples Companies’ comments offered below, the Peoples Companies hereby incorporate, adopt and support the extensive comments issued by the Energy Association of Pennsylvania on November 15, 2022 in this matter. Additionally, the Peoples Companies also support and incorporate the comments offered by Aqua in this proceeding on November 15, 2022, to the extent their comments are applicable to natural gas utility companies. Finally, the Peoples Companies reserve the right to address any issues raised in the comments issued November 15, 2022 by any party in this proceeding in its reply comments due January 31, 2023.

II. COMMENTS

The Peoples Companies provide three main areas of comment for the PUC and the parties to consider in this matter. First, Peoples submits that utilities should be given ample time to incorporate and adopt the proposed regulations (regardless of what those regulations finally become), as it will take time to change existing processes and procedures to mimic the proposed regulations. Secondly, the Peoples Companies reiterate that the purposes of the proposed regulations is to streamline the processes and procedures for filing base rate cases with fully projected future test years. And thirdly, the Company specifically notes that providing financial information of the parent company or related corporate entities is not relevant to the individual utility's requested increase and should be removed from the proposed requirements.

A. TIMING OF IMPLEMENTATION OF THE REGULATIONS

The Peoples Companies agree with and share in the Commission's overall goal in this matter which is to standardize and streamline filing requirements to "reduce the regulatory burden and costs associated with preparing and litigation general rate increase cases." NOPR at 10. Therefore, Peoples submits that when the Commission considers the proposed regulations and the date by which to finalize said regulations, it should provide ample time for utilities to incorporate the changes, additions and revisions to its existing processes and procedures. Much time and effort go into preparing for a general rate increase. It is possible that a utility could be preparing to file a rate case at the same time that these regulations become effective. If that does happen, a utility may need to re-examine its preparation work and may have to potentially re-do certain exhibits or the presentation of certain exhibits. Therefore, it is imperative that the Commission provide at least nine months of advanced notice before these regulations become effective.

B. PURPOSE OF THE PROPOSED REGULATIONS

As mentioned herein, the stated purpose of the proposed regulations and regulatory changes contained in the fully projected future test year NOPR is to “standardize and streamline the required filing information and data related to various ratemaking components of a public utility’s rates as based on the public utility’s claimed cost of service and proposed cost allocations to customer classes.” NOPR at 10. For public utilities, the Commission expects the “standardized and streamlined filing requirements ... to reduce the regulatory burden and costs associated with preparing and litigating general rate increase cases.” *Id.* Peoples supports the Commission in its stated purpose regarding the proposed regulations and regulatory changes. However, throughout this process, it is apparent that the as-proposed number of filing requirements and required data requirements is actually more voluminous and onerous than what is currently being filed. Further, if there are an increased number of filing requirements, there is no corresponding decrease in standard data request responses. To that end, interested stakeholders can still issue hundreds of interrogatories to the filing utility. The purpose of streamlined, more efficient processes is lost when more information is required and filed. This is not only a burden on the filing utility but on those tasked with reviewing the information.

C. PARENT COMPANY INFORMATION

As part of the standard filing requirements, the proposed regulations include that a filing utility must provide its parent company financial information, specifically for its balance sheet, income statement and cash flow statement. The Peoples Companies submits that its parent company balance sheet, income statement and statement of cash flows is not relevant to the individual subsidiary utility’s requested increase. The parent company’s financial information does not assist the subsidiary utility in meeting its burden of proof for a general rate increase. In

fact, it would be improper and onerous for the subsidiary utility to attempt to provide this information as it is not relevant to the determination of rates for that subsidiary utility. Peoples submits that it is more appropriate to work through discovery to carve out any relevant parent company information to provide to the requesting party.

III. CONCLUSION

The Peoples Companies appreciate the opportunity to comment on the Notice of Proposed Rulemaking and asks that the Commission consider its comments and suggestions. Peoples looks forward to continuing to work with the Commission and interested stakeholders on these issues. Please direct any questions with regard to these comments to the undersigned.