



COMMONWEALTH OF PENNSYLVANIA

November 17, 2015

**E-FILED**

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

**Re: Petition of Philadelphia Gas Works for Waiver of Provisions of  
Act 11 to Increase the Distribution System Improvement Charge  
CAP and to Permit Levelization of DSIC Charges  
Docket No. P-2015-2501500**

Dear Secretary Chiavetta:

I am delivering for filing today the **Reply Brief on Behalf of the Office of Small Business Advocate**, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon E. Webb".

Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

Enclosures

cc: The Honorable Christopher P. Pell  
The Honorable Marta Guhl  
Parties of Record  
Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Philadelphia Gas Works :  
for Waiver of Provisions of Act 11 :  
to Increase the Distribution System :     Docket No. P-2015-2501500  
Improvement Charge CAP and to :  
Permit Levelization of DSIC Charges :**

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**REPLY BRIEF  
ON BEHALF OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE**

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**Dated: November 17, 2015**

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## **I. INTRODUCTION AND PROCEDURAL HISTORY**

On or about September 1, 2015, Philadelphia Gas Works (“PGW” or the “Company”) filed a Petition for Waiver of Provisions of Act 11 to increase the Distribution System Improvement Charge CAP and to Permit Levelization of DSIC Charges (“Petition”) with the Commission. PGW filed the Petition in accordance with 66 Pa. C.S. §§ 1358(a), 2212(c), and 52 Pa. Code 5.41. Under its Long Term Infrastructure and Improvement Plan (“LTIIP”) PGW will replace its cast iron distribution mains over the next 86 years, and its unprotected steel mains over an undefined period of time.<sup>1</sup> In response to a Pennsylvania Public Utility Commission (“PUC” or the “Commission”) Staff Report dated April 21, 2015 (“Staff Report”) the Company proposes to accelerate the replacement of mains, such that cast iron mains would be replaced over the next 48 years and unprotected steel mains over the next 66 years.<sup>2</sup>

To finance this acceleration, the Company has requested that the Commission approve various modifications to the currently approved Distribution System Improvement Charge (“DSIC”) mechanism. Specifically, PGW proposed: 1) The cap on the DSIC be increased from 5.0% of distribution revenues to 10.0% of distribution revenues, double the current cap; 2) That interest on overcollections not be credited to ratepayers;<sup>3</sup> and 3) That the cost basis for the DSIC percentage be an annual forecast of DSIC-eligible costs rather than the current method which relies on quarterly actual DSIC-eligible expenditures.

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<sup>1</sup> OSBA Statement No. 1, Direct Testimony of Robert D. Knecht (“OSBA Statement No. 1), p. 1.

<sup>2</sup> *Id.*

<sup>3</sup> PGW withdrew its proposal to waive the requirement to pay interest on overcollections of DSIC charges. *See* PGW/I&E Hearing Exhibit 1, Para. 1(A).

While PGW indicates that its proposed changes to the DSIC mechanism represent the primary recommendations contained in the Staff Report, the OSBA notes that the three changes noted above herein, represent a material departure from established precedent for DSIC mechanisms for natural gas distribution companies (“NGDCs”) in the Commonwealth. Additionally, the proposal is being vetted in the context of an accelerated proceeding making a more thorough financial evaluation of the proposal problematic.

In response to PGW’s September 1, 2015 filing, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed an Answer on September 18, 2015. The Office of the Consumer Advocate (“OCA”) filed an Answer, Notice of Intervention, Formal Complaint and Public Statement on September 21, 2015. The OSBA filed an Answer and Notice of Intervention in this matter on September 21, 2015. The Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) filed an Answer on September 23, 2015.

A Prehearing notice and Prehearing conference Order were issued on September 30, 2015, and October 2, 2015 respectively. In accordance with the October 2, 2015 Prehearing Order, the OSBA, the OCA, I&E and PICGUG filed prehearing memoranda.

In accordance with the procedural schedule established at the prehearing conference, the OSBA filed the Direct Testimony of OSBA witness Robert D. Knecht on October 19, 2015. The OCA and I&E also filed the Direct Testimony for their respective witnesses on October 19, 2015. Also on October 19, 2015 the Environmental Defense Fund filed a Petition to Intervene.

On October 30, 2015, PGW filed Rebuttal Testimony of the Company witnesses.

Subsequently, on November 3, 2015, the OSBA, and the OCA filed surrebuttal testimony.

On November 5, 2015 the various parties convened for an in person hearing in Philadelphia before Administrative Law Judges Guhl and Pell. At that hearing rejoinder testimony was presented and cross examination was conducted of various witnesses. At the conclusion of the cross examination, the testimony of various parties, including that of the OSBA, was moved into the record.

On November 13, 2015 the OSBA, the OCA, I&E, the Environmental Defense Fund and PGW all submitted Main Briefs.

The OSBA notes that the procedural schedule provided for three business days for intervenors to prepare surrebuttal testimony, and three days for drafting reply briefs. The OSBA submits this Reply Brief in accordance with the litigation schedule established at the prehearing conference and also the Briefing Order issued on November 6, 2015.

## II. SUMMARY OF REPLY ARGUMENT

The OSBA notes that the three changes initially proposed by PGW, doubling the current DSIC cap, non-payment of interest to consumers on overcollections (which was ultimately withdrawn by PGW), and shifting the cost basis to an annual forecast rather than the current method which is based on quarterly actual DSIC eligible expenditures, represent a material departure from established precedent for DSIC mechanisms for natural gas distribution companies (“NGDCs”) in the Commonwealth.

PGW has tried to shift the focus of the proceeding in its Main Brief, wherein PGW “. . . submits that the key issue raised by its Petition is whether the Company needs to further advance the pace of its ‘at risk’ main replacement in order to maintain the safety, reliability and adequacy of its natural gas distribution system.”<sup>4</sup> The OSBA strongly disagrees. No party disagrees with the need for PGW to accelerate mains replacement.

The basic facts as highlighted in the Commission’s Staff Report, “Inquiry into Philadelphia Gas Works’ Pipeline Replacement Program,” dated April 21, 2015 (“Staff Report”) and also throughout the record in this case, are that PGW’s distribution system has deteriorated more significantly than that of the other Pennsylvania natural gas distribution companies (“NGDCs”), it currently has the highest percentage of obsolete mains of any Pennsylvania NGDC, it is experiencing an unreasonable increase in system leaks, and at least some of its cast iron and other unprotected mains are already dangerous.<sup>5</sup> Nevertheless, PGW’s response to this

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<sup>4</sup> PGW Main Brief, p. 2.

<sup>5</sup> Staff Report, p. 3-4. *See also* OSBA Statement No. 1 at 3, fn. 6, wherein Mr. Knecht notes that leaking cast iron mains have already been implicated in two gas explosions in Philadelphia.

situation, prior to this proceeding, was to develop a mains replacement plan that will require some 86 years to replace cast iron mains, with no explicit provision for the replacement of other unprotected mains.

The OSBA respectfully submits that the issues to this proceeding are two-fold. First, is PGW physically able to safely and cost-effectively accelerate its mains replacement program? Second, is it necessary to trample on the consumer protections established by Act 11 with respect to the DSIC tariff mechanism in order to induce PGW to accelerate its mains replacement program?

With regard to the former, the OSBA takes no position on PGW's ability to effectively accelerate its mains replacement. The OSBA notes that, despite having the ability to recover mains replacement costs up to 5.0 percent of its distribution revenues under its existing DSIC, PGW has thus far failed to use its total allotment.<sup>6</sup> Nevertheless, the OSBA agrees that the existing replacement program is untenable, and must be accelerated, to the extent it can be achieved safely and efficiently.

With respect to the latter issue, the OSBA is fully cognizant of the fact that PGW's proposed waivers to basic consumer protections built into Act 11 were, in fact, suggested by the Commission's Staff Report. The OSBA respectfully suggests that the Commission is unlikely to have issued such a report if it was not already favorably disposed toward granting such waivers. Moreover, the abbreviated schedule for this proceeding limits the debate, despite the substantial changes in established Commission policy contemplated by the filing.

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<sup>6</sup> See OSBA Statement No. 2, Exhibit IEC-S2.

In that light, the OSBA respectfully requests that the Commission carefully consider two issues, should it choose to approve the requested waivers.

First, the OSBA is concerned that granting waivers to Act 11's consumer protections in this proceeding will result in efforts by other Pennsylvania utilities to similarly bypass these protections. In particular, PGW proposes a standard for waiving the 5% DSIC cap that is so weak that other utilities will easily be able to comply. Also, PGW's proposed use of forecast costs in setting its DSIC conflicts the explicit language of Act 11. As such, the OSBA respectfully requests that, if either or both waivers are granted, the waivers be made under the Commission's ability under Section 2212(c) to waive provisions of the Public Utility Code for PGW, rather than granting more specific waivers as contemplated in the legislation for all utilities. As such, the Commission would make it clear that the standards for granting the waivers in this proceeding relate to the specific circumstances of PGW, and would not apply to other Pennsylvania utilities.

Second, it is the OSBA's view that PGW's owner has seized upon the Commission Staff Report as one more way to increase its equity in the Company. While PGW curiously tries to deny it, PGW's own financial projections show that PGW's proposed acceleration of the mains replacement, when financed only by ratepayer revenues, results in an increase in city equity.<sup>7</sup> If OSBA were to assume that PGW would be forever owned by the city, the OSBA would acknowledge that ratepayers do receive some longer-term benefit from such ratepayer equity financing by avoiding future borrowing costs.<sup>8</sup> However, as all parties are well aware, the issue

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<sup>7</sup> OSBA Statement No. 1, Table IEC-1.

<sup>8</sup> The OSBA would disagree that such a benefit would outweigh the costs to ratepayers, since it is obvious that ratepayers face a higher cost of capital than PGW. OSBA Statement No. 2 at 9. Nevertheless, there is at least some benefit which partially offsets the cost.

of the sale of PGW to an alternative entity has been contemplated. Moreover, PGW cannot guarantee that, should a sale occur, any benefits associated with ratepayer provided equity will continue to inure to ratepayers.<sup>9</sup> As such, the OSBA respectfully requests that the Commission, consider the implications of the large run-up in ratepayer provided equity on both the requested waivers in this proceeding and in other areas of its regulation of PGW. As such, the Commission may wish to consider whether it should require that PGW file a base rates proceeding. As PGW clearly intends to do so, such an order would not be burdensome for the Company.

Nevertheless, if the Commission determines that PGW must comply with the same standards that apply to other Pennsylvania utilities with respect to the requested waivers, the OSBA respectfully submits that PGW has not met its burden, and the waivers should be rejected. Specifically, the OSBA concludes that meeting the requirement for a waiver of the 5 percent cap requires much more than merely showing that the Company can improve efficiency, customer safety, and system reliability by spending more than the cap would otherwise permit. If that were the only standard, the OSBA is sure that every utility can simply demonstrate that its safety, efficiency or reliability will improve by replacing older equipment faster than currently planned.

As to PGW's proposal to use forecast mains cost for setting its DSIC, the OSBA concludes that such an approach conflicts with the letter of the law, and cannot apply to other utilities. As such, a waiver can only be granted under Section 2212(c) of the Public Utility Code. In light of the Company's proposal to retain interest payments for over-collections, the OSBA withdraws its objection to the use of forecast, annualized costs by PGW for setting the DSIC.

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<sup>9</sup> See Hearing Transcript, p 80.

### **III. BURDEN OF PROOF**

The OSBA set forth a detailed analysis of the burden of proof in its Main Brief on which the OSBA continues to rely and will not restate in this reply brief in the interest of time. The parties all agree that PGW bears the burden of proof. As detailed below within the reply argument, OSBA concludes that PGW deems its burden to be unduly low.

## **REPLY ARGUMENT**

### **IV. Waiver of 5% Limitation and Authorization for Higher Maximum Allowable DSIC**

#### **A. OSBA Response to PGW Summary of Position**

In its Main Brief, PGW asserts that OSBA's position that PGW "should find some other pot of money to fund the additional capital expenditures is inconsistent with the DSIC law itself and unreasonable."<sup>10</sup> Further, PGW claims that OSBA has ignored PGW's need to use cost savings to fund increases in expenses.

Both of these assertions are patently false. First, Act 11 explicitly contemplates that a city natural gas distribution operation may use debt financing for DSIC-eligible investments. PGW simply ignores the language of Section 1357(c), which explicitly refers to including debt service costs in the DSIC for a city natural gas distribution operation. Second, PGW simply ignores the detailed financial analysis presented by OSBA witness Robert Knecht in OSBA Statement No. 1, Exhibit IEc-3, preferring to rely on the vague and unsubstantiated assertions of PGW witness Mr. Golden.<sup>11</sup>

#### **B. PGW's Standard for Granting the Waiver**

In its Main Brief, PGW's cites to Section 1358(a) of the Public Utility Code for the statutory provisions regarding a waiver of the 5% cap, and to Section 2212 of the Public Utility

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<sup>10</sup> PGW Main Brief, p. 10.

<sup>11</sup> Mr. Golden appears to be unaware that by entirely using ratepayer DSIC funds to increase plant assets, and making no additional borrowing, PGW will necessarily increase equity on the Company's balance sheet. Transcript at 79. This belief is contradicted by the Company's own financial analysis, shown in the response to OSBA-I-2, as summarized in OSBA Statement No. 1, Table IEc-1. As shown therein, the Company's city equity in 2021 *with* its proposed DSIC waivers is \$903 million, whereas the city equity in 2021 *without* its DSIC waivers is \$836 million.

Code for any waiver of the Public Utility Code deemed necessary to accommodate the specific desires and needs of PGW.<sup>12</sup>

Regarding the former, however, PGW's brief is curiously silent as to what legal requirement PGW must meet under the "ensure and maintain" language. The OSBA respectfully submits that Section 1358(a) requires the petitioner to demonstrate that, without the waiver, the utility would be unable to ensure and maintain the necessary service. Such a requirement necessarily implies that the utility must demonstrate that it has no reasonable alternatives to the waiver.

As the OSBA pointed out in its MB, if the legislature had intended that the Commission simply waive the basic consumer protections of Act 11 because a utility had obsolescent equipment, there would have been no need to establish the 5% cap.<sup>13</sup>

Because PGW fails to even acknowledge its obligation in this respect, the OSBA concludes that it has not met its burden of demonstrating that it has no reasonable alternatives to waiving the DSIC cap. As such, PGW should not be granted a waiver under Section 1358(a).

### **C. Has PGW Met Standard for Waiver of the 5% Cap?**

The OSBA has no material disagreement with the assertions of PGW in this section of its Main Brief, which basically demonstrates that the Company has allowed its percentage of cast iron and other unprotected mains to stay at an extraordinarily high and potentially unsafe level, and to allow its leak rate to accelerate unreasonably, compared to other Pennsylvania natural gas distributors. Similar findings were also detailed in the Staff Report beginning in the Executive

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<sup>12</sup> PGW Main Brief, p. 11.

<sup>13</sup> OSBA Main Brief, p. 7

Summary on page 3. As noted above, the OSBA agrees that the mains replacement program should be accelerated, to the extent that it can safely and effectively be achieved.

As noted above, the OSBA respectfully disagrees that this is sufficient to meet the requirements of Section 1358(a) for a waiver of basic consumer protections.

#### **D. 7.5% Cap for DSIC Expenditures**

PGW proposes that its waiver of the statutory restriction on DSIC charges be set such that it is permitted to charge up to 7.5% of distribution charges for the “C-Factor” component of the DSIC, and up to 10.0% of distribution charges when reconciliation effects are factored in. As Mr. Knecht explained, under PGW’s DSIC arithmetic, the effect of this proposal is to set the cap at 10.0%.<sup>14</sup> While PGW claims that it will not increase its budget and spending beyond the 7.5%, the OSBA is unable to identify any way in which the Commission can prevent PGW from doing so if it so chooses, once it grants a waiver at 10.0%.

Unfortunately, PGW appears to mis-understand the arithmetic of its own method. In Mr. Dybalski’s rebuttal testimony, the Company claims that, due to the 5% restriction, it has been unable to recover all DSIC-eligible costs that it has incurred to date.<sup>15</sup> As both Mr. Knecht and OCA witness Ms. Ashley Everette explain, this is simply wrong.<sup>16</sup> In fact, through September 2015, PGW has, in fact, over-recovered its claimed DSIC-eligible costs. In effect, the arithmetic has allowed PGW to recover costs that were temporarily constrained by the 5% cap.

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<sup>14</sup> OSBA Statement No. 1, p. 12

<sup>15</sup> PGW Statement No. 2R at 5.

<sup>16</sup> See OCA Statement No. 1S, p. 10 and OSBA Statement No. 2, p.12.

The OSBA expects that the same mechanism would continue to be used. As such, it is the cap on recovery including the E-factor reconciliation that provides the true constraint. As such, the OSBA respectfully submits that the legal cap that would be adopted if PGW's request is granted is a 10% cap.

Relative to the specific statutory requirements for a waiver, PGW makes the statement, “. . . nowhere in Act 11 does it require that a utility prove that it cannot fund the infrastructure improvement from its existing base rates or from other sources.”<sup>17</sup> The OSBA respectfully submits that, if this is the standard, every utility in the Commonwealth will qualify for a waiver, as soon as its DSIC reaches 5%. Consider, for a normal rate-of-return-regulated utility, once its DSIC reaches 5%, it will not be able to increase its DSIC charge without a waiver. Yet, it is impossible to believe that replacement investments necessary to maintain service would simply stop simply because the cap is reached. Thus, under PGW's reading of Act 11, a utility would merely need to show that it had to make additional replacement investments once it reached the 5% cap in order to receive a waiver. As explained in the OSBA's MB, if this were the legislature's intent, there would obviously have been no need to establish a cap. In contrast, a much more sensible interpretation of the legislation is that the legislature intended that, if the DSIC cap were reached, the utility would either rely on base rates or other revenues to finance the ongoing investments, or file a base rates proceeding. The OSBA therefore respectfully submits that PGW's proposed standard for meeting the requirements for a waiver under Section 1358(a) must be rejected, lest the Commission face a flood of waiver requests.

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<sup>17</sup> PGW Main Brief, p. 24.

Moreover, not only did PGW fail to demonstrate that it had no reasonable alternative to a waiver, OSBA went beyond its obligation and did, in fact, demonstrate that a reasonable alternative does exist, which would carry PGW to its next base rates proceeding with no ill effects. Unfortunately, PGW presents inaccurate and false rebuttal to that analysis.

Mr. Knecht indicated that PGW could finance its relatively small short-term needs with short-term or long-term debt. As Mr. Knecht demonstrated, the need for additional financing to carry PGW to its planned base rates proceeding is quite small, being about \$18 million over two years, compared to PGW's total long-term debt of \$940 million and city equity of \$454 million.<sup>18</sup> Unfortunately, PGW continues to try to paint Mr. Knecht's proposal as a long-term financing proposal, when in fact it is intended to apply only until the next base rates proceeding (consistent with how a DSIC is supposed to work). As such, PGW's complaints at pages 27 to 28 of its Main Brief are irrelevant, as they assume a 10-year horizon.<sup>19</sup> Moreover, PGW continues to cite its 150% debt service coverage constraint as an excuse not to increase debt financing for the incremental DSIC expenditures, despite the fact that Mr. Knecht clearly demonstrated that the financial ratios would not be negatively affected and the debt service coverage requirements would be met under his proposal.<sup>20</sup>

The OSBA notes that PGW includes cites to Mr. Golden's assertions regarding uncollectibles costs during the evidentiary hearing. The OSBA is the first to acknowledge that

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<sup>18</sup> OSBA Statement No. 2 at 4.

<sup>19</sup> Even if a 10-year horizon were used, Mr. Knecht demonstrates that financing the *incremental* DSIC-eligible spending with debt would be better for ratepayers and would not result in any deterioration of PGW's financial condition. OSBA Statement No. 2, at 6-9 and Figure IEC-1.

<sup>20</sup> OSBA Statement No. 1, Table IEC-3 and Exhibit IEC-1. As shown in that un rebutted table, PGW's interest coverage and debt service coverage ratios through 2017 (before PGW's next base rates case) are no worse under Mr. Knecht's proposal than under the current LTIIP scenario.

PGW incurs uncollectibles costs associated with its revenues. However, Mr. Golden has his argument exactly backward. If all DSIC-eligible investments are financed by revenues as proposed by the Company, the entire \$33 million annual spending is subject to uncollectibles expense. However, if PGW were to obtain an extra \$11 million through debt, as Mr. Knecht proposes, the Company's near-term uncollectibles costs would obviously be smaller, because the uncollectibles rate would apply only to the \$22 million. Thus, under Mr. Knecht's proposal relative to the Company's proposal, the near term impact would be to reduce uncollectibles costs and improve the Company's cash position.

Finally, PGW asserts that that OSBA insists that PGW should finance the accelerated mains replacement using the \$18 million City fee.<sup>21</sup> This assertion is false.<sup>22</sup>

#### **V. WAIVERS TO PERMIT LEVELIZATION AND ANNUALIZATION OF DSIC-ELIGIBLE COSTS**

As detailed OSBA's Main Brief, the proposed use of forecast costs for setting the DSIC is inconsistent with the plain language of Act 11. PGW apparently agrees, because it has requested a waiver of those statutory requirements under Section 2212(c). The OSBA agrees that Section 2212(c) is the appropriate mechanism for granting such a waiver, and, for the reasons stated above, encourages the Commission to make it clear that such a waiver does not apply to other Pennsylvania utilities.

PGW's rationale for allowing for an annualization is to stabilize the DSIC charge, and to allow PGW to fully recover its claimed costs. As explained earlier, since PGW has, in fact, been

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<sup>21</sup> PGW Main Brief, p. 29.

<sup>22</sup> See OSBA Statement No. 1. p. 7, OSBA Statement No. 2 at 4.

able to recover its full costs, it is unclear how the proposed mechanism will help. Nevertheless, the OSBA acknowledges that an annualization of costs would likely serve to reduce rate instability.<sup>23</sup>

Moreover, in direct testimony, Mr. Knecht expressed a concern that using a forecast mechanism would give PGW an incentive to include forecast costs in the DSIC, but then not actually make the capital improvements. Mr. Knecht's statement was made in the context of PGW's proposal to eliminate the interest requirement on over-collections. With the reinstatement of interest payments for over-collections advanced by PGW in its rebuttal testimony, the OSBA acknowledges that PGW's incentive to over-collect is reduced.

As such, the OSBA withdraws its objection to using annualized forecast costs for setting the DSIC if (a) PGW's proposal to increase the DSIC cap is rejected, and (b) interest payments on DSIC over-collections are retained.

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<sup>23</sup> OSBA Statement No. 1 at 13.

## **APPENDIX A: OSBA's Response to PGW'S PROPOSED FINDINGS OF FACT**

Due to the severely constrained amount of time allotted for preparing a reply brief, the OSBA will not address the numerous errors specified in the Company's brief in this section. Nevertheless, OSBA will address the alleged facts posited by PGW with respect to its next base rates case, namely items 96 to 98.

The OSBA respectfully opposes PGW's request to dictate the results of the Company's next base rates case in this proceeding. Specifically, the Company wants the Commission to agree now that the DSIC will not be set to zero with the Company's next base rates case, with the purported rationale that no DSIC-eligible costs will remain in rate base.

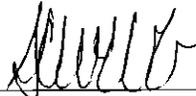
This matter, of course, is one that should be litigated in the base rates proceeding and not the current proceeding. As PGW explicitly recognizes in its brief at 8, the "historical" the costs related to 18 miles of main replacement are currently reflected in base rates. It is only costs incurred beyond those related to the 18 miles that are subject to the DSIC. The OSBA respectfully submits that the next base rates case should determine which costs remain in base rates and which will be recoverable in the DSIC. The OSBA therefore respectfully requests that the Commission not adopt any findings of fact regarding PGW's next base rates proceeding, namely those specified in PGW's items 96 to 98.

**VI. CONCLUSION**

**WHEREFORE**, the OSBA respectfully requests that the Commission reject PGW's Petition in its entirety.

In the alternative, if the ALJ and the Commission decide that PGW's *Petition* shall be implemented and grants the requested waivers, the OSBA respectfully requests that the ALJ and the Commission grant the waivers pursuant to Section 2212(c), and, for the reasons stated above, make it clear that such a waiver does not apply to other Pennsylvania utilities.

Respectfully submitted,



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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas :  
Works for Waiver of Provisions :  
Of Act 11 to Increase the : Docket No. P-2015-2501500  
Distribution System Improvement :  
Charge Cap and to Permit :  
Levilization of DSIC Charges :

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email and/or first-class mail (unless other noted below) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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