



COMMONWEALTH OF PENNSYLVANIA

March 14, 2016

**E-Filed**

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

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works  
Docket No. R-2016-2526700**

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

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 Marta Guhl  
Parties of Record  
Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY</b>	:	
<b>COMMISSION</b>	:	
	:	
<b>v.</b>	:	<b>DOCKET NO. R-2016-2526700</b>
<b>PHILADELPHIA GAS WORKS</b>	:	

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**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

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**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Sharon E. Webb. Please address all correspondence as follows:

Sharon E. Webb, Esquire  
Assistant Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, Pennsylvania 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[swebb@pa.gov](mailto:swebb@pa.gov)

## **II. FILING BACKGROUND**

Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), Philadelphia Gas Works (“PGW” or the “Company”) made its annual Section 1307(f) Gas Cost Rate (“GCR”) pre-filing on January 29, 2016, and its definitive filing on March 1, 2016. The OSBA filed a Complaint on February 29, 2016.

## **III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
(617) 354-0463 – Fax  
[rdk@indecon.com](mailto:rdk@indecon.com)

After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. Whether PGW’s gas supply purchasing plan reasonably protects gas sales customers from the volatility in the natural gas markets;
2. Whether PGW’s historical year purchases were consistent with its gas supply purchasing plan and prudent gas procurement practices;
3. Whether PGW’s design day weather conditions and its estimated design day demand levels are reasonable and prudent;
4. Whether all of the components of PGW’s universal service charge are reasonable and accurately calculated;

5. Whether PGW's interruptible revenue credit is reasonable and accurately calculated;
6. Whether PGW's natural gas commodity forecasts are reasonable and timely;
7. Whether PGW's unaccounted-for gas ("UFG") rate is reasonable, whether the Company has adopted a reasonable strategy for mitigating UFG, and whether the Company's proposed retainage rate is consistent with a reasonable estimate of the UFG rate;
8. Whether the OPEB Surcharge is appropriately calculated and reconciled;
9. Whether the load balancing charge for retail suppliers is reasonably structured, calculated and reconciled;
10. Whether the costs incurred by PGW in defending its ratepayers' interests in other regulatory proceedings are just and reasonable;
11. Any other issues that may arise during the course of the OSBA's review of the Company's filing that affect small business customers.

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through discovery, through the cross-examination of witnesses appearing for those parties, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

**IV. SERVICE OF DOCUMENTS**

The OSBA requests that all parties serve a hard copy of any document filed in this case upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. Service by electronic mail *only* is not acceptable.


**V. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

**VI. HEARING AND BRIEFING SCHEDULE**

The OSBA will cooperate with the other parties to develop a procedural schedule. The OSBA's witness is currently scheduled for hearings in another proceeding before the Commission on May 5-6<sup>th</sup>. As such, should he need to appear, he may only be available on May 4<sup>th</sup>.

Respectfully submitted,



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

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, PA 17101

Dated: March 14, 2016

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Philadelphia Gas Works 2016-2017 Gas	:	
Cost Rate Filing; Petition for Special	:	
Permission to Depart from Certain	:	Docket No. R-2016-2526700
Requirements of 52 Pa. Code Sections	:	C-2016-2531350
53.45(b), 53.64(c), 53.68(a) and	:	
53.64(i)(5)(i)	:	

**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).

The Honorable Marta Guhl  
Administrative Law Judge  
PA Public Utility Commission  
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Philadelphia, PA 19107  
[mguhl@pa.gov](mailto:mguhl@pa.gov)  
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1410 West Erie Avenue  
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[rballenger@clsphila.org](mailto:rballenger@clsphila.org)

DATE: March 14, 2016

  
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Sharon E. Webb  
Assistant Small Business Advocate  
Attorney I.D. No. 73995