

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

Philadelphia Gas Works 1307(f) Purchase Public Meeting: August 8, 2019
Gas Cost Tariff Filing Effective 3007636-ALJ
September 1, 2019. Docket No. R-2019-3007636 et al.

STATEMENT OF COMMISSIONER ANDREW G. PLACE

Before us today is the annual 1307(f) rate investigation of Philadelphia Gas Works (PGW or Company), the Joint Petition for Settlement, and Administrative Law Judge Marta Guhl's Recommended Decision (RD). While I support the approval of the Joint Petition for Settlement, I encourage the Company to address certain issues in its future Purchased Gas Cost (PGC) filings.

At the outset, I believe that it is important for a PGC filing to clearly outline the drivers for any significant adjustments in prices relative to the previous year's PGC filing. Here, PGW is filing for a rather significant *increase* in PGC rates which is not reflected in other filings such as Columbia Gas of Pennsylvania, Inc. and National Fuel Gas Distribution Corporation as reviewed by the Commission this year. PGW does not provide sufficient evidence to fully explain this increase but rather, the Company simply states that "[t]he level of costs in the 2019-2020 period are being influenced by the increase in costs compared to the prior year."¹ I believe that substantive detail should be provided in order that the Commission can fully examine the Company's filing.

In addition, the Company does not provide sufficient detail in the description of how peak day requirements are met by firm peak day contracts. PGW provides no summary analysis of peak day contracts by type [365-day firm city-gate transportation service, storage/firm transportation contracts, delivered firm to city-gate contracts, and LNG, as an example], while matching that to firm sales obligations and/or firm balancing requirements, by type of customer or major rate schedule. Simply providing a list of contracts is clearly not sufficient nor insightful to the public. As part of the settlement, PGW has agreed to update its peak day methodology but it is not clear if this covers the presentation of how the projected peak requirements are met with peak day assets.

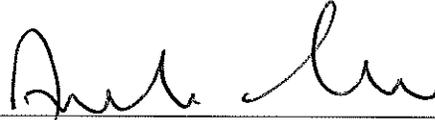
Further, PGW provides no information on why Load Balancing charges have substantially increased – to \$59.0498/Mcf design day from \$38.0308/Mcf design day. In the future, I strongly encourage PGW to provide testimony on the underlying drivers for substantial changes in charges to customers and their suppliers that evolve from a PGC filing.

Lastly, the PGW filing reflects a continued trend of significant annual increases in the Universal Service and Energy Conservation Surcharge (USECS). The USECS has steadily increased every year in PGW's Annual PGC filings from \$0.9951 per Mcf in 2015 to \$1.5383

¹ PGW Statement No. 1, p. 9.

per Mcf in 2019. I encourage stakeholders to review the program in terms of benefits and escalating costs, as will the Commission in its review of PGW's next Universal Service and Energy Conservation Plan.

I also wish to note that the Company has been successful in minimizing gas cost adjustment charges, as well as lost and unaccounted for gas, both of which were below 1%.



Andrew G. Place, Commissioner

DATE: August 8, 2019