



COMMONWEALTH OF PENNSYLVANIA

March 09, 2020

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works — 1307(f);  
Docket No. R-2020-3017934**

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case also be shared with our witness at the address below:

Robert D. Knecht  
Industrial Economics, Inc.  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
[rdk@indecon.com](mailto:rdk@indecon.com)

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sharon E. Webb'.

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

*Enclosures*

cc: Robert D. Knecht  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
v.	:	<b>Docket No. R-2020-3017934</b>
	:	
<b>Philadelphia Gas Works 1307(f)</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  
Daniel G. Asmus  
Assistant Small Business Advocates  
Office of Small Business Advocate  
555 Walnut Street, 1<sup>st</sup> Floor  
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Harrisburg, Pennsylvania 17101  
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**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 30, 2020 and its definitive filing on March 1, 2020. The OSBA filed a Complaint on February 21, 2020.

**III. IDENTIFICATION OF WITNESSES**

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)

The OSBA requests that all parties provide courtesy copies of all documents, including discovery, testimony and briefs, to Mr. Knecht, simultaneously with service upon the OSBA.

**IV. IDENTIFICATION OF ISSUES**

The OSBA is participating in the case to assure that the interests of small business customers of PGW are adequately represented and protected. After an initial review of the materials submitted by PGW, the OSBA has identified the following issues for further examination:

1. Whether PGW's gas supply purchasing plan reasonably protects gas sales customers from potential volatility in the natural gas markets;
2. Whether PGW's estimated design day demand levels are reasonable and prudent, and whether the external review of PGW's design day forecasting methodology is reasonable and thorough;
3. Whether all of the components of the various reconcilable tariff charges and credits that PGW includes in this filing (USEC, IRC, OPEB, ECR, LBC, R&CE) are reasonable and accurately calculated;
4. Whether the pre-paid gas arrangements described in PGW Statement No. 2 are reasonable and prudent, and do not result in unfair gas supply competition between PGW and competitive natural gas suppliers ("NGSs");
5. Whether PGW made a reasonable and prudent effort to communicate and administer its Customer Incentive Program;
6. 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; and
7. Any other issues that may arise during the course of the OSBA's review of the Company's filing that affect small business customers.

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.

Respectfully submitted,



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



Daniel G. Asmus  
Assistant Small Business Advocate  
PA Attorney ID No. 83789

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101

Dated: March 9, 2020

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
: **Docket No. R-2020-3017934**  
**v.** : **C-2020-3018856**  
**Philadelphia Gas Works 1307(f)** :

**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 otherwise 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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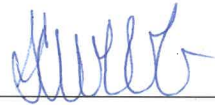
The Honorable Darlene Heep  
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DATE: March 9, 2020



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Assistant Small Business Advocates