



COMMONWEALTH OF PENNSYLVANIA

March 8, 2021

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)
Proceeding) / Docket No. R-2021-3023970**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

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,

/s/ Sharon E. Webb

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

Enclosures

cc: The Honorable Darlene Heep
Legal Assistant, Shalea Delvillar
Mr. Robert D. Knecht
Parties of Record

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 February 1, 2021 and its definitive filing on March 1, 2021. The OSBA filed a Complaint on February 26, 2021.

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

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'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;
6. Whether the Company's TED Rider and Rate BUS initiatives as discussed in PGW Statement No. 1 are functioning reasonably;
7. Whether the Company's proposed pilot program to include purchases of renewable natural gas in its GCR supply portfolio are reasonable and consistent with the least cost procurement standard;
8. Whether the Company has reasonably implemented the provisions of the settlement of its last base rates case, including but not limited to the treatment of residential pipeline refunds; and
9. 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 provide courtesy copies of all documents, including discovery, testimony and briefs, to Mr. Knecht, simultaneously with service upon the OSBA.

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,

/s/ Sharon E. Webb

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

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

Dated: March 8, 2021

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility : **Docket No. R-2021-3023970**
Commission v. Philadelphia Gas Works :
(1307(f) Proceeding) :
:

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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/s/ Sharon E. Webb

DATE: March 8, 2021

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