



COMMONWEALTH OF PENNSYLVANIA

May 24, 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. PECO Energy Company – Gas Division /  
Docket No. R-2020-3018929**

Dear Secretary Chiavetta:

Enclosed please find the Answer and Verification, on behalf of the Office of Small Business Advocate (“OSBA”), to the Motion to Strike of Philadelphia Area Industrial Energy Users Group filed May 03, 2021, 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/ Steven C. Gray

Steven C. Gray  
Senior Supervising  
Assistant Small Business Advocate  
Attorney ID No. 77538

*Enclosures*

cc: Robert D. Knecht  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Commission</b>	<b>Public</b>	<b>Utility</b>	:	
			:	
			:	<b>Docket No. R-2020-3018929</b>
	<b>v.</b>		:	
			:	
<b>PECO Energy Company – Gas Division</b>			:	

**OFFICE OF SMALL BUSINESS ADVOCATE’S  
ANSWER TO  
PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP’S  
MOTION TO STRIKE**

Pursuant to 52 Pa. Code §§ 5.61 and 5.103(c), the Office of Small Business Advocate (“OSBA”) submits this Answer to the *Motion to Strike of the Philadelphia Area Industrial Energy Users Group* (“*Motion to Strike*”) that was filed by the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) with the Pennsylvania Public Utility Commission (“Commission”) and Deputy Chief Administrative Law Judge (“DCALJ”) Christopher P. Pell on May 3, 2021.

PAIEUG’s *Motion to Strike* should be denied.

Introduction

1. Admitted.
2. Admitted in part. By way of further response, PAIEUG voluntarily waived cross examination of the OSBA witness.
3. Admitted.
4. Admitted.

5. Denied. By way of further response, Paragraph 5 contains summaries of PAIEUG's request for relief and conclusions of law to which no response is required. Furthermore, OSBA Exception No.3 corrects the failure of the DCALJ to address the impact of both revenue allocation and rate design when considering "rate shock."

6. Admitted in part. The OSBA has no knowledge of PAIEUG's intention for simultaneous filings.

Argument

7. Denied in part. By way of further response, OSBA witness Robert D. Knecht recommended that the volumetric rate differentials for service above and below 18 mmcf per year in the TS-F and TS-I tariffs be narrowed, to better align rates with the relative load factors of smaller and larger customers. OSBA Statement No. 1, at 52-56. Mr. Knecht conducted a detailed analysis of customer load factors within the TS-F and TS-I rate classes to determine the magnitude of charge difference justified by the different load patterns. OSBA Statement No. 1, at 52-56. This analysis was un rebutted. Mr. Knecht based his rate recommendations on this analysis.

With minor modifications, the Company agreed with the OSBA proposal. As PAIEUG points out, the record evidence show that the 56.2 percent value comes from the surrebuttal evidence of PAIEUG witness Billie LaConte, where she indicates that the Company's revised rate design proposal would result in a 56.2 percent increase in the base volumetric rates for the larger customers in the TS-F rate class. PAIEUG Statement No. 1-S, at 7. In support, she attaches Exhibit \_\_\_\_ (BSL-2S) to her surrebuttal testimony, which is an attachment to the Company's response to PAIEUG-V-1(a). The

exhibit confirms that under the Company's proposed revenue allocation for the TS-F class, and the proposed change in rate design within the TS-F class, the volumetric charge would increase by 56.2 percent. However, the increase in the volumetric rates is not the overall bill impact, which includes the effect of the customer charge. Furthermore, part of the increase in the volumetric rates is due to the roll-in of the DSIC and TCJA charges into rates, which does not represent an actual increase in rates.

Unfortunately, the DCALJ uses this evidence to reject the proposed rate design for both the TS-F and TS-I rate classes, whereas the 56.2 percent value applies only to TS-F. Consequently, there is no evidentiary basis for concluding that the TS-I increase supported by the quantitative evidence of the OSBA and accepted by the Company constitutes rate shock.

PAIEUG makes much of OSBA's failure to attempt to address Witness LaConte's assertion of a 56.2 percent increase in the TS-F volumetric rates (unadjusted for the impact of the DSIC roll-in and unadjusted for the customer charge impact). However, as the OSBA explains in its exceptions, the 56.2 percent increase in the TS-F volumetric rates was based on the Company's revenue allocation for that class. That revenue allocation was rejected by the OSBA, by PAIEUG, and eventually by the DCALJ. In fact, as shown in Mr. Knecht's surrebuttal testimony, the OSBA's recommendation for revenue allocation to both the TS-F and TS-I rate classes matched that put forward by PAIEUG. OSBA Statement No. 1-S, at Tables IEC-S2 and IEC-S3.

Since the basis for the 56.2 percent is wholly irrelevant under the DCALJ's recommendations for revenue requirement and revenue allocation, the DCALJ's decision regarding intra-class rate design for the TS-F rate class is without evidentiary support.

8. Denied. By way of further response, Paragraph 8 contains conclusions of law to which no response is required. Furthermore, PAIEUG is incorrect that OSBA Exception No. 3 included no citations to the record evidence. OSBA Exception No. 3 and Appendix A include a plethora of citations to the record evidence to support the OSBA's mathematical corrections to the DCALJ's RD.

9. Denied. By way of further response, Paragraph 9 contains conclusions of law to which no response is required. Furthermore, the OSBA in its Exception No. 3 is not introducing new evidence – the OSBA is simply correcting mathematical errors committed by the DCALJ in his RD by failing to recognize that his evidentiary basis for rejecting the change in TS-F and TS-I rate design is not relevant once the effects of his revenue requirement and revenue allocation are considered.

10. Denied. By way of further response, Paragraph 10 contains conclusions of law to which no response is required. Furthermore, OSBA Exception No. 3 and Appendix A include a plethora of citations to the record evidence to support the OSBA's mathematical corrections to the DCALJ's RD.

11. Denied. By way of further response, Paragraph 11 contains conclusions of law to which no response is required. Furthermore, cross examining the PAIEUG witness would not have uncovered the mathematical errors that the DCLAJ would commit in his RD. In addition, OSBA Exception No. 3 and Appendix A include a

plethora of citations to the record evidence to support the OSBA's mathematical corrections to the DCALJ's RD.

12. Denied. Furthermore, Paragraph 12 contains summaries of PAIEUG's request for relief to which no response is required. In addition, OSBA Exception No. 3 and Appendix A include a plethora of citations to the record evidence to support the OSBA's mathematical corrections to the DCALJ's RD.

13. Denied. By way of further response, OSBA Exception No. 3 and Appendix A include a plethora of citations to the record to support the OSBA's mathematical corrections to the DCALJ's RD. In addition, the OSBA is not attempting to "capitalize" on anything. The OSBA is attempting to clarify and correct the record before the Commission.

The point of the OSBA's analysis is to demonstrate to the Commission that the intra-class rate impact on TS-F customers cited by Ms. LaConte is substantially dependent on decisions by the regulator involving revenue requirement and revenue allocation. If the Commission adopts a revenue requirement and/or a revenue allocation different from that recommended by the DCALJ, the OSBA strongly encourages the Commission to undertake its own evaluation of the intra-class rate implications of the cost-based rate design proposals put forward by OSBA and accepted by the Company.

14. Denied. By way of further response, Paragraph 14 contains conclusions of law to which no response is required. Furthermore, cross examining the PAIEUG witness would not have uncovered the mathematical errors that the DCLAJ would

commit in his RD, as no party had any knowledge of the DCALJ's revenue requirement and revenue allocation recommendations at the time of the hearings.

15. Paragraph 15 contains summaries of PPL's request for relief and conclusions of law to which no response is required.

Conclusion

For all the reasons stated above, the Office of Small Business Advocate respectfully requests that the Public Utility Commission deny PAIEUG's *Motion to Strike*.

Respectfully submitted,

/s/ Steven C. Gray

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Steven C. Gray  
Senior Supervising  
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Dated: May 24, 2021

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission**     :  
   :  
                          v.                             :  
   :  
**PECO Energy Company – Gas Division**     :

**Docket No. R-2020-3018929**

**VERIFICATION**

I, Steven C. Gray, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: May 24, 2021

/s/ Steven C. Gray

\_\_\_\_\_ (Signature)



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
 :  
 v. : **Docket No. R-2020-3018929**  
 :  
**PECO Energy Company – Gas Division** :

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email (*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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/s/ Steven C. Gray

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DATE: May 24, 2021