



COMMONWEALTH OF PENNSYLVANIA

July 1, 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) /
Docket No. R-2021-3023970**

Dear Secretary Chiavetta:

Please accept this letter in lieu of Exceptions on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

On June 24, 2021, the Secretary served the Recommended Decision (“RD”) of Administrative Law Judge Darleen Heep. In the RD, recommended approval of the *Joint Petition for Settlement of Philadelphia Gas Works’ 2021-2022 GCR Proceeding*, and also recommended approval of PGW’s Renewable Natural Gas Pilot Program (“RNG”). RD at 39.

While the RD correctly cites to the legal standards for the burden of proof (RD at 24-25) and required findings of Section 1318 (a), regarding least cost fuel procurement (RD at 17), the RD completely ignores the record evidence in approving PGW’s RNG Pilot.

Consistent with the OSBA’s Main Brief in the matter, and for the reasons set forth therein, the OSBA respectfully submits that the Non-Unanimous Joint Stipulation must be rejected as inconsistent with Section 1318(a) of the Public Utility Code. Section 1318(a) mandates that purchased gas costs cannot be determined to be just and reasonable unless such costs result from a least cost fuel procurement policy. 66 Pa C.S.§1318(a).

As set forth in the OSBA’s Main Brief, PGW readily admits that the RNG supplies would cost between \$13.00 and \$17.50 *more* per Dth than other natural gas supplies, making RNG up to *five* times as costly as other natural gas supplies.¹ While the Non-Unanimous Joint Stipulation limits the overall dollar amount of PGW’s proposal, it does not modify the per-mcf estimated cost of RNG supplies. Based on the increased cost alone, PGW’s RNG proposal, as modified by the Non-Unanimous Joint Stipulation, should be rejected. While the RD acknowledges the cost

¹ OSBA Main Brief at 6

of the RNG supply (RD at 38), the RD avoids the record evidence by describing the RNG as “potentially higher-priced” than conventional gas. (RD at 39)

In its Main Brief at page 10, PGW argues that a purchasing strategy may be reasonable even if it produces higher than the “least cost” if that strategy improves or maintains the safety, adequacy and reasonableness of the utility’s gas supply. However, PGW’s gas supply portfolio has heretofore been deemed to be safe, adequate and reliable without the inclusion of the extraordinarily expensive RNG. PGW has not explained what aspects of those portfolios are unsafe, inadequate or unreliable to justify the incredible RNG expense and the additional burden on PGW’s ratepayers.²

Lastly, in consideration of the COVID-19 Pandemic, the Commission recently acknowledged its responsibility to weigh evidence and the unique considerations of the pandemic in conjunction with traditional ratemaking in setting just and reasonable rates.³ In light of PGW’s recently approved base rate increase of \$35 million (Docket No. R-2020-3017206), the effects of the DSIC, the universal service charges, the concurrent implementation of the Company’s universal service “pilot program,” and the continuing economic implications of the COVID-19 pandemic, any further rate increase is at this time would be untimely, unjust, and unreasonable.

For the forgoing reasons, the OSBA requests that the Commission reject PGW’s RNG pilot proposal, as modified by the Non-Unanimous Joint Stipulation, as inconsistent with Section 1318(a) of the Public Utility Code which mandates that purchased gas costs cannot be determined to be just and reasonable unless such rates result from a least cost fuel procurement policy.

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

Sincerely,

/s/ Sharon E. Webb

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

Enclosures

cc: Parties of Record
Office of Special Assistants

² *Id.*

³ *Pa. P.U.C. v Columbia Gas of Pennsylvania, Inc.* R-2020-3018835, Order at 48.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email only (*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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DATE: July 1, 2021

/s/ Sharon E. Webb

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