

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17120**

**Pennsylvania Public Utility Commission**  
**Office of Consumer Advocate**  
**Office of Small Business Advocate**  
**v.**  
**Philadelphia Gas Works**

**Public Meeting of Aug 26, 2021**  
**3023970-OSA**  
**Docket No. R-2021-3023970**  
**C-2021-3024126**  
**C-2021-3024293**

**STATEMENT OF CHAIRMAN GLADYS BROWN DUTRIEUILLE**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Joint Petition for Partial Settlement of Philadelphia Gas Works' 2021-2022 Gas Cost Recovery (GCR) Proceeding (Joint Petition or Partial Settlement) filed on June 4, 2021, by the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), and Philadelphia Gas Works (PGW or the Utility) regarding the Utility's annual adjustment and reconciliation of its natural gas cost recovery rates filed pursuant to Section 1307(f) of the Public Utility Code (Code), 66 Pa. C.S. § 1307, to become effective September 1, 2021.

The Partial Settlement addresses all issues except PGW's proposed Renewable Natural Gas Pilot (RNG Pilot), which the parties reserved for litigation. The proposed RNG Pilot, as stipulated between PGW and OCA, would be effective for two years permitting the Utility to purchase up to \$500,000 per year worth of renewable natural gas. This dollar cap represents approximately 0.4% of the annual natural gas commodity purchases made by the Utility. Renewable natural gas is often a byproduct of operations such as dairy farming, swine farming, wastewater treatment, food waste, and landfill waste. As such, renewable natural gas represents an alternative form of supply from that of traditional natural gas. Diversification of supply has the potential to reap reliability benefits.

The proposal would require PGW to report the following information in order for the Commission and interested parties to better judge the efficacy of the pilot.

- Daily quantities of RNG purchased
- Prices paid for RNG
- Comparison of RNG prices with that of other supply sources
- The impact to the Utility's gas cost rate
- The British Thermal Unit content of the gas (i.e., heat content)
- The location and type of facility through which the gas is sourced

In her Recommended Decision, Administrative Law Judge Darlene Heep submits that the RNG Pilot is a limited program that will allow PGW to prepare for future markets by obtaining meaningful information over the course of two years. This rationale, coupled with the cost protection cap of the proposal, justifies approval of the RNG Pilot. Here, PGW is attempting to gather knowledge and experience with a potentially viable source of natural gas. The short-run costs are balanced by the potential long-run benefits, thereby complying with the overarching theme of the Public Utility Code. I highlight 1318(a)(3) which require the Commission to find...

*“[t]he utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases...”*

This section, along with the requirement that *“the utility is pursuing a least cost fuel procurement policy, consistent with the utility’s obligation to provide safe, adequate, and reliable service to its customers...”* can be reasonably interpreted to permit programs like PGW’s RNG Pilot. In short, while the cost of gas supply is a vital variable in a utility’s gas procurement, diversification of supply is also an important variable to be weighed to ensure reliability.

Noting my favorable position regarding the RNG Pilot issue, I nonetheless wish to give the utility and its customers the certainty that comes with the timely approval of the GCR. I do believe the overall proceeding, including the Partial Settlement, warrants approval.



**August 26, 2021**

**Date**

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**Gladys Brown Dutrieuille, Chairman**