



COMMONWEALTH OF PENNSYLVANIA

April 26, 2022

**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-2022-3031113**

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.

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 I.D. No. 77538

*Enclosures*

cc: Parties of Record  
Robert D. Knecht

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
: **Docket No. R-2022-3031113**  
v. :  
: **PECO Energy Company – Gas Division** :

**PREHEARING MEMORANDUM  
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers 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 these proceedings. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in this matter as follows:

Steven C. Gray, Esq.  
Senior Supervising  
Assistant Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[sgray@pa.gov](mailto:sgray@pa.gov)

**II. FILING BACKGROUND**

On March 31, 2022, PECO Energy Company – Gas Division (“PECO” or the “Company”) filed Tariff Gas – Pa. P.U.C. No. 4 (“Tariff No. 5”) with the Commission. The rates set forth in Tariff No. 5, if approved by the Commission, would increase PECO’s annual

distribution revenue by approximately \$82.1 million.

The OSBA filed a Complaint on April 8, 2022.

### **III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA's case in this proceeding will be:

Robert D. Knecht  
Industrial Economics, Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
[rdk@indecon.com](mailto:rdk@indecon.com)

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by PECO, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

- 1) Whether the Company's proposed class cost of service study reasonably reflects cost causation, past practice and Commission precedent;
- 2) Whether the Company's proposed changes to its methodology for deriving peak demand allocation factors reasonably address the concerns raised by OSBA in the Company's last base rates proceeding;
- 3) Whether the Company's revenue allocation proposal reasonably reflects a proper class cost of service study, rate gradualism, credible competitive concerns and other established rate design principles;
- 4) Whether the Company's proposed rate design for the GC class is consistent with allocated costs and other established rate design principles;
- 5) Whether the Company's proposed rate differentials between smaller and larger customers in the TS-F and TS-I rate classes are supported by credible cost of service evidence;

6) Whether the Company's negotiated rate revenues credibly reflect current competitive market conditions, customer bypass potential and/or other factors that can reasonably affect negotiated rates; and

7) Whether rates for interruptible customers (Rates IS and TS-I) reasonably reflect cost causation, the probability of interruption, and the benefits of that interruptibility to firm service customers.

The OSBA reserves the right to pursue additional issues that may arise throughout this proceeding.

#### **IV. SERVICE OF DOCUMENTS**

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date<sup>1</sup> as satisfying the in-hand requirement. At the time of this writing, hard copy delivery of documents to the OSBA is not possible. The OSBA requests that email delivery of documents also be provided to its witnesses identified above.

In addition to email copies of pleadings, briefs, and exceptions, the OSBA requests email copies of responses to discovery propounded by the OSBA or any other party.

#### **V. DISCOVERY**

The OSBA does not propose any discovery modifications.

#### **VI. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

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<sup>1</sup> In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

**VII. HEARING AND BRIEFING SCHEDULE**

At the time of this writing, the parties are discussing a proposed procedural schedule.

Respectfully submitted,

/s/ Steven C. Gray

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

Office of Small Business Advocate  
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Dated: April 26, 2022

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
v.	:	<b>Docket No. R-2022-3031113</b>
	:	
<b>PECO Energy Company-Gas Division</b>	:	

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email (*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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The Honorable F. Joseph Brady  
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DATE: April 26, 2022

*/s/ Steven C. Gray*

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