



COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 8, 2022

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
1307(f) Proceeding
Docket No. R-2022-3032250

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Enclosures:

cc: The Honorable Darlene D. Heep (**email only**)
Shalea Delvillar, ALJ Legal Assistant (**email only**: sdelvillar@pa.gov)
Certificate of Service

*330196

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2022-3032250
 :
 PECO Energy Company – Gas Division :
 1307(f) Proceeding :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 8th day of June 2022.

SERVICE BY E-MAIL ONLY

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Dated: June 8, 2022
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket Nos. R-2022-3032250
	:	C-2022-3032649
PECO Energy Company – Gas Division	:	
1307(f) Proceeding	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to the Prehearing Conference Order of Administrative Law Judge Darlene D. Heep (ALJ Heep) issued on May 31, 2022, Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in anticipation of the Prehearing Conference scheduled for Thursday, June 9, 2022, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On April 29, 2022, PECO Energy Company (PECO or the Company) submitted its purchased gas cost (PGC) pre-filing pursuant to Sections 53.64 and 53.65 of the Pennsylvania Public Utility Commission’s (Commission) regulations, 52 Pa. Code §§ 53.64, 53.65. The OCA filed a Formal Complaint and Public Statement in this proceeding on May 25, 2022, to help ensure that the proposed PGC rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive, unjust or unreasonable, discriminatory, or otherwise contrary to Commission regulations or policy.

On May 31, 2022, PECO filed its definitive PGC filing with the Commission, PGC No. 39, proposed Supplement No. 11 to Tariff Gas - Pa. P.U.C. No. 4, to become effective for service

rendered on and after December 1, 2022. This filing was assigned to ALJ Heep for investigation and scheduling of hearings to determine whether PECO's gas costs comply with the standards set forth in the Public Utility Code.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of PECO's purchased gas cost pre-filing of April 29, 2022, and its definitive filing of May 31, 2022, the OCA has compiled a list of issues and sub-issues, which it anticipates will be included in its investigation of the Company's proposed rate changes. The OCA anticipates that other issues may arise and may be pursued as responses to interrogatories are received and analyzed.

The OCA has identified several issues that may require further review as follows:

- (1) Reasonableness and prudence of historic period purchased gas costs and assessment of compliance with Commission Orders in previous 1307(f) cases;
- (2) Reasonableness and accuracy of estimating gas costs during the interim and prospective periods;
- (3) Reasonableness and prudence of the Company's gas supply mix;
- (4) Reasonableness and prudence of the Company's mix of demand entitlements, storage, and other supply sources and reasonableness of the Company's estimate of design day requirements;
- (5) Reasonableness and prudence of contracts with pipelines and suppliers;
- (6) Reasonableness of the Company's allocation of purchased gas costs between customer classes and assessment of any other subsidies or unreasonable discrimination between customer classes;

- (7) Reasonableness and prudence of the Company's use of capacity release, off-system sales, and interruptible sales and the crediting of such revenues to PGC ratepayers;
 - (8) Assessment of the value of any purchased gas cost incentive mechanisms as components of a least cost fuel procurement policy;
 - (9) Reasonableness of sales volumes projections;
 - (10) Reasonableness of gas cost recovery mechanisms;
 - (11) Reasonableness of physical and financial hedging transactions and strategies entered into under the terms of previous PGC settlements and assessment of the Company's plan to evaluate and continue to incorporate Marcellus Shale production into its supply portfolio;
 - (12) The Company's overall compliance with Section 1307(f) of the Public Utility Code;
- and
- (13) Assessment of the Company's high volume transportation program.

The OCA reserves the right to raise additional issues.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimonies, as may be necessary, of Jerome D. Mierzwa in this proceeding. He will present testimony in written form and may also attach various exhibits, documents, and explanatory information that will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that Mr. Mierzwa be included in electronic service of all interrogatories, answers to interrogatories, and testimony at the e-mail address below.

Jerome D. Mierzwa
Exeter Associates, Inc.
10480 Little Patuxent Parkway, Suite No. 300
Columbia, MD 21044
Telephone: 410-992-7500
E-mail: jmierzwa@exeterassociates.com

IV. SERVICE ON THE OCA

The OCA will be represented in this case by Assistant Consumer Advocate David T. Evrard and Senior Assistant Consumer Advocate Aron J. Beatty. Electronic service all documents may be served on the OCA, in lieu of hard copy service, at the following e-mail addresses:

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Aron J. Beatty
Senior Assistant Consumer Advocate
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V. PROPOSED SCHEDULE

The OCA supports the procedural schedule provided to ALJ Heep by PECO on June 8, 2022 in anticipation of the Prehearing Conference.

VI. PUBLIC INPUT HEARINGS

At present, it does not appear that a public input hearing in this proceeding is necessary. If, however, consumer interest arises, the OCA will promptly notify the ALJ and other parties to this proceeding.

VII. DISCOVERY

The OCA requests the proposed modifications to the Commission's rules of discovery, which are as follows:

A. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes shall be served in-hand within eight (8) calendar days of service of the interrogatories or requests for production.

B. Objections to interrogatories and/or requests for production shall be communicated orally within three (3) calendar days of service; unresolved objections shall be served in writing within five (5) calendar days of service of the interrogatories and/or requests for production.

C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of written objections.

D. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of such motions.

E. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.

F. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 12:00 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

These modifications are similar to the discovery modifications agreed to in PECO's 2021 purchased gas cost proceeding.

VIII. SETTLEMENT

The OCA will participate fully in all settlement discussions.

Respectfully Submitted,

/s/ Aron J. Beatty

Aron J. Beatty

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DATE: June 8, 2022

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