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June 30, 2022

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Petition of Philadelphia Gas Works for Emergency Order,
Docket No. P-2022-XXXXXXX

Dear Secretary Chiavetta,

Enclosed for electronic filing please find the Petition of Philadelphia Gas Works (“PGW”) for Emergency Order, seeking the issuance of *ex parte* emergency relief permitting PGW to revise its Gas Service Tariff – Pa P.U.C. No. 2, Page Nos. 149-150. Through this proposed revision, PGW would not apply its PUC-approved Weather Normalization Adjustment (“WNA”) Clause for usage from May 1, 2022 through May 31, 2022 billed as a charge in June 2022 residential and commercial billing cycles. This request is the result of a significant anomaly that occurred in the application of the WNA to May 2022 usage, which produced unusually large and unanticipated charges to customers in the majority of billing cycles with May usage. This proposal would allow PGW to return approximately \$12.4 million¹ to ratepayers that was billed pursuant to the formula set forth in the WNA in PGW’s Commission-approved Gas Service Tariff, and provide relief to customers who may be facing financial hardship as a result of the unusually large and unprecedented level of the WNA charge.

The proposed revision, as well a Statement of Reasons and other data required to be filed pursuant to 52 Pa. Code § 53.52, are attached as Appendix A. Copies are being served in accordance with the attached Certificate of Service.

¹ As not all customers have been billed on the basis of May usage and some bills that were rendered were make-up bills, this magnitude of impact is an estimate and is likely understated.

Sincerely,



|
Daniel Clearfield

Enclosure

cc: Chairman Gladys Brown Dutrieuille (via email only)
Commissioner Ralph V. Yanora (via email only)
Commissioner John F. Coleman (via email only)
Seth A. Mendelsohn, Executive Director (via email only)
Cert. of Service w/enc.

CERTIFICATE OF SERVICE


I hereby certify that this day I served a copy of the Petition of Philadelphia Gas Works for Emergency Order upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

Richard Kanaskie, Esq.
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PA Public Utility Commission
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†
Daniel Clearfield, Esq.

Dated: June 30, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works : Docket No. P-2022-
For Emergency Order :

**PETITION OF PHILADELPHIA GAS WORKS
FOR EMERGENCY ORDER**

Pursuant to 52 Pa. Code §§ 3.1-3.3, Philadelphia Gas Works (“PGW”) files this Petition for Emergency Order seeking the issuance of *ex parte* emergency relief by the Pennsylvania Public Utility Commission (“Commission” or “PUC”) permitting PGW to revise Gas Service Tariff – Pa. P.U.C. No. 2, Page Nos. 149-150, effective May 1, 2022, pending further investigation by the Commission. Through this proposed revision, which is attached as Appendix A, PGW would eliminate its previously-approved Weather Normalization Adjustment (“WNA”) Clause for May 2022 usage billed as a charge in/for June 2022 residential and commercial billing cycles. If approved, PGW would reverse the WNA charge applied to May 2022 usage and apply credits to customers’ bills. However, if application of the WNA would/did result in a credit to the customer, the customer would still receive the benefit of the credit.

The sole factor driving this Petition is the extreme difference between historic degree days and actual degree days experienced in PGW’s service territory in mid to late May of this year. While PGW properly applied the WNA formula set forth in its Tariff, charges to customers were unprecedented due to a significant variation in weather this May. Issuance of an Emergency Order by the Commission would allow PGW to return approximately \$12.4 million to ratepayers that was billed pursuant to the formula set forth in the WNA in PGW’s

Commission-approved Gas Service Tariff, Pa. P.U.C. No. 2, Page Nos. 149-150.¹ In support hereof, PGW avers as follows:

I. BACKGROUND

1. PGW is a municipal authority and provides public utility services as a city natural gas distribution operation in the City of Philadelphia, consistent with Section 2212 of the Public Utility Code. 66 Pa.C.S. § 2212. PGW came under the Commission’s jurisdiction on July 1, 2000.

2. PGW’s WNA is an automatic adjustment clause that adjusts billings to customers based upon the degree to which actual weather in its service territory varies from “normal” weather levels, which, based on a settlement reached in PGW’s 2017 base rate case, is currently determined on the basis of the last twenty years. *Pa. Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-2017-2586783 (Order entered November 8, 2017, at Pages 17-18 and Ordering Paragraph No. 3). The settling parties agreeing to the 20 year normal included PGW, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Retail Energy Supply Association, the Philadelphia Industrial and Commercial Gas Users Group, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia.

3. The Commission-approved WNA is applied to customer usage October 1 through May 31. As established by the Tariff, the charges or credits are calculated on the basis of a formula that considers historic normal heating degree days (“HDDs”) and actual experienced heating degree days for the billing cycle’s usage.

¹ As not all customers have yet been billed, this magnitude of impact is an estimate and is likely understated.

4. PGW’s WNA was originally authorized by the Commission in 2002 and has worked more or less as anticipated over the past twenty years. *Pa. Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-00017034 (Order entered on August 8, 2002, Ordering Paragraph 5). It has been instrumental in helping PGW to become a financially stable and strong Company, while assuring that weather related charges to customers were fair and reasonable.

5. However, a significant anomaly occurred in the application of the WNA to May 2022 usage, which produced unusually large and unanticipated charges to customers in the majority of billing cycles with May usage. For example, for bill cycle 4, the historic or normal number of degree days was 53, based on the 20-year average, while the actual number of degree days experienced was only 3. Similar disparities occurred in other bill cycles. To illustrate the problem, the table below shows the normal and actual number of degree days for bill cycles 4, 5 and 6, along with the approximate average impacts on residential and commercial customers.

Bill Cycle	Normal HDDs	Actual HDDs	Res. – Avg. Impact	Comm. – Avg. Impact
4	53	3	\$51	\$133
5	50	2	\$57	\$253
6	47	1	\$92	\$468

For other bill cycles, similar impacts were experienced due to a significant variation between May usage historic degree days and actual degree days. By contrast, for most residential customers, the WNA for May has been a credit or de minimus charge. The size of the current charges have understandably prompted a large number of inquiries and concerns from customers.

6. To address this anomaly and any possible issues over the longer-term, PGW will institute an internal investigation into the WNA formula, inputs and current information about weather trends as they affect May. Not only is PGW concerned about the financial impacts on

customers, PGW also views this reexamination as warranted to determine whether the WNA mechanism or formula should be revised based on weather or otherwise. Thus, whether the results of PGW's investigation will result in a formal request for a change to the WNA formula remains to be evaluated.

7. PGW has determined that it is not fair or reasonable to PGW's customers to have to bear these unprecedented and unusually large charges while this review is underway. Therefore, on a more immediate basis, PGW seeks to reverse the WNA charges that were applied to May usage billings. If this Petition is approved, PGW will provide these credits to customers as promptly as possible, after the billing system changes are tested and made.

II. APPLICABLE LEGAL STANDARDS

8. Section 3.3 of the Commission's regulations authorizes the issuance of *ex parte* Emergency Orders. 52 Pa. Code § 3.3.

9. A petition for emergency order must be supported by a verified statement of facts which establish the existence of an emergency, including facts to support that: (1) the petitioner's right to relief is clear; (2) the need for relief is immediate; (3) the injury would be irreparable if relief is not granted; and (4) the relief requested is not injurious to the public interest. 52 Pa. Code § 3.2(b).

10. An emergency is defined by the Commission's regulations as "[a] situation which presents a clear and present danger to life or property or which is uncontested and requires action prior to the next scheduled public meeting." 52 Pa. Code § 3.1.

11. The Commission has previously recognized financial hardship to customers as a justification for the issuance of an emergency order. *See Public Utility Service Termination Moratorium Proclamation of Disaster Emergency – COVID-19*, Docket No. M-2020-3019244 (Emergency Order issued March 13, 2020).

III. BASIS FOR EMERGENCY RELIEF

12. This Petition presents a sufficient basis for the issuance of emergency relief by the Commission. The significant (currently evaluated at approximately \$12.4 million) impact of the WNA on customers' bills for usage from a portion of a single month es is likely to create a financial hardship for many customers.² This is particularly true for low-income customers who may need to choose between paying the PGW bill or putting food on the table. Therefore, this situation may be properly classified as an emergency.

13. PGW's right to relief is clear. It is not necessary to determine the merits of the controversy in order to find that a petitioner's right to relief is clear; rather, the only required determination is that the petition raises substantial legal questions. *T.W. Phillips Gas and Oil v. Peoples Natural Gas*, 492 A.2d 776 (Pa. Cmwlth. 1985). The unprecedented and unanticipated impacts of the WNA on many customers' bills raise questions as to whether the inclusion of May "normal" weather data in the WNA formula is no longer reasonable. In the interim, a reversal of any WNA charge for the relevant billing period is a workable solution to address the questions and concerns raised by customers, and potential financial impacts on customers, supporting issuance of an Emergency Order.

14. The need for relief is immediate. This anomaly occurred in the application of the WNA to May usage billings (generally, June bills); the Commission does not have a public meeting scheduled until July 14, 2022; and PGW will need time to test and implement changes to its billing system to apply credits. For these reasons, the issuance of emergency relief would substantially expedite the timeframe for issuing much-needed credits to customers.

² For example, as not all customers have yet been billed for May usage, the impact is an estimate.

15. Prompt efforts to rectify this situation will assist PGW's customers who may be facing financial hardships as a result of the unusually large and unprecedented level of the WNA charge. Additionally, the passage of time between the billing of these charges (which overwhelmingly occurred in June) and the reversal of the billings is could create situations in which a customer who was billed for the May WNA will have a bill that becomes due. Thus, it is in the public interest for the WNA crediting process to begin as soon as possible.

16. The lack of emergency relief may cause irreparable injury to PGW's customers, particularly in a time of inflation. The most effective way to address these impacts for the benefit of affected customers is to reverse the WNA charges so as to minimize or avoid any irreparable injury from occurring.

17. The requested relief would permit PGW to begin providing credits to the customers who were billed a positive amount for the May usage WNA (PGW is not proposing to recoup any credits that some customers received, such as those whose usage was nominal and/or not mid-to-late May).

18. PGW is requesting that it be permitted to implement its proposed Tariff revision immediately, subject to any further investigation or review that the Commission deems necessary. If the Commission ultimately determines to modify PGW's proposed Tariff or take any other additional actions, it can do so at the conclusion of its investigation or review.³

19. The requested relief is in the public interest. As many consumers are facing unexpected and significant effects of the application of the May 2022 WNA usage, it is in the

³ As an automatic adjustment clause initiated pursuant to 66 Pa. C.S. § 1307(a), questions of retroactive application of a base rate change are not presented.

public interest for PGW to reverse the WNA charges applied to those bills so that ratepayers are promptly credited for these amounts.

IV. CONCLUSION

Pursuant to 52 Pa. Code § 3.2 and based upon the foregoing, PGW’s Petition for Emergency Order should be granted. PGW has demonstrated that the significant impact of the WNA on May usage billing, and the accompanying financial hardship of its customers, is an emergency situation. Reversal of the unanticipated adjustments is an appropriate solution; the need for relief is immediate; irreparable harm may be caused by a failure to afford rate relief to customers; and the request for relief is in the public interest.

WHEREFORE, Philadelphia Gas Works respectfully requests that the Pennsylvania Public Utility Commission:

- a. Issue an *ex parte* Emergency Order permitting PGW to immediately implement the revised tariff; and
- b. Grant any other relief in the public interest.

Respectfully submitted,



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Attorneys for Philadelphia Gas Works

Date: June 30, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works : Docket No. P-2022-
For Emergency Order :

Verified Statement of Facts

I, Denise Adamucci, hereby state that: (1) I am Vice President, Regulatory Compliance and Customer Programs for Philadelphia Gas Works (“PGW”); (2) I have reviewed the statements set forth in PGW’s Petition for Emergency Order as to their accuracy; and (3) the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief. I understand that statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 30, 2022

/s/ Denise Adamucci

Denise Adamucci, Vice President
Regulatory Compliance and Customer Programs
Philadelphia Gas Works

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works : Docket No. P-2022-
For Emergency Order :

EMERGENCY ORDER

AND NOW, this ___ day of ___ 2022, upon consideration of the Petition for Emergency Order filed by Philadelphia Gas Works (“PGW”), it is hereby ordered that the Petition is granted. PGW is permitted to file its revised Tariff, which was attached to the Petition as Appendix A, to go into effect immediately, thereby eliminating its previously-approved Weather Normalization Adjustment Clause for May 2022 usage billed as a charge in/for June 2022 residential and commercial billing cycles, subject to further investigation by the Commission.

Appendix A

WEATHER NORMALIZATION ADJUSTMENT CLAUSE

Provision For Adjustment

The Weather Normalization Adjustment shall be applied to each Mcf (1,000 cubic feet) used for heating purposes under Rate Schedules GS, MS, and PHA (“heating” and “heating only” customers), except for Gas usage under the Special Provisions – Air Conditioning of those rates. The Weather Normalization Adjustment will be applied to customer usage during the period of October 1 through May 31 of each year for each billing cycle (except for the ~~202102-202203~~ heating season when the Weather Normalization Adjustment will be applied to customer invoices rendered during the period of December 1 through exclude May 1 through May 31 billing cycles to the extent that the application would produce a charge to the customer).

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment surcharge or credit shall be computed to the nearest one-hundredth cent (0.01cent) in accordance with the formulas set forth below:

$$HL = TU - (BL * BC)$$

$$WNA = DC * [(HL * \frac{NHDD +/- (NHDD * 1\%)}{AHDD}) - HL]$$

Definitions

TU – Total Usage for the billing cycle. TU measured in Mcf.

BL – base load Mcf per billing day is the number of Mcf per Customer used per day for non-heating purposes based on usage by Customers to which this adjustment applies. It is determined separately for each individual customer and will be revised annually to reflect the non-temperature sensitive usage of Customers to which the adjustment applies reflected in the prior heating season’s sales. If an individual customer base load is not available, the base load for the related customer class will be applied.

BC – billing cycle is the actual number of days shown on the bill that the Customer receives for service.

DC – Delivery Charge.

NHDD – normal heating degree days for any given calendar day within a month are based on the normal weather determination applied in the Company’s most recent base rate case, currently twenty years, as approved at Docket No. R-2017-2586783. The NHDD provided for in the formula are the total number of NHDD for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport. (C)

AHDD – actual experienced heating degree days for the billing cycle. The degree day data is provided by the National Weather Service and measured at the Philadelphia International Airport.

Operation of Weather Normalization Adjustment

The Weather Normalization Adjustment will be applied to a Customer’s bill on a cents per Mcf basis when actual heating degree days vary from normal heating degree days during the period for which the Customer is billed. The Weather Normalization Adjustment will be applied to the Customer’s space

(C) - Change

PHILADELPHIA GAS WORKS

heating consumption except for air conditioning usage billed under the air conditioning rate. The Weather Normalization Adjustment for a billing cycle will apply only if the actual heating degree days (AHDD) for the billing cycle are lower than 99 percent or higher than 101 percent of the normal heating degree days (NHDD) for the billing cycle and will only apply to the extent that the variation is lower than 99 percent or higher than 101 percent of the normal heating degree days for that billing cycle. A new weather adjustment will be calculated for each billing cycle.

Under the formulas, the Weather Normalization Adjustment surcharge or credit is calculated by:

- 1) Normal HDD are calculated for each day of the fiscal year based upon the normal weather determination applied in the Company's most recent base rate case, currently twenty years as approved at Docket No. R-2017-2586783. (C)
- 2) At the start of the fiscal year, an average daily base load (non-heating) usage is calculated for each individual customer based upon actual base load usage.
- 3) The average daily base load (non-heating) amount is multiplied by the number of days in the billing cycle.
- 4) The total billing cycle base load amount is subtracted from the actual cycle usage of the customer in order to derive the usage applicable to heating.
- 5) The WNA factor is multiplied times the heating usage in order to derive the normalized heating usage.
 - a) The WNA factor is calculated by first adjusting the Normal HDD (NHDD) for the billing cycle by the deadband percentage (1 %). The deadband percentage is multiplied by the NHDD and then added to NHDD for the billing period when the weather is colder than normal (i.e., AHDD > NHDD) or subtracted from NHDD for the billing period when the weather is warmer than normal (i.e., AHDD < NHDD).
 - b) The adjusted NHDD are then divided by the AHDD.
- 6) The actual heating usage is subtracted from the normalized heating usage and then multiplied by the delivery charge. The result is a surcharge or credit.

Reporting Requirements

The Company will file all Weather Normalization Adjustments with the Commission on an annual basis. On or about January 10 of each year beginning in 2018, the Company shall submit an annual report for the most recent fiscal year ending August 31 detailing the actual charges or credits that resulted from the application of this clause and the actual number of heating degree days (HDDs). (C)

(C) - Change

**Philadelphia Gas Works
Weather Normalization Adjustment (“WNA”) Tariff
Docket No. P-2022-XXXXXXX**

STATEMENT OF REASONS

Philadelphia Gas Works (“PGW”) hereby submits its proposed revision to Gas Service Tariff – Pa P.U.C. No. 2, Page Nos. 149-150, effective May 1, 2022, pending further investigation by the Pennsylvania Public Utility Commission (“PUC” or “Commission”). Through this proposed revision, PGW would not apply its PUC-approved Weather Normalization Adjustment (“WNA”) Clause for usage from May 1, 2022 through May 31, 2022 billed as a charge in June 2022 residential and commercial billing cycles. As a result, PGW would reverse the previous WNA bills to customers if the customer was billed for the WNA for May usage. If application of the WNA would/did result in a credit to the customer, the customer would still receive the benefit of the credit. This proposal would allow PGW to return approximately \$12.3 million¹ to ratepayers that was billed pursuant to the formula set forth in the WNA in PGW’s Commission-approved Gas Service Tariff, Pa P.U.C. No. 2, Page Nos. 149-150.

PGW’s WNA is an automatic adjustment clause that adjusts billings to customers based upon the degree to which actual weather in its service territory varies from “normal” weather levels. The adjustment is applied to customer usage during the period of October 1 through May 31. As established by the Tariff, the charges or credits are calculated on the basis of a formula that considers normal heating degree days (“NHDD”) and actual experienced heating degree days (“AHDD”) for the billing cycle’s usage.

¹ As not all customers have been billed on the basis of May usage and some bills that were rendered were make-up bills, this magnitude of impact is an estimate and is likely understated.

A significant anomaly occurred in the application of the WNA to May 2022 usage, which produced unusually large and unanticipated charges to customers in the majority of billing cycles with May usage. In several days of the billing cycle, the actual number of HDDs was far lower than the “normal” level, resulting in large WNA charges to affected customers. These impacts have prompted a large number of inquiries and concerns from customers.

To address this anomaly and any possible issues over the longer-term, PGW will institute an internal investigation into the WNA formula, input data and current information about weather trends as it effects May. PGW has determined that it is not fair or reasonable to PGW’s customer to have to bear these unprecedented and unusually large charges while this review is underway. Therefore, in the short-term, PGW seeks to reverse the WNA charges that were applied to May usage billings. If this request is approved, PGW anticipates providing these credits to customers in the next several weeks, after the billing system changes are tested and made.

Philadelphia Gas Works

**Section 53.52 Filing Requirements for Proposed Tariff Modifications Regarding PGW's
Weather Normalization Adjustment**

**Supplement No. 151 to
Gas Service Tariff – Pa P.U.C. No. 2**

June 30, 2022

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(1): The specific reasons for each change.

RESPONSE:

The Company has summarized the specific reasons for the tariff modification in its Statement of Reasons that is included as part of the Company's filing.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(2): The total number of customers served by the utility.

RESPONSE:

PGW has approximately 520,005 customers as of May 31, 2022.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(3): A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

RESPONSE:

The WNA is applied to Rate Schedules GS, MS, and PHA ("heating" and "heating only" customers), except for Gas usage under the Special Provisions – Air Conditioning of those rates. There are 501,233 customers on the applicable Rate Schedules as of May 31, 2022. Please see the attached table for the number of customers by tariff subdivision.

The majority of customers who have the WNA applied to their bill saw a WNA charge and will receive a post application bill adjustment. A smaller number of customers who have the WNA applied to their bill saw a WNA credit and their bill will remain unchanged.

PGW notes that the impacted bill cycles are still being processed and the number of impacted customers is increasing.

WNA Customers as of May 31, 2022

Tariff Subdivision	# of Customers Subject to the WNA
Non-Heating	
Residential	n/a
Residential-AC	n/a
CRP	n/a
Commercial	n/a
Commercial-AC	n/a
BUS NH	n/a
NGS	n/a
Industrial	n/a
Municipal	n/a
Municipal-AC	n/a
PHA	n/a
NGV	n/a
TED	n/a
Subtotal Non-Heating	0
Heating	
Residential	400,545
Residential-AC	0
Special Residential	0
CRP	53,692
PHA GS	2,025
PHA GS AC	0
Commercial	18,029
Commercial-AC	0
BUS H	0
Industrial	359
Municipal	644
PHA	1,039
TED	0
Subtotal Heating	476,333
Total Firm Service	476,333
FTR - Non Heat	n/a
FTC - Non Heat	n/a
FTI - Non Heat	n/a
FTM - Non Heat	n/a
FTNGV - Non Heat	n/a
FTR - Heat	22,112
FTC - Heat	2,528
FTI - Heat	88
FTM - Heat	15
FTPHA Heat	0
PHA/GS	157
Total Firm Transportation	24,900
GRAND TOTAL	501,233

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(4): The effect of the change on the utility's customers.

RESPONSE:

The proposed change would not apply the WNA charge for applicable customers for usage from May 1, 2022 through May 31, 2022 residential and commercial billing cycles, which has a cumulative impact of approximately \$12.4 million through cycles billed.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(5): The direct or indirect effect of the proposed change on the utility's revenue and expenses.

RESPONSE:

The proposed change would reduce PGW's revenue by approximately \$12.4 million through waiver of WNA charge revenue for usage from May 1, 2022 through May 31, 2022 billed in residential and commercial billing cycles.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(6): The effect of the change on the service rendered by the utility.

RESPONSE:

The changes will have no effect on the service rendered by the utility.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(7): A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).

RESPONSE:

PGW recognized that the large difference between normalized and actual Heating Degree Days that occurred for billing cycles covering usage in May 2022 produced large WNA charges. PGW also recognized that customers who received WNA credits for the same period should not be made worse off through any changes.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(8): Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308.

RESPONSE:

No studies were undertaken.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(9): Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.

RESPONSE:

No customer polls or other documentation regarding customer acceptance and desire for the proposed changes exist or were undertaken.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(10): Plan the utility has for introducing or implementing the change with respect to its ratepayers.

RESPONSE:

PGW will provide a bill message to impacted customers. Additionally, PGW will utilize print, social media, and the internet to inform customers of the change.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(a)(11): FCC, FERC or Commission orders or rulings applicable to the filing.

RESPONSE:

There are no FCC or FERC orders or rulings applicable to this filing.

The Commission addressed PGW's WNA in Pa. Public Utility Commission v. Philadelphia Gas Works, Docket No. R-2017-2586783 (Order entered November 8, 2017, at Pages 17-18 and Ordering Paragraph No. 3).

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(1): The specific reasons for each increase or decrease.

RESPONSE:

The Company has summarized the specific reasons for the decrease in its Statement of Reasons that is included as part of the Company's filing.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(2): The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

RESPONSE:

Please see attached.

UNAUDITED
PGW
STATEMENT OF INCOME
12-MONTH PERIOD - JUNE 1, 2021 THROUGH MAY 31, 2022
(Thousands of Dollars)

<u>Line No.</u>		<u>Actual</u>
	<u>Operating revenues</u>	
1	Non-heating	\$ 29,952
2	Gas transport service	70,211
3	Heating	640,614
4	Unbilled gas adjustment	4,173
5	Appropriation for uncollectible reserve	(4,695)
6	Total gas revenues	<u>740,255</u>
7	Appliance & other revenues	6,908
8	Other operating revenues	26,865
9	Total operating revenues	<u>774,028</u>
	<u>Operating expenses</u>	
10	Natural gas	258,627
11	Other raw material	25
12	Sub-total fuel	<u>258,652</u>
13	CONTRIBUTION MARGIN	515,376
14	Gas processing	24,178
15	Field operations	80,093
16	Collection	4,613
17	Customer services	13,872
18	Account management	9,525
19	Marketing	4,399
20	Administrative & general	70,706
21	Health insurance	24,703
22	Capitalized fringe benefits	(11,994)
23	Capitalized admin. charges	(22,542)
24	Pensions	125
25	Other post-employment benefits	(20,906)
26	Taxes	9,037
27	Total operating expenses	<u>185,809</u>
28	Operating income before depreciation	329,567
29	Net depreciation	69,457
30	Total operating expenses	513,918
31	Operating income gain	260,110
32	Investments (loss) and other income	(819)
33	Income before interest	<u>259,291</u>
	Interest	
34	Long-term debt	47,660
35	Other	(7,818)
36	Allowance for funds used during construction	(799)
37	Net interest expense	<u>39,043</u>
38	Net income gain	<u>\$ 220,248</u>

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(3): A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

RESPONSE:

Based on the change requested, no customers should see their bills increased.

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(4): A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.

RESPONSE:

Not applicable. Please see response to Section 53.52(b)(3).

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(5): A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

RESPONSE:

Please see response to Section 53.52(a)(3).

Philadelphia Gas Works' Weather Normalization Adjustment ("WNA") Tariff Filing
52 Pa. Code § 53.52 Filing Requirements

Section 53.52(b)(6): A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

RESPONSE:

PGW projects that the proposed change would result in approximately \$12.4 million in total decreases, through waiver of WNA charge revenue for usage from May 1, 2022 through May 31, 2022 billed in residential and commercial billing cycles, for customers in Rate Schedules GS, MS, and PHA ("heating" and "heating only" customers), except for Gas usage under the Special Provisions – Air Conditioning of those rates, that pay the WNA.