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August 2, 2022

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Via Electronic Filing

Rosemary Chiavetta, Secretary
Pa. Public Utility Commission
400 North Street
Harrisburg, PA 17120

RE: Supplement No. 152 to the Gas Service Tariff – Pa. P.U.C. of Philadelphia Gas Works
Docket No. R-2022-_____

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Supplement No. 152 to the Gas Service Tariff of Philadelphia Gas Works. 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.

Sincerely,

/s/ Karen O. Moury

Karen O. Moury

Enclosure

cc: Certificate of Service (with Enclosures)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Tariff Supplement upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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Karen O. Moury

Karen O. Moury, Esq.

Dated: August 2, 2022

PGW
Gas Service Tariff
Pa. P.U.C. No. 2

Supplement No. 152

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Seth Shapiro
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

Proposed rates to become effective October 1, 2022 in accordance with Philadelphia Gas Works' Petition for Approval On Less Than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment, filed August 2, 2022.

List of Changes Made by this Tariff Supplement

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Updated to reflect revised page numbers for each of the changes listed below on this page.

Weather Normalization Adjustment Clause (PAGE Nos. 149-150)

The Weather Normalization Adjustment surcharge or credit applied to a customer's bill shall not exceed 25% of the total of the Customer Charge plus the Distribution Charge and, if applicable, plus the Gas Adjustment Charge plus the Interruptible Revenue Credit.

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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 2021-2022 heating season when the Weather Normalization Adjustment will exclude May 1 through May 31 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:

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

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

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.

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.
- 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).

WNA Cap

The Weather Normalization Adjustment surcharge or credit applied to a customer's bill shall not exceed 25% of the total of the Customer Charge plus the Distribution Charge and, if applicable, plus the Gas Adjustment Charge plus the Interruptible Revenue Credit.

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Appendix A

**Philadelphia Gas Works
Weather Normalization Adjustment (“WNA”) Tariff
Docket No. R-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 October 1, 2022, pending further investigation by the Pennsylvania Public Utility Commission (“PUC” or “Commission”). Through this proposed revision, PGW would add a control (“cap”) to its previously-approved Weather Normalization Adjustment (“WNA”) Clause so that customers would not be billed a WNA charge or credit of greater than 25 percent of total delivery charges, excluding the WNA, on any given bill. The Weather Normalization Adjustment surcharge or credit applied to a customer’s bill shall not exceed 25% of the total of the Customer Charge plus the Distribution Charge and, if applicable, plus the Gas Adjustment Charge plus the Interruptible Revenue Credit..

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 and actual experienced heating degree days for the billing cycle’s usage.

The factor driving the filing of this proposed Tariff revision is the large WNA charge on many PGW bills for mid to late May 2022 usage which are being credited back to customers consistent with the Commission’s Emergency Order issued on July 1, 2022, the Ratification Order entered on July 14, 2022 and the Secretarial Letter issued on July 15, 2022, all at Docket No. P-2022-3033477. In light of that anomaly, the proposed Tariff provision would limit the potential for a similar occurrence in a future month. This proposed “circuit breaker” approach

will assure that there is a control on the amount of a customer's WNA charge/credit going forward.

Given the value of the WNA in enabling PGW to keep its base rates as low as possible, while remaining financially stable, it is essential to PGW's fiscal health to keep the mechanism in effect. Nonetheless, PGW seeks to ensure that customers do not experience significant WNA charges as a result of the application of the Tariffed formula. Further, PGW seeks to protect its financial position, from a cash flow standpoint, which in turn benefits ratepayers. Therefore, it is in the public interest for the Commission to permit PGW to revise its Tariff to impose a cap on the WNA so that neither charges nor credits exceed 25 percent of the total delivery charges, excluding the WNA.

Philadelphia Gas Works

**Section 53.52 Filing Requirements for Proposed Tariff Supplement Revising
PGW's Weather Normalization Adjustment**

**Supplement No. 152 to
Gas Service Tariff – Pa P.U.C. No. 2**

August 2, 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 517,247 customers as of June 30, 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 498,289 customers on the applicable Rate Schedules as of June 30, 2022.

All of these customers will be potentially affected by the change in that they will not be billed a WNA charge or credit of greater than 25 percent of total Delivery Charges, excluding the WNA, on any given bill.

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:

Under the proposed change, customers will not be billed a WNA charge or credit of greater than 25 percent of total Delivery Charges, excluding the WNA, on any given bill.

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 will not indirectly or directly affect PGW's expenses. The direct or indirect effect of the proposed change on PGW's revenues will not be known until after the conclusion of each fiscal year when a comparison can be made between the revenues PGW would have received without the cap and the revenues PGW received with the cap in place.

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:

After the large WNA charge on many PGW bills for mid to late May 2022 usage, PGW recognized the potential for this to occur in a future month. The proposed cap assures that there is a control on the amount of a customer's WNA charge/credit.

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). The Commission also addressed PGW's WNA by Emergency Order issued on July 1, 2022 and a Ratification Order entered on July 14, 2022 at Docket No. P-2022-3033477. In addition, the Commission issued a Secretarial Letter on July 15, 2022 noting that Supplement No. 151 revising the WNA is effective by operation of law, without prejudice to any formal complaints timely filed against said tariff revision.

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:

PGW 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)

Line No.		<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:

Total decreases will depend on the amount of WNA charges and credits that are assessed as compared to the amount of charges and credits that would have been assessed without the 25% cap.