

September 9, 2022

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Via Electronic Filing

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

RE: Petition of Philadelphia Gas Works for Approval on Less Than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment
Docket No. P-2022-3034264

Supplement No. 152 to Gas Service Tariff – Pa. P.U.C. of Philadelphia Gas Works
Docket No. R-2022-3034229

Petition of Philadelphia Gas Works for Emergency Order; Investigation Report
Docket No. P-2022-3033477

Dear Secretary Chiavetta:

This letter is filed on behalf of Philadelphia Gas Works (“PGW”) to address the Petitions to Intervene filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and the Tenant Union Representative Network (“TURN”) in the proceeding initiated by the filing of the Petition of Philadelphia Gas Works for Approval on Less than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment, Docket No. P-2022-3034264. Due to the overlapping issues raised in the proceedings at Docket Nos. R-2022-3034229 and P-2022-303347 regarding PGW’s Weather Normalization Adjustment (“WNA”) in its Tariff, PGW is filing this letter at all three dockets.

Introduction

PGW does not oppose the interventions of CAUSE-PA and TURN. However, the theme underlying the Petitions to Intervene is a suspension of PGW’s entire WNA Tariff. *Importantly, suspension of the current WNA Tariff is not presently before the Commission as a result of PGW’s filings.* To the extent that the Commission desires to review the underlying WNA Tariff, which has been in place since 2002 and is key to PGW’s continued financial stability, that decision would require the opening of a separate proceeding. As an existing Commission-approved tariff, any suspension of the WNA Tariff would require that PGW receive notice and an opportunity for hearing prior to its occurring. Background regarding the various proceedings is set forth below.

Background

Docket No. P-2022-3033477

On June 30, 2022, PGW filed a Petition for Emergency Order seeking approval to revise its Gas Service Tariff immediately to eliminate the application of its WNA for May 2022 usage billed as a charge in June 2022 billing cycles. By this Petition, PGW sought to address an anomaly that occurred as a result of the WNA provision in the Gas Service Tariff which has been in place for twenty years. On July 1, 2022, Chairman Brown Dutrieuille issued an Emergency Order granting PGW's requested relief.

By Ratification Order entered on July 14, 2022, the Commission ratified the Emergency Order. In the Ratification Order, the Commission also directed PGW to file a report within thirty days noting the results of its internal investigation ("Investigation Report"). The Commission directed the Investigation Report to explain the WNA formula, the inputs, and current information about weather trends affecting May. The Ratification Order further invited the filing of comments within twenty days by interested parties.

PGW timely filed the Investigation Report, setting forth the results of its investigation. The Office of Consumer Advocate ("OCA") filed Comments on September 1, 2022, and CAUSE and TURN (collectively, the "Low Income Advocates") filed Joint Comments on September 6, 2022. The Investigation Report, Comments and Joint Comments are pending review by the Commission.

Docket Nos. P-2022-3034264 and R-2022-3034229

On August 2, 2022, prior to the filing of the Investigation Report, PGW filed a Petition, seeking approval of Tariff Supplement No. 152 on less than the statutorily established sixty days' notice ("WNA Cap Petition"). By Tariff Supplement No. 152, PGW proposed to cap the WNA charge or credit at 25% of total delivery charges, excluding the WNA, on any given bill. The purpose of Supplement No. 152 is to limit the potential for a future recurrence similar to the May 2022 anomaly. By its WNA Cap Petition, PGW requested action by the Commission at its Public Meeting on September 15, 2022. OCA filed an Answer to PGW's Petition on August 22, 2022.

Discussion

The core argument of the Petitions to Intervene filed by CAUSE-PA and TURN (collectively, the "Low Income Advocates") in the WNA Cap Petition proceeding, OCA's Answer to the WNA Cap Petition, and the Comments and Joint Comments submitted by OCA and the Low Income Advocates, respectively, to the Investigation Report, is for a suspension of the entire WNA Tariff. However, suspension of the current WNA Tariff is not presently before the Commission as a result of PGW's filings. To the extent that the Commission desires to review

the underlying WNA Tariff, which is key to PGW's continued financial stability, that decision would require the opening of a separate proceeding, in which PGW is afforded due process.

PGW's WNA Tariff has been in the Gas Service Tariff since 2002 and was most recently modified via a settlement reached in PGW's 2017 base rate case. *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). At that time, the parties agreed on, and the Commission approved, a shift from the use of a 30-year normal to the use of a 20-year normal for purposes of calculating the WNA. The settling parties included OCA and the Low Income Advocates, as well as the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Retail Energy Supply Association, and the Philadelphia Industrial and Commercial Gas Users Group.

Through the WNA Cap Petition, which is referenced in the Investigation Report, PGW has sought to further guard against any unanticipated level of charge or credit and the potential adverse impact of the WNA Tariff on PGW or its customers by placing a 25% cap on the credit or charges that will be applied to customers' bills.¹ If the Commission is not satisfied with this proposal as a solution and determines to suspend the matter for investigation, the only inquiry should be the reasonableness of the proposed 25% cap. Without that cap - while it is unlikely - a customer could potentially face a charge in excess of that cap amount while the matter is pending investigation.

Conclusion

As noted at the outset, PGW does not oppose the interventions of CAUSE-PA and TURN in the WNA Cap Petition proceeding. However, it should be made clear that the proceeding will address only the justness and reasonableness of Supplement No. 52, constituting the proposed 25% cap on WNA charges and credits. The suspension of PGW's current WNA Tariff is not before the Commission as a result of PGW's filings.

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

¹ PGW has never contended that WNA charges or credits were somehow unjust or unreasonable and therefore in violation of Section 1301 of the Public Utility Code, as both OCA and the Low Income Advocates seem to suggest. PGW's efforts are an attempt to avoid excessively large charges that were never anticipated when the WNA was created in an effort to be sensitive to the needs of its customers.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Letter 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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Dated: September 9, 2022