



COMMONWEALTH OF PENNSYLVANIA

April 27, 2023

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works /
Docket No. (R-2023-3037933)**

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/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Parties of Record
Nakea S. Hurdle
Robert D. Knecht

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2023-3037933
	:	
PHILADELPHIA GAS WORKS	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

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 this proceeding. Representing the OSBA in this matter are Assistant Small Business Advocates Sharon E. Webb, and Nakea S. Hurdle. Please address all correspondence in this matter as follows:

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Nakea S. Hurdle
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Office of Small Business Advocate
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II. FILING BACKGROUND

On February 27, 2023, Philadelphia Gas Works (“PGW” or “Company”) filed Supplement No. 159 to Philadelphia Gas Work’s Gas Service Tariff –Pa. P.U.C. No. 2, and proposed Supplement No. 105 to Philadelphia Gas Works Supplier Tariff-Pa. P.U.C. No 1 (“Supplement No. 105”). The proposed Tariffs, if approved by the Commission, would increase the retail distribution rates of Philadelphia Gas Works (“PGW” or “Company”) by \$85.5 million per year.

On March 9, 2023, the OSBA filed a Complaint, alleging that the materials filed by PGW may be insufficient to justify the rate increase requested and that the Company’s present and proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers.

Administrative Law Judges Eranda Vero and Arlene D. Ashton were assigned to this proceeding and issued a Prehearing Conference Order on April 20, 2023.

III. IDENTIFICATION OF WITNESSES

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

Mr. Robert D. Knecht
5 Plymouth Road
Lexington, MA 02421
(781) 249 9461
rdk@indecon.com

The OSBA requests that all parties email copies of all documents, including discovery, testimony and briefs, upon Mr. Knecht, simultaneously with service upon the OSBA. The OSBA anticipates that it will present testimony by Mr. Knecht.

IV. IDENTIFICATION OF ISSUES

The OSBA is participating in this case to ensure that the interests of small business customers of PGW are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of PGW and other parties, primarily through discovery, filing of testimony, cross-examination of witnesses appearing for other parties, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PGW's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness. After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. Whether PGW's proposed \$85.5 million distribution rate increase is just and reasonable.
2. Whether the Company has reasonably represented its risks as compared to other municipal and non-municipal utilities, particularly with respect to the alleged negative impact of Commission regulation on PGW's risk.

3. Whether PGW's cost of service allocation study is methodologically reasonable, numerically accurate and fully updated for recent information, such that it can serve as a reasonable basis for revenue allocation and rate design in this proceeding.

4. Whether PGW's proposed treatment of former Rate GTS customers for cost allocation and rate design purposes reasonably reflects cost causation and is consistent with the practices of other Pennsylvania gas distribution utilities.

5. Whether universal service costs are reasonably allocated and recovered from all customers.

6. Whether PGW's proposed revenue allocation is reasonable and consistent with a sound cost allocation approach and other standard ratemaking criteria.

7. Whether PGW's rate design for non-residential customers is fair and reasonable, including but not limited to the Company's proposed 40 percent increase in the customer charge for small and medium commercial and industrial customers.

8. Whether the Company's proposed revisions to its bill design will better inform customers as to the services for which they are being billed.

9. Whether the Company's proposed supplier tariff changes related to supply of renewable natural gas are reasonable and will not result in unreasonable cost impacts on ratepayers.

The OSBA also reserves the right to pursue additional issues as they arise throughout the proceeding.

V. DISCOVERY

The OSBA has already served an initial set of Interrogatories.

VI. SERVICE OF DOCUMENTS

The OSBA agrees to accept electronic delivery of documents on the due date as satisfying the in-hand requirement.

VII. SETTLEMENT

The OSBA is willing to enter into settlement discussions at any phase of this proceeding.

VIII. PROCEDURAL SCHEDULE

The OSBA will work with the ALJ and the other parties to develop a mutually acceptable litigation schedule.

Respectfully submitted,

/s/ Sharon E. Webb

Sharon E. Webb
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Attorney ID # 73995

Nakea S. Hurdle
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Attorney ID # 203633

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Dated: April 27, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : **Docket No. R-2023-3037933**
 :
 Philadelphia Gas Works :

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).

The Honorable Judge Eranda Vero
The Honorable Judge Arlene Ashton
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DATE: April 27, 2023

/s/ Sharon E. Webb

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