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April 27, 2023

**Via Electronic Filing**

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

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

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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 remove May 2023 from the Weather Normalization Adjustment clause.

Copies are being served in accordance with the attached Certificate of Service.

Sincerely,

*Karen O. Moury*

Karen O. Moury

Enclosure

cc: Chairman Gladys Brown Dutrieuille (via email only)  
Vice Chairman Stephen M. DeFrank (via email only)  
Commissioner Ralph V. Yanora (via email only)  
Commissioner Kathryn L. Zerfuss (via email only)  
Commissioner John F. Coleman, Jr. (via email only)  
Robert Gramola, Acting 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 PGW's Petition for Emergency Order 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: April 27, 2023

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works : Docket No. P-2023-  
For Emergency Order :

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

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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, 2023, pending further investigation by the Commission. Through this proposed revision, which is attached as Appendix A, PGW would eliminate all May 2023 usage for residential and commercial customers from the formula used for its currently-approved Weather Normalization Adjustment (“WNA”) clause. If approved, PGW would not apply the WNA mechanism to any May 2023 usage. The factors driving this Petition are the potential for extreme differences between historic degree days and actual degree days experienced in PGW’s service territory in May of this year, in light of the unprecedented charges that were imposed on customers’ June 2022 bills as the result of a significant variation in weather in May 2022. **The need for emergency relief is immediate. For PGW to remove May 2023 from the WNA formula, Commission authorization is needed by April 28, 2023.** 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 (“OCA”), 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 (“CAUSE-PA”), and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN”).

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 (“NHDDs”) and actual experienced heating degree days (“AHDDs”) for the billing cycle’s usage.

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. These charges were not caused by errors in PGW's application of the WNA but rather occurred due to the extreme variation from normal weather experienced in Philadelphia at that time and the mathematical formula.

6. On June 30, 2022, PGW filed a Petition for Emergency Order at Docket No. P-2022-3033477 seeking to reverse the charges imposed on customers for May usage in their June 2022 bills. PGW also instituted an internal investigation into the WNA formula, inputs and current information about weather trends as they affect May.

7. On July 1, 2022, the Commission issued an Emergency Order, authorizing PGW to immediately file a tariff to reverse the charges imposed on customers in June 2022 for May 2022 usage. On July 14, 2022, the Commission ratified the Emergency Order and directed PGW to file a report summarizing its investigation referenced above by August 15, 2022. PGW filed the report on August 12, 2022. As a result of the Commission's Emergency Order, PGW refunded approximately \$12.6 million to customers.

## **II. PROCEDURAL SCHEDULE**

### **A. WNA Proceeding on 25% Cap Petition Filed on August 2, 2022**

8. On August 2, 2022, PGW filed a Petition for Approval on Less Than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment and the accompanying Tariff revision at Docket Nos. P-2022-3034264 and R-2022-3034229 ("Cap Petition"). By the Cap Petition, PGW sought to impose a 25% cap on the WNA commencing with the October 1, 2022 heating season, which ends under the Tariff on May 31, 2023, in order to protect its customers. Unfortunately, OCA and CAUSE-PA opposed this Petition and the Commission suspended the Tariff revision for investigation by Order entered on September 15, 2022

(“Suspension Order”). As a result of this opposition, there is no protective cap in place this coming May.

9. Administrative Law Judge (“ALJ”) Marta Guhl was assigned to the Cap Petition or WNA Proceeding. In initially developing a procedural schedule, ALJ Guhl used the April 1, 2023 effective date set forth in the Commission’s Suspension Order. To allow for the development of a reasonable procedural schedule, PGW voluntarily extended the effective date to October 1, 2023. Such extension resulted in a procedural schedule that was sent to ALJ Guhl via email on September 28, 2022. Under the agreed-upon procedural schedule, PGW’s direct testimony was due on November 30, 2022.

10. On November 8, 2022, PGW filed a Petition for Leave to Withdraw the Cap Petition (“Withdrawal Petition”) since the 25% cap proposal for the current heating season had been rendered moot by the Commission’s suspension of the Tariff filing for investigation. When no Initial Decision had yet been issued on the Withdrawal Petition and the due date or the submission of direct testimony by PGW was approaching, PGW consulted with the parties and submitted an unopposed request via email on November 28, 2022 to ALJ Guhl for the procedural schedule to be held in abeyance pending a decision on the Withdrawal Petition. ALJ Guhl granted this request by email dated November 29, 2022 and directed the parties to submit a new procedural schedule by December 6, 2022.

11. In the development of a new procedural schedule for the WNA Proceeding, PGW voluntarily extended the effective date from October 1, 2023 to October 5, 2023, which provided a few additional weeks (due to the Public Meeting schedule) for the parties to litigate the case if the Withdrawal Petition was not granted. This schedule was circulated via email to the parties

and the ALJ on December 6, 2022. Under the new procedural schedule, PGW's direct testimony was due on February 14, 2023.

12. As of February 14, 2023, the Withdrawal Petition remained pending and PGW informed the ALJ and the parties via filed letter that it was not filing direct testimony but would instead raise the WNA in the context of its upcoming base rate case, which it anticipated filing shortly.

13. By Interim Order dated February 23, 2023, ALJ Guhl denied PGW's Withdrawal Petition as moot, directed PGW to file its direct testimony on the same date and approved the prior procedural schedule electronically submitted by PGW on December 6, 2022.

14. In accordance with the February 23, 2023 Interim Order, PGW submitted direct testimony on February 23, 2023. Public input hearings were held on March 9, 2023, and OCA and CAUSE-PA submitted direct testimony on April 13, 2023. Under the existing procedural schedule, PGW's rebuttal testimony is due on May 2, 2023, surrebuttal testimony is due on May 12, 2023, rejoinder testimony is due on May 19, 2023 and hearings are scheduled for May 25-27 2023. A Commission decision in the WNA Proceeding is expected at the September 21, 2023 public meeting to allow for an effective date of the proposed Tariff by October 5, 2023.

B. Base Rate Case filed on February 27, 2023

15. PGW filed a general Base Rate Case on February 27, 2023 at Docket No. R-2023-3037933. In the direct testimony submitted with the base rate filing, PGW noted that due to the issues that occurred with the WNA relating to the May 2022 usage, it had contracted with Atrium Economics, LLC ("Atrium") to review the formula and offer recommendations. PGW

further explained that it planned to submit supplemental testimony on April 3, 2023 regarding the WNA and the consultant's recommendations.<sup>1</sup>

16. PGW submitted supplemental direct testimony on April 3, 2023 in the Base Rate Case addressing the WNA. In this testimony, based upon Atrium's findings and recommendations regarding the recent significant deviations in May from normal weather, PGW proposed to eliminate May from the WNA formula in the future.<sup>2</sup>

17. By Order entered on April 20, 2023, the Commission suspended the Base Rate Case for investigation and extended the effective date of the base rate filing to November 28, 2023. The matter has been assigned to ALJs Eranda Vero and Arlene D. Ashton and is scheduled for a prehearing conference on April 28, 2023 at which time a procedural schedule for the Base Rate Case will be developed.

C. Proposed Termination of WNA Proceeding and Consideration of WNA Issues in Base Rate Case

18. In the context of making the current request for emergency relief, PGW proposed to the parties that it exclude May 2023 usage from the WNA formula in order to protect customers in event of abnormal weather variation. PGW also proposed that the stand-alone WNA Proceeding initiated by the filing of the Cap Petition be terminated and that all WNA issues be addressed in the Base Rate Case. Within that proposal was PGW's agreement that the record that has been developed to date in the WNA Proceeding, including the public input hearing testimony offered on March 9, 2023, would be admitted into the record of the Base Rate Case.

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<sup>1</sup> 2023 Base Rate Case, Direct Testimony of Denise Adamucci (PGW St. No. 1, at 10-12).

<sup>2</sup> 2023 Base Rate Case, Supplemental Direct Testimony of Denise Adamucci (PGW St. No. 1-SD, at 17-20).

19. As of the filing of this Petition for Emergency Order, the Bureau of Investigation and Enforcement (“I&E”) has indicated that PGW’s proposal to consider all WNA issues in the Base Rate Case is acceptable, noting that it is generally in favor of having WNA issues addressed in base rate proceedings. OCA, CAUSE-PA and TURN have expressed their opposition to PGW’s consumer protection proposal (i.e. excluding May 2023 usage from the WNA formula and terminating the WNA proceeding). Therefore, PGW has separately filed a Petition for Interlocutory Order seeking review of the ALJ’s February 23, 2023 Interim Order. If approved, PGW’s Petition for Interlocutory Review would result in the Withdrawal Petition being granted and the WNA issues being litigated in the Base Rate Case.

### **III. CURRENT REQUEST FOR EMERGENCY ORDER**

20. While the WNA Proceeding and Base Rate Case are being litigated on separate tracks and have different scopes ranging from the 25% cap in the WNA Proceeding to a comprehensive review of the WNA in the Base Rate Case, PGW’s customers continue to be unprotected from another anomaly that could possibly occur in the WNA due to May 2023 usage. From June of 2022, PGW has been focused on its customers. Thus, given what appear to be current weather trends this spring, rather than waiting to see if that occurs and then needing to take steps to reverse those charges, PGW is proactively filing this Petition for Emergency Order to immediately eliminate May 2023 from the formula, pending further Commission investigation, in an effort to shield its customers from another potential May anomaly.

### **IV. APPLICABLE LEGAL STANDARDS**

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

22. 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).

23. 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.

24. 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).

**V. BASIS FOR EMERGENCY RELIEF**

25. This Petition presents a sufficient basis for the issuance of emergency relief by the Commission. Based upon the observations and findings of PGW’s consultants in the Base Rate Case, PGW is concerned that the May weather trends over the last ten years in the Philadelphia area have the potential to result in a recurrence of the June 2022 billing anomaly and large rate charges for customers, and would like to ensure that its customers are protected this May.

26. The impact of the WNA on customers’ bills in June 2022 for usage from a portion of a single month – being May 2022 – was significant. PGW ended up refunding approximately \$12.6 million to customers, which, absent the refund, would have likely created a financial hardship for many of them. This is particularly true for lower-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.

27. 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 in June 2022 and the potential for a recurrence this year raise questions as to whether the inclusion of May “normal” weather data in the WNA formula continues to be reasonable. While the reasonableness of permanently removing the month of May from the WNA formula will be determined in PGW’s base rate case, in the interim, removal of May 2023 from the formula is a workable solution to address PGW’s concerns about the potential financial impacts on customers, supporting issuance of an Emergency Order.

28. **The need for relief is immediate. For PGW to remove May 2023 from the WNA formula, Commission authorization is needed by April 28, 2023.**<sup>3</sup> However, the Commission does not have a public meeting scheduled until May 20, 2023. To avoid the possible recurrence of any May usage anomaly this year, the issuance of emergency relief is necessary to protect customers who may otherwise face financial hardships as a result of large WNA charges.

29. The lack of emergency relief for this May may cause irreparable injury to PGW’s customers, particularly in a time of high inflation. The most effective way to address these

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<sup>3</sup> PGW did not file this request for relief sooner because of the need to review the consultant’s report on the WNA submitted in the 2023 Base Rate Case at Docket No. R-2023-3037933 and to consider the schedule established for the Base Rate Case. In addition, PGW needed an opportunity to consult with the other parties to this proceeding to determine whether agreement could be achieved on the removal of May 2023 from the WNA formula and termination of the WNA Proceeding.

impacts for the benefit of potentially affected customers is to proactively remove this May from the WNA formula so as to minimize or avoid any irreparable injury from occurring.

30. 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.<sup>4</sup>

31. The requested relief is in the public interest. As many consumers are facing unexpected and significant effects of the application of the May 2023 WNA usage, it is in the public interest for PGW to remove May 2023 from the WNA formula so as to protect these customers.

## **VI. 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 potential impact of the WNA on May 2023 usage billing, and the accompanying financial hardship of its customers, is an emergency situation. Removal of May 2023 from the WNA formula will avoid any potential of a recurrence of the May 2022 anomaly and 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:

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<sup>4</sup> 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.

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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Date: April 27, 2023

Attorneys for Philadelphia Gas Works

PGW  
Gas Service Tariff  
Pa. P.U.C. No. 2  
  
Supplement No. 162

## **PHILADELPHIA GAS WORKS**

### **GAS SERVICE TARIFF**



Issued by: Seth Shapiro  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

## **Appendix A**

Supplement No. 162 to

Gas Service Tariff – Pa P.U.C. No.2

One Hundred Fifty Third Revised Page No. 2

PHILADELPHIA GAS WORKS

Canceling One Hundred Fifty Second Revised Page No. 2

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### **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 is updated to remove the month of May from the applicable period when the adjustment is applied to customer usage.

# Appendix A

Supplement No. 162 to

Gas Service Tariff – Pa P.U.C. No.2

One Hundred Fifty Second Revised Page No. 6

Canceling One Hundred Fifty First Revised Page No. 6

PHILADELPHIA GAS WORKS

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# Appendix A

Supplement No. 162to

Gas Service Tariff – Pa P.U.C. No. 2

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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; and, further, except for the 2022-2023 heating season when the Weather Normalization Adjustment will be applied to customer usage during the period of October 1 through April 30).

(C)

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.

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**

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).

**VERIFICATION**

I, Denise Adamucci, hereby state that: (1) I am the Senior Vice President for Customer & Regulatory Affairs 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 subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

April 27, 2023

Date: \_\_\_\_\_

DA

\_\_\_\_\_  
Denise Adamucci  
Senior Vice President for Customer & Regulatory Affairs  
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 \_\_\_\_ 2023, 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 removing May 2023 from its previously-approved Weather Normalization Adjustment Clause, subject to further investigation by the Commission.

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