

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, PA 17120**

**Petition Of Philadelphia Gas Works  
for Emergency Order**

**Docket No. P-2023-3040233**

**EMERGENCY ORDER**

On April 27, 2023, Philadelphia Gas Works (PGW) filed a Petition (Petition) for Emergency Order seeking an *ex parte* Emergency Order permitting PGW to revise its Gas Service Tariff – Pa. P.U.C. No. 2, Page Nos. 149-150 (Tariff), effective May 1, 2023, pending further investigation by the Commission. Through this proposed revision to its Tariff, attached to the Petition as Appendix A, PGW eliminates all May 2023 usage for residential and commercial customers from the formula used for its currently approved Weather Normalization Adjustment (WNA) clause.<sup>1</sup> If approved, PGW would not apply the WNA mechanism to any May 2023 usage. For PGW to remove May 2023 usage from the WNA formula, Commission authorization is needed by April 28, 2023. Petition at 1.

The factor driving PGW’s proposed revision to its Tariff is PGW’s desire to proactively avoid a potential sizeable refund situation like the one it experienced in 2022 due to similar circumstances. Petition at 7 (¶20). PGW asserts that avoiding a potential repeat of last year’s refund situation is appropriate and in the public interest as it would avoid creating financial hardship on PGW’s customers, especially its lower-income customers. Petition at 8-10 (¶¶ 25-27, 29-31).

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<sup>1</sup>PGW’s WNA has been authorized since 2002. 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 based on a formula that considers normal heating degree days (NHDD) and actual experienced heating degree days (AHDD) for the billing cycle’s usage. Petition at 2 (¶¶2-4).

More specifically, PGW predicts that its service territory will potentially experience another weather anomaly in May 2023 like the weather anomaly experienced in May 2022, which resulted in approximately \$12.6 million in refunds to customers. Petition at 1, 8 (¶¶25-26). PGW predicts the potential for extreme differences between historic degree days and actual degree days to be experienced in PGW's service territory in May 2023. Petition at 1. A similar weather anomaly occurred in PGW's service territory in May 2022, which resulted in unprecedented charges on customers' June 2022 bills based on the mathematical formula in the WNA. Petition at 1, 3 (¶5). Given the bill impact caused by the May 2022 weather anomaly, PGW filed a Petition for Emergency Order on June 30, 2022, which the Commission approved and ratified, authorizing the refunds.<sup>2</sup> Petition at 3 (¶¶5-7). Given PGW's understanding of the May weather trends over the past ten years, PGW asserts that it is in the public interest to proactively request an Emergency Order to eliminate May 2023 from the WNA formula, pending further Commission investigation, rather than to wait and see if an anomaly similar to May 2022 occurs, requiring PGW to take steps to reverse those charges.<sup>3</sup> Petition at 1, 7, 8-10 (¶¶ 20, 25-27, 29-31).

PGW served the Petition on the Office of Consumer Advocate (OCA); the Office of Small Business Advocate; the Commission's Bureau of Investigation and Enforcement; Counsel for Philadelphia Industrial and Commercial Gas Users Group; Counsel for the Coalition of Affordable Utility Service and Energy Efficiency in Pennsylvania; and Counsel for the Tenant Union Representative Network.

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<sup>2</sup>See *Petition of Philadelphia Gas Works for Emergency Order*, Docket No. P-2022-3033477 (Emergency Order entered July 1, 2022) (Ratification Order entered July 14, 2022).

<sup>3</sup>PGW acknowledges that 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. However, the reasonableness of permanently removing the month of May from the WNA formula will be determined in PGW's 2023 Base Rate Case. In the interim, PGW asserts that 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. Petition at 9 (¶27).

On April 27, 2023, OCA filed a letter in support of PGW's Petition, requesting that the Commission approve PGW's Petition by April 28, 2023, and suspend the WNA for May 2023.

Pursuant to the Commission's regulations, an Emergency Order will be issued only when there exists a clear and present danger to life or property *or* when the relief requested is uncontested and action is required prior to the next scheduled public meeting. 52 Pa. Code § 3.1. An emergency order is appropriate where: (1) the petitioner's right to relief is clear, (2) the need for relief is immediate, (3) there would be irreparable injury if relief is not granted, and (4) the relief is not injurious to the public interest. *Id.* § 3.2. Further, an emergency order issued by a single Commissioner must be ratified, modified, or rescinded by the Commission at its next scheduled public meeting after the issuance of the order. *Id.* § 3.3.

PGW asserts in its Petition<sup>4</sup> that (1) its right to relief is clear because removal of May 2023 from the WNA mathematical formula is a workable solution to address PGW's concerns about the potential financial impacts on customers; (2) the need for relief is immediate since Commission authorization is needed by April 28, 2023, in order for PGW to remove May 2023 from the WNA formula prior to bills being issued to customers for May 2023 usage; (3) if relief is not granted, it may cause irreparable injury to PGW's customers, should another significant bill impact occur like the one that occurred in June 2022, particularly in a time of national high inflation; and (4) finally, it is in the public interest for PGW to remove May 2023 from the WNA formula so as to

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<sup>4</sup> PGW asserts that it did not file the instant Petition for relief sooner because it needed to review a consultant's report on the WNA submitted in its 2023 Base Rate Case at Docket No. R-2023-3037933, and it needed to consider the schedule established for the 2023 Base Rate Case. Petition at 9, n. 3; *see also* Petition at 5-6 (¶¶15-17), 6-7 (¶¶18-19). In addition, PGW needed to consult with the other parties to determine whether an agreement could be achieved on the removal of May 2023 from the WNA formula and on termination of a separate Commission proceeding relating to the WNA. Petition at 9, n.3; *see also* Petition at 3-5 (¶¶8-14), 6-7 (¶¶18-19); *see also* PGW's Petition for Approval on Less Than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment with an accompanying Tariff revision at Docket Nos. P-2022-3034264 and R-2022-3034229 (WNA Proceeding).

protect PGW's customers, especially its lower-income customers, facing unexpected and significant effects of the application of the May 2023 WNA usage. Petition at 9-10 (¶¶27-31).

I conclude that issuance of an emergency order is appropriate under the unique circumstances presented here. An emergency, as defined in 52 Pa. Code § 3.1, is present given that PGW's proposed course of action is uncontested and Commission action is required prior to the next scheduled meeting on May 20, 2023. The Public Utility Code requires that "[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable." 66 Pa.C.S. §1301. Here, PGW predicts that a weather anomaly is likely to reoccur in May 2023, which based on the application of the WNA formula, would produce unexpected and significant charges to customers in June 2023, similar to what occurred in 2022, where significant refunds of approximately \$12.6 million were issued to customers at Docket No. P-2022-3033477. Therefore, based on PGW's experience in 2022 and its ongoing efforts to address the potential for WNA anomalies, it is appropriate to grant PGW's Petition; **THEREFORE,**

**IT IS ORDERED:**

1. That the Philadelphia Gas Works Petition for Emergency Order, filed on April 27, 2023, at Docket No. P-2023-3040233 is granted.

2. That 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 2023 usage, subject to further investigation by the Commission.

April 28, 2023  
Date

  
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Stephen M. DeFrank, Vice Chairman