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May 9, 2023

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission, Office of Consumer Advocate and Office of
Small Business Advocate v. Philadelphia Gas Works (1307(f))
Docket Nos. R-2023-3038069; C-2023-3038375; C-2023-3038286; C-2023-3038722

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Petition for Partial Settlement with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/lww

Enclosure

cc: Hon. Arlene Ashton w/enc. (via email)
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Joint Petition for Partial Settlement upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

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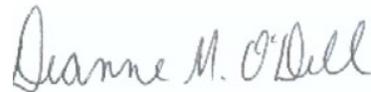
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Dated: May 9, 2023



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:		
	:	Docket No.	R-2023-3038069
	:		
	:		
Office of Consumer Advocate	:	Docket No.	C-2023-3038375
Office of Small Business Advocate	:	Docket No.	C-2023-3038286
Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc.	:	Docket No.	C-2023-3038722
	:		
	:		
v.	:		
	:		
Philadelphia Gas Works			

**JOINT PETITION FOR PARTIAL SETTLEMENT OF
PHILADELPHIA GAS WORKS'
2023-2024 GCR PROCEEDING**

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I. INTRODUCTION

Philadelphia Gas Works (“PGW” or the “Company”) and the Office of Consumer Advocate (“OCA”) (collectively “the Settling Parties”)¹ hereby submit this Joint Petition for Partial Settlement of PGW’s 2023-2024 Gas Cost Rate (“GCR”) Proceeding (“Settlement”), as captioned above, and respectfully request that Administrative Law Judge (“ALJ”) Arlene Ashton recommend that the Commission approve this Partial Settlement and all of its terms and conditions without modification.

The Settling Parties will separately file their Statements In Support of Settlement no later than noon May 10, 2023, which is the due date for reply briefs.

II. BACKGROUND

1. On February 1, 2023, PGW filed its supporting information for the prefiling for its annual 2023-2024 Gas Cost Rate (“GCR”).

2. In its prefiling, PGW noted that, pursuant to the Commission’s approval in its 2022-2023 GCR, it intended to depart from certain requirements of 52 Pa. Code Sections 53.45(b), 53.64(c), 53.68(a) and 53.64(i)(5)(i) to address the timing of bill inserts, public notice and underlying data to be relied upon for the March 1, 2023 quarterly 1307(f) filing. Per the Commission approved settlement, PGW has followed the notice process for its 2023-2024 GCR proceeding and will continue to do so in subsequent GCR proceedings, unless and until the Commission enters an Order rescinding such authority.²

¹ While the Commission’s Bureau of Investigation and Enforcement (“I&E”), Office of Small Business Advocate (“OSBA”) and the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) do not join in this Settlement, each has authorized the Settling Parties to state their non-opposition to the Settlement.

² *Pennsylvania Public Utility Commission, et. al v. Philadelphia Gas Works*, Docket Nos. R-2022-3030686, C-2022-3030978, C-2022-3030971, Order entered July 14, 2022, Ordering Paragraph 6 at 2-3.

3. On February 13, 2023, the Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance.

4. The Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) subsequently filed complaints. The OCA complaint is docketed at C-2023-3038375, and the OSBA complaint is docketed at C-2023-3038286. Consistent with 52 Pa. Code § 5.61(d), PGW did not file answers to the Complaints.

5. On February 14, 2023, the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) filed a Petition to Intervene.

6. On March 1, 2023, PGW filed its Section 1307(f) filing which included: proposed tariff revisions (Supplement No. 160 to PGW’s Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 106 to PGW’s Gas Supplier Tariff – Pa P.U.C. No. 1); supporting information regarding the computation of annual purchased gas costs for twelve months ending August 31, 2023, and the direct testimony of Florian Teme (PGW St. 1) and Ryan E. Reeves (PGW St. 2)).

7. On March 3, 2023, Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. (collectively “GFCP/VEPI”) filed a complaint against the GCR filing.

8. The gas cost rate filing was assigned to the Office of Administrative Law Judge for resolution by hearings and for issuance of a Recommended Decision. The matter was assigned to Administrative Law Judge (“ALJ”) Arlene Ashton.

9. On March 2, 2023, ALJ Ashton issued a Prehearing Conference Order setting a telephonic Prehearing Conference for March 9, 2023.

10. On March 13, 2022, PGW submitted a Revised Schedule 53.64(c)7, Schedule 1.

11. Pursuant to the Prehearing Conference Order, the Parties filed Prehearing Memorandums on March 7, 2023, and a telephonic Prehearing Conference was held on March 9,

2023. Counsel for PGW, I&E, OCA, OSBA, PICGUG and GFCP/VEPI participated. PICGUG's and GFCP/VEPI's Petitions to Intervene were granted, and a procedural schedule was established. These procedural matters were reflected in Prehearing Order #1, issued on March 16, 2023.

12. On March 21, 2023, PGW filed a Motion for Protective Order ("Motion") pursuant to 52 Pa. Code §§ 5.362(a) and 5.365 in the above captioned proceeding. On March 29, 2023, the Motion was granted by ALJ Ashton pursuant to Prehearing Order #2 dated March 29, 2023.

13. On April 13, 2023, GFCP/VEPI served the Direct Testimony of James L. Crist, P.E. ("GFCP/VEPI St. 1").

14. On April 13, 2023, PGW filed the Rebuttal Testimony of Ryan E. Reeves ("PGW St. 2-R") and OSBA filed the Rebuttal Testimony of Robert D. Knecht ("OSBA St. No. 1-R).

15. On April 20, 2023, GFCP/VEPI served the Surrebuttal Testimony of James L. Crist, P.E. ("GFCP/VEPI St. 1-SR").

16. April 24, 2023, PGW filed the Rejoinder Testimony of Ryan E. Reeves ("PGW St. 2-RJ").

17. On April 25, 2023, an evidentiary hearing was held at which the pre-filing and final gas cost rate filing of PGW, as well as previously served testimony of PGW, GFCP/VEPI and OSBA was admitted into the record. The ALJ also directed the parties to file this Joint Petition for Settlement no later than May 11, 2022.

18. This Partial Settlement supports PGW's GCR filing as filed.

III. TERMS OF PARTIAL SETTLEMENT

A. PGW'S GCR FILING IS ACCEPTED AS FILED

19. The undersigned Settling Parties agree to accept the underlying data and calculations submitted by PGW in its February 1, 2023 Pre-filing and its March 1, 2023 Annual Filing subject to the terms and conditions set forth below:

20. Supplement No. 160 to PGW's Gas Service Tariff – Pa P.U.C. No. 2 and Supplement No. 106 to PGW's Gas Supplier Tariff – Pa P.U.C. No. 1 as filed on March 1, 2023 shall be permitted to go into effect on September 1, 2023. Consistent with past practice, PGW shall file its 3rd Quarter Update prior to September 1, which update will update the GCR rate set forth in Supplements No. 160 and 106.

B. Confirmation of Hedging Program

21. Pursuant to the Commission-approved settlement of its 2022 PGC proceeding, PGW conducted a study to determine if hedging gas purchases could reduce price volatility. In this proceeding, PGW proposed expansion of its hedging program after completion of this study, wherein the company targets to hedge 5% to 50% of its monthly baseload purchases as conditions permit. PGW's proposed hedging program as described in Exhibit RR-1 is approved.

C. ISSUES RESERVED FOR LITIGATION (THE "LITIGATED ISSUES")

22. GFCP/VEPI's claim that PGW should be required to release to them 21,000 Dth/Day of capacity on the TETCO pipeline.

IV. PROPOSED FINDINGS OF FACT IN SUPPORT OF PARTIAL SETTLEMENT

As a consequence of the Settlement terms and conditions set forth in Section III above, the Settling Parties request that the ALJ and the Commission make the following findings of fact

and such other findings and conclusions as may be required as appropriate to support approval of the Partial Settlement:

27. The GCR is a mechanism used to flow through the costs of natural gas and other raw materials in a timely and equitable manner. (PGW St. 1 at 7). The pricing methodology utilized by PGW relies on actual prices for January 202e and the NYMEX Futures close data (as of January 18, 2023) for the 19 forecast months of February 2023 through August 2024. (PGW St. 1 at 9).

28. PGW submitted supporting schedules as required by Section 53.64(a) in support of its GCR; the Price to Compare; and the rates for various surcharges including the Restructuring and Consumer Education Surcharge, the Universal Service and Energy Conservation Surcharge (“USC”), the Other Post Employment Benefit Rider Surcharges. (PGW St. 1 at 3-6).

29. None of the parties submitted testimony challenging PGW’s proposed calculation for the GCR or other charges included in its initial proposals.

30. Appendix A portrays the projected GCR per Mcf of \$5.0576 for effective date of September 1, 2023. Appendix A also portrays the projected rates for the Universal Services Surcharge, Other Post Employment Benefits and Load Balancing charges. Following the Commission’s final order in this matter, PGW will file tariff supplements to implement the new rates.

V. CONDITIONS OF SETTLEMENT

44. This Settlement will go into effect upon the Commission’s entry of a final order approving the Settlement, in full and without modification. If the Commission rejects the Settlement, the Agreement will automatically terminate and be null and void with the exception of paragraph 45 below, which will continue in full force and effect. The Settlement also shall

automatically become null and void (except for paragraph 45 below) if the Commission, in approving the Settlement, modifies any of its terms or conditions or adds any conditions, unless it is subsequently accepted by the aggrieved signatory party, or parties, as so modified. If the Commission approves the Settlement in full and without modification, the Stipulation:

- (a) shall be deemed to resolve with prejudice all issues addressed by this Settlement;
and
- (b) shall be implemented and shall be enforceable notwithstanding the pendency of a petition for reconsideration or a legal challenge to the Commission's approval, unless such implementation and enforcement of the Settlement is stayed or enjoined by the Commission, another regulatory agency, or a Court having competent jurisdiction over the matter.

This Paragraph does not apply to any modifications made by the Commission in adjudicating the Litigated Issues.

45. This Settlement is made without admission against or prejudice to any factual or legal positions which any of the signatories hereto may assert in subsequent litigation in the event that the Commission does not issue a final Order approving this Settlement in full and without modification. If the Commission does not adopt this Settlement in accordance with the terms set forth herein, the Settling Parties reserve their full right to argue that the Commission is without the legal authority to order the implementation of all or part of the terms and conditions set forth herein and no party shall be deemed to have waived or be estopped from asserting such a position before the Commission or before any court.

46. This Settlement Petition may be executed in counterparts, all of which shall constitute one agreement binding on all signatories and shall have the same force and effect as an

original instrument, notwithstanding that the signatories may not be signatories to the same original or the same counterpart.

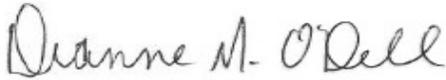
47. Statements in Support of this Settlement are attached hereto as Appendices C-D.

48. The Settling Parties agree to waive exceptions to the ALJ's Recommended Decision on the issues addressed in this settlement if the ALJ recommends that the Joint Petition for Partial Settlement of Philadelphia Gas Works' 2023-2024 GCR Proceeding be approved without change or modification. The Settling Parties remain free to submit exceptions and replies on matters the issues raised by party not a signatory to this Settlement, including the Litigated Issues.

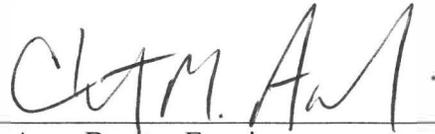
VI. CONCLUSION

WHEREFORE, the Settling Parties, by their respective counsel, respectfully request that Administrative Law Judge Arlene Ashton and the Commission approve this Partial Settlement including all terms and conditions thereof.

Respectfully submitted,



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Dated: May 9, 2023

APPENDIX A

<u>Gas Cost Rate</u>	9/1/2023
Rate per Mcf \$5.0576	
<u>Universal Services</u>	
<u>Surcharge</u>	9/1/2023
Rate per Mcf \$1.4690	
<u>Other Post Employment Benefit</u>	
<u>Surcharge</u>	9/1/2023
Rate per Mcf \$0.3385	
<u>Load Balancing Charge</u>	9/1/2023
Rate per Mcf \$62.9290	