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May 10, 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 Philadelphia Gas Works' ("PGW") Statement in Support of Joint Petition for 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 PGW's Statement in Support of Joint Petition for 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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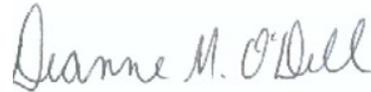
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Dated: May 10, 2023



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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			

**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
OF PHILADELPHIA GAS WORKS’ 2022-2023 GCR PROCEEDING**

Philadelphia Gas Works (“PGW” or the “Company”) offers this Statement In Support of the Joint Petition for Settlement (“Settlement”) of its 2022-2023 Gas Cost Rate (“GCR”) Proceeding as filed by PGW and the Office of Consumer Advocate (“OCA”). The Settlement is offered as a resolution of all issues in the above-captioned proceeding, except issues reserved for litigation, namely the claim of Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. (collectively “GFCP/VEPI”) that PGW should be required to release to them 21000 Dth/Day of capacity on the TETCO pipeline (the “Litigated Issues”).

While the Commission’s Bureau of Investigation and Enforcement (“I&E”), the 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. PGW and GFCP/VEPI undertook settlement

discussions but were not able to reach consensus on the Litigated Issues, which, therefore, continue.

PGW respectfully requests that Administrative Law Judge Arlene Ashton (“ALJ”) and the Commission: (1) approve the Settlement without modification as in the public interest; and (2) make the findings as required by Sections 1317 and 1318 of the Public Utility Code.

I. BACKGROUND

The procedural history of this proceeding is set forth in the Settlement and PGW submits this Statement in Support. All the facts necessary to approve the settlement are included in the record of the proceeding through the filing and supporting data, the testimony, and the attachments to the Settlement.

II. THE SETTLEMENT SATISFIES PGW’S LEGAL OBLIGATIONS

Approval of this Settlement will result in PGW pursuing a least cost fuel procurement policy consistent with the Company’s obligation to provide safe, adequate, and reliable service. PGW accomplishes this by: (1) using a portfolio approach in contract structure and pricing; and (2) using capacity release credits, off-system sales margins (when available) and asset management margin/credit/fees/ as an additional cost-saving strategy. findings of fact and conclusions of law

The Petition for Settlement sets forth a series of proposed findings of fact, conclusions of law and ordering paragraphs. These are required by Section 1318 of the Public Utility Code which states that “[n]o rates for a natural gas distribution utility shall be deemed just and reasonable unless the commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its

customers,” and that the Commission is required to make “specific findings” in that required, including findings in four specific areas.¹ The findings, conclusions and ordering paragraphs offered in the Settlement are the standard terms used in PGW’s annual GCR proceedings, supported by the record and satisfy the requirements of Section 1318 specifically and the Public Utility Code in general. They should be accepted by the ALJs and the Commission.

III. APPROVAL OF THE SETTLEMENT TERMS IS IN THE PUBLIC INTEREST

A. Approval of GCR As Filed

The GCR filing presented by PGW is in full and complete compliance with all statutory and regulatory requirements. Approving PGW’s 1307(f) filing as proposed in the Settlement is consistent with the Commission’s goal of ensuring the least cost procurement policy and will result in rates and surcharges that are just, reasonable, and compliance with the Public Utility Code. In addition, the Settlement reduces the administrative burden and costs to resolve the issues. For all these reasons, the Settlement is in the public interest and should be adopted.

No party has opposed the GCR calculations as filed by PGW. While I&E, the OSBA, and PICGUG do not join in this Settlement, each has authorized the Settling Parties to state their non-opposition to the Settlement.

GFCP/VEPI, has raised the separate issue of capacity release, which does not affect the GCR calculation or approval of this Settlement. The Settlement does not address the capacity release issue, but rather preserves it as the “Litigated Issues “without substantive or procedural prejudice to GFCP/VEPI’s arguments or PGW’s defenses. PGW has filed responsive testimony on the Litigated Issues and remains free to file pleadings addressing this topic, including Briefs

¹ 66 Pa. C.S. §1318(a).

and Exceptions. The Settling Parties anticipate that the ALJ will address this Settlement and the Litigated Issues in a Recommended Decision.

Therefore, PGW requests that the ALJ 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. PGW'S HEDGING PLANS

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.

The settlement terms confirms PGW's proposed hedging program as described in Exhibit RR-1 and the OCA's support of that program.

IV. CONCLUSION

PGW respectfully requests that ALJ Ashton and the Commission approve this Settlement without modification, because it supports PGW's least cost procurement policy, satisfies the Commission's requirements at Sections 1317 and 1318 of the Public Utility Code, and is in the public interest.

Respectfully submitted,



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Dated: May 10, 2022

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