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May 22, 2023

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

Re: PA Public Utility Commission, et al., v. Philadelphia Gas Works  
2023 PGW Base Rate Case Filing – Docket No. R-2023-3037933, C-2023-3038846,  
C-2023-3038885, C-2023-3039059, C-2023-3038727

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Answer to Motion to Dismiss Objections and Direct Answers to Interrogatories of Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. ("GFCEP/VEPI") with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely

*Sarah C. Stoner*  
Sarah C. Stoner

SCS/lww

Enclosure

cc: Hon. Eranda Vero w/enc.  
Hon. Arlene Ashton w/enc.  
Cert. of Service w/enc.

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of **PGW's Answer to GFCP/VEPI's**

**Motion to Compel** 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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*Sarah C. Stoner*

Sarah C. Stoner, Esq.

Date: May 22, 2023

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**ANSWER OF PHILADELPHIA GAS WORKS  
TO MOTION TO DISMISS OBJECTIONS AND DIRECT ANSWERS  
TO INTERROGATORIES  
OF GRAYS FERRY COGENERATION PARTNERSHIP  
AND VICINITY ENERGY PHILADELPHIA, INC.**

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Pursuant to Section 5.342(g)(1) of the Commission’s regulations, 52 Pa. Code § 5.342(g)(1), Philadelphia Gas Works (“PGW”) hereby files this Answer to the Motion to Dismiss Objections and Direct Answers to Interrogatories (“Motion”) of the Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. (“GFCP/VEPI”)<sup>1</sup> filed in the above-captioned proceeding.

GFCP/VEPI Interrogatories: Set III, Nos. 3 and 4 seek detailed information regarding 2022 usage and revenues for the fifty largest customers served by PGW. Set III, No. 16 requests the same information but regarding *all PGW industrial customers*. Set IV, No. 2 asks for all prior cost of service studies employing “direct allocation.”

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<sup>1</sup> GFCP/VEPI Set III was served after noon on Friday, May 5, 2023. GFCP/VEPI Set IV was served on Monday, May 8, 2023.

PGW continues to object to Set III, No. 16, but agrees to answer Set IV, No. 2 as modified in GFCP/VEPI's Motion and offers a compromise solution for Set III, Nos. 3 and 4.

## **I. INTRODUCTION AND BACKGROUND**

On May 16, 2023, PGW served written Objections to Set III, Nos. 3 and 4, and 16, as well as Set IV, No. 2.<sup>2</sup> On May 18, 2023, GFCP/VEPI filed a Motion to Dismiss Objections and Compel Answers to these interrogatories.

## **II. LEGAL STANDARD**

In proceedings before the Commission, “a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action.”<sup>3</sup> It is not ground for objection that the information sought will be inadmissible at hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.<sup>4</sup>

Additionally, Section 5.361 of the Commission's regulations<sup>5</sup> limits the scope of discovery as follows:

Discovery or deposition is not permitted which:

- (1) Is sought in bad faith.
- (2) Would cause unreasonable annoyance, embarrassment, oppression, burden or expense to the deponent, a person or party.
- (3) Relates to matter which is privileged.
- (4) Would require the making of an unreasonable investigation by

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<sup>2</sup> PGW and GFCP/VEPI attempted to resolve the objections informally. GFCP/VEPI agreed to extend the due date for written objections to GFCP/VEPI Sets III and IV interrogatories to Tuesday, May 16, 2023.

<sup>3</sup> 52 Pa. Code § 5.321(c).

<sup>4</sup> *Id.*

<sup>5</sup> 52 Pa. Code § 5.361(a).

the deponent, a participant or witness

**III. ANSWER AND ARGUMENT**

**A. GFCP/VEPI Set III, Nos. 3, 4, and 16**

As modified in their Motion, GFCP/VEPI seek the following information:

**Modified Set III, No. 3** Provide data of annual consumption and peak day consumption, and annual revenue for the largest 50 customers for 2022.

**Modified Set III, No. 4** Provide data of annual non-gas revenue (distribution charges) received from the largest 50 customers by year for 2022.

**Modified Set III, No. 16** Provide data of annual consumption and peak day consumption, and annual revenue for each of the industrial class customers by year for 2022.

**1. Original Objections**

PGW incorporates into this Answer its Objections served on May 16, 2023.

**2. Response to Motion**

GFCP/VEPI argue that, by discovery of individual customer data, they are seeking a better understanding of the “allocation of costs” and “what other customers consume versus the dollars allocated to their rates.”<sup>6</sup>

However, the factors used in Ms. Heppenstall’s cost of service study<sup>7</sup> employ the statistics *of the entire rate class that are combined in the aggregate for cost allocation purposes* with the sole exception that PGW has agreed to make GFCP/VEPI a separate rate class unto themselves. The factors used to allocate costs, such as average volumes, peak day consumption,

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<sup>6</sup> Motion to Compel at 5.

<sup>7</sup> PGW St. 5, Exh. CEH-1.

number of customers, and revenues, are calculated on the basis of tariffed rate classes,<sup>8</sup> as she explains:

The purpose of the study is to allocate PGW's full revenue requirement or total cost of service to the various customer classes. The study allocates costs to the Residential, Commercial, Industrial, Municipal, Philadelphia Housing Authority General Service ("PHA-GS"), PHA-Rate 8, Developmental Natural Gas Vehicle Service ("NGVS"), the Interruptible ("IT") classes and Grays Ferry.<sup>9</sup>

As stated in the Commission's *Guide to Public Utility Ratemaking*:

Each individual customer imposes a different combination of costs on the system, and the cost to serve is unique to each. Ideally each customer should be on a separate tariff reflecting those costs, but such a solution is administratively infeasible. Thus, customers with homogeneous characteristics are grouped together as a customer class, and tariffs are designed to recover the cost of serving the class. The basic classes are residential, commercial and industrial.<sup>10</sup>

Individual customer usage is irrelevant to the cost of service study, except in the aggregate.

Therefore, were the requested information provided, GFCP/VEPI would have no greater understanding of PGW's cost of service study and how costs were allocated to them.

This is not to say that PGW has refused to provide information about its largest customers, including annual usage and average rate paid. GFCP/VEPI Set I, No. 26 requested that PGW:

Identify using a unique identifier, the fifty largest customers of PGW, their annual volume, their peak annual demand in Dth/day, and the average rate paid during the recent 12-month period.

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<sup>8</sup> PGW St. 5, Exh. CEH-1, Sch. F shows the development of the class allocation factors.

<sup>9</sup> PGW St. 5 at 3.

<sup>10</sup> *A Guide to Public Utility Ratemaking for the Pennsylvania Public Utility Commission* (2018 Edition) at 142. The 2018 edition is available at [http://www.puc.pa.gov/General/publications\\_reports/pdf/Ratemaking\\_Guide2018.pdf](http://www.puc.pa.gov/General/publications_reports/pdf/Ratemaking_Guide2018.pdf).

PGW responded to this interrogatory as shown in the attached.

However, now in Set IV, No. 16, after it is clear GFCP/VEPI are on their own special rate, GFCP/VEPI request requests annual consumption and peak day consumption, load factor, and annual revenue for “*all industrial customers.*” This would require PGW to conduct a special study of the annual consumption and peak day consumption, load factor, annual revenue, and annual non-gas revenue *based upon the customer’s end use.*

PGW does not possess the information requested. Industrial customers are served under two basic tariff rate classes. Under General Service - Rate GS, industrial customers are broken out separately, but for Interruptible Transportation - Rate IT the customer’s end use is not relevant to application of the tariff and, therefore, is not known. There are 393 Rate IT customers.<sup>11</sup> To identify which of the Rate IT customers consume gas for industrial purposes would require PGW to investigation all 393 of them to determine end use.

Nor does PGW possess peak day information for customers served under Rate GS of which there are 572 industrial customers.<sup>12</sup> PGW does not use peak day usage data to dispatch gas for firm customers during the winter months and their meters are read only monthly. Therefore, peak day information is not known for these 572 Rate GS industrial customers.

In other words, responding to Set IV, No. 16 would require PGW to hand sort and compile information that it does not currently possess. There is no query button that would easily produce the information. It would have to be compiled by hand by customer. PGW anticipates that the special study would be exceptionally time consuming, engaging two to three people over a

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<sup>11</sup> PGW St. 5, Exh. CEH-1 at 24, Sch. F (Factor 7).

<sup>12</sup> *Id.*



two week period, as the voluminous information requested is not compiled in the regular course of business.

The burdensome nature of Set IV, No. 16 is all the more apparent, given that the production of the requested information will provide no useful insight into cost allocation -- GFCP/VEPI stated purpose in pursuing the information - since a class cost of service was not performed on an individual customer basis.

In an attempt to resolve GFCP/VEPI's Motion with regards to Set III, Nos. 3 and 4, PGW offers to update its response to GFCP/VEPI Set I, No. 26 (for the same period, March 2022 - Feb 2023) to also include "annual revenues" and "annual non-gas revenue" for those same top 50 customers. The other information requested in Set III, Nos. 3 and 4 has already been responded to for these 50 largest customers without any objection.

**B. GFCP/VEPI Set IV, No. 2**

**Modified Set IV, No. 2** Provide copies of any COSS performed by Ms. Heppenstall where direct allocation was performed.

PGW will answer Set IV, No. 2 as modified.

**IV. CONCLUSION**

For the foregoing reasons, PGW respectfully requests that the ALJs sustain PGW's Objections to GFCP/VEPI Set III, Nos. 3, 4, and 16 and deny GFCP/VEPI's Motion to Dismiss Objections and Compel Answers.

Respectfully submitted,

*/s/ Sarah C. Stoner*

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Dated: May22, 2023

Counsel for  
Philadelphia Gas Works

Philadelphia Gas Works  
Case Name: R-2023-3037933  
Docket No(s): 2023 BRC Rate Case

Response to Discovery Request: VIC-01-26  
Date of Response: 4/11/2023  
Response Provided By: Florian Teme

Question:

Identify using a unique identifier, the fifty largest customers of PGW, their annual volume, their peak annual demand in Dth/day, and the average rate paid during the recent 12-month period.

Attachments: 1

VIC-01\_26\_BRC-VIC-1-26-Top50Revised.pdf

Response:

All volumes are in ccf except for the GTS ones which are in Dth. Please note that due to billing adjustments or other factors, the average could not be provided for some of the records. March 2022-Feb 2023.

Customer	Rate	TOT_GAS_USAGE	Average Rate Paid (\$)
Customer 1	GTS	13371706	0.08
Customer 2	GTS	1096313	0.08
Customer 3	IT E	15206522	0.86
Customer 4	IT E	13009696	0.85
Customer 5	COGNI	10706778	5.51
Customer 6	IT E	5576815	0.85
Customer 7	IT E	5275125	0.86
Customer 8	IT E	4384811	0.87
Customer 9	IT E	3726128	0.87
Customer 10	IT D	3251372	0.88
Customer 11	IT E	2885338	0.87
Customer 12	IT E	2682459	0.86
Customer 13	IT E	1534073	0.89
Customer 14	IT E	1400681	0.89
Customer 15	GSC	1164127	16.03
Customer 16	IT E	1000405	0.91
Customer 17	IT E	978467	0.91
Customer 18	IT D	952308	0.92
Customer 19	IT D	821100	0.92
Customer 20	IT D	804305	0.92
Customer 21	IT D	787743	0.92
Customer 22	IT D	764868	0.93
Customer 23	IT D	744691	0.93
Customer 24	IT E	742995	0.92
Customer 25	IT D	699012	0.93
Customer 26	IT D	696264	0.93
Customer 27	IT D	694411	0.88
Customer 28	IT C	670459	1.04
Customer 29	IT D	655130	0.93
			Data incomplete to calculate the average for the last 12 months.
Customer 30	GSC	651022	
Customer 31	IT E	628668	0.86
Customer 32	MS	627090	15.87
Customer 33	IT E	612362	0.94
Customer 34	IT D	577542	0.94
Customer 35	GSC	546400	14.71
Customer 36	IT D	544966	0.94
Customer 37	IT D	535540	0.94
			Data incomplete to calculate the average for the last 12 months.
Customer 38	GSI	532665	
Customer 39	MS	529100	16.53
Customer 40	IT D	527919	0.95
Customer 41	IT E	524371	0.95
Customer 42	IT D	515910	0.95
Customer 43	IT D	507528	0.95
Customer 44	IT D	505225	0.95
Customer 45	IT E	504734	0.96
Customer 46	IT E	499850	0.96
Customer 47	IT D	492803	0.95

All volumes are in ccf except for the GTS ones which are in Dth. Please note that due to billing adjustments or other factors, the average could not be provided for some of the records. March 2022-Feb 2023.

<b>Customer</b>	<b>Rate</b>	<b>TOT_GAS_USAGE</b>	<b>Average Rate Paid (\$)</b>
Customer 48	IT D	490213	0.95
Customer 49	GSI	486057	15.69
Customer 50	IT D	480427	0.95

**VERIFICATION**

I, Florian Teme, hereby state that: (1) I am the Vice President of Marketing & Energy Planning for Philadelphia Gas Works (“PGW”); (2) the facts set forth in the attached answer which I am sponsoring are true and correct to the best of my knowledge, information and belief; and (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

May 22, 2023

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Dated

*Florian Teme*

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Philadelphia Gas Works