



COMMONWEALTH OF PENNSYLVANIA

May 2, 2024

**E-FILED**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. PECO Energy Company-Gas Division /  
Docket No. R-2024-3046932**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Steven C. Gray*

Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney ID No. 77538

*Enclosures*

cc: Mark Ewen  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
: **Docket No. R-2024-3046932**  
v. :  
: **PECO Energy Company – Gas Division** :

**PREHEARING MEMORANDUM  
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to these proceedings. Representing the OSBA in the above-referenced matter Assistant Small Business Advocates Steven Gray and Rebecca Lyttle. Please address all correspondence in this matter as follows:

Steven Gray, Esq.  
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Assistant Small Business Advocate  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, Pennsylvania 17101  
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Assistant Small Business Advocate  
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**II. FILING BACKGROUND**

On March 28, 2024, PECO Energy Company – Gas Division (“PECO Gas” or the “Company”) filed Tariff Gas – Pa. P.U.C. No. 6 (“Tariff No. 6”) with the Commission. The

rates set forth in Tariff No. 6, if approved by the Commission, would increase PECO's annual distribution revenue by approximately \$111 million.

The OSBA filed a Complaint on April 16, 2024.

### **III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA's case in this proceeding will be:

Robert D. Knecht  
Industrial Economics, Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
[rdk@indecon.com](mailto:rdk@indecon.com)

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by PECO Gas, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

- 1) Whether the Company's proposed class cost of service study reasonably reflects cost causation, past practice and Commission precedent;
- 2) Whether the Company's methodology for deriving peak demand allocation factors is fair and reasonable;
- 3) Whether the Company's revenue allocation proposal reasonably reflects a proper class cost of service study, rate gradualism, credible competitive concerns and other established rate design principles;
- 4) Whether the Company's proposed rate design for the GC class is consistent with allocated costs and other established rate design principles;
- 5) Whether the Company's proposed rate differentials between smaller and larger customers in the TS-F and TS-I rate classes are supported by credible cost of service evidence;

6) Whether the Company's negotiated rate revenues credibly reflect current competitive market conditions, customer bypass potential and/or other factors that can reasonably affect negotiated rates; and

7) Whether rates for interruptible customers (Rates IS and TS-I) reasonably reflect cost causation, the probability of interruption, and the benefits of that interruptibility to firm service customers.

8) Whether the Company's proposed Weather Normalization Adjustment ("WNA") for monthly bills under Rate Schedules GR and GC is just and reasonable as it applies to small business customers.

The OSBA reserves the right to pursue additional issues that may arise throughout this proceeding.

#### **IV. SERVICE OF DOCUMENTS**

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date<sup>1</sup> as satisfying the in-hand requirement. At the time of this writing, hard copy delivery of documents to the OSBA is not possible. The OSBA requests that email delivery of documents also be provided to its witnesses identified above.

#### **V. DISCOVERY**

The OSBA does not propose any discovery modifications.

#### **VI. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

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<sup>1</sup> In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

**VII. HEARING AND BRIEFING SCHEDULE**

At the time of this writing, the parties are discussing a proposed procedural schedule.

Due to the excessive number of rate cases currently before the Commission, as well as the limited availability of the OSBA witness, the OSBA requests that any hearings take place telephonically.

**VIII. CONSOLIDATION**

Although it places a significant burden on the non-Company Parties, the ALJs, and the Commission, the OSBA does not object to the *procedural* consolidation of PECO's two (electric, natural gas) 2024 rate cases. However, the two rate cases may not be consolidated for any *substantive* purpose. 52 Pa. Code § 5.81(a) addresses this issue. ALJ Dennis J. Buckley provided a seminal decision on consolidation in his *Order Denying Motion for Consolidation*, Docket Nos. C-2019-3014952, C-2021-3024207 (Issued July 15, 2021).

Respectfully submitted,

*/s/ Steven C. Gray*

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Steven C. Gray  
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Assistant Small Business Advocate  
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Dated: May 2, 2024

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
 :  
 v. : **Docket No. R-2024-3046932**  
 :  
**PECO Energy Company – Gas Division** :

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Darlene Heep  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
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The Honorable Marta Guhl  
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DATE: May 2, 2024

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