

May 23, 2024

Via Electronic Filing

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

Re: PGW Response to Audit Report of Gas Cost Rate Calendar Years 2020 and 2021
Docket No. D-2022-3031535

Dear Secretary Chiavetta:

On April 25, 2024, the Commission approved release of the Bureau of Audits' report on Philadelphia Gas Works' ("PGW") Gas Cost Rate ("GCR") for the 12-month periods ended December 31, 2021 and December 31, 2020 ("Audit Report"). The Audit Report included two findings regarding the GCR costs and refunds to be issued to ratepayers. While the Audit Report did not include PGW's response to the audit findings, a Secretarial Letter issued the same day notes that PGW agrees with the audit report and directs PGW to implement the recommendations.

The purpose of this letter is to confirm that PGW has already addressed all findings as part of its GCR tariff filings. Due to timing of the audit, the release of the final findings and the time variance between the calendar year and PGW's fiscal year, the issues identified in the Audit Report were addressed as part of PGW's quarterly filings over three different GCR periods to include: (1) the 2020-2021 GCR period; (2) the 2021-2022 GCR period; and, (3) the 2022-2023 GCR period.

Pursuant to Finding Number 1, PGW was directed to correct an overstatement of expenses by \$1,872,285 for the 12-months ending December 31, 2021 and make an adjustment in its net cost of fuel. This identified issue was addressed as part of the below GCR quarterly tariff filings:

- Approximately \$189,907 of the total amount was included as part of the 2021-2022 GCR calculations as reflected in the third quarter filing at Docket Number R-2021-3023970, PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement No. 150 effective June 1, 2022, and,

- The remaining amount was addressed as part of the 2022-2023 GCR calculations as reflected in the second quarter filing Docket No. R-2022-3030686, PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement No. 158 effective March 1, 2023.

Pursuant to Finding Number 2, PGW was directed to refund understated amount related to natural gas refunds with interest. All refunds were addressed in the below filings:

- Refunds were included as part of the 2020-2021 GCR calculations as reflected in the second quarter filing at Docket No. R-2020-3017934, PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement No. 139 effective March 1, 2021.
- Refunds were included as part of the 2021-2022 GCR calculations as reflected in the first quarter filing at Docket No. R-2021-3023970, PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement No, 146 effective December 1, 2021; and,
- Refunds were included as part of the 2022-2023 GCR calculations as reflected in the first quarter filing at Docket No. R-2022-3030686, PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement No, 157 effective December 1, 2022.

PGW has also implemented additional review processes and controls to verify the accuracy of its calculations in future GCR filings.

Please do not hesitate to reach out with any concerns or questions.

Sincerely,



Deanne M. O'Dell

DMO/lww

cc: Kelly A. Monaghan, Director, Bureau of Audits