



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 21, 2024

Via Electronic Filing

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 1307(f)
Docket No. R-2024-3048767
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Bureau of Investigation and Enforcement's (I&E) Prehearing Memorandum in the above-captioned proceeding.

Copies are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Michael Podskoch'.

Michael A. Podskoch, Jr.
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 330132
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mpodskoch@pa.gov

MAP/ac
Enclosures

cc: Administrative Law Judge F. Joseph Brady (*via email* – fbrady@pa.gov)
Pamela McNeal, Legal Assistant (*via email* – pmcneal@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3048767
	:	
PECO Energy Company – 1307(f)	:	

**PREHEARING MEMORANDUM OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in this proceeding will be Michael A. Podskoch, Jr. Contact information is as follows:

By mail:	Michael A. Podskoch, Jr., Prosecutor Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120
By e-mail:	mpodskoch@pa.gov
By telephone:	(717) 783-6151

I. INTRODUCTION

On April 30, 2024, PECO Energy Company – Gas Division (“PECO” or “Company”) submitted its pre-filing information in support of its annual reconciliation of purchased gas costs (“PGC”) rates.

On May 16, 2024, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) filed a Petition to Intervene. On May 17, 2024, the Office of Consumer Advocate (“OCA”) filed a Complaint and Public Statement. On May 22, 2024, the Office of Small Business Advocate (“OSBA”) filed its Notice of Appearance. On June 6, 2024, I&E filed its Notice of Appearance.

On May 31, 2024, PECO made its Annual Purchased Gas Cost Rate filing in accordance with Section 1307(f) of the Public Utility Code, which establishes a procedure for recovery of purchased gas expenses by public utilities.

Pursuant to the Prehearing Conference Order issued on June 6, 2024,¹ a telephonic Prehearing Conference is scheduled on June 24, 2024 at 10:00 a.m. before Administrative Law Judge F. Joseph Brady (“ALJ”).

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in this proceeding:

1. Quarterly E-factor and PGC rates reconciliation;
2. Pass-back of suppliers’ refund and penalty credit with interest at 6%;
3. Application of proper interest rate for over/under collection of gas cost in the PGC rate calculation;
4. Compliance of audit recommendations made in the Commission’s Report on Statements of Purchased Gas Costs (Docket No. D-2021-3029254);
5. Unaccounted for Gas;

¹ A Corrected Prehearing Conference Order was issued on June 13, 2024 correcting dates in the procedural schedule.

6. Renewable Natural Gas;
7. Retainage Rate;
8. Spot Market Purchases – Company’s reliance on Spot Market Purchases;
9. Capacity Requirements;
10. Local Production Purchases;
11. Peak Day Forecasts
 - a. Peak Capacity to Serve Design Day;
 - b. Mix of Capacity;
 - c. Increase in Capacity; and
 - d. Meeting Peak Day needs
12. Hedging Practices;
13. Incentive Mechanisms; and
14. Off-system Sales

The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues as it deems appropriate if any such relevant issues arise.

III. WITNESSES

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

1. D. C. Patel, Fixed Utility Financial Analyst (Issues 1-4)
2. Esysan Sakaya, Fixed Utility Valuation Engineer (Issues 5-14)

The I&E witnesses may be contacted through the information listed above for Mr. Podskoch. The witness list is provided without the benefit of complete discovery or analysis of the positions of the other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal, and surrebuttal testimony and accompanying exhibits at the evidentiary hearings. Moreover, I&E intends to rely on the Company's filing, supplemental testimony, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources, and other public documents and reports. However, there may be issues of law or Commission policy that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony. I&E thereby reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

Discovery in this matter has begun and is ongoing. I&E supports the Company's proposed discovery modifications.

VI. SCHEDULE

Following review of the proposed schedule described in the Corrected Prehearing Conference Order and further discussion among the parties, the parties have agreed to the following proposed litigation schedule:

Non-Company Direct Testimony	July 10, 2024
Company Rebuttal Testimony	July 17, 2024
Surrebuttal Testimony	July 24, 2024
Hearings	July 29-30, 2024
Main Briefs	August 2, 2024
Reply Briefs	August 9, 2024

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony, briefs, and other documents during this proceeding, and consistent with Commission regulations and policy, I&E proposes to both only serve and accept electronic delivery of documents.

VIII. SETTLEMENT

I&E will maintain an open dialogue and is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,



Michael A. Podskoch, Jr.
Prosecutor
PA Attorney ID No. 330132

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Dated: June 21, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2024-3048767
 :
 PECO Energy Company 1307(f) :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 21, 2024, in the manner and upon the persons listed below.

Served via Electronic Mail Only

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