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September 6, 2024

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

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

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Statement in Support of the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Charis Mincavage'.

Charis Mincavage  
MCNEES WALLACE & NURICK LLC

Counsel to the Philadelphia Area Industrial Energy Users Group

c: Darlene Heep, Administrative Law Judge (via e-mail)  
Marta Guhl, Administrative Law Judge (via e-mail)  
Pamela McNeal, Legal Assistant to ALJ  
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Charis Mincavage

Counsel to the Philadelphia Area Industrial  
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Dated this 6<sup>th</sup> day of September, 2024, in Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3046932
	:	
PECO Energy Company (Gas)	:	

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**PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP  
STATEMENT IN SUPPORT OF THE  
JOINT PETITION FOR NON-UNANIMOUS PARTIAL SETTLEMENT**

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The Philadelphia Area Industrial Energy Users Group ("PAIEUG"), by and through its counsel, submits this Statement in Support of the Joint Petition for Non-Unanimous Partial Settlement ("Joint Petition" or "Settlement") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding.

As a result of settlement discussions, PECO Energy Company ("PECO" or "Company"), PAIEUG, the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Southeastern Pennsylvania Transportation Authority ("SEPTA"), and Walmart Inc. ("Walmart") (collectively, the "Joint Petitioners"), have agreed upon the terms embodied in the aforementioned Joint Petition. PAIEUG offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

**BACKGROUND**

1. On March 28, 2024, PECO filed Tariff Gas – Pa. PUC No. 6 ("Tariff No. 6") with the PUC, requesting approval of an increase in its gas distribution rates of \$111 million. PECO provided supporting information, including prepared direct testimony and exhibits.

2. On May 6, 2024, PAIEUG filed a Complaint in response, as PAIEUG members are some of PECO's largest customers. As noted in its Complaint, PAIEUG members receive transportation-related services from PECO, including service under Rate TS-I (Gas Transportation Service – Interruptible) and Rate TS-F (Gas Transportation Service – Firm). PAIEUG members were concerned that the proposed increase could have an adverse impact on their costs of operations.

3. A Prehearing Conference was held on May 7, 2024, at which time various procedural matters were discussed and a litigation schedule was established. Pursuant to that schedule, PAIEUG submitted PAIEUG Statement No. 1, Direct Testimony of Billie LaConte; PAIEUG Statement No. 1R, Rebuttal Testimony of Billie LaConte; and PAIEUG Statement No. 1SR, Surrebuttal Testimony of Billie LaConte.

4. The focus of PAIEUG's Direct, Rebuttal, and Surrebuttal Testimony was to assess PECO's proposed revenue allocation among the various rate schedules, as well as PECO's proposed rate design for Rate Schedules TS-F and TS-I.

5. Administrative Law Judges ("ALJs") Guhl and Heep held evidentiary hearings on August 8 and 12, 2024, with written testimony and exhibits of all parties admitted into evidence by a Joint Stipulation filed on August 14, 2024.

6. In accordance with the Commission's policy encouraging negotiated settlement of contested proceedings, the Joint Petitioners also engaged in discussions to resolve the issues raised by the various parties. On August 27, 2024, the ALJs approved a procedural schedule for the filing of the Joint Petition, Statements in Support, Main Briefs, and Reply Briefs.

7. Pursuant to the aforementioned discussions, the Joint Petitioners were able to agree to the Settlement, which resolves all issues in this proceeding among the Joint Petitioners

except for a single issue pertaining to PECO's proposed Weather Normalization Adjustment ("WNA"). That issue has been reserved for briefing and decision.

### **STATEMENT OF SUPPORT**

8. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Joint Petitioners engaged in negotiations in an effort to settle the issues raised in this proceeding. These ongoing discussions produced the foregoing Settlement.

9. The Joint Petitioners agree that approval of the proposed Settlement is in the best interest of the customers and of the Company, and, therefore, is in the public interest.

10. The Settlement consists of various terms and conditions, including the following:

- a. PECO will be permitted to implement rates that are designed to produce an annual increase in gas distribution revenues of \$78 million, in lieu of the Company's originally filed request of \$111 million.
- b. The Settlement rates will reflect the allocation of the \$78 million increase in gas operating revenue to each rate class as set forth in the Joint Petition.
- c. The Settlement rates will reflect the rate design to be utilized for the TSF and TSI classes as set forth in Appendix B of the Joint Petition.
- d. PECO will not file for another general rate increase under Section 1308(d) of the Public Utility Code for its gas operations prior to March 16, 2026

11. The Joint Petition is in the public interest for the following reasons:

- a. As a result of the Joint Petition, a number of important and potentially contentious issues have been resolved expeditiously and amicably, thereby lessening the costs and burdens that would have been incurred to litigate these matters to conclusion.
- b. The Joint Petition provides for a rate increase that is less than the increase originally requested by PECO and is reasonable in light of the positions of the Joint Petitioners.

- c. The Settlement provides a just and reasonable means by which to allocate the resulting rate increase among the Company's customer classes in a manner that is reasonable in light of the various positions of the Joint Petitioners.
  - d. The Joint Petition reflects compromises on various positions presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding.
12. The Joint Petition specifically satisfies the concerns of PAIEUG as follows:
- a. Through negotiations, the Joint Petitioners were able to compromise their competing litigation positions to arrive at a settlement increase that is approximately 30% less than PECO's overall requested increase. Joint Petition at ¶ 13.
  - b. As part of this proceeding the various parties took differing positions on revenue allocation; however, the parties were able to achieve a consensus that takes into consideration these positions and achieves a just and reasonable increase for PECO's customer classes. Joint Petition at ¶ 16.
  - c. The revenue allocation addresses concerns regarding the proposed rate increases for TS-F and TS-I, which are the rate schedules under which PAIEUG members receive service. Specifically, Rate TS-I will receive an increase of 4.5% and Rate TS-F will receive an increase of 16.5%. PAIEUG supports the Joint Petition as providing for a reasonable resolution of revenue allocation. *Id.*
  - d. PAIEUG raised concerns in this proceeding regarding the rate design to be used to allocate any revenue increase to customers receiving service under TS-F and TS-I rate schedules. The Joint Petition addresses rate design for these classes in a manner that recognizes the need for gradualism and minimizes rate shock. Joint Petition at ¶ 19.
  - e. As a condition of the Settlement, PECO agrees not to file for another general base rate increase for its gas operations prior to March 16, 2026, which will provide rate stability for PAIEUG members for the next two years. Joint Petition at ¶ 15.
13. PAIEUG supports the foregoing Joint Petition because it is in the public interest; however, in the event the ALJs or the Commission disapprove the Settlement or modify any

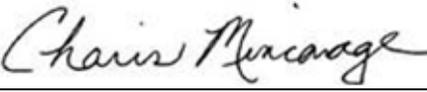
terms or conditions herein, PAIEUG will resume its litigation position, which differs from the terms of the Joint Petition.

14. As set forth above, PAIEUG submits that the Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Settlement was achieved after numerous negotiations, resulting in terms that are fair, just, reasonable, non-discriminatory, lawful, and in the public interest.

**WHEREFORE**, the Philadelphia Area Industrial Energy Users Group respectfully requests that Administrative Law Judges Marta Guhl and Darlene D. Heep and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Non-Unanimous Partial Settlement of Rate Investigation without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: September 6, 2024