



COMMONWEALTH OF PENNSYLVANIA

April 4, 2025

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works / Docket No. R-2025-3053112**

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced 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/ Rebecca Lyttle*

Rebecca Lyttle  
Assistant Small Business Advocate  
Attorney ID No. 201399

*Enclosures*

cc: Jason Hails  
Roger Cathcart  
Robert D. Knecht  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	: : :	<b>Docket No. R-2025-3053112</b>
<b>v.</b>	: : :	
<b>Philadelphia Gas Works</b>	:	

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

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**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 are Assistant Small Business Advocates Rebecca Lyttle and Steven C. Gray. Please address all correspondence in this matter as follows:

Rebecca Lyttle, Esq.  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
[relyttle@pa.gov](mailto:relyttle@pa.gov)

Steven C. Gray, Esq.  
Senior Attorney  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
[sgray@pa.gov](mailto:sgray@pa.gov)

## **II. FILING BACKGROUND**

On February 27, 2025, Philadelphia Gas Works (“PGW” or “Company”) filed proposed Supplement No. 176 to PGW’s Gas Service Tariff – Pa P.U.C. No. 2 (“Supplement No. 176”) pursuant to the Public Utility Code, 66 Pa. C.S. § 1308(d), and proposed Supplement No. 119 to PGW’s Supplier Tariff – Pa. P.U.C. No. 1 (“Supplement No. 119”). The Supplements, if approved by the Commission, would increase PGW’s annual distribution revenues by \$105.0 million.

The OSBA filed a Complaint on March 14, 2025.

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

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

Jason Hails  
Quantiv Advisory, LLC  
925 Wappoo Road, Suite A  
Charleston, SC 29407  
[j.hails@quantivadvisory.com](mailto:j.hails@quantivadvisory.com)

Roger Cathcart, CPA, CA, CBV  
Cathcart Advisors Inc.  
Financial Regulatory Advisors  
300-330 St. Mary Ave.  
Winnipeg, MB, R3C 3Z5  
Canada  
[REMC@CathcartAdvisors.com](mailto:REMC@CathcartAdvisors.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 PGW, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

- (1) Whether the \$105 million requested increase will cause rate shock for PGW’s customers.
- (2) Whether the recently incurred and forecasted increases in other operating expenses are excessive.
- (3) PGW budget and forecasting performance (expenses and load forecasts), including

disparities between prior period budget and actuals.

- (4) PGW's methodology for the calculation of peak demand.
- (5) Whether PGW's proposed Revenue Normalization Adjustment ("RNA"), as a revenue decoupling mechanism, may be unnecessary and not yield anticipated benefits to customers within the current regulatory framework of PGW, and may in fact create distortions in the revenue recovery process and disincentives for PGW to enhance performance.
- (6) PGW's Weather Normalization Adjustment methodology and calculations.
- (7) Issues with cost allocation and the cost-of-service study among rate-paying groups.
- (8) Issues with rate design for Small Business customers.
- (9) Costs associated with PGW's capital expenditure program, and clarification of PHMSA grant issuance.
- (10) The necessary balance achieved for PGW's key financial metrics at various levels of rate increase, including (1) the bond debt service coverage (DSC) ratio; (2) the end of year days of cash on hand (DOC) and liquidity balance; (3) the debt-to-equity capitalization ratio; and (4) the bond rating agency requirements necessary to maintain a certain credit rating.
- (11) Clarification and reconciliation of PGW cash requirements, financial statement balances, and revenue requirement (*e.g.*, OPEB).
- (12) The treatment of USEC costs and revenues.
- (13) The increase in the gas procurement charge.
- (14) Issues with the AMI business case and deployment plans.

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.

**The OSBA requests that email delivery of documents also be provided to its witnesses identified above.**

In addition to email copies of pleadings, briefs, and exceptions, the OSBA requests email copies of responses to discovery propounded by the OSBA or any other party.

**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.

Respectfully submitted,

*/s/ Rebecca Lyttle*

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Rebecca Lyttle  
Assistant Small Business Advocate  
Attorney ID No. 201399

Commonwealth of Pennsylvania  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
(717) 783-2525

Dated: April 4, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
v.	:	<b>Docket No. R-2025-3053112</b>
	:	
<b>Philadelphia Gas Works</b>	:	
	:	

**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 Eranda Vero  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
801 Market Street, Suite 4063  
Philadelphia, PA 19107  
[evero@pa.gov](mailto:evero@pa.gov)

Carrie B. Wright, Esquire  
Michael A. Podskoch, Jr., Esquire  
Bureau of Investigation & Enforcement  
400 North Street  
Commonwealth Keystone Building  
Harrisburg, PA 17120  
[carwright@pa.gov](mailto:carwright@pa.gov)  
[mpodskoch@pa.gov](mailto:mpodskoch@pa.gov)

Charis Mincavage, Esquire  
Adeolu A. Bakare, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
[cmincavage@mcneeslaw.com](mailto:cmincavage@mcneeslaw.com)  
[abakare@mcneeslaw.com](mailto:abakare@mcneeslaw.com)

Harrison W. Breitman, Esquire  
Katherine Kennedy, Esquire  
Ryan Morden, Esquire  
PA Office of Consumer Advocate  
Forum Place  
555 Walnut Street, 5th Floor  
Harrisburg, PA 17101-1923  
[OCA25PGWBRC@paoca.org](mailto:OCA25PGWBRC@paoca.org)

Daniel Clearfield, Esquire  
Bryce R. Beard, Esquire.  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8th Floor  
Harrisburg, PA 17101  
717.237.6000  
[dclearfield@eckertseamans.com](mailto:dclearfield@eckertseamans.com)  
[bbeard@eckertseamans.com](mailto:bbeard@eckertseamans.com)

Joline R. Price, Esquire  
Daniela E. Rakhlina-Powsner, Esquire  
Benjamin Clark, Esquire  
Robert W. Ballenger, Esquire  
Community Legal Services, Inc.  
1424 Chestnut Street  
Philadelphia, PA 19102  
[jprice@clsphila.org](mailto:jprice@clsphila.org)  
[drakhlina@clsphila.org](mailto:drakhlina@clsphila.org)  
[bclark@clsphila.org](mailto:bclark@clsphila.org)  
[rballenger@clsphila.org](mailto:rballenger@clsphila.org)

Date: April 4, 2025

*/s/ Rebecca Lyttle*

Rebecca Lyttle

Assistant Small Business Advocate

Attorney ID No. 201399