

COMMONWEALTH OF PENNSYLVANIA



DARRYL A. LAWRENCE
Interim Acting Consumer Advocate

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
(800) 684-6560

 @pa_oca
 /pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

March 10, 2025

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.
Philadelphia Gas Works
Docket No.: R-2025-3053112

Dear Secretary Chiavetta:

Attached for electronic filing, please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 320580
HBreitman@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)
Office of Special Assistants (email only: ra-OSA@pa.gov)
Paul Diskin, TUS (email only: pdiskin@pa.gov)
Daniel Searfoorce, TUS (email only: dsearfoorc@pa.gov)
Sean Donnelly, TUS (email only: sdonnelly@pa.gov)
Paul Zander, TUS (email only: pzander@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 10th day of March 2025.

SERVICE BY E-MAIL ONLY

Allison C. Kaster, Esq.
Bureau of Investigation &
Enforcement Pennsylvania Public
Utility Commission
Commonwealth Keystone
Building
400 North Street,
Harrisburg, PA 17120
akaster@pa.gov

NazAarah Sabree
Office of Small Business
Advocate Forum Place, 1st Floor
555 Walnut Street
Harrisburg, PA 17101
ra-sba@pa.gov

Daniel Clearfield, Esq.
Eckert Seamans Cherin & Mellott,
LLC 213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com

Charis Mincavage, Esq.
Adeolu A. Bakare, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com

Dennis A. Whitaker, Esq. Kevin
J. McKeon, Esq.
Todd S. Stewart, Esq.
Hawke McKeon & Sniscak LLP
100 N 10th Street
Harrisburg, PA 17101
dawhitaker@hmslegal.com
kjmckeon@hmslegal.com
tsstewart@hmslegal.com

Robert W. Ballenger, Esq.
Joline R. Price, Esq.
Daniela E. Rakhlina-Powsner,
Esq. Community Legal Services,
Inc.
1424 Chestnut Street
Philadelphia, PA 19102
rballenger@clsphila.org
jprice@clsphila.org
drakhlinapowsner@clsphila.org

John W. Sweet, Esq.
Elizabeth R. Marx, Esq.
Ria M. Pereira, Esq.
Lauren N. Berman, Esq.
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org

Devin McDougall, Esq.
Rebecca Barker
Clean Energy Program
Earthjustice
1617 John F. Kennedy Blvd., Suite
2020 Philadelphia, PA 19103
dmcdougall@earthjustice.org
rbarker@earthjustice.org

Respectfully submitted,

Counsel for:
Darryl A. Lawrence
Interim Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
717-783-5048

Dated: March 10, 2025

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 320580
Email: HBreitman@paoca.org

Ryan Morden, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 335679
Email: RMorden@paoca.org

Katherine “Katie” Kennedy, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. COMPLAINANT INFORMATION

Darryl A. Lawrence, Interim Acting Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: (717) 783-5048

2. FULL NAME OF UTILITY COMPANY:

Philadelphia Gas Works
Docket No. R-2025-3053112

3. TYPE OF UTILITY:

Natural Gas

4. COMPLAINT:

- A. On February 27, 2025, Philadelphia Gas Works (PGW) filed proposed Supplement No. 176 to its Gas Service Tariff – Pa. P.U.C. No. 2 (Supplement No. 159) requesting to increase rates by \$105 million, or 15.73%, effective April 29, 2025.
- B. Also on February 27, 2025, PGW filed a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year, requesting that the Pennsylvania Public Utility Commission (Commission) waive the statutory definition of the Fully Projected Future Test Year (FPFTY) to permit PGW to use an FPFTY beginning on September 1, 2025.
- C. Also on February 27, 2025, PGW filed a Petition to remove the reconciliation of its Distribution System Improvement Charge (DSIC) from the 7.5% DSIC cap.

- D.** The Company is proposing to increase the average residential monthly customer charge, which is a charge a customer pays no matter how little or how much natural gas they consume, by \$3.25, or by 20%, from \$16.25 to \$19.50.
- E.** If the Company’s entire request is approved, the total bill for a residential heating customer using an average of 61 thousand cubic feet (CCF) per year would increase from \$92.60 to \$104.61 per month or by 13%. The OCA is investigating the basis for and calculation of the estimated bill increase to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- F.** The proposed natural gas rate changes noted above do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers using what PGW has asserted is the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.
- G.** The Company is also proposing to implement a new decoupling alternative ratemaking mechanism called the Revenue Normalization Adjustment (RNA), which the Company intends to use to recover the Company’s revenue separate from the volume of gas it sells. The OCA will address and investigate the justness and reasonableness of PGW’s proposal on the RNA.
- H.** In addition to the proposed RNA decoupling mechanism, the OCA will also address and investigate the justness and reasonableness of PGW’s current and proposed decoupling mechanism called the Weather Normalization Adjustment (WNA), which the Company intends to use to recover the Company’s revenue separate from the volume of gas it sells due to fluctuations in the weather.

- I.** At present rates, the Company avers that its debt-to-equity ratio in the Fully Projected Future Test Year (FPFTY) is 54.33%. If the Company's request is approved by the Commission as pled, the Company would be seeking a bond debt service coverage ratio of 2.4, with a goal of achieving 37 days for end of year cash on hand, or \$54.1 million. The OCA will also investigate the reasonableness of PGW's proposal for municipal bond financing and cash flow analysis.
- J.** The Company states that its general rate increase proposal is driven by several factors, including continued accelerated pipeline replacement, cost increases, material reductions, and employee compensation and cost increases.
- K.** The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the Pennsylvania General Assembly, 71 P. S. §§ 309-1 *et seq.*, as enacted July 9, 1976.
- L.** A preliminary examination of the Company's Tariff and Supplement No. 176 indicates that the Company's existing and proposed changes in rates, rules and regulations may be unjust, unreasonable, in violation of the law and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*
- M.** In reaching a decision on whether to grant PGW's rate increase as well as its various rule and tariff changes, the Public Utility Commission must give "due consideration to the interests of consumers." 71 Pa. Stat. Ann. §309-5(2).
- N.** A preliminary examination of PGW's general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not

limited to, revenue requirement, revenue allocation, proposed customer charges, rate design, and alternative ratemaking requests of RNA and WNA, may not be just and reasonable and otherwise may be in violation of the law.

- O.** The Office of Consumer Advocate also avers that the proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, et seq., and may otherwise be contrary to sound ratemaking principles and public policy.
- P.** The Office of Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates--and any and all rate policy changes--are just and reasonable and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

The Consumer Advocate respectfully requests that the Commission take the following actions:

- A.** Suspend and investigate the operation of No. 176 to its Gas Service Tariff – Pa. P.U.C. No. 2 pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B.** Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, which is March 27, 2025, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would allow the commencement of necessary procedural steps for purposes of developing a reasonable procedural schedule in which the parties may litigate;
- C.** Direct the Office of Administrative Law Judge to use the November 6, 2025, Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- D.** Consolidate all complaints filed against the proposed increases for natural gas service;

- E.** Ensure that PGW has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission's Regulations;
- F.** Hold full evidentiary hearings examining the reasonableness of PGW's current rates and its proposed increases;
- G.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in PGW's service territory, as well as by telephone or virtually, in order to provide PGW customers with an opportunity to be heard on the record;
- H.** Deny any inclusion into rate base of any plant that is not reasonably projected to be used and useful within the FPFTY, deny any charges or changes contained in the proposal which would result in unjust and unreasonable rates, or cannot be fully justified by PGW, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- I.** Grant such other relief that the Commission may deem appropriate.

6. VERIFICATION AND SIGNATURE

I, Darryl A. Lawrence, Interim Acting Consumer Advocate hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

/s/ Darryl A. Lawrence

March 10, 2025

Signature

Date

7. Legal Representation

Harrison W. Breitman, Assistant Consumer Advocate, PA Bar No. 320580
Katherine “Katie” Kennedy, Assistant Consumer Advocate, PA Bar No. 317237
Ryan Morden, Assistant Consumer Advocate. PA Bar No. 335679

555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048

E-mail: OCA25PGWBRC@paoca.org

PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUSANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. §309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Office of Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by Philadelphia Gas Works (PGW or the Company) docketed at R-2025-3053112.

On February 27, 2025, PGW filed a general rate increase request seeking the Commission's approval to increase its overall operating revenue by approximately \$105 million, or 15.73%, over the amount of annual revenues at present rates. Under the Company's proposal, the total average monthly bill of a PGW residential customer using 61 Thousand Cubic Feet (Ccf) per year would increase from \$92.60 to \$104.61 per month or by 13%.

The objective of the Interim Acting Consumer Advocate in filing this complaint is to protect the interests of PGW's customers. The Interim Acting Consumer Advocate will seek to ensure that PGW is permitted to implement only rates that are fully justified, just and reasonable, not unduly discriminatory, and otherwise consistent with sound ratemaking principles and the Public Utility Code, Commission regulations and orders, and case law. The Interim Acting Consumer Advocate submits that PGW's current rates and its proposed rates may be unjustifiable and unlawful based upon information filed by PGW in support of its claim and other charges and mechanisms sought by the Company are just and reasonable. The Office of Consumer Advocate will represent the interests of PGW ratepayers before the Commission and will seek to ensure that customers are not charged rates that are unjust, unreasonable, discriminatory or otherwise contrary to law.