



January 16, 2026

Via Email

Honorable Eranda Vero
Office of Administrative Law Judge
801 Market Street, Suite 4063
Philadelphia, PA 19107
evero@pa.gov

Re: Pa. PUC v. Philadelphia Gas Works, Docket No. R-2023-3037933

Dear Counsel:

Please find the attached *Prehearing Memorandum of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania* in the above referenced proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully,

John W. Sweet

John W. Sweet, Esq.
Counsel for CAUSE-PA

CC: *Secretary Matthew Homsher (Via E-File)*
Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al. :
 :
 v. : Docket No. R-2023-3037933
 :
 Philadelphia Gas Works :

Certificate of Service

I hereby certify that I have this day served copies of the *Prehearing Memorandum of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania* upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

VIA First Class Mail and Email

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Respectfully Submitted,
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Counsel for CAUSE-PA

A handwritten signature in blue ink that reads "John W. Sweet". The signature is stylized with a large "J" and "S" and a horizontal line above the "W".

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January 16, 2026.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al. :
v. : Docket No. R-2023-3037933
Philadelphia Gas Works :

**PREHEARING MEMORANDUM
OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA**

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January 16, 2026

On December 12, 2025, a Prehearing Conference Order was issued by Administrative Law Judge Eranda Vero setting a telephonic prehearing conference for January 5, 2026, and requiring parties to file a Prehearing Memorandum on or before 12:00 p.m. on January 2, 2026. On December 23, 2025 the parties jointly requested a continuance of the prehearing conference and requested the Prehearing Memoranda be due by 12:00 p.m. on Friday January 16, 2026. On December 29, 2026, ALJ Vero granted the parties request via email. On December 30, 2026, a Prehearing Conference Notice was issued rescheduling the prehearing conference to January 22, 2026 at 2:00 p.m.

In response, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project, hereby files this Prehearing Conference Memorandum.

I. Background

On February 27, 2023, Philadelphia Gas Works (PGW) filed proposed Supplement No. 159 to its Gas Service Tariff – Pa. P.U.C. No. 2 (Supplement No. 159) requesting to increase rates by \$85.8 million, or 10.3%, effective April 28, 2023.

On April 20, 2023, the Commission entered a Suspension and Investigation Order and suspended the proposed tariff by operation of law, and opened an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein. (S&I Order). Various parties intervened, including CAUSE-PA and the Tenant Union Representative Network (TURN) who filed petitions to intervene on April 12, 2023, and April 25, 2023, respectively.

On July 11 and 12, 2023, ALJs Vero and Ashton conducted the evidentiary hearing. Various parties identified and moved to admit evidence, including CAUSE-PA and TURN who jointly sponsored the expert testimony of Harry S. Geller, Esq.¹ Mr. Geller's testimony detailed the impact of the proposed rate increase on low and moderate income consumers in PGW's service territory.

The Parties submitted Main Briefs on July 27, 2023, and Reply Briefs on August 7, 2023. The ALJs issued a recommended decision (RD) on September 5, 2023.

PGW, the Office of Consumer Advocate (OCA), Philadelphia Industrial Customers Users Group (PICUG), Vicinity Energy Philadelphia, Inc. (Vicinity), CAUSEPA/TURN, and POWER Interfaith (POWER) filed Exceptions to the RD on September 15, 2023. Reply Exceptions were submitted by PGW, the Commission's Bureau of Investigation and Enforcement (I&E), the OCA, the Office of Small Business Advocate (OSBA), and CAUSE-PA/TURN on September 22, 2023.

On November 9, 2023, the Commission issued its Opinion and Order approving an annual revenue increase of approximately 3.15%. In the Order, the Commission rejected PICUG's argument that PGW's Allocated Class Cost of Service Study (ACCOSS) treats interruptible customers as firm while requiring those customers to perform as interruptible for purposes of receiving service, specifically in periods of peak demand.² PICUG argued that this violated cost causation principles. The Commission held that based on the facts of the case, for cost allocation purposes, interruptible customers are not truly interruptible, and had not had

¹ CAUSE-PA/TURN St. 1; CAUSE-PA/TURN St. 1-SR.

² November 9, 2023 Opinion and Order at 136.

service interrupted in over 20 years, and that PICUG's position would result in a significant under-assignment of cost responsibility to these customers.³

On November 20, 2023 Grays Ferry Cogeneration Partnership and Vicinity filed a Petition for Clarification of the Commission's November 9, 2023 Opinion and Order. On November 27, 2023, PGW filed a Petition for Reconsideration. On December 6, 2023, CAUSE-PA/TURN filed an Answer to the PGW Petition for Reconsideration. On December 7, 2023, I&E and the OCA filed their respective Answers to the PGW Petition.

On January 18, 2024, 2024, the Commission issued an Opinion and Order granting in part and denying in part the Petition for Clarification filed by Grays Ferry Cogeneration Partnership and Vicinity and denying PGW's Petition for Reconsideration.

On February 14, 2024 PICUG petitioned the Commonwealth Court for review of the Commission's decision. PICUG argued that the Commission erred in addressing how the resulting rate increase should be allocated to the Rate IT customer class.

By Order dated August 1, 2025, the Commonwealth Court of Pennsylvania vacated January 18, 2024, order of the Commission and remanded the matter to the Commission for further proceedings. The Commonwealth Court held that the Commission offered no explanation for the incongruent treatment of Rate IT customers as Firm for purposes of rate setting but interruptible for purposes of conditions of service under PGW's Tariff.⁴ The court found the Commission's lack of explanation in this regard insufficient to justify treating Rate IT customers as receiving non-interruptible service for purposes of allocating costs. The court remanded the case to the Commission for further explanation and clarification regarding:

³ Id. at 137-138.

⁴ PICUG v. PUC, No. 128 C.D. 2024, Order at 18 (Commw. Ct. Dec. 9, 2024).

1. Whether treating Petitioner as technically “Firm” for purposes of rate allocation while, at the same time, requiring it to adhere to the obligations of interruptible customers under PGW’s Tariff violates PGW’s Tariff and, thus, Section 1303 of the PUC Code;
2. How, under a cost causation analysis, Rate IT customers caused PGW’s distribution mains-related costs to be incurred;
3. Whether the Commission applied a new retrospective benefits or “value of service” principle to conclude that interruptible customers should pay for the benefits that they ultimately received from a utility service for purposes of rate allocation, and if so, whether that principle is consistent with cost causation principles or whether it is a new ratemaking principle that should replace or supplement cost-causation as the operative ratemaking rationale in this unique situation; and
4. Whether employing a benefits principle can be squared with the Commission’s duty to impose only “just and reasonable” rates considering the interruptible nature of Rate IT customers and their investment in systems to allow for interruptions in the event that PGW does call for a curtailment.⁵

II. Issues to be Presented

In response to the Commonwealth Court’s remand for further proceedings, CAUSE-PA submits that the following issues must be addressed:

- a. A full and complete response to each of the four issues that the Commonwealth Court directed the Commission to address on remand.

⁵ Id. at 29-30.

- b. How the Commission will ensure that change in rate allocation among the classes resulting from these remand proceedings is prospective and not retroactive since no supersedeas was requested by PICUG or any other party relating to the rates set in the underlying proceeding, which have been in effect for approximately two years.
- c. The impact that the 2025 base rate case⁶ has on PICUG's allocation issues. In that case, new rates and the allocation of costs were further modified via rate case settlement which was not opposed by any party to this proceeding, including PICUG, and was adopted by the Commission.
- d. Whether, if at all, it is appropriate to disrupt and retroactively adjust rates set in the 2023 case.

CAUSE-PA reserves the right to address any additional issues raised during the course of this proceeding.

III. Witnesses and Testimony

CAUSE-PA takes no position as to whether additional evidence is needed in this remand proceeding, but submits that to the extent that the Commission will seek to adjust rates in this proceeding that were set in 2023, that it would require a substantial evidentiary and legal basis to do so. To the extent that further testimony and evidence is needed, CAUSE-PA is currently evaluating potential witnesses regarding the issues identified above.

IV. Discovery

To the extent that further evidence is needed in this proceeding, CAUSE-PA supports the continuation of the discovery modifications that are already in place in this case.

⁶ Pa. PUC v. Phila. Gas Works, Docket No. R-2025-3053112 (Order entered Oct. 9, 2025).

V. Settlement

CAUSE-PA is willing and ready to engage in settlement discussions in an attempt to resolve or narrow the issues in this proceeding, with any and all parties, and encourages the parties to engage in settlement early in the process.

VI. Service on CAUSE-PA

CAUSE-PA is represented by the following attorneys at the Pennsylvania Utility Law Project. All documents should be served on CAUSE-PA as follows:

John W. Sweet, Esq.
Elizabeth R. Marx, Esq.
Ria M. Pereira, Esq.
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CAUSE-PA requests that parties agree to electronic service in this proceeding.

VII. Representation of CAUSE-PA at Prehearing Conference

For the purposes of the Prehearing Conference, CAUSE-PA will be represented by John W. Sweet, Esq.

VIII. Litigation Schedule

CAUSE-PA understands that the parties have agreed to the following schedule:

Item	Proposed Schedule
Remand Direct Testimony (All Parties)	Thursday, March 19, 2026
Remand Rebuttal (All Parties)	Thursday, April 16, 2026
Evidentiary Hearings	May 6-7, 2026
Main Briefs	Wednesday, June 3, 2026
Reply Briefs	Wednesday, June 24, 2026

CAUSE-PA supports telephonic hearings in this proceeding.

WHEREFORE, CAUSE-PA respectfully submits this Prehearing Conference Memorandum.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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