

COMMONWEALTH OF PENNSYLVANIA



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January 16, 2026

Matthew L. Homsher, 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-2023-3037933

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Further Prehearing Memorandum in the above-referenced proceeding.

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

Respectfully submitted,

/s/Harrison W. Breitman
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Senior Assistant Consumer Advocate
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Enclosures:

cc: The Honorable Eranda Vero (**email only**)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2023-3037933
 :
 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 Further Prehearing Conference Memorandum, 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 16th day of January, 2026.

SERVICE BY E-MAIL ONLY

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Dated: January 16, 2026

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Counsel for:
Darryl A. Lawrence
Consumer Advocate

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

FURTHER PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to the Prehearing Conference Order of Administrative Law Judge Eranda Vero (ALJ Vero) issued on December 12, 2025, and the modifications contained in the December 30, 2025, Corrected Call-In Telephonic Prehearing Conference Notice, in anticipation of the telephonic Prehearing Conference scheduled for January 22, 2026, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION AND PROCEDURAL HISTORY

Philadelphia Gas Works (PGW) is a municipally owned public utility company. PGW is engaged in the business of furnishing natural gas to approximately 518,000 residential, commercial, and industrial natural gas customers in Philadelphia, Pennsylvania. On July 1, 2000, the natural gas service furnished by PGW became subject to the regulation and control of the Pennsylvania Public Utility Commission (Commission) pursuant to the Natural Gas Choice and Competition Act at 66 Pa. C.S. Section 2212.

On February 27, 2023, PGW filed Supplement No. 159 to PGW’s Gas Service Tariff-Pa. P.U.C. No. 2 (Supplement No. 159). In Supplement No. 59, PGW sought an increase in annual

distribution revenues of \$85.8 million to become effective April 28, 2023, for a fully projected future test year (FPFTY) starting on September 1, 2023.

The ensuing proceeding culminated in a Commission Opinion and Order dated January 18, 2024, in this docket. The Commission's January 18, 2024, Commission Order (*Jan. 18 Order*), among other things, agreed with Administrative Law Judge Ashton's and ALJ Vero's recommendation to approve PGW's proposed cost of service study (COSS), which treated Rate IT customers as firm customers for ratemaking purposes. *Jan. 18 Order* at 137.

On August 1, 2025, the Commonwealth Court of Pennsylvania issued an Order which vacated and remanded the Commission's January 18, 2024, Order. The Commonwealth Court of Pennsylvania ordered further explanation and clarification regarding:

1. Whether treating Philadelphia Industrial Commercial Gas Users Group as technically "Firm" for purposes of rate allocation while, at the same time, requiring it to adhere to the obligations of interruptible customers under Philadelphia Gas Work's (PGW) 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.

Philadelphia Indus. & Com. Gas Users Grp. v. Pennsylvania Pub. Util. Comm'n, 342 A.3d 140 (Pa. Commw. Ct. 2025).

On November 24, 2025, the proceeding was reassigned to the Commission's Office of Administrative Law Judge (OALJ) and subsequently assigned to ALJ Vero. On December 12, 2025, ALJ Vero issued a Prehearing Conference Order. On December 23, 2025, the Parties sent an email to ALJ Vero jointly requesting an extension of the prehearing memorandum deadline from January 2, 2026, to January 16, 2026, as well as a modification to the prehearing conference date from January 5, 2026, to the week of January 19, 2026. On December 29, 2025, ALJ Vero granted the request via email and modified the prehearing memorandum to January 16, 2026, at noon. On December 30, 2025, ALJ Vero issued a Corrected Call-In Telephonic Prehearing Conference Notice, which modified the Prehearing Conference date to January 22, 2026.

II. DISCOVERY

In order to effectively investigate and develop a record in this proceeding, the OCA requests certain modifications to the Commission's discovery rules after rebuttal testimony is served, as set forth below:

- A. Answers to written interrogatories and requests for document production, entry for inspection, or other purposes shall be served in-hand within ten (10) calendar days of service.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within three (3) calendar days of service of the interrogatories; unresolved objections shall be served in writing to the propounding party within five (5) calendar days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within five (5) business days of service of written objections.
- D. Answers to motions to dismiss objections and/or answering of interrogatories and/or requests for production shall be filed within three (3) business days of service of such motions.
- E. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.

- F. Answers to on-the-record data requests shall be served in-hand within five (5) calendar days of the requests.
- G. Any discovery or discovery-related pleadings (such as objections, motions, and answers to same) served after served after 4:30 p.m. Monday through Thursday or after 1:30 p.m. on a Friday or the day before a holiday will be deemed to have been served on the next business day for purposes of calculating the due date for any responsive filing.

III. ISSUES

Based upon a preliminary analysis of the Commonwealth Court's August 1, 2025, Order, the OCA has compiled a list of issues, which it anticipates will be included in its investigation of the Commonwealth Court's remand. The OCA anticipates that other issues may arise and may be pursued as responses to interrogatories are received and analyzed.

With regard to all issues, the OCA takes the position that any proposed rate or tariff changes must be justified, reasonable, and in accordance with sound ratemaking principles in order to protect the interests of PGW's customers. Additionally, the OCA has identified several issues that may require further review as follows:

- A. Rate Structure, Rate Design, and Tariff Issues: The OCA will respond to the questions posed by the Commonwealth Court, re-examine PGW's cost of service study, PGW's proposed allocation of any rate increase to the customer classes, PGW's proposed rate design, and any other tariff changes or issues raised by the remand.
- B. Other Issues: The OCA will examine the reasonableness and appropriateness of any PGW proposed tariff changes and will investigate those proposals to ensure that PGW is complying with all prior orders and precedent.

The OCA reserves the right to raise additional issues.

IV. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimonies, as may be necessary, of the below witnesses. Each witness will present testimony in written form and will attach various exhibits, documents, and explanatory information, as may be necessary. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be emailed directly to the expert witness(es) responsible for the particular area of the case, as well as to counsel for the OCA, at the OCA's group email address: ocapgw2023remand@paoca.org.

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The OCA specifically reserves the right to call additional witnesses, as necessary. If the OCA determines that additional witnesses will be necessary for any portion of its case, it will notify all parties of record immediately.

V. PROPOSED SCHEDULE

The OCA requests that the dates included in any litigation schedule in this matter be considered "in-hand" dates and that electronic service or fax service on the due date will satisfy the "in-hand" requirement. It is the OCA's understanding that the following litigation schedule has the support of all parties:

| <u>Item</u> | <u>Proposed Schedule</u> |
|--|--------------------------|
| 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 |

VI. PUBLIC INPUT HEARINGS

The OCA is not requesting a public input hearing at this time as it has not received any requests for public input hearings as of the time of the filing of this prehearing memorandum. Should such a request be received, the OCA will promptly advise the ALJ and the parties of the same.

VII. SERVICE ON THE OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Harrison W. Breitman. Harrison W. Breitman will act as the lead attorney for purposes of participating in the Prehearing Conference. Copies of all documents should be served on the OCA as follows:

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VIII. SETTLEMENT

The OCA will participate in settlement discussions in this matter at the appropriate time.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman
Senior Assistant Consumer Advocate
PA Attorney I.D. # 320580

Counsel for:
Darryl A. Lawrence
Consumer Advocate

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DATED: January 16, 2026