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January 16, 2026

Via Electronic Filing

Matthew Homsher, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Homsher,

Enclosed for electronic filing please find Philadelphia Gas Works' Prehearing Memorandum in the above-referenced proceeding.

Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

Bryce R. Beard
Bryce R. Beard

BRB/jls
Enclosure

cc: Cert. of Service (with Enclosures)
Administrative Law Judge Eranda Vero (via email, evero@pa.gov)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Prehearing Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email

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Via First Class Mail

James Williford
2730 W. Allegheny Ave.
Philadelphia, PA 19132

/s/ Bryce R. Beard

Bryce R. Beard Esq.

Date: January 16, 2026

Commercial Gas Users Group (“PICGUG”)³; Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. (“Vicinity”)⁴ and James Williford.⁵ In addition, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Tenant Union Representative Network (“TURN”) and POWER Interfaith (“POWER”) intervened.

On November 9, 2023, the Commission entered an order approving an overall revenue increase of \$26.2 million. Among other things, the Commission agreed with the Recommended Decision to approve PGW’s proposed CCOSS, which allocated peak demand costs to Rate IT customers on the basis of their actual contribution to historic peak demand. The Commission agreed with the ALJs that, “for cost allocation purposes, interruptible customers are not truly interruptible.”⁶ The Commission determined that because Rate IT customers receive the equivalent of Firm service (by using PGW’s distribution system during peak periods), the costs incurred to provide peak demand should be allocated to Rate IT customers in the same manner they are to Firm service customers, and that Rate IT customers are substantially underpaying their costs to serve at present rates in effect at that time.

On February 14, 2024, PICGUG petitioned the Commonwealth Court of Pennsylvania for review of the Commission’s January 18, 2024 order. By Order dated August 1, 2025, the Commonwealth Court vacated the January 18, 2024, order of the Commission and remanded the matter to the Commission for further explanation of the issues described further herein.⁷ On November 24, 2025, this matter was reassigned to the Commission’s Office of Administrative Law

³ PICGUG’s complaint was docketed at C-2023-3039059.

⁴ Vicinity’s complaint was docketed at C-2023-3038727.

⁵ Mr. Williford’s complaint was docketed at C-2023-3039130.

⁶ *Pa. Pub. Util. Comm’n v. PGW*, Docket No. R-2023-3037933 (Opinion and Order entered Jan. 18, 2024) at 137.

⁷ *Philadelphia Indus. & Com. Gas Users Grp. v. Pa. Pub. Util. Comm’n*, 342 A.3d 140, 157–58 (Pa. Commw. Ct. 2025).

Judge (“OALJ”) for issuance of a Recommended Decision per the Commonwealth Court’s August 1, 2025 Order, with ALJ Vero presiding.

II. SERVICE OF DOCUMENTS

PGW requests that all documents be served on:

Daniel Clearfield, Esquire
Bryce R. Beard, Esquire
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717.237.6000; Fax 717.237.6019

Robert Hoaglund, Esquire
Senior Attorney
Philadelphia Gas Works
800 W. Montgomery Ave.
Philadelphia, PA 19122
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PGW also agrees to receive service of documents electronically in this proceeding. To the extent that materials are available electronically, it is requested that copies be served upon:

Daniel Clearfield – dclearfield@eckertseamans.com
Bryce R. Beard – bbeard@eckertseamans.com
Robert Hoaglund – Robert.Hoaglund@pgworks.com

Please note that Mr. Beard will be PGW’s lead attorney / “primary speaker” for the purposes of the prehearing conference. Mr. Clearfield and Mr. Hoaglund will also be participating and may speak during the prehearing conference.

III. ISSUES AND WITNESSES

A. **Issues**

1. Whether treating PICGUG 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 Public Utility 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.⁸

It is PGW’s position that each party’s remand testimony should be limited to: 1) answering these four questions; and 2) the effect that those proposed responses might have on the reasonableness of the rates established for Rate IT; and 3) any issues that follow directly from items 1) and 2).

B. Witnesses

PGW anticipates offering the following witnesses to testify in this remand proceeding on the following subject matters:

<u>PGW Statement</u>	<u>Witness</u>	<u>General Subject Matter</u>
5-Remand Direct / Rebuttal	Gregory R. Herbert* (*in place of Constance E. Heppenstall, Retired), Assistant Project Manager, Rate Studies, Gannett Fleming Gannett Fleming Valuation and Rate Consultants, LLC P.O. Box 80794 Valley Forge, PA 19484	Mr. Herbert will substitute for Ms. Heppenstall in presenting PGW’s class cost of service study (“CCOSS”). The primary purpose of Mr. Herbert’s testimony will be to address the remanded issue as they were presented in PGW’s CCOSS related to PGW’s costs of providing service to each Rate Class that was approved by the Commission. Mr. Herbert will describe the principles, methodology, and data used in the CCOSS in the record and address the remanded issues, as needed.

⁸ 342 A.3d at 157–58.

6-Remand Direct / Rebuttal	Florian Teme, PGW's Vice President, Marketing and Energy Planning Philadelphia Gas Works 800 W. Montgomery Ave. Philadelphia, PA 19122	Mr. Teme will describe issues as needed on remand involving: (i) the reasonableness of the allocation of the proposed base rate increase by customer class generally and for Rate IT in particular; and (ii) the impact of other issues related to the remanded issues and CCOSS and the reasonableness of the IT rate increase based on the existing CCOSS and any revised CCOSS
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PGW reserves the right to identify additional witnesses as needed.

IV. PROPOSED SCHEDULE AND DISCOVERY

A. Proposed Schedule

1. Litigation Schedule (Remand)

PGW supports adoption of the schedule below for this remand proceeding:

<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 Brief	Wednesday, June 3, 2026
Reply Brief	Wednesday, June 24, 2026

PGW has correspond with all active parties. As of the submission of this memorandum, no parties objected to the proposed schedule above. All dates are in-hand delivery. Electronic mail for receipt and distribution will satisfy in-hand service dates.

B. Discovery

Discovery in this remanded rate case proceeding should follow the expedited 15-day response time for interrogatories under 52 Pa. Code § 5.342. There is no statutory deadline for Commission action, and the agreed schedule allows sufficient time for discovery under existing Commission regulations. 52 Pa. Code §§ 5.321 *et seq.*

PGW sees no reason to alter these already expedited discovery rules, as further modifications would impose unnecessary burdens on all parties.

V. SETTLEMENT

PGW is willing to discuss the settlement of the issue on Remand, specifically where a full party settlement on all issues was reached in PGW's more recent rate case at Docket No. R-2025-3053112.

Respectfully submitted,

/s/ Bryce R. Beard

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Dated: January 16, 2026

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Philadelphia Gas Works