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June 12, 2026

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Docket Nos. R-2023-3037933**

Dear Secretary Homsher:

Attached please find for filing with the Pennsylvania Public Utility Commission the electronic versions of the Philadelphia Industrial and Commercial Gas Users Group Pre-Served Testimony in the above-referenced proceeding (as such Testimony has been accepted into the evidentiary record per Order dated June 11, 2026). The Testimony is as follows:

- PICGUG Statement No. 1D-R: Remand Direct Testimony and Exhibits of Billie LaConte
- PICGUG Statement No. 1R-R: Remand Rebuttal Testimony and Exhibit of Billie LaConte
- Verification of Billie LaConte

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Charis Mincavage'.

Charis Mincavage
MCNEES WALLACE & NURICK LLC

Counsel to the Philadelphia Industrial and Commercial Gas Users Group

Enclosure

c: Administrative Law Judge Eranda Vero
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Charis Mincavage

Counsel to the Philadelphia Industrial and
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Dated this 12th day of June, 2026, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

Remand Direct Testimony
and Exhibits

of

Billie LaConte

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

March 19, 2026



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

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GLOSSARY OF ACRONYMS

Term	Definition
CCOSS	Class Cost-of-Service Study
Commission	Pennsylvania Public Utility Commission
Commonwealth Court	Commonwealth Court of Pennsylvania
PICGUG	Philadelphia Industrial and Commercial Gas Users Group
PGW	Philadelphia Gas Works
Rate IT	Interruptible Transportation Rate Schedule

REMAND DIRECT TESTIMONY OF BILLIE LACONTE

1 **Introduction and Summary**

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A My name is Billie LaConte. My business address is 14323 South Outer 40 Rd., Suite
4 206N, St. Louis, Missouri 63017.

5 **Q ARE YOU FAMILIAR WITH THIS PROCEEDING?**

6 A Yes. In 2023, Philadelphia Gas Works (PGW) submitted a rate case with the
7 Pennsylvania Public Utility Commission (Commission), and I provided Direct, Rebuttal,
8 and Surrebuttal testimonies on behalf of the Philadelphia Industrial and Commercial
9 Gas Users Group (PICGUG). As part of my testimony, I focused on PGW's proposed
10 treatment of the Interruptible Transportation Rate Schedule (Rate IT) in PGW's class
11 cost-of-service study (CCOSS). While I opposed PGW's proposal to allocate a portion
12 of distribution mains related costs to Rate IT as part of that proceeding, I understand
13 that the Commission approved PGW's as-filed CCOSS. I also understand from
14 counsel that PICGUG filed a Petition for Review with the Commonwealth Court of
15 Pennsylvania (Commonwealth Court) regarding this approval. According to counsel,
16 the Commonwealth Court remanded this issue back to the Commission to provide
17 further explanation on this issue and respond to specific questions raised by the
18 Commonwealth Court. My understanding is that the assigned Administrative Law
19 Judge established a procedural schedule in this proceeding, including the submission
20 of Direct and Rebuttal Testimonies.

1 **Q ARE YOU THE SAME BILLIE S. LACONTE THAT PREVIOUSLY SUBMITTED**
2 **DIRECT, REBUTTAL AND SURREBUTTAL TESTIMONIES ON BEHALF OF**
3 **PICGUG IN THE UNDERLYING PROCEEDING?**

4 **A** Yes. Further, I understand from counsel that the parties are permitted to refer to the
5 record from the underlying 2023 base rate case proceeding as part of this Remand
6 proceeding. **Exhibit___(BSL-1D-R)** to this testimony provides more details regarding
7 my education and experience. **Exhibit___(BSL-2D-R)** to this testimony contains a list
8 of my appearances.

9 **Q DUE TO THE PASSAGE OF TIME SINCE YOU LAST PRESENTED TESTIMONY IN**
10 **THIS PROCEEDING, PLEASE DESCRIBE PICGUG.**

11 **A** PICGUG is an ad hoc group of large volume customers receiving natural gas delivery
12 service from PGW under Rate IT. PICGUG members require substantial volumes of
13 natural gas in their operations, and the rate increase and tariff modifications at issue
14 in this proceeding may have an adverse impact upon their operations.

15 **Q WHAT IS THE SCOPE OF YOUR REMAND TESTIMONY?**

16 **A** Pursuant to the Order issued by the Commonwealth Court on August 1, 2025, I am
17 addressing the proper treatment of Rate IT customers in PGW's CCOS. Specifically,
18 I will respond to the questions propounded by the Commonwealth Court in its Order.
19 **Exhibit___(BSL-3D-R)** provides the Order which sets forth the four questions
20 responded to herein.

1 Summary

2 **Q PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

3 A My findings and recommendations are as follows:

- 4 • PGW's treatment of Rate IT in its CCOSS is not based on cost causation
5 and results in unjust and unreasonable rates for this class.
- 6 • Rate IT customers have not caused PGW to incur additional distribution
7 mains related costs. The results of PGW's CCOSS should reflect the costs
8 the Company incurs for each rate class.
- 9 • Allocating firm service-related costs to Rate IT in PGW's CCOSS simply
10 because PGW has voluntarily chosen to not interrupt these customers for
11 two decades results in the application of retroactive, value of service
12 methodology, which is contrary to cost-causation principles.
- 13 • The questions set forth by the Commonwealth Court support PICGUG's
14 position that the rate for interruptible customers should be based on cost-
15 causation principles.

16 **PGW's Treatment of Rate IT**

17 **Q PLEASE DESCRIBE THE INTERRUPTIBLE SERVICE CURRENTLY PROVIDED**
18 **TO RATE IT BY PGW.**

19 A Rate IT customers are subject to daily balancing, which means they do not require any
20 storage service — they are fully interruptible by PGW *at all times*. Specifically, PGW's
21 Rate IT tariff states:

22 This service is available to any Commercial or Industrial Gas user,
23 subject to the specific requirements set forth in this section. It consists
24 of the receipt of a daily quantity of Gas by the Company from a Gas
25 Supplier under Rate DB, the transportation of Gas through the
26 Company's facilities, and the delivery of an equivalent quantity of Gas
27 to the Customer, adjusted for unaccounted-for Gas. **Customers are**
28 ***subject to curtailment or interruption at any [time].*** Customers
29 served under this rate schedule who acquire gas supplies on an
30 individual basis for their own use shall also be subject to all of the Gas

1 Supplier provisions of rate schedule DB (Daily Balancing), except for
2 those provisions related to licensing and bonding requirements.¹
3 (emphasis added)

4 **Q FOR THE 2023 PROCEEDING, HOW DID PGW ALLOCATE DELIVERY COSTS TO**
5 **THE RATE IT CLASS IN ITS CLASS COST-OF-SERVICE STUDY?**

6 A PGW allocated delivery costs related to firm service to Rate IT customers *via* the same
7 methodology PGW used to allocate delivery costs to gas sales customers that receive
8 *firm* delivery service.

9 **Q WHAT IS PGW'S JUSTIFICATION FOR MISALLOCATING COSTS IN ITS CLASS**
10 **COST-OF-SERVICE STUDY?**

11 A PGW attempts to justify the misallocation based on the fact that Rate IT customers
12 have only been interrupted once in twenty years. Specifically, PGW claims that, due
13 to this lack of interruption, Rate IT customers "cannot be truly considered as
14 interruptible for cost allocation purposes."²

15 **Q PLEASE EXPLAIN WHAT DELIVERY COSTS WERE MISALLOCATED TO RATE**
16 **IT.**

17 A The delivery costs that were misallocated to Rate IT include costs associated with
18 PGW's distribution mains investments. Specifically, PGW allocated firm service mains
19 costs to Rate IT customers — costs that PGW incurs to serve firm customer classes.
20 As an interruptible class, Rate IT does not cause PGW to incur these additional
21 distribution mains costs.

¹ PGW Gas Tariff - Pa P.U.C. No. 2, Original Pg. No. 111.

² PGW St. No. 5, Direct Testimony of Constance E. Heppenstall at 5-6, a copy of which is provided as Exhibit___(BSL-4D-R).

1 **Q IS PGW'S ASSERTION THAT RATE IT SHOULD BE ALLOCATED CERTAIN**
2 **COSTS APPLICABLE TO FIRM CUSTOMERS IN PGW'S CLASS COST-OF-**
3 **SERVICE STUDY CONSISTENT WITH THE TERMS AND CONDITIONS OF RATE**
4 **IT?**

5 A No. PGW's allocation of certain costs applicable to firm service to Rate IT in PGW's
6 CCOSS due to the infrequency of curtailments is entirely improper and directly in
7 opposition to the terms and conditions of the Rate IT tariff. Rate IT customers are
8 *required* to invest in systems to allow for interruptions in the event that PGW calls for
9 a curtailment – the infrequency of actual curtailments does not relieve Rate IT
10 customers from that obligation and expense. In other words, infrequency of
11 interruptions does not mean that Rate IT customers are receiving firm service, as Rate
12 IT customers are specifically required to maintain the ability to curtail their natural gas
13 usage — something firm service classes have no obligation of or even need to
14 consider.

15 **Q DOES THE DURATION OF TIME SINCE THE LAST INTERRUPTION OF SERVICE**
16 **CHANGE THE QUALITY OF SERVICE PROVIDED TO CUSTOMERS UNDER**
17 **RATE IT?**

18 A No. PGW's CCOSS allocates firm costs to interruptible customers based on the fact
19 that PGW has not interrupted these customers in the past. Because Rate IT
20 customers are required to maintain their interruptibility requirements, as set forth in
21 PGW's tariff, on a going-forward basis, it appears that PGW seeks to maintain its ability
22 to interrupt these customers in the future while simultaneously allocating certain firm
23 costs to these customers to account for the fact that PGW chose not to interrupt these
24 customers in the past.

1 **Q PLEASE EXPLAIN THE EXPENSES RATE IT CUSTOMERS INCUR TO BE**
2 **INTERRUPTIBLE.**

3 A Interruptible transportation service is not cost free to these customers. To meet the
4 requirements, Rate IT customers incur costs to install operable alternate fuel
5 equipment, including storage capacity, capable of displacing the daily quantity of gas
6 subject to curtailment or interruption. It is important to note, however, that the installed
7 equipment is designed to meet temporary interruptions — it is *not* intended to provide
8 permanent, alternate service for these interruptible customers. For example, a Rate
9 IT customer could be interrupted and run on oil during an interruption; however, this
10 customer would not necessarily be able to switch to oil on a permanent basis for many
11 reasons, including cost and environmental restrictions. Similarly, Rate IT customers
12 may choose to curtail their use of gas during an interruption by curtailing their
13 production; however, these customers would also not be able to curtail production on
14 a permanent basis.

15 **Q WHAT IS THE PEAK DESIGN DAY DEMAND?**

16 A Peak Design Day Demand represents the contribution of each customer class to a day
17 on which the average mean temperature is 0° Fahrenheit. PGW uses this metric to
18 size its distribution mains based on the quantity of gas that would be supplied on the
19 Peak Design Day.

20 **Q DOES PGW INCLUDE INTERRUPTIBLE LOAD IN ITS PEAK DESIGN DAY**
21 **DEMAND?**

22 A No. Specifically, PGW states:

1 Formally characterizing IT customers as firm would increase the
2 design day demand on PGW's gas distribution system. PGW
3 models project customer gas requirements for a design (coldest)
4 hour, design day and design winter. These gas requirements form
5 the basis for capacity commitments for pipeline supply, storage,
6 and transportation contracting. Under this model, PGW includes
7 all firm sales and transportation load. *The model does not include*
8 *interruptible sales and transportation load.*"³ (emphasis added)

9 **Q IS IT APPROPRIATE FOR PGW TO EXCLUDE RATE IT DEMAND WHEN**
10 **DETERMINING THE PEAK DESIGN DAY DEMAND?**

11 A Yes. PGW's Peak Design Day model properly excludes Rate IT demand because
12 PGW can interrupt these customers on the Peak Design Day to serve firm customers.
13 In other words, PGW's distribution mains are sized to recognize that PGW is not
14 required to provide Rate IT customers natural gas on a Peak Design Day.

15 **Q PLEASE BRIEFLY SUMMARIZE YOUR POSITION BEFORE RESPONDING TO**
16 **THE COMMONWEALTH COURT INQUIRIES.**

17 A PGW's proper treatment of excluding Rate IT demand in its Peak Design Day Demand
18 model is in direct contrast to how PGW treats Rate IT customers in its CCROSS,
19 wherein it *includes* Rate IT's demand in the Peak Design Day Demand which is used
20 to allocate mains costs necessary to serve customers on the Peak Design Day. In
21 other words, PGW appropriately excludes Rate IT demand from its Peak Design Day
22 Demand Model because PGW is not obligated to serve Rate IT customers on a peak
23 day. At the same time, however, PGW allocates firm service costs to Rate IT in its
24 CCROSS thereby suggesting that Rate IT customers are causing PGW to incur costs
25 to serve these customers on a Peak Design Day. Rate IT customers are interruptible

³ PGW St. No. 6, Direct Testimony of Florian Teme, Exhibit FT-3 at 8 (Feb. 27, 2023), a copy of which is attached as **Exhibit___(BSL-5D-R)**.

1 — as such, it is clear that PGW should not include their demand in the Peak Design
2 Day Demand allocation factor used in its CCOSS. By doing so, PGW is assigning firm
3 service mains costs to the interruptible Rate IT class, regardless of the realities that
4 Rate IT neither causes PGW to incur these costs nor receives the benefits of firm
5 service. This mismatch is clearly in violation of the cost-causation principle.

6 **Responses and Discussion Regarding the Commonwealth Court's Questions**

7 **Question No. 1:**

8 *Whether treating Philadelphia Industrial Commercial Gas Users Group*
9 *as technically "Firm" for purposes of **rate allocation** while, at the same*
10 *time, requiring it to adhere to the obligations of **interruptible** customers*
11 *under Philadelphia Gas Work's (PGW) Tariff violates PGW's Tariff and,*
12 *thus, Section 1303 of the PUC Code.*

13 **Q DOES TREATING RATE IT AS FIRM BY ALLOCATING CERTAIN FIRM SERVICE**
14 **COSTS FOR COST ALLOCATION PURPOSES, YET AS INTERRUPTIBLE FOR**
15 **COMPLIANCE WITH THE TERMS OF PGW'S TARIFF VIOLATE PGW'S TARIFF?**

16 **A** Yes. I understand from counsel that Section 1303 of the Commission's Code requires
17 that the rates charged for services to a customer must correspond to the services
18 actually received. As discussed more fully in my previous Direct, Rebuttal, and
19 Surrebuttal testimonies in the underlying proceeding, the purpose of a utility's CCOSS
20 is to properly allocate its costs to the customer classes that cause the utility to incur
21 those costs. The allocation factors used in a CCOSS should reflect cost causation;
22 that is, the degree to which each class caused the utility to incur the cost. PGW's
23 CCOSS methodology allocates certain costs related to firm service to Rate IT because
24 Rate IT customers have not been interrupted in the past, yet, at the time this service
25 was provided, Rate IT customers remained fully interruptible and obligated to maintain
26 all expenses associated thereto, subject to interruption at PGW's sole discretion.

1 Because the tariff requires Rate IT customers to remain interruptible, these customers
2 should not be allocated any costs related to firm service. PGW's decision to allocate
3 certain firm service costs to interruptible customers as part of its CCOSS is clearly in
4 violation of Section 1303 of this Commission's Code.

5 **Q AT VARIOUS POINTS IN THE UNDERLYING PROCEEDING, CERTAIN PARTIES**
6 **HAVE SUGGESTED THAT RATE IT SHOULD BE ALLOCATED MAINS COSTS**
7 **BECAUSE THESE COSTS REFLECT HOW RATE IT CUSTOMERS ARE USING**
8 **PGW'S SYSTEM. DO YOU AGREE?**

9 A No. As explained above, Rate IT customers are *not* guaranteed firm service on peak
10 demand days. Simply because PGW has chosen to not interrupt Rate IT customers
11 does not mean that Rate IT customers are receiving firm service. Despite any lack of
12 interruptions, Rate IT customers currently, and on a going-forward basis, must
13 continue to maintain their interruptibility per PGW's tariff terms and conditions.
14 Moreover, Rate IT customers are not "choosing" how to use PGW's system. Rather,
15 PGW is choosing how to treat Rate IT customers as part of its system.

16 **Q PARTIES HAVE ALSO SUGGESTED THAT ANY ALLOCATION OF FIRM SERVICE**
17 **COSTS TO RATE IT CUSTOMERS IN PGW'S CLASS COST-OF-SERVICE STUDY**
18 **IS IRRELEVANT BECAUSE RATE IT CUSTOMERS ARE PAYING RATES LOWER**
19 **THAN THOSE OF PGW'S FIRM CUSTOMERS. DO YOU AGREE?**

20 A. No. First, this is an apples-to-oranges comparison as there is not a comparable firm
21 rate for transportation-only customers that provides an equivalent comparison to Rate
22 IT. Second, as I discussed previously, the purpose of the CCOSS is to move
23 customers closer to their cost to serve. Not surprisingly, when PGW allocates firm
24 service-related costs to Rate IT (costs which Rate IT customers did not cause PGW

1 to incur), Rate IT's costs result in being higher than the revenues that PGW recovers
2 from these customers. Removing the costs misallocated to the interruptible class will
3 help move all classes closer to cost, which is the goal of a CCROSS. Failure to do so
4 means higher rate increases will be needed from Rate IT customers to cover the
5 misallocated, firm service costs. If Rate IT's cost to serve inappropriately contains
6 costs related to firm service resulting in Rate IT having a higher cost to serve, any
7 future rate cases would most likely result in higher rate increase to Rate IT so that
8 Rate IT customers reach a cost to serve that inappropriately reflects the cost of firm
9 service. In other words, PGW's CCROSS becomes a self-fulfilling prophecy of Rate IT
10 customers eventually paying firm rates.

11 What PGW is doing is changing the methodology of allocating costs for Rate
12 IT customers to mirror its methodology of allocating certain costs to firm customers
13 while arguing that it is not treating Rate IT customers like firm customers because the
14 rates are different. While there is a relationship between cost allocation and rates, the
15 rates set by PGW in this rate case do not fully reflect the cost to serve. The CCROSS
16 changes implemented by PGW here would be gradually incorporated into rates over
17 several rate cases, but would eventually move Rate IT rates closer to firm service
18 rates.

19 **Question No. 2**

20 *How, under a cost causation analysis, have Rate IT customers caused*
21 *PGW's distribution mains-related costs to be incurred?*

22 **Q HAVE RATE IT CUSTOMERS CAUSED PGW TO INCUR ADDITIONAL**
23 **DISTRIBUTION MAINS-RELATED COSTS?**

24 **A** No.

1 **Q PLEASE EXPLAIN THE PRINCIPLE OF COST CAUSATION AS IT RELATES TO A**
2 **CLASS COST-OF-SERVICE STUDY.**

3 A The cost-causation principle requires a utility to assign to each customer class the
4 costs incurred by the utility to service that class. Cost causation, which is the cost of
5 providing service is, as stated by the Commonwealth Court in a 2006 Opinion, the
6 “polestar” of ratemaking concerns.⁴ A CCOSS that is based on cost causation will
7 produce just and reasonable rates.

8 **Q YOU STATED THAT RATE IT HAS NOT CAUSED PGW TO INCUR DISTRIBUTION**
9 **MAINS-RELATED COSTS. PLEASE ELABORATE.**

10 A As previously explained, PGW plans its system based on Peak Design Day Demand.
11 This is consistent with cost causation because a gas distribution utility must size its
12 distribution mains based on the firm quantity of gas that will be supplied on the Peak
13 Design Day. Rate IT customers do not contribute to the Peak Design Day Demand
14 because PGW has the *right* (and discretion) to interrupt their service to ensure that
15 firm customers still receive service during peak periods. In other words, PGW properly
16 takes into account the fact that it has the ability to interrupt Rate IT customers on a
17 Peak Demand Day and, therefore, PGW does not size its distribution mains to provide
18 service to Rate IT customers on a Peak Design Day.

19 **Q PLEASE REITERATE PGW'S REASONING FOR ALLOCATING CERTAIN FIRM**
20 **COSTS TO RATE IT IN CLASS COST-OF-SERVICE STUDY.**

21 A PGW allocates the Rate IT class certain firm-based costs due to the fact that PGW
22 has not interrupted these customers in the past twenty years, despite still requiring

⁴ *Lloyd v. Pennsylvania Public Utility Commission*, 904 A.2d 1010, 1020-21 (Pa. Cmwlth. 2006).

1 these customers to remain interruptible. PGW's intention is to maintain its
2 interruptibility for these customers on a going-forward basis for purposes of
3 maintaining its Peak Design Day Demand, while continuing to inappropriately allocate
4 certain firm service costs to Rate IT customers based upon discretionary choices PGW
5 has made in the past with respect to how PGW chooses to use its system.

6 **Q DO YOU HAVE ANY THOUGHTS AS TO WHY PGW HAS NOT INTERRUPTED**
7 **RATE IT CUSTOMERS FOR THE LAST TWO DECADES?**

8 A Yes. This question also arose in the underlying proceeding. At that time, Vicinity's
9 witness, Mr. Crist, indicated that PGW acquired more than enough capacity to serve
10 its firm customers' peak load in the 2022/2023 heating season.⁵ **Exhibit__(BSL-6D-R)**
11 includes the relevant pages from Mr. Crist's Direct Testimony describing PGW's
12 capacity needs and the amount of capacity PGW acquired to serve its firm customers
13 for the 2022/2023 heating season. I assume PGW continues to maintain this excess
14 capacity to serve its actual firm service customers (mainly residential and small
15 commercial customers) on Peak Design Days. Because PGW has chosen to acquire
16 more capacity than is needed to serve these firm service customers, PGW can make
17 a unilateral decision as to whether it needs to interrupt Rate IT. As evidenced by the
18 fact PGW does not include Rate IT's demand when determining its Peak Design Day
19 Demand, the costs associated with the excess capacity are not incurred to serve Rate
20 IT customers and should not be allocated to them.

⁵ Direct Testimony of James L. Crist, P.E, Exhibit JC1.4 at 9.

1 **Question No. 3**

2 *Whether the Commission applied a new retrospective benefits or “value*
3 *of service” principle to conclude that interruptible customers should pay*
4 *for the benefits that they ultimately received from a utility service for*
5 *purposes of rate allocation, and, if so, whether that principle is*
6 *consistent with cost causation principles or whether it is a new*
7 *ratemaking principle that should replace or supplement cost causation*
8 *as the operative ratemaking rationale in this unique situation.*

9 **Q DOES ALLOCATING CERTAIN FIRM SERVICE COSTS UNDER PGW’S CLASS**
10 **COST-OF-SERVICE STUDY TO RATE IT CUSTOMERS WHILE STILL REQUIRNG**
11 **THESE CUSTOMERS TO MAINTAIN THEIR INTERRUPTIBILITY RESULT IN A**
12 **RETRSOPECTIVE BENEFITS TEST?**

13 **A** Yes. As I noted previously, PGW modified its CCOSS to allocate certain firm service
14 distribution mains costs to interruptible customers. PGW supports this position
15 because PGW has voluntarily chosen to not interrupt Rate IT customers over the past
16 20 years. PGW is not, however, making any changes to its tariff regarding the terms
17 and conditions of service for Rate IT customers, thereby ensuring that these customers
18 stand ready to be interrupted by PGW in the future. Because PGW is allocating costs
19 based not upon costs incurred by the customers, but rather, past benefits PGW
20 voluntarily provided to Rate IT, PGW’s CCOSS applies a retrospective benefits test
21 rather than a cost-causation test.

22 **Q DOES ALLOCATING COSTS BASED ON PREVIOUSLY INCURRED,**
23 **VOLUNTARILY PROVIDED BENEFITS RESULT IN A VALUE OF SERVICE**
24 **RATEMAKING?**

25 **a** Yes. As noted above, Rate IT customers have remained at the ready to interrupt upon
26 request by PGW. Because PGW has voluntarily chosen not to interrupt these
27 customers in the past two decades, PGW is now proposing to allocate costs based

1 upon past “benefits” received by these customers. Value of service ratemaking is
2 inappropriate because Rate IT customers are being charged for the purported value
3 of benefits received in the past, through no doing of their own. Stated differently, Rate
4 IT customers are being charged in prospective rates for a supposed “value” received
5 in the past due to lack of historical interruptions, all while still being obligated to remain
6 interruptible. This methodology is contrary to cost-causation principles.

7 **Q WHY IS THE VALUE OF SERVICE PRINCIPLE CONTRARY TO COST**
8 **CAUSATION?**

9 A It is contrary to cost-causation principles because rates should be based on the costs
10 the utility *incurs* to serve each rate class, not on a “value” of purported benefits
11 received in the past that were voluntarily provided by a utility.

12 **Q REGARDING THE SECOND ASPECT OF COMMONWEALTH COURT’S THIRD**
13 **QUESTION, SHOULD A NEW RATEMAKING PRINCIPLE REPLACE OR**
14 **SUPPLEMENT COST CAUSATION AS THE OPERATIVE RATEMAKING**
15 **RATIONALE IN THIS SITUATION?**

16 A No. First, as stated above, Rate IT customers are not causing PGW to incur additional
17 costs to avoid having to interrupt Rate IT customers. Second, PGW’s proposed
18 allocation of firm service costs to Rate IT as part of its CCROSS results in this rate class
19 being charged for retroactive, voluntarily-provided benefits by the utility, which violates
20 cost-causation principles. Finally, the situation is not unique; it is, however, one of
21 PGW’s own making. PGW decided to acquire excess capacity to serve its firm
22 customers, despite having the ability to interrupt Rate IT customers to meet its firm
23 service demand. Simply because PGW chose to acquire excess capacity and not
24 interrupt Rate IT customers for a significant period of time does not make this situation

1 unique and certainly doesn't necessitate a new ratemaking principle to accommodate
2 the situation created by PGW.

3 **Q WHAT WOULD HAPPEN IF RATE IT IS INTERRUPTED IN THE FUTURE?**

4 A It is unclear as to how Rate IT customers would be treated in PGW's CCOSS in the
5 future if they are interrupted, which underscores the fact that PGW's CCOSS allocation
6 is inappropriate under the cost-causation principle. In addition, this lack of clarity begs
7 the question as to what methodology would be used to decide whether Rate IT should
8 be allocated certain firm service costs. For example, would PGW look at how many
9 interruptions have occurred in a single year or how many years in a row Rate IT has
10 been interrupted prior to changing its allocation of firm service costs to Rate IT? The
11 lack of clarity regarding this issue underscores the inappropriateness of PGW's
12 treatment of Rate IT in PGW's CCOSS.

13 **Question No. 4**

14 *Whether employing a benefits principle can be squared with the*
15 *Commission's duty to impose only "just and reasonable" rates*
16 *considering the interruptible nature of rate IT customers and their*
17 *investment in systems to allow for interruptions in the event that PGW*
18 *does call for a curtailment.*

19 **Q CAN EMPLOYING A BENEFITS PRINCIPLE BE SQUARED WITH THE**
20 **COMMISSION'S DUTY TO IMPOSE ONLY "JUST AND REASONABLE" RATES**
21 **CONSIDERING THE INTERRUPTIBLE NATURE OF RATE IT CUSTOMERS AND**
22 **THEIR INVESTMENT IN SYSTEMS TO ALLOW FOR INTERRUPTIONS IN THE**
23 **EVENT THAT PGW DOES CALL FOR A CURTAILMENT?**

24 A No. A benefits principle cannot be squared with the Commission's duty to impose just
25 and reasonable rates. As mentioned above, the Commonwealth's Opinion in *Lloyd*
26 determined that cost causation is the "polestar" for determining just and reasonable

1 rates. PGW's method of allocating certain firm costs to Rate IT in its CCROSS ignores
2 cost causation. Moreover, as I discussed above on page 10, this method could
3 eventually result in Rate IT customers' rates being the same as for firm service.
4 Effectively, Rate IT customers must continue to meet the tariff's requirements of
5 interruptible service while being allocated costs incurred by PGW for only firm service
6 customers.

7 Under PGW's CCROSS methodology, Rate IT customers: (a) are being
8 allocated firm service costs in the CCROSS while still incurring costs to meet the
9 interruptible tariff requirements; (b) are being allocated firm service costs based upon
10 not being interrupted in the past while being required to remain interruptibility on a
11 going-forward basis; and (c) are being allocated firm service costs based upon a
12 purported benefit that was discretionarily provided to these customers by PGW. By
13 allocating firm service costs to Rate IT in the CCROSS but requiring Rate IT customers
14 to remain interruptible on a going-forward basis, the resulting rate for Rate IT does not
15 reflect cost-causation principles. In turn, the rates set by using this methodology are
16 not just and reasonable.

17 **Impact on Rates**

18 **Q HOW WERE RATES SET IN THE UNDERLYING 2023 PGW BASE RATE**
19 **PROCEEDING?**

20 **A** In the 2023 base rate proceeding, PGW's CCROSS was used to determine the rates for
21 each customer class, despite the fact that PGW inappropriately allocated certain firm
22 service costs to Rate IT customers in PGW's CCROSS.

1 **Q WHAT WERE THE RESULTS OF YOUR CLASS COST-OF-SERVICE STUDY IN**
2 **THE UNDERLYING 2023 BASE RATE PROCEEDING?**

3 A The CCOSS filed by PICGUG in the 2023 base rate proceeding included several
4 adjustments, including the proper treatment of interruptible customers, adjusting the
5 weighting factor used in the CCOSS, and recognizing a portion of the distribution
6 mains as a customer component. Based upon the sum of all of my modifications, Rate
7 IT was significantly above cost and required a decrease in rates.

8 If the weighting factor adjustment and customer component of the distribution
9 mains adjustments are removed from my CCOSS but the interruptible adjustment is
10 maintained, Rate IT is below cost, but not as significantly below cost as compared to
11 PGW's CCOSS results. The results of my CCOSS revised for this proceeding are
12 shown in **Exhibit____(BSL-7D-R)**. As can be seen, setting the interruptible customers'
13 rates to cost would result in an 91.7% increase, as compared to PGW's 163% cost-
14 based increase. Accordingly, PICGUG's proposed increase is substantially less than
15 the increase that would occur under PGW's CCOSS.

16 **Q IS YOUR REVISED ANALYSIS BASED ON PGW'S INITIAL REQUEST TO**
17 **INCREASE ITS RATES?**

18 A Yes. My revised analysis is based on PGW's initial request to increase its revenue
19 requirement by \$85.2 million, rather than the \$26.2 million increase authorized by the
20 Commission.⁶

⁶ *Opinion and Order at 1-2 (Nov. 9, 2023).*

1 **Q WHAT DO YOU RECOMMEND?**

2 A I recommend that that PGW's rates be modified to reflect the results in
3 **Exhibit___(BSL-7D-R).** Furthermore, on a going-forward basis, I recommend that
4 PGW not allocate any firm service costs to Rate IT in its CCOSS.

5 **Conclusion**

6 **Q WHAT FINDINGS SHOULD THE COMMISSION MAKE BASED ON YOUR**
7 **REMAND TESTIMONY?**

8 A The Commission should make the following findings:

- 9 • Rate IT customers do not cause PGW to incur additional distribution
10 mains related costs.
- 11 • PGW's CCOSS should reflect the costs it incurs to serve each customer
12 class.
- 13 • PGW's chosen path resulted in the purchase of excess capacity,
14 thereby reducing the likelihood of interruption, and special
15 consideration of a new ratemaking principle is not warranted.
- 16 • PGW's CCOSS should be corrected to remove any firm service-related
17 costs allocated to Rate IT customers since Rate IT customers did not
18 cause PGW to incur these costs.

19 **Q DOES THIS CONCLUDE YOUR DIRECT REMAND TESTIMONY?**

20 A Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

Remand Direct Exhibits

of

Billie LaConte

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

March 19, 2026



Qualifications of Billie S. LaConte

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Billie S. LaConte. My business mailing address is 14323 S. Outer 40 Rd., Suite 206N
3 Town and Country, Missouri 63017.

4 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5 A I am an energy advisor and am currently employed by J. Pollock, Incorporated as
6 Associate Consultant.

7 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8 A I have a Bachelor of Arts Degree in Mathematics from Boston University and a
9 Master's degree in Business Administration from Washington University.

10 Upon graduation in May 1995, I joined Drazen Consulting Group, Inc. (DCGI).
11 DCGI was incorporated in 1995 assuming the utility rate and economic consulting
12 activities of Drazen Associates, Inc., active since 1937. I joined J.Pollock in May 2015.

13 During my tenure at DCGI and J.Pollock my work has focused on revenue
14 requirement issues, cost of capital (return on equity and capital structure), cost
15 allocation, rate design, sales and price forecasts, power cost forecasting, electric
16 restructuring issues, integrated resource plans, formula rate plans, asset management
17 agreements and contract interpretation.

18 I have been engaged in a wide range of consulting assignments including
19 energy and regulatory matters in both the United States and several Canadian
20 provinces. This has included advising clients on economic and strategic issues
21 concerning the natural gas pipeline, oil pipeline, electric, wastewater and water
22 utilities. I have testified on cost of capital issues, including return on equity, cost of
23 debt, and capital structure, as well as revenue requirement issues. I have prepared

1 cost allocation and rate design studies to provide timely support to clients engaged in
2 settlement negotiations in electric and gas utilities, provided power cost forecasting
3 studies to assist clients in project planning and negotiated contracts with electric
4 utilities for standby services and interruptible rates. I have also prepared studies on
5 electric and gas utilities' performance-based rates (PBR) and benchmarking programs
6 to evaluate their success and to provide recommendations on methods to be used. I
7 worked on contract interpretation to resolve contract disputes for several clients. I
8 have provided financial and cost of service analysis for natural gas pipelines certificate
9 approval from the Federal Energy Regulatory Commission (FERC) and the Canadian
10 National Energy Board (NEB). Additionally, I completed the Corporate Credit Rating
11 Analysis course presented by Moody's Analytics.

12 I have worked on various projects located in many states and several Canadian
13 provinces including Alberta, British Columbia, Saskatchewan, Nova Scotia and
14 Quebec. I have testified before the state regulatory commissions of Arizona,
15 Arkansas, Florida, Georgia, Iowa, Louisiana, Michigan, Minnesota, Missouri, New
16 Mexico, North Carolina, Pennsylvania, South Carolina, Texas, and Utah, as well as
17 the provincial regulatory board of Nova Scotia. I similarly have appeared before the
18 St. Louis Metropolitan Sewer District Commission and the City of Philadelphia Water,
19 Sewer and Storm Water Rate Board.

20 **Q PLEASE DESCRIBE J. POLLOCK, INCORPORATED.**

21 **A** J. Pollock assists clients to procure and manage energy in both regulated and
22 competitive markets. The J. Pollock team also advises clients on energy and
23 regulatory issues. Our clients include commercial, industrial and institutional energy
24 consumers. J. Pollock is a registered Class I aggregator in the State of Texas.

**Testimony Filed in Regulatory Proceedings
by Billie S. LaConte**

UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
VIRGINIA ELECTRIC AND POWER COMPANY	Virginia Committee for Fair Utility Rates	PUR-2025-00195	Direct	VA	Rider OSW	3/18/2026
ARIZONA PUBLIC SERVICE COMPANY	Arizona Large Customer Group	E-01345A-25-0105	Direct	AZ	Formula Rate Adjustment Mechanism	3/2/2026
PPL ELECTRIC UTILITIES CORPORATION	PP&L Industrial Customer Alliance	R-2025-3057164	Surrebuttal	PA	Revenue Allocation; Very Large Load Tariff	2/9/2026
TUCSON ELECTRIC POWER	Arizona Large Customer Group	E-01933A-25-0103	Direct	AZ	Annual Rate Adjustment; System Reliability Benefit; Distribution Cost Recovery Mechanism	2/9/2026
PPL ELECTRIC UTILITIES CORPORATION	PP&L Industrial Customer Alliance	R-2025-3057164	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Recovery of Universal Service and Energy Conservation Costs; Very Large Load Tariff	1/23/2026
PPL ELECTRIC UTILITIES CORPORATION	PP&L Industrial Customer Alliance	R-2025-3057164	Direct	PA	Class Revenue Allocation; Rule 6 Modification; LP-5 Tariff Modification	12/22/2025
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-24-320	Surrebuttal	MN	Return on Equity; Energy Supply and Transmission O&M expenses; Incentive Compensation; Billing and Customer Service Issues; Early Plant Retirement	11/25/2025
DUKE ENERGY CAROLINAS, LLC	South Carolina Utility Energy Users Committee	2025-172-E	Surrebuttal	SC	Proxy Group, Capital Asset Pricing Model; Risk Premium Model; Expected Earnings; Flotation Costs; Electric Rate Stabilization Adjustment	11/3/2025
ONCOR ELECTRIC DELIVERY COMPANY LLC	Texas Industrial Energy Consumers	58306	Direct	TX	Annual Storm Reserve; Self-Insurance Reserve	10/17/2025
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	57856	Direct	TX	Excess Liability Insurance	10/17/2025
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-24-320	Rebuttal	MN	Remaining Life Changes	10/10/2025
DUKE ENERGY CAROLINAS, LLC	South Carolina Utility Energy Users Committee	2025-172-E	Direct	SC	Return on Equity	10/6/2025
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	25-049-TF	Supplemental	AR	Strategic Investment Recovery Rider	10/3/2025
ONCOR ELECTRIC DELIVERY COMPANY LLC	Texas Industrial Energy Consumers	57932	Direct	TX	Excess Liability Insurance	10/3/2025
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	25-047-U	Direct	AR	Certificate of Environmental Compatibility and Public Need	9/5/2025

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	25-049-TF	Direct	AR	Rider Revenue Allocation; Excess Accumulated Deferred Income Taxes; Rider Tax Credits	8/27/2025
PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.	Carolina Utility Customers Association, Inc.	G-5, SUB 686	Direct	NC	Return on Equity; Capital Structure	8/25/2025
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-24-320	Direct	MN	Return on Equity; Incentive Compensation; Operation and Maintenance Expense; Excess Liability Insurance; Billing and Customer Service Issues	8/22/2025
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	R-2025-3053112	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Scale Back of Rates	7/3/2025
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	25-00030-UT	Direct	NM	Deferral Mechanism for Excess Liability Insurance	6/25/2025
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	R-2025-3053112	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Scale Back of Rates	6/20/2025
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	R-2025-3053112	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	5/21/2025
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	57134	Direct	TX	Imputed Capacity	3/27/2025
ROCKY MOUNTAIN POWER	Utah Large Customer Group	24-035-04	Surrebuttal	UT	Excess Liability Insurance Allocation	3/14/2025
WIND ENERGY TRANSMISSION TEXAS, LLC	Texas Industrial Energy Consumers	57299	Direct	TX	Self-Insurance Reserve; Depreciation Expense; Rate Case Expense	2/14/2025
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	24-072-U	Rebuttal	AR	Completeness of Application; Prudence of Cost; Revenue Requirement; Ratepayer Impacts	2/7/2025
ROCKY MOUNTAIN POWER	Utah Large Customer Group	24-035-04	Direct	UT	Excess Liability Insurance; Insurance Cost Adjustment	2/7/2025
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	24-072-U	Direct	AR	Certificate of Environmental Compatibility and Public Need	12/19/2024
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Supplemental Direct	AR	Response to Commission Order regarding Legal Fees	12/2/2024
SUMMIT UTILITIES ARKANSAS, INC.	Arkansas Gas Consumers, Inc.	23-079-U	Settlement Support	AR	Support of Settlement	10/7/2024
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Production Tax Credits; Distribution Storm/Failure Capital Additions; Power Through Program; Legal Fees	10/2/2024

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
SUMMIT UTILITIES ARKANSAS, INC.	Arkansas Gas Consumers, Inc.	23-079-U	Surrebuttal *	AR	Class Cost-of-Service Study; Class Revenue Allocation; Classification of Distribution Mains; Design Day Demand; Allocation Factors; Heating Assistance Funds	9/9/2024
SUMMIT UTILITIES ARKANSAS, INC.	Arkansas Gas Consumers, Inc.	23-079-U	Surrebuttal	AR	Return on Equity; Capital Structure; Incentive Compensation; O&M expenses; Riders; Regulatory Asset	9/9/2024
PIEDMONT NATURAL GAS COMPANY, INC.	Carolina Utility Customers Association, Inc.	G-9, Sub 837	Direct	NC	Return on Equity	8/13/2024
PECO ENERGY COMPANY - ELECTRIC DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046931	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation	8/2/2024
PECO ENERGY COMPANY - GAS DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046932	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Volumetric Rate Differential	8/2/2024
PECO ENERGY COMPANY - ELECTRIC DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046931	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation	7/16/2024
PECO ENERGY COMPANY - GAS DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046932	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Volumetric Rate Differential	7/16/2024
SUMMIT UTILITIES ARKANSAS, INC.	Arkansas Gas Consumers, Inc.	23-079-U	Direct	AR	Return on Equity; Capital Structure; Expenses; Incentive Compensation; Excess Deferred Income Tax Asset	7/10/2024
DOMINION ENERGY SOUTH CAROLINA, INC.	South Carolina Utility Energy Users Committee	2024-34-E	Surrebuttal	SC	Return on Equity; Capital Structure	7/3/2024
MICHIGAN GAS UTILITIES CORPORATION	Association of Businesses Advocating Tariff Equity	U-21540	Direct	MI	Operation and Maintenance Expense	7/1/2024
PECO ENERGY COMPANY - ELECTRIC DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046931	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	6/17/2024
PECO ENERGY COMPANY - GAS DIVISION	Philadelphia Area Industrial Energy Users Group	R-2024-3046932	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation; Volumetric Rate Differential	6/17/2024
DOMINION ENERGY SOUTH CAROLINA, INC.	South Carolina Utility Energy Users Committee	2024-34-E	Direct	SC	Return on Equity; Capital Structure	6/5/2024
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-21490	Direct	MI	Proposed Trackers; Return on Equity; Capital Structure; Home Products Program Sale	4/22/2024

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
MINNESOTA POWER	Large Power Intervenor	E-015/GR-23-155	Direct	MN	Return on Equity; Capital Structure; Adjustment Clauses; Incentive Compensation; Prepaid Pension Asset	3/18/2024
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2023-3043189 R-2023-3043190	Surrebuttal	PA	Class Cost-of-Service Study; Allocation of Subsidy; Environmental Compliance Investment Charge; Revenue Decoupling and Return on Equity; Industrial Rate Design; Deferral Mechanism; Arrearage Management Plan Cost Allocation	3/4/2024
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2023-3043189 R-2023-3043190	Rebuttal	PA	Cost-of-Service Study; Revenue Allocation; Rate Design; Riders DIS and DRS; Revenue Decoupling Mechanism	2/21/2024
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2023-3043189 R-2023-3043190	Direct	PA	Return on Equity; Incentive Compensation; Alternative Ratemaking Mechanisms; Class Cost-of-Service Study; Wastewater Subsidy and Allocation; Rate Design; Revenue Requirement Scale-Back	2/1/2024
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/31/2023
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Projected Year FLIP Investment; Solar Plant Capital Additions; Power Through Program; Legal Fees	10/4/2023
DUKE ENERGY CAROLINAS, LLC	Carolina Utility Customers Association, Inc.	E-7, Sub 1276	Direct	NC	Return on Equity; Capital Structure; Performance Incentive Mechanisms	7/19/2023
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	2023-3037933	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Universal Service Plan Costs	7/7/2023
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	2023-3037933	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Universal Service Plan Costs	6/26/2023
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group PICGUG	2023-3037933	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	6/2/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	22-00286-UT	Settlement Support	NM	Support of Settlement	5/26/2023
PHILADELPHIA WATER DEPARTMENT	Philadelphia Large Users Group	2023 General Rate Proceeding	Rebuttal	Philadelphia Rate Board	Class Cost-of-Service Study; Stormwater Incentive Program; Late Payment Fee Allocation; TAP Enrollment; Retroactive Arrearage Forgiveness	4/27/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	22-00286-UT	Direct	NM	Future Test Year; Revenue Requirement Issues	4/21/2023

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-21308	Direct	MI	Projected Test-Year Adjustments; Proposed Trackers; Return on Equity; Capital Structure	4/17/2023
PHILADELPHIA WATER DEPARTMENT	Philadelphia Large Users Group	2023 General Rate Proceeding	Direct	Philadelphia Rate Board	Class Cost-of-Service Study	4/12/2023
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2022-254-E	Surrebuttal	SC	Regulatory Asset Amortization Periods	12/22/2022
NORTHERN STATES POWER	Xcel Large Industrials	E002/GR-21-630	Surrebuttal	MN	Return on Equity; Prepaid Pension Asset; Incentive Compensation; Coal Plant Amortization	12/6/2022
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2022-254-E	Direct	SC	Coal Combustion Residual Amortization; Other Regulatory Asset Amortization	12/1/2022
NORTHERN STATES POWER	Xcel Large Industrials	E002/GR-21-630	Rebuttal	MN	Incentive Compensation; Prepaid Pension Asset	11/8/2022
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	11/2/2022
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	44280	Direct	GA	Return on Equity; Capital Structure	10/20/2022
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Projected Year Feeder Level Investment Plan; Power Through Program	10/5/2022
NORTHERN STATES POWER	Xcel Large Industrials	E002/GR-21-630	Direct	MN	Return on Equity; Incentive Compensation; Pre-Paid Pension Asset	10/3/2022
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2022-3031672/73	Rejoinder	PA	Class Cost-of-Service Study	9/6/2022
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2022-3031672/73	Surrebuttal	PA	Wastewater Subsidy Allocation; Revenue Stabilization Mechanism; Customer Reclassification	9/1/2022
ONCOR ELECTRIC DELIVERY COMPANY LLC	Texas Industrial Energy Consumers	53601	Direct	TX	Self-Insurance Reserve; Annual Storm Expense; Regulatory Asset Amortization	8/26/2022
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2022-3031672/73	Rebuttal	PA	Revenue Requirement Allocation; Class Cost-of-Service Study	8/19/2022
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2022-3031113	Surrebuttal	PA	Design Day Demand; Rate Differentials	8/4/2022
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	R-2022-3031672/73	Direct	PA	Wastewater Subsidy and Allocation; Revenue Stabilization Mechanism; Customer Classification; Revenue Requirement Scale Back	7/29/2022
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2022-3031113	Rebuttal	PA	Class Cost-of-Service Study; Scale Back of Rates; Design Day Demand; Rate Differentials; Universal Service Programs	7/21/2022

**Testimony Filed in Regulatory Proceedings
by Billie S. LaConte**

UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2022-3031113	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	6/22/2022
AUSTIN ENERGY	Texas Industrial Energy Consumers	None	Direct	TX	Cash Flow Method; Financial Metrics; General Fund Transfer; Internally Generated Funds	6/22/2022
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-21148	Rebuttal	MI	Uncollectible Expense; Rate Stability Target	4/29/2022
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-21148	Direct	MI	Return on Equity, Capital Structure; Renewable Natural Gas Plant; Incentive Compensation; Transportation Demand Charge; Gas Curtailment and Requirements for Plant Protection; Unauthorized Gas Usage Charge	4/8/2022
SEMCO ENERGY GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-21169	Direct	MI	Facilities Improvement Demand Surcharge	3/18/2022
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/27/2021
EL PASO ELECTRIC COMPANY	Freeport-McMoRan Copper & Gold, Inc.	52195	Direct	TX	Return on Equity; Nuclear Non-Fuel Operation and Maintenance; Rate Case Expense; Retiring Generating Units	10/22/2021
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Projected Year Capital Additions; Projected Year O&M expense	10/5/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2021-3024601	Surrebuttal	PA	Return on Equity; Post-Test Year Adjustment	8/5/2021
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	21-044-U	Direct	AR	Formula Rate Plan Extension; Return on Equity; Class Cost-of-Service Study	7/19/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2021-3024601	Direct	PA	Return on Equity; Post-Test Year Adjustment	6/28/2021
FLORIDA LIGHT & POWER COMPANY	Florida Industrial Power Users Group	20210015-EI	Direct	FL	Cost of Capital; Early Plant Retirement; Rate Case Expense Amortization; Income Tax Change Mechanism	6/21/2021
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20940	Direct	MI	Return on Equity; Operation and Maintenance Expenses; Incentive Compensation	6/3/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00238-UT	Direct	NM	Rate Design, Retired Plant, Expense Amortization	5/17/2021
PHILADELPHIA WATER DEPARTMENT	Philadelphia Large Users Group	Fiscal Years 2022-2023	Rebuttal	Philadelphia Rate Board	Class Cost-of-Service Study; Stormwater Incentive Program	4/7/2021

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	51415	Direct	TX	Early Plant Retirement; Excess Accumulated Deferred Federal Income Taxes; Self-Insurance Reserve; Imputed Capacity	3/31/2021
SHARYLAND UTILITIES, L.L.C.	Texas Industrial Energy Consumers	51611	Direct	TX	Rate-Case Expenses; Operation and Maintenance Expense; Transmission Cost of Service Refund Rider	3/8/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Surrebuttal	PA	Revenue Allocation; Rate Design	2/9/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Rebuttal	PA	Allocation of Distribution Mains; Revenue Allocation; Rate Design; Universal Service Fund Charge	1/19/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	12/22/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Surrebuttal (FRP Extension)	AR	FRP Extension; Return on Equity; Capital Structure; Class Cost-of-Service Study; Industrial Rate Design	11/17/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Surrebuttal	PA	Rate Design; Regionalization and Consolidation Surcharge; Return on Equity	10/20/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct (FRP Extension)	AR	FRP Extension; Return on Equity; Capital Structure; Class Cost-of-Service Study; Industrial Rate Design	10/19/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct (2020 Eval. Report)	AR	Historical Year Netting Adjustment; Long-Term Debt Costs	10/5/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Rebuttal	PA	Rate Design	9/29/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Direct	PA	Regionalization and Consolidation Surcharges; Commercial Rate Design	9/8/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Rebuttal	MI	Financial Compensation Mechanism; Deferred Capital Spending Recovery Mechanism; Karn 1 & 2 Retention and Separation costs, return on equity, storm restoration deferral; PowerMIFleet Pilot Foundational Infrastructure Program; Conservation Voltage Reduction	7/14/2020
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Projected Year Capital Expenditures; Capitalization Policy; Projected Year Adjustments	7/2/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Direct	MI	Return on Equity; Capital Structure; Debt Cost; Additional Surcharges and Deferred Regulatory	6/24/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Rebuttal	MI	Return on Equity; Statistical Analysis of Distribution Mains Allocation	5/5/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Direct	MI	Return on Equity; Capital Structure; Long-Term Debt Cost	4/14/2020

**Testimony Filed in Regulatory Proceedings
by Billie S. LaConte**

UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Rebuttal	MI	Return on Equity	4/14/2020
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Direct	MI	Return on Equity; Operation and Maintenance Expenses	3/24/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20618	Direct	MI	Certificate of Convenience and Necessity	1/17/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/30/2019
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	42516	Direct	GA	Alternate Rate Plan; Coal Combustion Residual Cost Recovery; Amortization of Retired Plant	10/17/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Tax Cuts and Jobs Act Impact; Projected Year Revenues; Projected Year BRORB; Grid Modernization; Advanced Metering Infrastructure Expense	10/4/2019
SOUTHWESTERN ELECTRIC POWER COMPANY	Western Arkansas Large Energy Consumers	19-008-U	Surrebuttal	AR	SWEPCO's Formula Rate Review; Energy Cost Recovery Rider; Distribution Reliability Rider	9/24/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Settlement Support	AR	Support of Settlement	7/31/2019
SOUTHWESTERN ELECTRIC POWER COMPANY	Western Arkansas Large Energy Consumers	19-008-U	Direct	AR	SWEPCO's Formula Rate Review; Capital Structure; Distribution Reliability Rider; Arkansas Formula Rate Plans	7/16/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Formula Rate Plan, Capital Additions, Operation and Maintenance Expenses	7/2/2019
ENTERGY LOUISIANA, LLC	Occidental Chemical Corporation	U-35130	Cross-Answering	LA	Fuel Tracking Mechanism	7/1/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Direct	TX	Unprotected Excess Deferred Income Tax Rider; Incentive Compensation	6/6/2019
ENTERGY LOUISIANA, LLC	Occidental Chemical Corporation	U-35130	Direct	LA	Fuel Tracking Mechanism	5/10/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Rebuttal	MI	Return on Equity	4/29/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Supplemental Surrebuttal	AR	Gas Distribution Upstream Services Contracting Process	4/23/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Surrebuttal	AR	Gas Distribution Upstream Services Contracting Process	4/12/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Direct	MI	Return on Equity; Capital Structure; Project vs. Historical Test Year; Earnings Sharing Mechanism	4/5/2019

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2018-318-E	Direct	SC	Excess Deferred Income Tax Rider; Post-Test Year Adjustments; Coal Ash Pond Closure Expense; End-of-Life Nuclear Costs; Regulatory Assets; Return on Equity and Equity Ratio	3/4/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Direct	AR	Gas Distribution Upstream Services Contracting Process	2/12/2019
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/30/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Formula Rate Plan Tariff; Long-Term Debt Cost and Preferred Equity; Projected Year Capital Additions; Historical Year Capital Additions	10/4/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Rebuttal	MI	Return on Equity	10/1/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Direct	MI	Return on Equity, Capital Structure and Long-Term Debt Cost, Investment Recovery Mechanism Excess Sharing Mechanism	9/10/2018
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Opposition	AR	Opposition to Settlement Agreement	8/3/2018
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Impact of Tax Cuts and Jobs Act of 2017; Forecast Revenues; Uncollectible Expense; Pipeline Integrity Assessment and Remediation Expense	7/2/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	17-052	Surrebuttal	AR	Utility Restructuring Costs and Tax Effects	5/31/2018
PUBLIC SERVICE COMPANY OF NEW MEXICO	City of Farmington, New Mexico; Board of County Commissioners for San Juan County	17-00174	Direct	NM	Integrated Resource Plan; Future of San Juan Generation Station	5/4/2018
ENTERGY ARKANSAS, INC. and CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Electric Energy Consumers, Inc. and Arkansas Gas Consumers, Inc.	18-006	Direct	AR	Effect on Revenue Requirement due to 2017 Tax Cuts and Jobs Act	3/29/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18424	Rebuttal	MI	Rate of Return	3/21/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	18-014-TF	Direct	AR	Impact of Tax Cuts and Jobs Act of 2017 and Tax Adjustment Rider	3/19/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18424	Direct	MI	Rate of Return, Capital Structure	2/28/2018
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	17-050-U	Surrebuttal	AR	Asset Management Agreement Proposal	1/12/2018

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UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	17-050-U	Direct	AR	Asset Management Agreement Proposal	12/8/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/31/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Forecast Revenues, Cost of Debt, Revenue Requirement and Capital Additions	10/4/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Rebuttal	MI	Return on Equity	9/7/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Direct	MI	Return on Equity, Capital Structure	8/10/2017
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Settlement Support	AR	Support of Settlement	7/31/2017
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Rate of Return, Capital Structure, Labor Expense	7/3/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/24/2016
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Rate of Return, Forecast Revenue, Capitalization	9/30/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349, 2016-2537352, 2016-2537359	Surrebuttal	PA	Return on Equity	8/31/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349, 2016-2537352, 2016-2537359	Direct	PA	Return on Equity	7/22/2016
NORTHERN STATES POWER	Xcel Large Industrials	15-826	Direct	MN	Return on Equity, Multi-Year Rate Plan	6/14/2016
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Electric Energy Consumers, Inc.	15-098-U	Surrebuttal	AR	Return on Equity, Formula Rate Plan, Capital Structure	6/7/2016
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Electric Energy Consumers, Inc.	15-098-U	Direct	AR	Return on Equity, Capital Structure	4/14/2016
MISSOURI-AMERICAN WATER COMPANY	BJC Healthcare	WR-2011-0337	Rebuttal	MO	Return on Equity	1/19/2012
MISSOURI-AMERICAN WATER COMPANY	BJC Healthcare	WR-2011-0337	Direct	MO	Return on Equity	11/17/2011
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Supplemental	MO	Rate Model	9/16/2011
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Surrebuttal	MO	Rate Increase, CIRP, Consent Decree	8/19/2011

**Testimony Filed in Regulatory Proceedings
by Billie S. LaConte**

UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Rebuttal	MO	Rate Increase, CIRP, Consent Decree	7/18/2011
AMEREN UE	Missouri Energy Group	ER-2011-0028	Surrebuttal	MO	Return on Equity, Energy Efficiency Cost Recovery	4/15/2011
AMEREN UE	Missouri Energy Group	ER-2011-0028	Rebuttal	MO	Return on Equity, Energy Efficiency Cost Recovery	3/25/2011
AMEREN UE	Missouri Energy Group	ER-2011-0028	Direct	MO	Return on Equity	2/8/2011
AMEREN UE	Missouri Energy Group	EO-2010-0255	Direct	MO	Prudence Audit of FAC Periods 1 and 2	11/22/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Direct - In Support	AR	Supporting the Proposed Settlement Agreement	5/11/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Surrebuttal	AR	Return on Equity	4/14/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Direct	AR	Return on Equity	2/26/2010
AMEREN UE	Missouri Energy Group	ER-2010-0036	Direct	MO	Energy Efficiency Costs	12/18/2009
AMEREN UE	Missouri Energy Group	ER-2008-0318	Surrebuttal	MO	Return on Equity	11/5/2008
AMEREN UE	Missouri Energy Group	ER-2008-0318	Direct	MO	Return on Equity, Off-System Sales	8/28/2008
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Rebuttal	MO	Long-Term Financial Plan, Capital Financing	5/2/2007
AMEREN UE	Missouri Energy Group	ER-2007-0002	Surrebuttal	MO	Return on Equity, Interruptible Demand, Response Pilot	2/27/2007
AMEREN UE	Missouri Energy Group	ER-2007-0002	Direct	MO	Interruptible Rate	12/29/2006
AMEREN UE	Missouri Energy Group	ER-2007-0002	Direct	MO	Return on Equity, Off-System Sales, Sharing Mechanism, 10% Cap on Residential	12/15/2006
AMEREN UE	Missouri Energy Group	EA-2005-0180	Rebuttal	MO	Economic Analysis	1/31/2005
NOVA SCOTIA POWER INC.	Avon Valley Greenhouses	NSUAR-P-881	Direct	NS	Cost of Capital	10/12/2004
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Surrebuttal	MO	Working Capital, Return on Equity, Cost Allocation	12/5/2003

**Testimony Filed in Regulatory Proceedings
by Billie S. LaConte**

UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Rebuttal	MO	Rate Design	11/10/2003
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Direct	MO	Return on Equity, Acquisition Adjustment, Cash Working Capital	10/3/2003
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Direct	MO	Revenue Requirement, Financial Planning	4/22/2003
INTERSTATE POWER AND LIGHT COMPANY	Lee County Energy Users Group- Direct	RPU-02-3	Surrebuttal	IA	Revenue Requirement, Return on Equity	9/19/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Surrebuttal	MO	Revenue Requirement, Capital Financing	8/13/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Surrebuttal	MO	Revenue Requirement, Capital Financing, Cost Allocation	7/28/2002
INTERSTATE POWER AND LIGHT COMPANY	Lee County Energy Users Group- Direct	RPU-02-3	Direct	IA	Revenue Requirement, Return on Equity	7/26/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Rebuttal	MO	Revenue Requirement, Capital Financing	7/10/2002
* Testimony adopted from Jonathan Ly.						

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Philadelphia Industrial and	:	
Commercial Gas Users Group,	:	
Petitioner	:	
	:	
v.	:	No. 128 C.D. 2024
	:	
Pennsylvania Public Utility	:	
Commission,	:	
Respondent	:	

ORDER

AND NOW, this 1st day of August, 2025, the January 18, 2024 order of the Pennsylvania Public Utility Commission (Commission) is hereby **VACATED**, and the matter is **REMANDED** to the Commission for 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.

Jurisdiction relinquished.

s/ Patricia A. McCullough
PATRICIA A. McCULLOUGH, Judge

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF

CONSTANCE E. HEPPENSTALL

ON BEHALF OF
PHILADELPHIA GAS WORKS

Docket No. R-2023-3037933

TOPIC:

Cost of Service

February 27, 2023

1 A. Philadelphia Gas Works, Exhibit CEH-1, Cost of Service Allocation Study as of August
2 31, 2024 (Exhibit CEH-1) is a cost of service allocation that supports PGW's revenue
3 distribution under proposed rates in this proceeding. The results of the study are set forth
4 in Schedule A. The results are based on the projected costs for the fully projected future
5 test year ending August 31, 2024, as provided by PGW. The exhibit includes a description
6 of the methods of allocation, the actual allocation of the cost of service and the measure of
7 value, including the factors used for the allocation to PGW's customer classes.

8 **Q. YOU ALSO SUPPLIED IN YOUR EXHIBIT AN ADDITIONAL SCHEDULE**
9 **NAMED SCHEDULE A-1. PLEASE DESCRIBE.**

10 A. Schedule A-1 is provided for comparison purposes. Unlike Schedule A that compares the
11 results of the cost of service study with revenues under proposed rates, Schedule A-1 shows
12 the effect on the individual class increases if revenues were brought to each class's full cost
13 of service. For example, the Interruptible class would require an increase of over 160% to
14 bring revenues equal to the cost of service. Applying the concept of gradualism, PGW
15 opted not to move all classes fully to their cost of service.

16 **Q. PLEASE OUTLINE IN DETAIL YOUR COST ALLOCATION PROCEDURES.**

17 A. The allocation of costs to cost functions and customer classifications is presented in
18 Schedule E of Exhibit CEH-1. Since this is a base rate proceeding, we have excluded gas
19 costs from the cost of service in Schedule E to develop costs by function and classification
20 only for the costs related to the delivery of gas.

21 In Schedule E, the items of cost including operation and maintenance expenses,
22 depreciation expense, interest expense, City payment and net income (labeled in Column
23 1) are presented in Column 3. These costs are allocated to the functions and customer

1 classifications as follows: Residential, Commercial, Industrial, Municipal, PHA-GS, PHA-
2 Rate 8, NGVS, Interruptible and Grays Ferry classes.

3 Column 2 shows the allocation factor used for each item of cost. The description
4 of the factors used is presented in Schedule F of Exhibit CEH-1.

5 **Q. PLEASE EXPLAIN THE ALLOCATION OF COST ITEMS IN EXHIBIT CEH-1.**

6 A. We allocated each cost based on individual factors, both on a volumetric basis and
7 customer cost basis. For example, production expenses are allocated volumetrically to
8 classes using Factor 1 which is based on the average day demand for firm sales, excluding
9 transportation sales. Storage expenses are incurred to provide gas service during peak
10 times. As a result, these costs are allocated volumetrically on Factor 2A, the peak extra
11 capacity by class, excluding the Interruptible and Grays Ferry classes.

12 Distribution costs are allocated based on the type of cost. Costs related to meters
13 are allocated to customer costs using Factor 4, which is based on the historic cost of meters
14 by class. Costs related to services are allocated to customer costs based on Factor 6, which
15 is also based on the historic cost of services by class. Costs related to distribution load
16 dispatching, M&R Station, mains, measuring station expenses (except industrial measuring
17 station expenses which were directly assigned to the industrial class) are allocated
18 volumetrically based on Factor 3, which is the average and excess capacity for each
19 classification. The weighting of the factors was based on precedence of 50% allocated on
20 average daily usage and 50% allocated to excess above average daily usage. See Factor 2
21 for the calculation of the load factor. The Interruptible customer class average and excess
22 usage is included in the calculation as these customers have only been interrupted once (in

1 2004) in almost 20 years and cannot be truly considered as interruptible for cost allocation
2 purposes.

3 Customer Accounting Expenses and Customer Service and Information Expenses,
4 other than Uncollectible Accounts, are allocated to customer costs based on Factor 7,
5 number of customers by class. Uncollectible Account costs are split between those
6 recovered through the Merchant Function Charge (MFC), those related to CRP Forgiveness
7 and those collected through the customer charge. The costs recovered through the MFC
8 are calculated in Schedule H and are directly assigned. The costs related to CRP
9 Forgiveness are recovered through a volumetric surcharge, so the costs are allocated based
10 on Factor 1A, or Pro Forma Average Daily Firm Sales. The costs recovered through the
11 customer charge are allocated to customer costs based on Factor 14 which uses a three-
12 year average of uncollectibles to develop the factors.

13 Administrative and General Expenses, which are not labor related or related to
14 LIURP costs, are allocated on a composite Factor 10. Factor 10 is based on the allocation
15 of all other operation and maintenance expenses other than Administrative and General
16 Expenses. Labor related costs such as Injuries and Damages, Employee Pension and
17 Benefits and OPEB Funding are allocated on Factor 11, which is a composite allocation of
18 labor expense. The calculation is shown in Schedule F, Factor 11 and the pages following.
19 LIURP costs are recovered through a volumetric surcharge, so the costs are allocated based
20 on Factor 1A, or Pro Forma Average Daily Firm Sales.

21 Depreciation Expense is allocated based on the specific cost, similar to the
22 allocation of operation and maintenance expense. For example, depreciation expense

1 related to Production Plant is allocated on Factor 1. Expense related to Storage Plant is
2 allocated on Factor 2A, etc.

3 Interest and Other Expense, City Payment and Net Income, as these are all capital
4 related, are allocated based on Factor 12, which is a composite factor based on the
5 allocation of Utility Plant in Service Net of Accumulated Depreciation and Cash Working
6 Capital. Cash Working Capital for the exhibit was calculated based on the rule of thumb
7 method of 1/8 of Operation and Maintenance Expense.

8 **Q. WHAT ARE THE RESULTS OF THE COST OF SERVICE ALLOCATION**
9 **STUDY?**

10 A. The results of cost of service study as calculated on Schedule E are summarized in Schedule
11 D. The total cost of service by classification in Schedule D is brought forward to Schedule
12 A, columns 2 and 3. These results are then compared to the pro forma revenues under
13 present rates (columns 3 and 5) and proposed rates (columns 6 and 7). The proposed
14 increases in revenue under proposed rates and the percent increase are shown in columns
15 8 and 9 of Schedule A. Please refer to the direct testimony of Florian Teme (PGW St. No.
16 6) for a description of the proposed rate design and revenue distribution.

17 **Q. PLEASE EXPLAIN SCHEDULE B AND C OF EXHIBIT CEH-1.**

18 A. Schedule B shows the rate of return by customer class under present rates and Schedule C
19 shows the rate of return by customer class under proposed rates. These schedules show
20 that PGW is moving toward unity in its proposed rate design.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF

FLORIAN TEME

ON BEHALF OF
PHILADELPHIA GAS WORKS

Docket No. R-2023-3037933

Philadelphia Gas Works

General Rate Increase Request

TOPICS:

Test Year Sales and Revenues
Revenue Allocation
Proposed Tariff Revisions
Study of Rate FTS

February 27, 2023

Exhibit FT-3

oil, if they need to stay running at full capacity during times when PGW requests decreased gas usage (by way of interruption, curtailment or OFO).

The costs that IT customers incur for alternate fuel equipment and appropriate fuel storage capacity are at the option of the IT customer. It is the customers' choice to both install and maintain an alternative fuel source and take service under Rate IT. Customers under Rate IT would typically have the option of taking firm transportation service under Rate GS. So, as a practical matter, customers taking service under Rate IT have concluded that the value of the interruptible service is worth the price in comparison with competing fuels.

The fact that Rate IT customers have invested in alternative fuel systems means that they have the ability to leave PGW's system on short notice and could do so if the price of alternative fuels would be lower than PGW's rates. If the economics worked in favor of alternative fuels, Rate IT customers would have little incentive to stay on PGW's system (since they have the capability to leave).

In addition, PGW notes that higher prices for common alternative fuels causes a problem for PGW with respect to Rate IT because they provide a significant incentive for customers to avoid taking firm transportation service from PGW. In other words, PGW's interruptible transportation service is competing against PGW's firm transportation service.

3. PGW's assessment of the value of interruptible transportation service

For purposes of this evaluation, PGW is defining the phrase "value of service" as the price that the market will bear for interruptible transportation service.

It is difficult to place a single "value" on interruptible transportation service, since customers have different energy needs and are using alternate fuel equipment of their own choosing. Broadly speaking, given the historically low occurrence of interruptions under Rate IT, the base rate cost of transportation service under Rate GS and Rate IT are actually comparable, due to system design and operation. So, PGW has viewed (as discussed below) the equivalent firm transportation rate as the upper value of interruptible service and the cost of service as the lower value of interruptible service.

In 2017, PGW proposed the use of "value-based" pricing for Rate IT customers.³² That proposal was withdrawn as part of the Settlement of PGW's 2017 base rate proceeding³³ without prejudice as to any position that may be advanced in future proceedings.

PGW's 2017 proposal would have established a value-based price range for the distribution charge classes under Rate IT. One end of the range was to have been the actual cost of service as determined in a rate case that allocates reasonable share of the distribution system to interruptible customers. The other bound of the range was to have been the equivalent firm transportation rate (since the customer would typically have the option of taking firm service). That range would have been either above or below the customer's cost to use alternative fuel. That way, if the negotiated price was below the cost to use alternative fuel, the customer could elect to receive natural gas; or, if the negotiated price was above the relative cost of the alternative fuel, the

³² R- 2017-2586783.

³³ R- 2017-2586783, Joint Petition for Partial Settlement at ¶ 22, 25.
<https://www.puc.pa.gov/pdocs/1529631.pdf>.

customer could elect to use their alternative fuel source. In either situation, PGW would have had the incentive to negotiate a rate that took into consideration the customer's alternative fuel cost and induced them to continue to use natural gas, rather than their available alternative fuel. PGW's proposal was met with a total lack of interest, and it was eventually withdrawn.

B. Whether Rate IT should be phased out.

For several reasons, PGW is not proposing to phase out Rate IT as part of PGW's base rate filing in 2023.

Phasing-out interruptible transportation service in favor of firm transportation service would have limited effect on base rate costs, over time, because, under PGW's cost of service analysis, IT customers are already allocated an appropriate share of distribution system costs, in recognition of the fact that IT service is effectively firm (although additional costs might need to be added if their service was officially "firm").³⁴ PGW is not proposing in this case to move IT customers to cost parity but to do so over time. However, a formal conversion could increase hasten that transition.

Formally characterizing IT customers as firm would increase the design day demand on PGW's gas distribution system. PGW models project customer gas requirements for a design (coldest) hour, design day and design winter. These gas requirements form the basis for capacity commitments for pipeline supply, storage, and transportation contracting. Under this model, PGW includes all firm sales and transportation load. The model does not include interruptible sales and transportation load. In 2022, PGW's design day requirements were approximately 698,400 Mcf. PGW has a maximum daily firm capacity of 134,822 Dth on the TETCO pipeline and a maximum daily firm capacity of 165,212 Dth on the Transco pipeline. That combined total of daily capacity of (upstream) pipeline capacity is less than PGW's design day requirement so PGW relies on off-site storage assets and stored liquefied natural gas (LNG) to meet its design day demands. This means that eliminating interruptible transportation service would add strain to PGW's off-site storage and LNG assets. PGW would need to evaluate its current asset portfolio to handle the additional customers on the design day and its portfolio might need to be increased. This, in turn, would increase gas costs, recovered through PGW's GCR.

Phasing-out interruptible transportation service would require PGW's transportation customers to transport their gas to PGW in a different manner. Customers who need interruptible service from PGW obtain interruptible transportation service from an (upstream) interstate pipeline. Customers who need firm transportation service from PGW must also obtain firm transportation service from an (upstream) interstate pipeline that is transporting gas to a PGW-designated city gate. The capacity of the (upstream) interstate pipelines to handle firm transmission capacity to PGW's city gates is unclear and has not been investigated by PGW. Currently, PGW is required to release its upstream pipeline entitlements to the firm transportation suppliers. It is not clear how capacity for converted IT customers would be handled. If PGW were required to assign capacity to these new FT (previously IT) customers it would dramatically change PGW's portfolio and costs. Also, PGW has not investigated the upstream capacity price difference to

³⁴ See, R-2023-3037933, PGW St. 5 (Heppenstall).

the customers, if the customers were required to switch from upstream interruptible service to firm service.

PGW has not had significant interest from existing IT customers in firm transportation service under Rate GS and is unsure of customer desire for firm transportation service under the proposed Rate IT. PGW is also unsure of the level of customer desire for the elimination of Rate IT over time. Elimination of Rate IT means that either existing IT customers will be transitioned to GS-T rates or that existing GS-T customers who are otherwise volume eligible would be eligible to receive service under what are now the rates for Rate IT. PGW anticipates that IT customers will not support the phasing out of Rate IT if it means moving them to Rate GS-T levels (plus surcharges). That anticipation is based, in part, on the prior lack of support for a voluntary option based on Rate IT, as discussed above. The lack of interest and opposition appeared to be based on the fact that Rate LT was going to be offered at rates higher than existing IT rates. Given that there was no support for creating an option to Rate IT, PGW does not anticipate existing IT customer support for the elimination of Rate IT.

It is also unclear how phasing out Rate IT and transitioning IT customers to Rate GS-T (with a corresponding increase in rates/application of surcharges) would affect PGW and its customers. The energy markets in Philadelphia are highly competitive. Energy resources competition exists among the three utilities serving Philadelphia: PGW, PECO Energy Company ("PECO"), and Vicinity Energy Philadelphia Inc. ("VEPI"), and has been ongoing for years. Other energy sources which are not jurisdictional to the Commission, such as fuel oil, solar, propane and geothermal also actively compete for these same customers. In other words, end use customers in Philadelphia have many energy options at their choice at prices and terms acceptable to them. Given the competitive energy market, it is difficult to predict how many existing Rate IT customers would remain gas customers (under different schedule(s)) if Rate IT is eliminated.

On the other hand, if Rate IT were converted to Firm service at existing IT rates it would mean that existing GS-T customers would be eligible for that rate. PGW has approximately 846 current Rate GS-T customers that would be eligible for Rate IT on a volume of service basis. PGW believes that existing Rate GS-T customers are not able to qualify for Rate IT because they do not have the ability to install alternate fuel capability or to otherwise eliminate their gas demand when required to do so (or do not want to risk interruption, however remote the likelihood). If Rate IT were converted to firm there would no longer be a justification for requiring that the customer be interruptible. The result would appear to be that these existing GS-T customers that qualify from a volume standpoint would have to be served at the much lower existing IT rates (when also considering surcharges). Importantly, the average IT rate is about one-fifth of the average GS-T rate. That lost margin or contribution to surcharges would have to be made up by remaining customers, chiefly residential and small commercial GS customers.

Finally, a formal conversion would require a reconciliation of disparate balancing and other rules for IT verses GS-T customers. Currently, there are separate rules for balancing and gas delivery for Rate IT customers and Rate GS-T customers. Balancing and capacity assignment rules for Rate GS-T are set out in PGW's Supplier Tariff, Section 10. Balancing rules for Rate IT are found in PGW's General Tariff, Pages 101-110. Any revision to Rate IT to make it firm will require a reconciliation of these two different balancing regimes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2023-3037933
Office of Consumer Advocate	:	C-2023-3038846
Office of Small Business Advocate	:	C-2023-3038885
Philadelphia Industrial and Commercial Gas	:	C-2023-3039059
User Group	:	
Grays Ferry Cogeneration Partnership and	:	C-2023-3038727
Vicinity Energy Philadelphia, Inc.	:	
James M. Williford	:	C-2023-3039130
	:	
v.	:	
	:	
Philadelphia Gas Works	:	

Grays Ferry Cogeneration Partnership and	:	C-2021-3029259
Vicinity Energy Philadelphia, Inc.	:	
	:	
v.	:	
	:	
Philadelphia Gas Works	:	

DIRECT TESTIMONY OF JAMES L. CRIST, P.E.

ON BEHALF OF

GRAYS FERRY COGENERATION PARTNERSHIP

AND VICINITY ENERGY PHILADELPHIA, INC.

Statement JC-1
June 2, 2023

<u>Exhibit</u>	<u>Description</u>
Appendix I	CV and Regulatory Experience
Exhibits JC1.1-JC1.5	James L. Crist testimony in Complaint case(C-2021-3029259) and 1307(f) case (R-2023-3038069 and C-2023-3038722)
Exhibit JC2	Contract
Exhibit JC3	TETCO System Map
Exhibit JC4	PGW Response to Vicinity Set I-2 from Complaint Case
HC Exhibit JC5	Pricing Document for bypass pipeline
Exhibit JC6	Ryan Reeves' response to Vicinity Set II, no. 7 in 1307(f) case regarding Philadelphia Lateral capacity release prices.
Exhibit JC7	JC proposed edits to PGW tariff for Rate GS-XLT
Exhibit JC8	PGW Response to OSBA Set 03-01, current v. proposed rates.

EXHIBIT JC1.4

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Grays Ferry Cogeneration Partnership and	:	
Vicinity Energy Philadelphia, Inc.	:	
Complainants,	:	
	:	Docket No. R-2023-3038069 and
v.	:	C-2023-3038722
	:	
Philadelphia Gas Works,	:	
Respondent.	:	

**DIRECT TESTIMONY OF JAMES L. CRIST, P.E.
ON BEHALF OF
GRAYS FERRY COGENERATION PARTNERSHIP
AND VICINITY ENERGY PHILADELPHIA, INC.**

1 parties that could use the capacity and charges for those parties to use the capacity –
2 otherwise known as release capacity. Twenty five percent of those release capacity
3 revenues are retained by PGW, even though PGW’s customers pay 100% of the cost of
4 that capacity.

5
6 **Q. HOW DOES PGW MEET ITS PEAK NEEDS?**

7 A. PGW has a maximum daily firm capacity of 134,822 Dth on the TETCO pipeline and a
8 maximum daily capacity of 167,179 Dth on the Transco pipeline. This means that every
9 day, unless it releases it through release capacity, PGW has the ability to move 302,001
10 Dth onto its system. PGW supplements its firm pipeline capacity with its off-site storage
11 assets and stored Liquified Natural Gas (“LNG”) on system to meet its design day
12 demands.

13
14 **Q. WHAT CAPACITY ASSETS DOES PGW HOLD ON THE PHILADELPHIA**
15 **LATERAL?**

16 A. As conveyed in its response to Vicinity’s Set I-1 (**Exhibit JC-1**), PGW holds four capacity
17 contracts on the Philadelphia Lateral. These four capacity contracts are for 75,000 Dth/d,
18 23,822 Dth/d, 18,000 Dth/d, and 18,000 Dth/d, totaling 134,822 Dth/d. This is more than
19 enough capacity required by PGW to satisfy its customers’ peak needs. We know this
20 because there has never been an instance in the past 10 years when PGW had to interrupt
21 deliveries to Grays Ferry or any other customers due to lack of capacity on the Philadelphia
22 Lateral. In the response to Vicinity’s data request Set II-1 (**Exhibit JC-2**) Mr. Florian Teme

1 stated, “PGW has had no general curtailments or otherwise had gas delivery interruptions
2 over the past 10 years.”
3

4 **Q. DOES PGW HOLD EXCESS CAPACITY ON THE PHILADELPHIA LATERAL?**

5 A. Yes. In its reply to Vicinity’s Set II-9 (**Exhibit JC-3**), PGW witness Mr. Reeves provided
6 data for the most recent five winter periods that showed the daily volumes of gas flowing
7 through the Philadelphia Lateral and delivered to PGWs low pressure distribution system
8 and to the high-pressure four-mile line that serves Grays Ferry. Even with the Gray Ferry
9 deliveries, PGW still had more capacity available on the Philadelphia Lateral than it needs.
10

11 **Q. WHAT IS THE STORAGE CAPACITY AND WITHDRAWAL CAPACITY OF**
12 **PGW’S LNG FACILITIES?**

13 A. PGW operates two LNG facilities. The storage capacity of those facilities is approximately
14 3,900,000 Mcf, and the daily withdrawal capability is 545,000 Mcf as noted in PGW’s
15 response to OCA Set I, No. 31 (**Exhibit JC-4**).
16

17 **Q. HOW DOES PGW PLAN TO MEET ITS SUPPLY REQUIREMENTS ON ITS**
18 **FORECASTED PEAK DAY?**

19 A. In response to OCA Set I-4 (**Exhibit JC-5**) PGW lists its supply plan for the forecast peak
20 day and shows how PGWs pipeline, storage and LNG assets would meet the forecasted
21 requirement of 678,445 Dth. It shows that on the peak day 119,298 Dth of supply would
22 need to flow through TETCO. As stated earlier, PGW holds 134,882 Dth/day of firm

1 capacity which reflects an excess of 15,540 Dth/day of capacity on TETCO. It is capacity
2 on the TETCO Philadelphia Lateral that is needed to provide gas to Grays Ferry.

3
4 **Q. DOES PGW HAVE EXCESS OVERALL CAPACITY?**

5 A. Yes. PGW holds a combined total of 302,001 Dth/day of firm capacity on the Transco and
6 TETCO pipelines and has storage and on-system LNG. (Response to Vicinity Set II-2,
7 **Exhibit JC-6**). PGW presented its 3-day peak analysis in response to I&E Set I-25
8 (**Exhibit JC-7**) that stated on January 29, 2022, the peak day in the recent heating season,
9 the sendout was 531,582 Mcf (about 550,000 Dth), only 81% of its forecast peak.

10
11 **Q. WHAT DOES PGW DO WITH THIS EXCESS CAPACITY?**

12 A. Because PGW's capacity assets exceed its needs it engages in the practice of off-system
13 sales and capacity release. Off-system sales involve the sale of gas or capacity to entities
14 outside the PGW service territory; PGW engages in off-system sales perennially and allows
15 PGW to earn extra revenue from the assets that otherwise might not be used. Of the
16 revenues it obtains from off-system sales 75% are credited to the Gas Cost Rate ("GCR")
17 which benefits firm sales service customers, and 25% are retained by PGW. Providing the
18 capacity that Grays Ferry needs to operate should take precedence over capacity release
19 off the PGW system. As a Philadelphia-based business Grays Ferry employs 81 people
20 and its regulated steam utility VEPI distributes steam to over 250 commercial and
21 residential buildings (approximately 90 million square feet of building space), primarily in
22 center city. Releasing the capacity to Grays Ferry will produce superior financial benefits
23 to PGW customers than PGW's current actions of off-system release.

1 **Q. WHAT AMOUNT HAS PGW FORECAST FOR OFF SYSTEM SALES,**
2 **CAPACITY RELEASE CREDITS, AND ASSET MANAGEMENT CREDITS?**

3 A. PGW's witness, Mr. Florian Teme, stated in his direct testimony, "PGW has projected the
4 amount of off system sales, capacity release credits, and asset management credits within
5 the GCR period of 2023-2024. This amount is based on a 3-year average. Of that amount,
6 \$16,909,282 was credited to the GCR." (Source: PGW St. 1 12:5-7). PGW controls
7 substantial assets that exceed its needs.

8
9 **Q. WHAT PORTION OF THE NET MARGINS FROM OFF SYSTEM SALES ARE**
10 **CREDITED TO GCR CUSTOMERS?**

11 A. Consistent with its tariff, PGW credits 75% of its historic review period off-system sales
12 net margins, capacity release credits, and storage asset management fees to GCR customers
13 and retains the remaining 25% pursuant to the sharing provisions of its tariff (Ninety Third
14 Revised Page No. 67). Similar sharing provisions are currently in place for all other natural
15 gas distribution companies ("NGDCs") in Pennsylvania that are subject to Section 1307(f)
16 gas cost recovery. PGW forecasts \$16.9 million, which is 75% of the total amount of off-
17 system sales, capacity release, and asset management credits within 2023-2024 period, is
18 to be credited to the GCR. This means the remaining 25% or \$5.6 million is retained by
19 PGW.

PHILADELPHIA GAS WORKS
PICGUG CLASS COST OF SERVICE STUDY RESULTS VS. PHILADELPHIA GAS WORKS
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED AUGUST 31, 2024
WITHOUT GAS COSTS

Service Classification (1)	Current Revenue Amount (2)	Cost of Service Increase			
		PGW		PICGUG	
		Amount (in 000's) (3)	Percent (4)	Amount (in 000's) (5)	Percent (6)
Residential	\$ 351,526	\$ 395,025	12.4%	\$ 409,634	16.5%
Commercial	\$ 61,799	72,527	17.4%	\$ 76,292	23.5%
Industrial	\$ 4,920	5,606	14.0%	\$ 5,933	20.6%
Municipal	\$ 4,873	6,771	38.9%	\$ 7,155	46.8%
PHA - GS	\$ 1,648	1,998	21.2%	\$ 2,071	25.6%
PHA - Rate 8	\$ 2,614	2,984	14.1%	\$ 3,161	20.9%
NGVS	\$ 27	56	104.7%	\$ 60	119.5%
Interruptible	\$ 12,773	33,590	163.0%	\$ 24,489	91.7%
Grays Ferry/Veolia				\$ -	
Total	<u>\$ 440,181</u>	<u>\$ 518,557</u>	<u>17.8%</u>	<u>\$ 528,794</u>	<u>20.1%</u>

Note: PICCUG's original class cost-of-service analysis excluded Grays Ferry/Veolia.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

Remand Rebuttal Testimony
and Exhibit

of

Billie LaConte

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

April 16, 2026



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

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GLOSSARY OF ACRONYMS

Term	Definition
CCOSS	Class Cost-of-Service Study
Commonwealth Court	Commonwealth Court of Pennsylvania
OCA	Pennsylvania Office of Consumer Advocate
OSBA	Pennsylvania Office of Small Business Advocate
PICGUG	Philadelphia Industrial and Commercial Gas Users Group
PGW	Philadelphia Gas Works
Rate IT	Interruptible Transportation Rate Schedule

Remand Rebuttal Testimony of Billie LaConte

1 **Introduction**

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A My name is Billie LaConte. My business address is 14323 South Outer 40 Rd., Suite
4 206N, St. Louis, Missouri 63017.

5 **Q ARE YOU THE SAME BILLIE LACONTE WHO PREVIOUSLY SUBMITTED**
6 **REMAND DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE**
7 **PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS GROUP**
8 **(PICGUG)?**

9 A Yes.

10 **Q TO WHICH REMAND DIRECT TESTIMONY WITNESSES ARE YOU**
11 **RESPONDING?**

12 A I am responding to the Remand Direct Testimony and Exhibits of the following
13 witnesses:

- 14 • Florian Teme on behalf of Philadelphia Gas Works (PGW);
- 15 • Gregory R. Herbert on behalf of PGW;
- 16 • Jerome D. Mierzwa on behalf of the Pennsylvania Office of Consumer
17 Advocate (OCA); and
- 18 • Mark D. Ewen on behalf of the Pennsylvania Office of Small Business
19 Advocate (OSBA).

20 **Q ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?**

21 A Yes. I am sponsoring **Exhibit___(BSL-1R-R)**. This exhibit provides copies of PGW
22 discovery responses submitted in this proceeding that I rely upon in my testimony.

1 **Rebuttal to Mr. Teme**

2 **Q WHAT IS MR. TEME'S RESPONSE TO THE COMMONWEALTH COURT'S FIRST**
3 **QUESTION AS TO WHETHER TREATING THE INTERRUPTIBLE**
4 **TRANSPORTATION RATE SCHEDULE (RATE IT) AS TECHNICALLY FIRM FOR**
5 **PURPOSES OF RATE ALLOCATION WHILE, AT THE SAME TIME, REQUIRING IT**
6 **TO ADHERE TO THE OBLIGATIONS OF INTERRUPTIBLE CUSTOMERS**
7 **VIOLATES PGW'S TARIFF?**

8 A Mr. Teme states "neither PGW nor the Commission treated Rate IT as firm service for
9 the purposes of rate allocation, either technically or otherwise."¹ Mr. Teme states that
10 PGW did not treat Rate IT as firm in its class cost-of-service study (CCOSS) because
11 it "simply allocated one cost - the distribution system costs associated with meeting
12 peak demand – to each customer class based on actual historical peak demand."² As
13 I explain below, the allocation of certain distribution costs related to peak demand to
14 Rate IT customers is the exact reason why the treatment of Rate IT in PGW's CCOSS
15 is incorrect.

16 **Q WHY IS IT INCORRECT TO ALLOCATE DISTRIBUTION COSTS RELATED TO**
17 **PEAK DESIGN DAY DEMAND TO RATE IT?**

18 A As noted by PGW, PGW incorporates the Peak Design Day Demand in order to ensure
19 service to its firm customers when planning the natural gas system.³ The Peak Design
20 Day Demand represents the expected demand on a day when the actual temperature

¹ PGW St. No. 1-RD, Remand Direct Testimony of Florian Teme at 9.

² *Id.*

³ PGW Response to OSBA Set I-0008, a copy of which is provided in **Exhibit___(BSL-1R-R)**.

1 is 0 degrees Fahrenheit.⁴ On those days, PGW can interrupt Rate IT in order to
2 provide service to its firm customers. As noted by PGW, Rate IT customers are
3 expected to have no natural gas usage and, thus, are excluded from PGW's Peak
4 Design Day Demand.⁵ Therefore, it isn't necessary for PGW to design its system to
5 serve Rate IT customers.

6 **Q DOES THE TREATMENT OF RATE IT IN THE COST-OF-SERVICE STUDY**
7 **DEPEND UPON WHETHER RATE IT CONTRIBUTED TO THE PEAK DAY**
8 **DEMAND?**

9 A No. The fact that PGW voluntarily chose not to interrupt Rate IT customers and
10 instead allowed Rate IT to use its distribution system on the peak day does not
11 discount the fact that these customers are interruptible. PGW chose not to interrupt
12 these customers on the peak day. Rate IT customers not being interrupted on the
13 peak day should not be a reason to penalize them when they have met the
14 requirements to obtain interruptible service from PGW. The decision to interrupt Rate
15 IT is solely on PGW, not on the interruptible customers. Therefore, these customers
16 should not be allocated additional costs simply because PGW has not historically
17 chosen to interrupt them.

18 **Q DID RATE IT CAUSE PGW TO INCUR DISTRIBUTION MAINS-RELATED COSTS?**

19 A No. As stated in my Remand Direct Testimony, PGW plans its system using Peak
20 Design Day Demand, which is consistent with cost causation because a gas
21 distribution utility must size its distribution mains based on the firm quantity of gas that

⁴ PGW Response to OCA Set II-0002, a copy of which is provided in **Exhibit___(BSL-1R-R)**.

⁵ *Id.*

1 will be supplied on the Peak Design Day. Rate IT customers do not cause PGW to
2 incur additional distribution mains costs because PGW has the right (and discretion)
3 to interrupt them to ensure firm customers receive service during peak times. Stated
4 differently, Rate IT does not contribute to PGW's Peak Design Day Demand.

5 **Q WHAT IS MR. TEME'S RESPONSE TO THE COMMONWEALTH COURT'S THIRD**
6 **QUESTION REGARDING WHETHER A NEW RETROSPECTIVE BENEFITS OR**
7 **"VALUE OF SERVICE" PRINCIPLE HAS BEEN APPLIED DUE TO**
8 **INTERRUPTIBLE CUSTOMERS BEING ALLOCATED COSTS FOR BENEFITS**
9 **PROVIDED AT PGW'S SOLE DISCRETION?**

10 A Mr. Teme states that "PGW did not apply a value of service concept..." but "believe[s]
11 that non-quantifiable concepts such as value of service or competitive alternatives can
12 be legitimate rate making factors and can be inputs into rate allocation."⁶ However,
13 Mr. Teme acknowledges the importance of the *Lloyd* case in rate determination.⁷ In
14 this instance, PGW is allocating certain costs to Rate IT even though PGW did not
15 incur these costs on behalf of interruptible customers. As stated in my Remand Direct
16 Testimony, *Lloyd* determined that cost causation is the "polestar" for determining just
17 and reasonable rates.⁸ By allocating costs not incurred by Rate IT, PGW is applying
18 a value of service principle.

⁶ PGW St. No. 1-RD, Remand Direct Testimony of Florian Teme at 10-11.

⁷ *Id.* at 11.

⁸ PICGUG Statement No. 1D-R, Remand Direct Testimony and Exhibits of Billie LaConte at 11.

1 **Q DO YOU AGREE WITH MR. TEME THAT PGW NEVER TREATED THE RATE IT**
2 **CLASS AS FIRM CUSTOMERS FOR RATE ALLOCATION?**

3 **A**No. Mr. Teme attempts to separate PGW's CCOSS from any resulting rate allocation.
4 In doing so, however, Mr. Teme overlooks the fact that the CCOSS is the basis for any
5 rate allocation, as the CCOSS provides the various customer classes' relative rate of
6 return. By allocating certain firm service costs to interruptible customers, Rate IT's
7 relative rate of return is unreasonably lowered. In turn, any resulting rate increase
8 would be artificially increased to account for this inappropriate differential.

9 **Q MR. TEME CLAIMS THAT PGW IS NOT CHARGING RATE IT CUSTOMERS IN THE**
10 **SAME WAY AS IT CHARGES THE FIRM TRANSPORTATION CLASS. DO YOU**
11 **AGREE?**

12 **A**No. In the CCOSS, the firm Transportation customers are properly allocated additional
13 distribution mains cost because they (1) are not interruptible, (2) require firm service
14 at peak times, and (3) are not required to interrupt at PGW's sole discretion. Rate IT
15 customers are also being allocated costs for additional distribution mains even though
16 they: (1) are interruptible; (2) do not require firm service at peak times; and (3) are
17 required to interrupt at PGW's sole discretion. In other words, both the firm and
18 interruptible transportation customers are being allocated additional distribution mains
19 costs even though only firm customers require PGW to incur these costs. While firm
20 transportation customers may be treated differently by PGW in other respects, the
21 allocation of additional distribution mains is the issue in this Remand proceeding.

1 **Q HAS PGW CONSISTENTLY PROPOSED RATES FOR RATE IT BASED ON THE**
2 **COST TO SERVE THESE CUSTOMERS?**

3 A No. In its 2020 base rate case, PGW proposed to revise the allocation of costs to Rate
4 IT by assigning firm costs to this class. Therefore, PGW has not consistently treated
5 Rate IT on a cost to serve basis.

6 **Q MR. TEME STATES THAT PGW'S PROPOSED CLASS COST-OF-SERVICE**
7 **STUDY REFLECTS HOW INTERRUPTIBLE CUSTOMERS USE THE SYSTEM. DO**
8 **YOU AGREE?**

9 A No. PGW's proposed CCOSS distorts how industrial customers use the system. Mr.
10 Teme claims that Rate IT caused costs to be incurred because Rate IT customers
11 used PGW's system during peak times, however, PGW reserves the right to interrupt
12 these customers whether it chooses to exercise that right or not. In other words, PGW
13 is never obligated to serve Rate IT customers during peak times, which is the very
14 differentiator that defines how Rate IT customers use the system. PGW's proposed
15 CCOSS does not reflect the reality that because PGW's Tariff requires Rate IT
16 customers to maintain their interruptibility, PGW can interrupt these customers in the
17 future.

18 **Q PGW'S ALTERNATIVE CLASS COST-OF-SERVICE STUDY DEMONSTRATES**
19 **THAT RATE IT IS ABOVE COST AND OTHER CLASSES ARE BELOW COST,**
20 **WHICH MR. TEME CLAIMS IS NOT A DESIRABLE OUTCOME.⁹ IS HE CORRECT?**

21 A No. I agree that the results of the PICGUG's CCOSS in which Rate IT is not allocated
22 firm demand costs result in a lower increase for Rate IT and higher rates for other

⁹ PGW St. No. 1-RD, Remand Direct Testimony of Florian Teme at 12.

1 classes. However, the fact that other customers would receive an increase is not a
2 reason to reject the correct CCOSS. Mr. Teme fails to consider the impact of the
3 alternative CCOSS on Rate IT customers' rates.

4 **Rebuttal to Mr. Herbert**

5 **Q DOES MR. HERBERT SUPPORT PGW'S TREATMENT OF RATE IT AS FIRM IN**
6 **THE CLASS COST-OF-SERVICE STUDY?**

7 A Yes. Mr. Herbert states that PGW does not have design day data. However, he goes
8 on to acknowledge that "if design day demand were used, the Rate IT class would not
9 receive any allocation of peak demand costs because pursuant PGW's system-wide
10 design day supply model, the Rate IT customers are assumed to be interrupted on the
11 design day."¹⁰ This contradicts his support for treating the Rate IT class as firm.

12 **Q DOES THE FACT THAT PGW HAS NEVER INTERRUPTED RATE IT CUSTOMERS**
13 **DEMONSTRATE THAT RATE IT CUSTOMERS SHOULD BE ALLOCATED THESE**
14 **FIRM COSTS?**

15 A No. Interruptible customers are prepared for interruptions, per the terms of the Rate
16 IT tariff. The onus to interrupt is not on Rate IT customers but on PGW. Essentially,
17 PGW requires Rate IT customers to meet stringent requirements to receive
18 interruptible rates, yet blames them for not interrupting when it is PGW's sole decision
19 whether and when to interrupt. The reality that PGW chose to purchase more capacity
20 than necessary to serve its firm customers, thereby negating the need to interrupt Rate
21 IT customers on peak days, should not result in Rate IT customers paying
22 unnecessarily higher rates due to PGW's planning choices. The question of whether

¹⁰ PGW St. No. 2-RD, Remand Direct Testimony of Gregory R. Herbert at 4.

1 or not Rate IT has been interrupted should not factor into how these customers are
2 treated in the CCOSS. In addition, if Rate IT customers are treated as firm in the
3 CCOSS and PGW determines that it must interrupt these customers in the future, it is
4 unclear how these customers would be treated in PGW's CCOSS at that time and
5 going forward.

6 **Q SHOULD PGW IGNORE ITS PEAK DESIGN DAY DEMAND PLANNING METHOD**
7 **WHEN ALLOCATING COSTS?**

8 A No. Rates should be based on cost causation. Using PGW's planning criteria, PGW
9 uses Peak Design Day Demand to size its distribution system. Because this is the
10 basis for PGW's planning criteria, it must be used to determine rates. In fact, Mr.
11 Herbert agrees that "if design day demand were used, the Rate IT class would not
12 receive any allocation of peak demand costs because, pursuant to PGW's system-
13 wide design day supply model, the Rate IT customers are assumed to be interrupted
14 on the design day."¹¹ PGW's lack of Peak Design Day Demand data does not mean
15 Rate IT customers should be treated differently in the CCOSS. The treatment of Rate
16 IT customers is the same regardless of whether Peak Design Day Demand or peak
17 demand data is used in the CCOSS, *i.e.*, they remain interruptible at any time on
18 PGW's sole discretion.

19 **Q DOES MR. HERBERT SUPPORT THE ALLOCATION OF EXTRA PEAK DEMAND**
20 **COSTS USING HISTORICAL PEAK DEMAND DATA?**

21 A Yes. Mr. Herbert states that, in its 2023 rate case, PGW witness Constance
22 Heppenstall "determined to allocate extra peak demand costs using historic peak

¹¹ *Id.*

1 demand because Rate IT class customers are, in reality, always taking service on
2 PGW's actual peak day." However, this contradicts the fact that PGW uses Peak
3 Design Day Demand when designing its system, which should inform one on how to
4 properly allocate costs to the interruptible class.

5 **Q HOW DOES MR. HERBERT RESPOND TO THE COMMONWEALTH COURT'S**
6 **FIRST QUESTION REGARDING WHETHER TREATING RATE IT AS**
7 **TECHNICALLY FIRM FOR PURPOSES OF RATE ALLOCATION WHILE, AT THE**
8 **SAME TIME, REQUIRING IT TO ADHERE TO THE OBLIGATIONS OF**
9 **INTERRUPTIBLE CUSTOMERS VIOLATES PGW'S TARIFF?**

10 A Mr. Herbert claims that PGW did not treat Rate IT as firm for the purposes of rate
11 allocation for several reasons. First, he claims that because the rates were based on
12 revenue allocation, the treatment is different than allocating the costs on the basis of
13 the results of the CCOSS.¹² However, the results of a CCOSS typically inform the
14 utility and intervenors on the proper revenue allocation.

15 Second, he claims that Rate IT customers were treated as firm based on the
16 allocation of one specific cost.¹³ However, as previously noted, he also acknowledges
17 that if PGW used Peak Design Day Demand, this cost *would not* be allocated to
18 interruptible customers. Moreover, simply because it is one cost at issue does not
19 mean it is appropriate to misallocate it. As explained above, the use of Peak Day
20 Demand does not negate the fact that Rate IT is interruptible and the CCOSS should
21 reflect that.

¹² *Id.* at 6.

¹³ *Id.* at 7-8.

1 **Q WHAT IS MR. HERBERT'S POSITION REGARDING THE COMMONWEALTH**
2 **COURT'S QUESTION OF HOW, UNDER A COST CAUSATION ANALYSIS, RATE**
3 **IT CUSTOMERS CAUSED PGW'S DISTRIBUTION MAINS-RELATED COSTS TO**
4 **BE INCURRED?**

5 A Mr. Herbert states that the purpose of a CCROSS is to allocate projected costs of a
6 future test period to the various customer classes in proportion to each class's use of
7 the facilities, commodity, and services on the basis of various usage characteristics of
8 each class.¹⁴ I agree that a CCROSS should allocate costs based on cost causation,
9 and to properly account for Rate IT and costs incurred to serve it, only costs that are
10 incurred to serve this class should be allocated to it in the CCROSS. However, as stated
11 in my Remand Direct Testimony, PGW plans its system on Peak Design Day Demand,
12 which is consistent with cost causation because a gas utility must size its distribution
13 mains based on the firm quantity of gas that will be supplied on the Peak Design Day.
14 Rate IT customers do not cause PGW to incur additional distribution costs to serve
15 firm customers on the Peak Design Day because PGW has the right and discretion to
16 interrupt this class's service to ensure that firm service customers receive service
17 during peak hours.

18 **Q DOES THE FACT THAT RATE IT CUSTOMERS HAVE A PEAK DEMAND ABOVE**
19 **THEIR AVERAGE DAILY THROUGHPUT FACTOR INTO THE PROPER**
20 **ALLOCATION OF COSTS IN THE CCROSS?**

21 No. Even if Rate IT's peak is significantly above its average daily usage, this does not
22 change the terms of the Rate IT tariff and PGW's ability to interrupt these customers

¹⁴ *Id.* at 8.

1 at any time. Mr. Herbert claims that “because PGW has never interrupted these
2 customers, and has been able to avoid interrupting them on PGW’s actual peak day
3 each year, one must conclude that the distribution system is designed to handle the
4 Rate IT class’s peak demands.”¹⁵ However, this contradicts the fact that PGW designs
5 its system to meet Peak Design Day Demands. If PGW included Rate IT demand in
6 determining the Peak Design Day Demand, then PGW is at fault for overbuilding its
7 system to serve firm and interruptible customers on the Peak Design Day when Rate
8 IT customers may be interrupted to ensure firm service customers receive their gas
9 deliveries.

10 **Rebuttal to Mr. Mierzwa**

11 **Q IS MR. MIERZWA CORRECT THAT PICGUG ARGUED THAT INTERRUPTIBLE**
12 **CUSTOMERS ARE TECHNICALLY INTERRUPTIBLE?¹⁶**

13 **A** No. PICGUG has always maintained that Rate IT customers are fully interruptible.
14 Other parties to this proceeding, such as PGW, have claimed that Rate IT is
15 “technically interruptible.”

16 **Q PLEASE COMMENT ON MR. MIERZWA’S STATEMENT THAT IF PICGUG’S**
17 **CCOSS METHODOLOGY WAS USED IN THE 2023 RATE CASE THE RATES FOR**
18 **INTERRUPTIBLE CUSTOMERS WOULD NOT HAVE BEEN LOWER.**

19 **A** The purpose of a CCOSS is to properly allocate the costs PGW incurs to serve each
20 rate class. If PGW had used PICGUG’s methodology to allocate the costs, the
21 proposed relative rate of return for Rate IT would have been higher, which would have

¹⁵ *Id.* at 9.

¹⁶ OCA Statement No. 1-Remand, Direct Testimony of Jerome D. Mierzwa at 3.

1 factored into the revenue allocation process, potentially leading to a lower rate
2 increase for Rate IT than was approved in the 2023 rate case.¹⁷ Moreover, whether a
3 class's rate increase would be higher or lower is not the standard for determining
4 whether costs have been correctly allocated in a CCOS.

5 **Q MR. MIERZWA COMPARES THE FIRM RATES APPROVED IN THE 2023 BASE**
6 **RATE CASE TO INTERRUPTIBLE CUSTOMERS' RATES.¹⁸ IS THIS**
7 **COMPARISON APPROPRIATE?**

8 **A** No. As stated above, for tariff purposes PGW continues to treat Rate IT customers as
9 interruptible by requiring these customers to demonstrate that they have the capability
10 to interrupt based upon PGW's requirements. The fact that the firm rates were higher
11 than interruptible rates in no way discredits the fact that Rate IT customers were
12 improperly allocated firm service costs in the CCOS. This is no more logical than a
13 business owner telling an employee who did not receive a raise in five years that she
14 is not being treated differently than an employee who received a raise every year for
15 each of those years because the employee who did not receive any raises is still
16 making more money than the other employee. The preserved gap in overall salary
17 does not address the question of whether one employee is being treated differently,
18 and possibly inappropriately, as to annual raises. Likewise, the standard to be used
19 by the Commission is whether costs are being correctly allocated in a CCOS based

¹⁷ Remand Direct Testimony of Billie S. LaConte, **Revised Exhibit___ (BSL-7D-R)**. Please note that on April 6, 2026, PICGUG submitted an Errata, inclusive of replacing **Exhibit___(BSL-7D-R)**. Since then, PICGUG realized that the attachment to the Errata was incorrectly labeled "**Revised Exhibit___(BSL-7)**." The correctly labeled exhibit should be "**Revised Exhibit___(BSL-7D-R)**." Because this is not a substantive change, PICGUG is not planning to file another Errata; however, for everyone's convenience, PICGUG is providing a correctly labeled **Revised Exhibit___(BSL-7D-R)** as a separate attachment to its service email for this Remand Rebuttal Testimony.

¹⁸ OCA Statement No. 1-Remand, Direct Testimony of Jerome D. Mierzwa at 6-7.

1 upon cost to serve – not on a comparison of other classes receiving a different type of
2 service.

3 **Q DID MR. MIERZWA RESPOND TO THE COMMONWEALTH COURT’S FOUR**
4 **QUESTIONS SET FORTH FOR THIS REMAND?**

5 A No. Mr. Mierzwa seems to be waiting to respond to these questions in his Remand
6 Rebuttal Testimony. I understand from Counsel that they will address the
7 appropriateness of the timing of such response after reviewing Mr. Mierzwa’s Remand
8 Rebuttal Testimony.

9 **Rebuttal to Mr. Ewen**

10 **Q PLEASE DESCRIBE MR. EWEN’S COMMENTS REGARDING THE PROPER**
11 **TREATMENT OF RATE IT IN PGW’S CCROSS.**

12 A Mr. Ewen provides a history of the design of Rate IT, referring to PGW’s initial value
13 of service methodology. He notes that in 2007, the Commission replaced the value of
14 service methodology with a cost-based methodology. In its 2020 base rate case, PGW
15 “modified the allocation of mains costs to treat Rate IT customers as if they were
16 firm....”¹⁹

17 **Q MR. EWEN DISCUSSES THE “THEORETICAL IMPLICATIONS” ASSOCIATED**
18 **WITH GAS MAINS COST ALLOCATION AND CLAIMS THERE ARE PRACTICAL**
19 **PROBLEMS ASSOCIATED WITH THE THEORETICAL MODELS THAT**
20 **ALLOCATE COSTS TO INTERRUPTIBLE CUSTOMERS.²⁰ DO YOU AGREE?**

21 A No. Mr. Ewen claims that there are problems from a “strict cost causation

¹⁹ OSBA Statement No. 1-RD, Remand Direct Testimony & Exhibits of Mark D. Ewen at 7.

²⁰ *Id.* at 8.

1 perspective.”²¹ He states that gas mains are long-lived assets, and the actual planning
2 decisions used to supply interruptible customers are often not readily available.
3 Further, he states a firm customer may later switch to interruptible service at “a
4 material rate discount with no loss of reliability.”²² It is not clear how actual planning
5 decisions to supply interruptible customers are not readily available when the utility
6 makes the planning decisions itself. Mr. Ewen’s claim that firm customers may switch
7 to interruptible service with no loss of reliability is incorrect. First, if a firm customer
8 opts to become interruptible, it must meet strict requirements imposed by PGW
9 through its tariff to become eligible for interruptible service. Second, Mr. Ewen
10 assumes that PGW will never call upon Rate IT customers to interrupt, thereby
11 receiving service with “no loss of reliability.” Per PGW’s tariff, Rate IT customers are
12 subject to interruption at any time upon PGW’s sole discretion; therefore, the service
13 provided to these customers is not as reliable as firm service.

14 **Q DO YOU AGREE WITH MR. EWEN’S STATEMENT THAT “IT IS NOT UNCOMMON**
15 **FOR REGULATORS TO BELIEVE THAT THE PURELY THEORETICAL**
16 **APPROACH FOR INTERRUPTIBLE SERVICE COST ALLOCATION IS**
17 **INEQUITABLE, BECAUSE THE INTERRUPTIBLE CUSTOMERS ARE**
18 **ESSENTIALLY BEING GIVEN A ‘FREE RIDE’ FOR SERVICE?”²³**

19 **A** No. First, as explained in my Remand Direct Testimony, Rate IT customers must incur
20 costs upfront in order to take interruptible service — costs that are not required for firm
21 service. Second, this statement assumes that interruptible customers will never be

²¹ *Id.*

²² *Id.*

²³ *Id.* at 9.

1 interrupted in the future, which is not guaranteed by the tariff. Neither Mr. Ewen nor
2 any other witness has alleged that PGW does not have the continued right to interrupt
3 Rate IT customers. Therefore, PGW's interruptible customers are not being given a
4 free ride for service.

5 **Q MR. EWEN STATES THAT BECAUSE INTERRUPTIBLE SERVICE MAY HAVE**
6 **EXPLICIT OR IMPLICIT LIMITS ON THE NUMBER AND DURATION OF**
7 **INTERRUPTIONS THESE CUSTOMERS SHOULD BE ASSIGNED SOME**
8 **"DEMAND-RELATED" COSTS.²⁴ DO YOU AGREE?**

9 A No. The Rate IT tariff does not have any explicit or implicit limits on the number of
10 interruptions. However, even if these terms did exist, PGW has the option of imposing
11 significant penalties on customers who do not interrupt when requested.

12 **Q DOES MR. EWEN RECOGNIZE THAT PICGUG'S PROPOSED CCROSS**
13 **METHODOLOGY HAS PRACTICAL APPEAL?**

14 A Yes. Despite his opposition to PICGUG's CCROSS methodology, he acknowledges
15 that it: (1) recognizes PGW avoids incurring some mains costs by serving interruptible
16 customers; (2) is a methodology that is employed by PECO Gas in its CCROSS; and
17 (3) is "conceptually consistent with the treatment of interruptible customers in a "peak-
18 and-average" ("P&A") CCROSS."²⁵ PICGUG's CCROSS properly uses the Average and
19 Excess methodology.

²⁴ *Id.* at 8-9.

²⁵ *Id.* at 10.

1 **Q DO INTERRUPTIBLE CUSTOMERS RECEIVE PREFERENTIAL TREATMENT**
2 **BECAUSE THEY ARE NOT ALLOCATED UNIVERSAL SERVICE COSTS AS**
3 **CLAIMED BY MR. EWEN?²⁶**

4 A No. The allocation of universal service costs is properly based on cost causation.
5 Rate IT customers are not eligible for universal service costs and, therefore, do not
6 contribute to its costs. As such, Rate IT customers should not be allocated universal
7 service costs because they do not cause PGW to incur those costs.

8 **Q MR. EWEN CLAIMS THAT RATE IT BENEFITS BECAUSE IT IS NOT SUBJECT TO**
9 **OTHER COSTS, SUCH AS UNIVERSAL SERVICE COSTS, STORAGE/LOAD**
10 **BALANCING COSTS, POST-EMPLOYMENT BENEFITS CHARGE, THE**
11 **DISTRIBUTION SYSTEM IMPROVEMENT CHARGE AND ENERGY EFFICIENCY**
12 **CHARGES.²⁷ IS THAT RELEVANT IN THIS PROCEEDING?**

13 A No. The current proceeding is to determine the proper allocation of firm demand
14 related costs that are incorrectly allocated to Rate IT. I am advised that Counsel will
15 address at hearing whether this testimony is outside the scope of this proceeding.

16 **Q MR. EWEN SUGGESTS THAT PGW'S CLASS COST-OF-SERVICE STUDY FOR**
17 **RATE IT CAN APPROPRIATELY APPLY A VALUE OF SERVICE METHODOLOGY**
18 **AS DONE BY OTHER UTILITIES. IS HE CORRECT?**

19 A No. In talking about a value of service methodology, Mr. Ewen references flex rates,
20 which are negotiated rates offered to larger customers who have viable competitive
21 alternatives to the natural gas distribution company. Rate IT customers do not have

²⁶ *Id.* at 17.

²⁷ *Id.* at 13-15.

1 viable competitive alternatives, and Rate IT is not a negotiated rate. Because Rate IT
2 is not a flex rate, any comparison to the treatment of flex rates is inappropriate. Rate
3 IT is properly determined based on the results of the CCOSS. Furthermore, it is not
4 clear how the value of service would comport with the requirements of *Lloyd* that rates
5 must be cost based.

6 **Q MR. EWEN REFERENCES THE LEAST COST METHODOLOGY FOR PURPOSES**
7 **OF APPLICATION IN THIS PROCEEDING. DO YOU AGREE?**

8 A I am not an attorney but I have been informed by Counsel that they will address this
9 portion of Mr. Ewen's Testimony in the briefing stage.

10 **Conclusion**

11 **Q DOES THIS CONCLUDE YOUR REMAND REBUTTAL TESTIMONY?**

12 A Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Docket No. R-2023-3037933

Philadelphia Gas Works

Remand Rebuttal Exhibit

of

Billie LaConte

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

April 16, 2026



Philadelphia Gas Works
Case Name: R-2023-3037933
Docket No(s): 2023 BRC Rate Case

Response to Discovery Request: OSBA Set I-0008
Date of Response: March 04, 2026

Question:

Please indicate how Rate IT loads are considered in PGW's distribution system planning and operations. Please include PGW manuals or operating procedure documents which support your response.

Attachments: 0

Response:

PGW designs pipes on a block by block basis to be able to carry the full load of firm and interruptible customers. Interruptible customers may elect in the future to become firm customers. When proposing new main installations for interruptible customers, the customer bears the full responsibility for any installation or enlargement costs. Any future replacement projects, would need to consider those full loads. Annual throughput is utilized to model the projected load associated with a design day forecast. PGW uses the design day forecast to ensure that service to all customers can be maintained on the coldest expected day. For HP main replacement, the overall design day forecasted load can have an effect on the sizing of large diameter feeder mains, but there are also several other factors such as redundancy and reliability of supply. The overall peak design day demand has minimal effect on the sizing of individual low pressure main and services. Low pressure distribution mains are sized based on the annual loads associated with the number of properties, customers and potential future annual and peak loads on a specific segment of pipe being replaced.

Response Provided by: Florian Teme, Vice President, Marketing, Sales and Energy

Philadelphia Gas Works
Case Name: R-2023-3037933
Docket No(s): 2023 BRC Rate Case

Response to Discovery Request: OCA Set II-0002
Date of Response: February 11, 2026

Question:

Please identify the design day (in heating degree days) PGW currently uses for gas supply planning purposes to serve sales customers. Also provide an estimate of the Rate IT service that PGW would be able to provide on a design day and explain how this estimate was determined

Attachments: 0

Response:

PGW uses 0 degree days for gas supply planning purposes to serve sales customers. IT customers are expected to have no natural gas usage and are excluded from PGW's design day. PGW is unable to estimate the Rate IT service that PGW would be able to provide on a design day, but notes that PGW has not interrupted the present day class of interruptible customers over the past 22 years.

Response provided by: Florian Teme, Vice President, Marketing, Sales and Energy

VERIFICATION

I, Billie LaConte, Energy Advisor and Associate at J. Pollock, Incorporated, hereby state that the facts set forth in PICGUG Statement No. 1D-R and Statement No. 1R-R 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).

4-29-26
Date

Billie LaConte
Signature