

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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

 @pa\_oca  
 /pennoca

FAX (717) 783-7152  
consumer@paoca.org

March 10, 2020

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission  
v.  
Philadelphia Gas Works  
Docket No. R-2020-3017206

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in blue ink that reads "Christy M. Appleby".

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: [CApplby@paoca.org](mailto:CApplby@paoca.org)

Enclosures:

cc: Office of Administrative Law Judge (OALJ)  
Office of Special Assistants (email only: [ra-OSA@pa.gov](mailto:ra-OSA@pa.gov))  
Bureau of Technical Utility Services (email only)  
Certificate of Service

\*283763

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :  
v. : Docket No. R-2020-3017206  
Philadelphia Gas Works :

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

Dated this 10<sup>th</sup> day of March 2020.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Richard A. Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

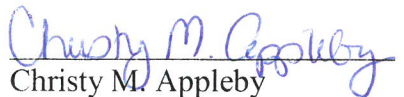
Sharon E. Webb, Esquire  
Daniel G. Asmus, Esquire  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Daniel Clearfield, Esquire  
Sarah Stoner, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101

Graciela Christlieb, Esquire  
Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia, PA 19122

Gregory J. Stunder, VP  
Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia, PA 19122

  
Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: [CAppleby@paoca.org](mailto:CAppleby@paoca.org)

Santo G. Spataro  
Assistant Consumer Advocate  
PA Attorney I.D. # 327494  
E-Mail: [SSpataro@paoca.org](mailto:SSpataro@paoca.org)

Darryl A. Lawrence  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 93682  
E-Mail: [DLawrence@paoca.org](mailto:DLawrence@paoca.org)

Counsel for:  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: March 10, 2020  
\*283755

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Formal Complaint**

**1. CUSTOMER NAME (COMPLAINANT)**

Tanya J. McCloskey, Acting Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Dauphin County  
Phone: (717) 783-5048

**2. UTILITY NAME (RESPONDENT)**

Philadelphia Gas Works – Docket No. R-2020-3017206

**3. TYPE OF UTILITY**

Natural Gas

**4. COMPLAINT**

A. On February 28, 2020, Philadelphia Gas Works (PGW or the Company) filed Supplement No. 128 to PGW’s Gas Service Tariff – Pa. P.U.C. No. 2 (Supplement No. 128). In Supplement No. 128, the Company is seeking an increase in annual distribution revenues of \$70 million, to become effective April 28, 2020.

B. PGW is a municipal public utility company, owned by the City of Philadelphia, managed, and operated by the Philadelphia Facilities Management Corporation. The Company is engaged in the business of furnishing natural gas to approximately 500,000 residential, commercial and industrial natural gas customers in Philadelphia, Pennsylvania. The natural gas service being furnished or rendered by PGW became subject to the regulation and control of the Pennsylvania Public Utility Commission on July 1, 2000, pursuant to the Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2212.

C. Specifically, the Company has proposed to increase the residential monthly customer charge from \$13.75 per month to \$19.25 per month, or by 40%. Additionally, for a residential customer, the delivery charge would increase from \$6.6967/Mcf to \$7.3893/Mcf, or by 10.3%.

D. According to the Company's filing, the bill for a typical PGW residential heating customer that uses 75 Mcf per year will increase from \$99.52 to \$110.68 per month, or by 11.2%.

E. The Company avers that it requires a rate increase primarily due to increases in operational and capital costs and decreasing consumption caused chiefly by progressively warmer temperatures in PGW's service territory.

F. The Company's proposal is based on a fully projected future test year (FPFTY) ending August 31, 2021. The Company also seeks waiver of the application of the statutory definition of the FPFTY at 66 Pa. C.S. § 315(e) so as to permit PGW to use a FPFTY beginning on September 1, 2020 in this proceeding.

G. Additionally, the Company proposes the following Tariff revisions: the continuation of the Technology and Economic Development (TED) Rider beyond the initial three-year pilot period; modifications to the Company's Micro-Combined Heat and Power (CHP) Incentive Program; and language to clarify that the Company's Back-Up Service – Rate BUS applies in any instance in which an applicant is seeking to obtain firm gas service to run any type of operable back-up, standby or emergency, electric or, heat generation equipment. The Company is also proposing tariff modifications related to a supplier's balancing limits and charges.

H. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission in matters involving PGW, pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §309-1, *et seq.* and 66 Pa. C.S. §2212.

I. The Acting Consumer Advocate avers that PGW's proposed changes in its base rates will or may result in unjust and unreasonable rates, in violation of 66 Pa. C.S. §§1301, *et seq.* and 2212 and sound ratemaking principles.

J. After an initial review of PGW's filing, the Acting Consumer Advocate also avers that the Company's proposed base rates may be excessive, discriminatory or otherwise contrary to the Public Utility Code, the PGW Tariff, Commission regulations, or sound ratemaking policy.

K. A preliminary examination of the Company's filing indicates that the proposed changes and increases in rates, proposed rate schedule modifications, and proposed changes in rate policy, rules, and regulations contained in the proposed Tariff may be unjust, unreasonable or in violation of the law. 66 Pa. C.S. §§1301, *et seq.* and 2212.

L. The Acting Consumer Advocate also avers that the proposed tariff changes and proposed rate design changes may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa. C.S. §1301, *et seq.* and 2212, and may otherwise be contrary to sound ratemaking principles and public policy.

M. A preliminary examination and review by the OCA of the Company's existing tariffs and rates indicates that the rates and tariff provisions may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles, 66 Pa. C.S. §§1301, *et seq.* and 2212.

N. The Acting Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates – and any and all rate policy changes – are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

## 5. RELIEF

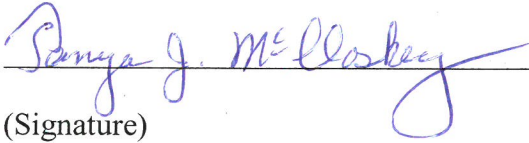
The Acting Consumer Advocate respectfully requests that the Commission take the following actions:

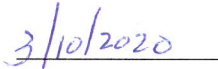
- A. Suspend and investigate the operation of Supplement No. 128, pursuant to Sections 2212 and 1308(d) of the Public Utility Code, 66 Pa. C.S. §§ 2212 and 1308(d);
- B. Consolidate all complaints filed against proposed Supplement No. 128;
- C. Hold full evidentiary hearings examining the reasonableness of the Company's Current Rates and its proposed increases in rates;
- D. After providing the public with adequate notice, hold public input hearings in the Company's service territory in order to provide customers with an opportunity to be heard on the record, and hold those hearings as early in the case as feasible;
- E. Deny any increase or change in the Company's rates that is unjust, unreasonable, unduly discriminatory or inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;
- F. Determine the justness and reasonableness of the Company's current and proposed rates and tariff; and
- G. Grant such other relief it deems appropriate.

## 6. VERIFICATION AND SIGNATURE

*Verification:*

*I, Tanya J. McCloskey, Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of 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).*

  
(Signature)

  
(Date)

## 7. LEGAL REPRESENTATION

Darryl Lawrence, Senior Assistant Consumer Advocate, Attorney I.D. 93682  
Christy Appleby, Assistant Consumer Advocate, Attorney I.D. 85824  
Santo G. Spataro, Assistant Consumer Advocate, Attorney I.D. 327494

555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

Phone: (717)783-5048  
Email: [DLawrence@paoca.org](mailto:DLawrence@paoca.org)  
[CAappleby@paoca.org](mailto:CAappleby@paoca.org)  
[SSpataro@paoca.org](mailto:SSpataro@paoca.org)

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

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, and Section 2212 of the Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2212, authorize the Consumer Advocate to represent the interest of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with these statutory provisions, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by Philadelphia Gas Works (PGW or the Company) at Docket No. R-2020-3017206.

On February 28, 2020, PGW filed Supplement No. 128 to PGW's Gas Service Tariff-Pa. P.U.C. No. 2 (Supplement No. 128). In Supplement No. 128, the Company is seeking an increase in annual distribution revenues of \$70 million, to become effective April 28, 2020. Specifically, the Company has proposed to increase the residential monthly customer charge from \$13.75 per month to \$19.25 per month, or by 40%. Additionally, for a residential customer, the delivery charge would increase from \$6.6967/Mcf to \$7.3893/Mcf, or by 10.3%. According to the Company's filing, the bill for a typical PGW residential heating customer that uses 75 Mcf per year will increase from \$99.52 to \$110.68 per month, or by 11.2%.

Additionally, the Company proposes the following Tariff revisions: the continuation of the Technology and Economic Development (TED) Rider beyond the initial three-year pilot period; modifications to the Company's Micro-Combined Heat and Power (CHP) Incentive Program; and language to clarify that the Company's Back-Up Service – Rate BUS applies in any instance in which an applicant is seeking to obtain firm gas service to run any type of operable back-up, standby



or emergency, electric or, heat generation equipment. The Company is also proposing tariff modifications related to a supplier's balancing limits and charges. The Company also seeks waiver of the application of the statutory definition of the FPFTY at 66 Pa. C.S. § 315(e) so as to permit PGW to use a FPFTY beginning on September 1, 2020 in this proceeding.

The objective of the Acting Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of the Company's customers. The Acting Consumer Advocate will seek to ensure that the Company is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Acting Consumer Advocate will strive to prevent the Company from collecting from ratepayers all alleged costs that cannot be justified, are unreasonable, unduly discriminatory, or otherwise violate the Public Utility Code.