



COMMONWEALTH OF PENNSYLVANIA

April 30, 2020

E-FILED

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 2020 Base Rate Filing /
Docket No. R-2020-3017206**

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case also be shared with our witness at the address below:

Robert D. Knecht
Industrial Economics, Inc.
2067 Massachusetts Avenue
Cambridge, MA 02140
rdk@indecon.com

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2020-3017206
	:	
PHILADELPHIA GAS WORKS	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter are Assistant Small Business Advocates Sharon E. Webb, and Daniel G. Asmus. Please address all correspondence in this matter as follows:

Sharon E. Webb
Daniel G. Asmus
Assistant Small Business Advocates
Office of Small Business Advocate
Forum Building
555 Walnut Street, 1st Floor
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831 (fax)
swebb@pa.gov
dasmus@pa.gov

II. FILING BACKGROUND

On February 28, 2020, Philadelphia Gas Works (“PGW” or “Company”) filed Supplement No. 128 to Philadelphia Gas Work’s Gas Service Tariff –Pa. P.U.C. No. 2. The proposed Tariff, if approved by the Commission, would increase the retail distribution rates of Philadelphia Gas Works (“PGW” or “Company”) by \$70 million per year.

On March 6, 2020, the OSBA filed a Complaint, alleging that the materials filed by PGW may be insufficient to justify the rate increase requested and that the Company’s present and proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers.

Administrative Law Judges Marta Guhl and Darleen Heep were assigned to this proceeding and issued a Prehearing Conference Order on April 16, 2020.

III. IDENTIFICATION OF WITNESSES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

The OSBA requests that all parties serve copies of all documents, including discovery, testimony and briefs, upon Mr. Knecht, simultaneously with service upon the OSBA. The OSBA anticipates that it will present testimony by Mr. Knecht.

IV. IDENTIFICATION OF ISSUES

The OSBA is participating in this case to ensure that the interests of small business customers of PGW are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of PGW and other parties, primarily through discovery, filing of testimony, cross-examination of witnesses appearing for other parties, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PGW's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness. After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. Whether PGW's proposed \$70 million distribution rate increase is just and reasonable.
2. Whether PGW's originally proposed and already substantially revised class cost of service study ("CCOSS") can serve as a reasonable basis for revenue allocation and rate design in this proceeding.
3. Whether PGW's differential treatment of its non-residential customers with respect to recovery of universal service costs is fair and reasonable.

4. Whether PGW's proposed revenue allocation is reasonable and consistent with a sound cost allocation approach and other standard ratemaking criteria.

5. Whether PGW's rate design for non-residential customers is fair and reasonable, including but not limited to the Company's proposed 40 percent increase in the customer charge for small and medium commercial and industrial customers.

6. Whether PGW's policies for system expansion to serve new customers do not put an undue burden on existing customers.

7. Whether PGW's proposals to continue incentives to expand the use of natural gas (including but not limited to the TED Rider, Micro-CHP incentives and the BUS rider) are fair, reasonable, and consistent with greenhouse gas emissions policies of the Commonwealth.

8. Whether PGW's treatment of the costs and net revenues associated with its LNG facilities (a) reasonably reflect the differences between sales and transportation service customers, and (b) are reasonably assigned to and recovered from the various rate classes.

.The OSBA also reserves the right to pursue additional issues as they arise throughout the proceeding.

V. DISCOVERY

The OSBA has already served an initial set of Interrogatories.

VI. SERVICE OF DOCUMENTS

The OSBA agrees to accept electronic delivery of documents on the due date as satisfying the in-hand requirement. Due to the extension of the stay-at-home order issued by Governor Wolf in response to the COVID-19 pandemic, the OSBA, like many other parties, is not currently issuing hard copies of documents. Once the OSBA is able to resume normal operations from its physical location the OSBA will reinstate the practice of issuing hard copies of documents to follow the email service.

VII. SETTLEMENT

The OSBA is willing to enter into settlement discussions at any phase of this proceeding.

VIII. PROCEDURAL SCHEDULE

The OSBA will work with the ALJ and the other parties to develop a mutually acceptable litigation schedule.

IX. PUBLIC INPUT HEARINGS

Due to budgetary concerns, the OSBA respectfully advises that its participation in public input hearings will be limited unless otherwise directed by the ALJ.

Respectfully submitted,

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID # 73995

Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID # 83789

Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: April 30, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Christy M. Appleby, Esq.
Darryl A. Lawrence, Esq.
Santo G. Spataro, Esq.
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923
OCAPGW2020@paoca.org

Richard Kanaskie, Esquire
Bureau of Investigation & Enforcement
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
rkanaskie@pa.gov
(*Counsel for BIE*)

Daniel Clearfield, Esquire
Sarah Stoner, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
sstoner@eckertseamans.com
(*Counsel for PGW*)

The Honorable Darlene Heep
The Honorable Marta Guhl
Administrative Law Judge
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
801 Market Street, Suite 4063
Philadelphia, PA 19107
dheep@pa.gov
mguhl@pa.gov

Gregory J. Stunder
Vice President, Regulatory &
Legislative Affairs
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122
Gregory.Stunder@pgworks.com

Graciela Christlieb, Esquire
Legal Department, PGW
800 W. Montgomery Ave
Philadelphia, PA 19122
Graciela.christlieb@pgworks.com
(*Counsel for PGW*)

Charis Mincavage, Esquire
Adeolu A. Bakare, Esquire
Jo-Anne Thompson, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108
cmincavage@mwn.com
abakare@mwn.com
jthompson@mcneeslaw.com

Josie B. H. Pickens, Esquire
Joline R. Price, Esquire
Robert W. Ballenger, Esquire
Community Legal Services, Inc.
1410 West Erie Avenue
Philadelphia, PA 19140
jpickens@clsphila.org
jprice@clsphila.org
rballenger@clsphila.org

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 North 10th Street
Harrisburg, PA 17101
tsstewart@hmslegal.com

John w. Sweet, Esq
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net

DATE: April 30, 2020

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995