**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission : R-2020- 3017206

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Office of Consumer Advocate : C-2020-3019161

Office of Small Business Advocate : C-2020-3019100

Philadelphia Industrial and Commercial :

Gas User Group : C-2020-3019430

 v. :

 :

Philadelphia Gas Works :

**INTERIM ORDER
ENTERING PUBLIC INPUT HEARING EXHIBITS INTO THE RECORD**

On February 28, 2020, PGW filed Supplement No. 128 to PGW’s Gas Service Tariff – PA. P.U.C. No. 2 (Supplement No. 128) and Supplement No. 85 to PGW’s Supplier Tariff – Pa. P.U.C. No. 1 (Supplement No. 85) to become effective April 28, 2020, seeking a general rate increase calculated to produce $70 million (10.5%) in additional annual revenues. At that time, PGW also filed a Petition for Waiver seeking waiver of the application of the statutory definition of the fully projected future test year (FPFTY) so as to permit PGW to use a FPFTY beginning on September 1, 2020 (its fiscal year) in this proceeding.

By Order entered April 16, 2020 (“Suspension Order”), the Pennsylvania Public Utility Commission (“Commission” or “PUC”) instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase. Supplement No. 128 and Supplement No. 85 were suspended by operation of law until November 28, 2020, unless permitted by Commission Order to become effective at an earlier date. The Suspension Order did not consider the Petition for Waiver.

The Commission’s Bureau of Investigation and Enforcement (“BIE”) filed a Notice of Appearance. Three formal complaints have been filed: The Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); and the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”).

 The matter was assigned to the Office of Administrative Law Judge (“OALJ”), Administrative Law Judges Darlene Heep and Marta Guhl, to schedule such hearings as necessary to develop a record in this proceeding.

 A Telephonic Prehearing Conference was held on Tuesday, May 5, 2020, at which time public input hearings were discussed.

On May 14, 2020, a Telephonic Public Input Hearings Notice was issued which indicated that telephonic public input hearings were scheduled for June 2 and 3, 2020, at 1:00 p.m. and 6:00 p.m. each day.

On June 2 and 3, 2020, the telephonic public input hearings were held as scheduled. Members of the public and legislators provided testimony regarding the pending PGW filing.

On June 2, 2020, Meenal Ravel offered testimony at the 1:00 p.m. public input hearing and then submitted her statement as an exhibit on the same date.

On June 3, 2020, State Senator Sharif Street offered testimony on behalf of his constituents at the 1:00 p.m. public input hearing and submitted his statement as an exhibit on the same date.

Via electronic mail dated June 8, 2020, we provided the exhibits to the parties and indicated that any objections to the exhibits have to be submitted by June 15, 2020. As of this date, no party has submitted an objection to the exhibits. Based on the fact that no party has objected to the public input hearing exhibits and they are relevant to the proceedings, the exhibits are entered into the record in this proceeding.

ORDER

THEREFORE,

IT IS ORDERED:

1. That the statement of Meenal Ravel from the June 2, 2020, 1:00 p.m. public input hearing is entered into the record at Docket No. R-2020-3017206.
2. That the statement of State Senator Sharif Street from the June 3, 2020, 1:00 p.m. public input hearing is entered into the record at Docket No. R-2020-3017206.

Date: June 23, 2020 /s/

 Darlene Heep

 Administrative Law Judge

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 Marta Guhl

 Administrative Law Judge

APPENDIX A

Input Hearings on Philadelphia Gas Works Rate Increase Request - Testimony

Good Afternoon:

My name is Senator Sharif Street. I represent the 3rd Senate District in Philadelphia.

I submit this testimony in opposition to increasing the Philadelphia Gas Works current rates.

Philadelphia is one of the poorest major cities in the United States with a poverty rate that has hovered at 26 percent for the past five years and forces several hundred thousand Philadelphians to live below the poverty line.

The poverty rate in my district is 34.6%, nearly 9 points above the city’s rate. 45% of children in my district live below the poverty line.

What does this translate into? Poor health outcomes, poor education outcomes, high crime and community instability. The poor are canaries in coal mines. They are the indicators when negative impacts of economic crisis are measured and suffer the brunt of ill-conceived policy by those who believe they are far removed from the economic deterioration laying in wait when a small business closes or a corporation downsizes.

In the past 10 weeks, 40 million Americans have applied for unemployment due to the COVID-19 crisis. Unemployment nationwide has risen to 14%, Depression Era numbers. And, these numbers don’t include those impacted by the most recent civil unrest.

The country is experiencing a pandemic. Over 106,000 Americans have died from COVID-19. In Pennsylvania, the virus has infected 77,225 people and 5,677 have died. Philadelphia has had 23,034 confirmed cases of coronavirus and 1,346 deaths.

Now is not the time to raise PGW’s fixed monthly charge from $13.75 to $19.25. A 40% increase is too much for the overburden to incur.

The issue of energy insecurity is well documented. My office works with hundreds of constituents a year who have no other place to turn for help with their PGW bills.

Raising rates is not sound policy at this time of economic insecurity.

Moreover, PGW already has one of the highest percentages of consumers systemically unable to pay for routine bills. This results in higher uncollectable receivables which only serves to make PGW as a corporate entity, and its customers, look irresponsible. This rate increase would only exacerbate that reality.

“The economic hardships associated with unaffordable utility bills resulted in arrearages often marked by thousands of dollars of debt to utility companies and brought consequences which included limits to energy access as well as restrictions on the ability to change residences. Utility arrearages reflected financial hardship but were also linked to billing issues, landlord improprieties and seasonal variations as well as building-level inefficiencies that increased costs. Shut-off threats and the disruption of utility service were a persistent cause for concern among those behind on their bills, though some families were able to seek shut-off protection by leveraging medical vulnerabilities.

One factor that contributes to energy as an ignored hardship is the lack of an appropriate label and related conceptual framing. While the term “energy insecurity” exists in the literature, the phenomenon is not well understood. Existing studies have utilized the term to understand its connection to low socioeconomic status and other social disadvantages, negative health outcomes, and in conjunction with other economic and environmental insecurities. First, socioeconomic status and race/ethnicity are closely linked to the experience of economic energy insecurity. Hernández et al. (2016; 2014) demonstrated that households near or below the federal poverty line were more likely to surpass the ten percent threshold on energy expenditures. The authors also found that African Americans across the economic spectrum experienced economic energy insecurity at the highest rates… (Hernández et al, 2014, 2016).

Second, energy insecurity has been linked to health and other hardships (Cook et al., 2008; Smith et al., 2007 Frank et al., 2006; Nord and Kantor, 2006). Cook et al. (2008) found that children in moderately and severely energy insecure homes are more prone to food insecurity, hospitalizations, poorer health ratings, and developmental concerns than children in ‘energy secure’ homes. The “heat or eat” dilemma demonstrates the trade-offs that low-income householders make in order to meet the basic necessities of life whereby at-risk groups are forced to decide between food and energy, often sacrificing one for the other (Frank et al., 2006; Nord and Kantor, 2006; Food Research and Action Center, 2005; Bhattacharya et al., 2002). Third, energy insecurity has also been linked to other insecurities such that rising energy costs have also impacted access to clean and safe water (Eichelberger, 2010). Beyond these limited examples, attention to energy insecurity remains scant and research in this area is severely underdeveloped (Hernández, 2013).”

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5114037/

Submitted by State Senator Sharif Street, June 3, 2020

Population Demographics 3rd Senate District – 2010 Census

243,592 Population

15.9 square miles 15,323.1 people per square mile

$18,625 Per capita income

• about three-fifths of the amount in Pennsylvania: $32,889

34.6% Persons below poverty line

• more than double the rate in Pennsylvania: 12.8%

• more than double the rate in United States: 14.1%

• 45% of children live in poverty

• 23% of Seniors in the district live in poverty

Testimony of Meenal Raval, Tue 6/2/20 @ 1pm / meenal.raval@gmail.com
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Hello, My name is Meenal Raval. I am self employed. My business, Philly Electric Wheels, is a PGW customer. Today, I represent myself. And no, I am not a PGW customer at home.

I am speaking about the rate hike requested by PGW, our gas utility. Firstly, I'd like to thank you for considering and scheduling this investigation.

Next, I’d like to paraphrase my understanding of PGW’s request. That PGW is seeking an additional $70 million in revenue for the purpose of updating aging infrastructure and replacing gas lines. PGW already has $41 million for this, I think they call it the DSIC surcharge, but this doesn’t seem to be adequate because they aren’t selling as much gas as they used to. Why? It seems because many of their residential customers are using less gas.

What PGW omits to account for is the climate crisis. This is the elephant in the room that PGW has ignored for far too long. It is due to the climate crisis that customers are investing in retrofitting their homes and using less gas. It is due to the climate crisis that the weather has been warmer, and thus, customers have been using less gas.

Climate-concerned customers like me have invested in rooftop solar, replaced all gas appliances with electric appliances and finally, have called to have their gas meter removed. As people like me convince others, the customer base left still using PGW’s product will be low income folks. My 81 year old mother is one of these people, an immigrant living on social security, and clutching her coupons when she visits the grocery store. These are NOT the ones to be left shouldering the burden of keeping this utility limping along. A utility that was approved a 6.3% increase in 2017, and now seek an 11.2% increase to the fixed monthly rates!

We need to accept that gas is a dying industry. One that affects public health during extraction (also known as fracking), during transportation (methane leaks along the way) and during combustion (toxic air inside a house).

PGW’s primary business model for over 100 years has been to sell “natural gas”. And now, in light of the 2015 Paris Climate Agreement, the 2018 report by the IPCC (Intergovernmental Panel on Climate Change), and per estimates by our Office of Sustainability that PGW’s principal product accounts for 22% of our City’s greenhouse gas emissions, it is time for a new business model for the utility, one that can keep all Philadelphians warm, and retain the current workforce without selling and/or burning gas.

Local academics like Professor Mark Allan Hughes of the Kleinman Center tell us that the “electrify everything” idea is currently the most important policy conversation taking place in the world. Of course, we must pursue electrification in lockstep with decarbonizing our electric supply.

We need to accept that electric is where it’s at. And learn from other cities and utilities that are revising their business model. I mention Columbia Gas in Massachusetts, who acknowledge the problems with gas, offers an electrification service to their residential customers. I’ll also mention that the $41 million currently budgeted for distribution line maintenance could be used differently. I’ll also mention that Berkely has led cities across the nation to ensure that new construction is electric only, and does not have gas hookups.

I have produced a radio episode about transforming PGW, and documented a public hearing organized by Philadelphia City Council on the same. I can share links to both when I submit this testimony in writing. Raising the fixed monthly costs is not the answer.

Thank you for considering my testimony. You'll find references below.

* PGW 2019 [Financial](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.pgworks.com%2Fuploads%2Fpdfs%2F2019_Audited_Financial_Report.pdf&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743184449&sdata=9twkBT4gSJQr38eTV2k7KUzwjcD0YE5IgtrdkMbRRts%3D&reserved=0)
* [Report](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.pgworks.com%2Fuploads%2Fpdfs%2F2019_Audited_Financial_Report.pdf&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743184449&sdata=9twkBT4gSJQr38eTV2k7KUzwjcD0YE5IgtrdkMbRRts%3D&reserved=0)
* May 29, 2020 — Climate Action Philly -- [PGW](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fclimateactionphilly.blog%2F2020%2F05%2F29%2Fpgw-wants-to-raise-your-gas-bill-during-a-pandemic%2F&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743184449&sdata=C3xhq0giPjQCpo9I%2FXuzKhNGPg%2FtPkQPvjZ4634Ui1U%3D&reserved=0)
* [wants to raise your gas bill during a pandemic](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fclimateactionphilly.blog%2F2020%2F05%2F29%2Fpgw-wants-to-raise-your-gas-bill-during-a-pandemic%2F&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743184449&sdata=C3xhq0giPjQCpo9I%2FXuzKhNGPg%2FtPkQPvjZ4634Ui1U%3D&reserved=0)
* April 16, 2020 — Philadelphia Inquirer - [PGW](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.inquirer.com%2Fbusiness%2Fenergy%2Fpgw-utility-bill-coronavirus-pennsylvania-rate-increase-20200416.html&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743194405&sdata=gnIkoKkG94hOnraddZobVUMliKDfU6PKcvU7ArZ08%2FM%3D&reserved=0)
* [wants an 11% rate hike as gas consumption falls](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.inquirer.com%2Fbusiness%2Fenergy%2Fpgw-utility-bill-coronavirus-pennsylvania-rate-increase-20200416.html&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743194405&sdata=gnIkoKkG94hOnraddZobVUMliKDfU6PKcvU7ArZ08%2FM%3D&reserved=0)
* May 30, 2019 — 350 Philly — [Transforming](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2F350philadelphia.org%2F2019%2F05%2F30%2Ftransforming-pgw-into-a-municipal-utility-for-the-next-century%2F&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743194405&sdata=V717zkR4%2FAAae8GSZMD7l%2BJCCudSU0tlhg6NCPppXdM%3D&reserved=0)
* [PGW into a municipal utility for the next century](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2F350philadelphia.org%2F2019%2F05%2F30%2Ftransforming-pgw-into-a-municipal-utility-for-the-next-century%2F&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743194405&sdata=V717zkR4%2FAAae8GSZMD7l%2BJCCudSU0tlhg6NCPppXdM%3D&reserved=0)
* April 12, 2019 — Philly Talks Climate -- [The future of PGW -- a Just transition beyond selling more fracked gas](https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fphillytalksclimate.com%2F2019%2F04%2F12%2Fthe-future-of-pgw-a-just-transition-beyond-selling-more-fracked-gas&data=02%7C01%7Cpmcneal%40pa.gov%7C596e7afa30534465dcbe08d807271be7%7C418e284101284dd59b6c47fc5a9a1bde%7C0%7C0%7C637267212743194405&sdata=QNiGXAXAuSuNENo04BzMy3j9SlMDu2nRGODdrmqrTu8%3D&reserved=0)

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