

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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October 14, 2020

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

Re: Pennsylvania Public Utility Commission
v.
PECO Energy Company – Gas Division
Docket No. R-2020-3018929

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,

/s/ Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Enclosures:

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

*284953

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2020-3018929
PECO Energy Company – Gas Division :

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 14th day of October 2020.

SERVICE BY E-MAIL ONLY

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

John R. Evans, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17109-1923

Anthony E. Gay, Esquire
Jack R. Garfinkle, Esquire
Brandon J. Pierce, Esquire
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101

Kenneth M. Kulak, Esquire
Mark A. Lazaroff, Esquire
Catherine G. Vasudevan, Esquire
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103

/s/ Phillip D. Demanchick
Phillip D. Demanchick
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Counsel for:
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555 Walnut Street
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Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: October 14, 2020
*285101

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

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

2. UTILITY NAME (RESPONDENT)

PECO Energy Company – Gas Division – Docket No. R-2020-3018929

3. TYPE OF UTILITY

Natural Gas

4. COMPLAINT

A. On September 30, 2020, PECO Energy Company – Gas Division (PECO Gas or the Company) filed Tariff Gas – PA. P.U.C. No. 4 (Tariff No. 4). Through Tariff No. 4, the Company proposes to increase rates to produce additional annual operating revenues of \$68.7 million, or an increase of 8.9 percent on a total revenue basis. The proposed rate increase would become effective on November 29, 2020.

B. The Company is engaged in the business of furnishing natural gas to approximately 534,000 residential, commercial, and industrial customers in several counties throughout southeastern Pennsylvania.

C. The Company is proposing to allocate \$43.2 million, or approximately 63% of the proposed \$68.7 million increase, to the residential customer class. The Company produces this result, in part, by proposing to increase the residential monthly customer charge by \$4.25, from \$11.75 to \$16.00, or by 36.2%.

D. The Company states that its proposal is driven by several factors, including additional plant investment since its last rate proceeding, increases in certain operation and maintenance expenses, and declining or relatively stable customer usage in the residential class as a whole.

E. If the Company's request is approved by the Commission, the Company would also be allowed an overall rate of return of 7.70%, which includes a 10.95% return on common equity.

F. Under this proposal, the total average monthly bill of a residential customer using 80 Hundred Cubic Feet (Ccf) per month would increase by \$7.12 from \$78.85 to \$85.97 per month, or by 9.03%.

G. The Company is also proposing to modify its Neighborhood Gas Pilot Rider seeking to extend the pilot program for an additional five years and to reduce or eliminate the up-front line extension contribution to encourage more customers to convert to natural gas service.

H. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission), pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*

I. A preliminary examination of the Company's Tariff and Tariff No. 4 indicates that the Company's existing and proposed changes in rates, rules and regulations may be unjust, unreasonable, in violation of the law and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*

J. The Acting Consumer Advocate also avers that the proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the

Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.

K. The Acting Consumer Advocate is also concerned with the Company's request for a rate increase during the ongoing emergency period resulting from the novel coronavirus pandemic and that any such request may be inappropriate at this time, as well as unjust and unreasonable.

L. 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 Tariff Gas – PA. P.U.C. No. 4, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Consolidate all complaints filed against proposed Tariff No. 4;

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 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, 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 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).

/s/ Tanya J. McCloskey
(Signature)

10/14/2020
(Date)

7. LEGAL REPRESENTATION

Laura J. Antinucci, Assistant Consumer Advocate, PA Bar No. 327217
Phillip D. Demanchick, Assistant Consumer Advocate, PA Bar No. 324761
Christy M. Appleby, Assistant Consumer Advocate, PA Bar No. 85824
Barrett C. Sheridan, Assistant Consumer Advocate, PA Bar No. 61138
Darryl A. Lawrence, Senior Assistant Consumer Advocate, PA Bar No. 93682

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**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, authorizes the Consumer Advocate to represent the interest of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, 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 PECO Energy Company – Gas Division (PECO Gas or the Company) docketed at R-2020-3018929.

The Company is engaged in the business of furnishing natural gas to approximately 534,000 residential, commercial, and industrial customers in several counties throughout southeastern Pennsylvania. The proposed tariff, if approved, would allow the Company an increase of \$68.7 million, or 8.9%, to its annual operating revenues. The Company would also be allowed an overall rate of return of 7.70%, which includes a 10.95% return on common equity. Under the Company's proposal, the total average monthly bill of a PECO Gas residential customer using 80 Hundred Cubic Feet (Ccf) per month would increase by \$7.12 from \$78.85 to \$85.97 per month, or by 9.03%.

The Acting Consumer Advocate files this Complaint to ensure that the rate increase and other charges and mechanisms sought by the Company are just and reasonable. The Acting Consumer Advocate will represent the interests of PECO Gas ratepayers before the Commission and will seek to ensure that customers are not charged rates that are unjust, unreasonable, discriminatory or otherwise contrary to law.