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July 30, 2020

Rosemary Chiavetta, 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 No. R-2020-3017206

Dear Secretary Chiavetta,

Attached please find for filing with the Pennsylvania Public Utility Commission the electronic versions of the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") Pre-Served Testimony in the above-referenced proceeding (as such Testimony has been accepted into the evidentiary record). The Testimonies are as follows:

1. PICGUG Statement No. 1: Direct Testimony and Exhibits of Jeffry Pollock;
2. PICGUG Statement No. 1R: Rebuttal Testimony and Exhibits of Jeffry Pollock; and
3. PICGUG Statement No. 1S: Surrebuttal Testimony of Jeffry Pollock

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served via email only due to the current COVID-19 pandemic. Upon lifting of the aforementioned Emergency Order, we can provide parties with a hard copy.

Sincerely,

McNEES WALLACE & NURICK LLC

By Charis Mincavage
Charis Mincavage

Counsel to the Philadelphia Industrial
and Commercial Gas Users Group

Enclosures
c: Administrative Law Judge Marta Guhl (via E-Mail)
Administrative Law Judge Darlene Heep (via E-Mail)
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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Dated this 30th day of July, 2020, at Harrisburg, Pennsylvania

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket No. R-2020-3017206

Direct Testimony and Exhibits

of

JEFFRY POLLOCK

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

June 15, 2020

J. POLLOCK
INCORPORATED

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2020-3017206

Philadelphia Gas Works

Table of Contents

GLOSSARY OF ACRONYMS

Term	Definition
A&E	Average and Excess
BUS	Back-Up Service Rate
CCOSS	Class Cost-of-Service Study
Dth	Dekatherms
F	Fahrenheit
FERC	Federal Energy Regulatory Commission
GDRD	NARUC Gas Distribution Rate Design
GRD	NARUC Gas Rate Design
GTS	Gas Transportation Service Rate
NARUC	National Association of Regulatory Utility Commissioners
NYSPSC	New York State Public Service Commission
PICGUG	Philadelphia Industrial and Commercial Gas Users Group
PGW	Philadelphia Gas Works
Rate IT	Interruptible Transportation Rate Schedule

Direct Testimony of Jeffry Pollock

1. INTRODUCTION, QUALIFICATIONS AND SUMMARY

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Jeffry Pollock. My business address is 12647 Olive Blvd., Suite 585, St. Louis, Missouri 63141.

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

A I am an energy advisor and President of J. Pollock, Incorporated.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A I have a Bachelor of Science Degree in Electrical Engineering and a Master's in Business Administration both from Washington University. Since graduation in 1975, I have been engaged in a variety of consulting assignments including energy procurement and regulatory matters in both the United States and several Canadian provinces. More details are provided in **Exhibit ___(JP-1)**. A partial list of my appearances is provided in **Exhibit ___ (JP-2)**.

Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A I am testifying on behalf of Philadelphia Industrial and Commercial Gas Users Group (PICGUG). PICGUG is an ad hoc group of large volume customers receiving natural gas delivery service from Philadelphia Gas Works (PGW) under the Interruptible Transportation Rate Schedule (Rate IT). PICGUG members require substantial volumes of natural gas in their operations, and the proposed rate increase and tariff modifications may have an adverse impact upon their operations.

Q WHAT ISSUES ARE YOU ADDRESSING IN YOUR TESTIMONY?

A I am addressing:

- Class cost-of-service study (CCOSS);
- Class revenue allocation; and
- The design of Rate IT, a proposal to implement a new rate for firm service, and changes to PGW's Back-up Service (BUS) rate.

Q ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

A Yes. I am sponsoring **Exhibit ___ (JP-1)** through **Exhibit ___ (JP-7)**. These exhibits were prepared by me or under my supervision and direction. Throughout my testimony and exhibits I refer to PGW's proposed revenue requirement to illustrate various concepts. This should not be interpreted as an endorsement of PGW's proposed revenue requirement or any of the other issues that I am not addressing.

Q PLEASE EXPLAIN EXHIBIT ___ (JP-3).

A **Exhibit ___ (JP-3)** is a copy of PGW's discovery responses that I relied upon in my testimony.

Summary

Q PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A My findings and recommendations are as follows:

Class Cost-of-Service Study

- With three exceptions, PGW's CCOSS generally comports with accepted cost allocation practices.

1. PGW's improper application of the Average and Excess (A&E) method fails to accurately recognize the interruptible nature of the delivery service provided to Rate IT customers.
2. PGW uses Peak Day Demand rather than Peak Design Day demand when applying the A&E method.
3. PGW improperly classifies all distribution mains to demand. A portion (20%) of distribution mains should be classified as a customer-related cost and allocated to classes based on the number of customers.

- The terms and conditions of Rate IT clearly state that the service is interruptible at any time at PGW's sole discretion. Further, Rate IT customers must either have operable alternate fuel equipment, including appropriate fuel storage capacity, capable of displacing the daily quantity of gas subject to curtailment or interruption, or be able to demonstrate to the Company's sole satisfaction the ability to manage its business without the use of gas during periods of curtailment or interruption. The infrequency of curtailments does not mean that Rate IT customers are receiving firm service.
- Using Peak Day Demand is contrary to cost causation because it does not reflect the conditions that determine how distribution mains are sized. Further, it understates the cost of service to weather-sensitive loads.
- PGW should be ordered to develop and submit Peak Design Day demands by customer class in its next rate case.
- Classifying a portion of distribution mains costs as customer-related is consistent with cost causation because distribution mains are essential to provide access to gas delivery service (irrespective of daily and annual usage), and it is an accepted practice.

Class Revenue Allocation

- PGW is proposing a 47.2% increase to Rate IT. This is 2.7 times the proposed system average increase.
- Although PGW professes to use gradualism in determining its proposed class revenue allocation, assigning an increase that is 2.7 times the proposed system average increase to any class violates gradualism and would result in rate shock to Rate IT.
- Partially correcting PGW's CCOSS, Rate IT is providing a substantially above-average rate of return at present rates. Moving Rate IT immediately to cost would require reducing Rate IT by between 16.3% and 24.4%.
- Using a more appropriate CCOSS, while also recognizing the principle of gradualism, Rate IT should not be increased.
- If the Commission approves a lower revenue increase than PGW is proposing, it should require the first $1 million of the reduction to be allocated to Rate IT along with an additional 3% of every dollar reduction thereafter.

Rate Design

- PGW is proposing a 53% increase in the Rate IT volumetric delivery charges.
- Notwithstanding the facts that PGW's CCOSS over-allocates costs to Rate IT and PGW's proposed Rate IT increase violates gradualism principles, it is still appropriate to recognize gradualism in designing the rate. If the increase to Rate IT were to exceed 1.5 times the system average increase, both the customer and volumetric delivery charges should be increased equally.
- Alternatively, if the Commission approves either of my revised CCOSSs and also reduces PGW's proposed increase, the reduction to Rate IT should be applied equally to the customer and volumetric delivery charges.

- The Commission should approve a firm transportation rate in this proceeding. The rate should reflect the cost to provide firm transportation service, and the terms and conditions should be similar to Rate IT without the various curtailment provisions and requirement to provide operable alternative fuel equipment.

- The Commission should require PGW to modify the language of the BUS Rate because it forces customers that install peak-shaving or other behind-the-meter generation to purchase back-up service even when they do not want or need it.

2. CLASS COST-OF-SERVICE STUDY

Q WHAT IS A CLASS COST-OF-SERVICE STUDY?

A A CCOSS is an analysis used to determine each class's responsibility for a utility's costs. Thus, it determines whether the revenue a class generates covers the class's cost of service. A CCOSS separates a utility's total costs into portions incurred on behalf of each customer class. Most of a utility's costs are incurred jointly to serve many customers. For purposes of revenue allocation and rate design, customers are grouped into homogenous classes according to their usage patterns and service characteristics. The procedures typically used in a CCOSS are described in more detail in **Exhibit ___ (JP-4)**.

Q HAS PGW CONDUCTED A CLASS COST-OF-SERVICE STUDY IN THIS PROCEEDING?

A Yes. PGW filed a CCOSS in this proceeding. The CCOSS has been revised since the original application, and PGW has acknowledged several errors in the revised model.[1]

Q WHICH VERSION OF THE CLASS COST-OF-SERVICE STUDY ARE YOU RELYING UPON IN YOUR TESTIMONY?

A I am relying on the revised CCOSS with the additional indicated corrections.

[1] The subsequent corrections are indicated in PGW's Response to OSBA 1-11a and OSBA 2-5 (see **Exhibit ___ (JP-3**).

Q DOES PGW'S CLASS COST-OF-SERVICE STUDY GENERALLY COMPORT WITH ACCEPTED PRACTICES?

A Yes. However, I have identified three major flaws with the CCOSS. They are:

- PGW's application of the A&E method fails to recognize the interruptible nature of the gas delivery service provided to customers taking service under Rate IT.
- The use of Peak Day Demand rather than Peak Design Day demand in applying the A&E method is contrary to cost causation, and it understates the cost of service to weather-sensitive loads.
- PGW improperly classifies all distribution mains to demand, which is contrary to both cost-causation principles and accepted practice.

Interruptible Transportation Service

Q HOW DOES PGW PROPOSE TO ALLOCATE DELIVERY COSTS TO THE RATE IT CLASS?

A PGW is proposing to use the same methodology to allocate delivery costs to Rate IT customers as it uses to allocate the same costs to gas sales customers that receive firm delivery service.

Q IS THIS ASSUMPTION CONSISTENT WITH THE TERMS AND CONDITIONS OF RATE IT?

A No. PGW can curtail deliveries to Rate IT customers if there is insufficient capacity to accommodate their gas supplies. Referring to Rate IT, the tariff states:

> This service is available to any Commercial or Industrial Gas user, subject to the specific requirements set forth in this section. It consists of the receipt of a daily quantity of Gas by the Company from a Gas Supplier under Rate DB, the transportation of Gas through the Company's facilities, and the delivery of an equivalent quantity of Gas to the Customer, adjusted for unaccounted-for Gas. ***Customers are subject to curtailment or interruption at any times***. Customers

> served under this rate schedule who acquire gas supplies on an individual basis for their own use shall also be subject to all of the Gas Supplier provisions of rate schedule DB (Daily Balancing), except for those provisions related to licensing and bonding requirements.[2] (emphasis added)

Not only are Rate IT customers subject to daily balancing, which means they do not require any storage service, they are fully interruptible *at all times*.

Q WHAT IS THE NATURE OF THE INTERRUPTIBLE SERVICE PROVIDED TO RATE IT?

A The nature of the interruptible service provided under Rate IT is fully described in the tariff, which states:

> Company assumes no liability for interruptions caused by failure of supply sources or by third parties such as Suppliers and shall not be obligated to deliver Gas under this rate schedule on any day that Gas is not received at its gate station for the Customer's account except as specified under provisions for Standby Service contained herein. ***The Company may curtail (reduce) or interrupt deliveries to the Customer whenever, at the Company's sole discretion, it determines that the available capacity in all or a portion of its system is projected to be insufficient to meet the requirements of all Customers or in the event a NGS fails to meet delivery obligations.*** Although the Company will endeavor to provide as much notice as is reasonable and practical, ***the Customer shall maintain the ability to curtail or interrupt usage upon eight hours notice. In the event of a system emergency, upon notice by the Company, the Customer shall use its best efforts to curtail or interrupt usage upon less than eight hours notice***.[3] (emphasis added)

Q ARE THERE ANY OTHER UNIQUE PROVISIONS THAT APPLY ONLY TO RATE IT CUSTOMERS?

A Yes. Rate IT states:

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

[3] *Id*. at 112.

2. INTERRUPTIBLE CAPABILITY

In order to qualify for interruptible daily Transportation Service under this Rate Schedule, ***a Customer must: (1) have installed and operable alternate fuel equipment, including appropriate fuel storage capacity, capable of displacing the daily quantity of Gas subject to curtailment or interruption; or (2) or in the alternative demonstrate to the Company's sole satisfaction the ability to manage its business without the use of Gas during periods of curtailment or interruption***. (emphasis added)

3. REQUIREMENTS

Customer is responsible for providing to the Company continuously updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of interruption notices on a 24 -hour per day, seven-day per week basis. Interruption notices shall be considered received by the Customer upon transmission by the Company to the electronic address and/or telephone number provided by the Customer.

4. PENALTIES FOR UNAUTHORIZED USAGE

During any period of curtailment or interruption, the Company shall have the right to immediate access, without prior notice to the Customer, to inspect the Company's Gas measurement equipment and all Gas using facilities at the Customer's premises. ***If the Company determines that the Customer is using or has used a quantity of Gas in excess of the quantity authorized by the notice of curtailment or interruption, the Company shall have the right to impose the following penalties: (a) to take measures to physically restrict the flow of Gas into the Customer's premises, or, if flow restriction is not practical, to terminate service; and, (b) to impose a penalty equal to the greater of any actual cost incurred or penalty imposed upon the Company as a result of the violation by the Customer, or $25.00/Dth, in addition to the Company's cost of the Gas used, for each Dth taken in excess of the quantity authorized in the notice***. In addition to the foregoing, the Customer shall hold the Company harmless and defend the Company against any and all claims against the Company arising from service problems caused or materially contributed to by the Customer's violation of the notice of curtailment or interruption.[4] (emphasis added)

[4] *Id.*

Q IS THE QUALITY OF SERVICE PROVIDED UNDER RATE IT ANY DIFFERENT BECAUSE THERE HAVE BEEN NO ACTUAL INTERRUPTIONS IN RECENT YEARS?

A No. PGW is not proposing to make any changes to any of the above-cited provisions of Rate IT. Thus, Rate IT customers must adhere to the terms and conditions. These terms and conditions demonstrate that Rate IT customers receive interruptible transportation service. Therefore, nothing in this case has changed this fact.

Q DO RATE IT CUSTOMERS INCUR COSTS TO INSTALL AND MAINTAIN ALTERNATIVE FUEL EQUIPMENT IN OPERATING CONDITION?

A Yes. Interruptible transportation service is not cost free. Rate IT customers may incur costs to meet the requirements to install operable alternate fuel equipment, including storage capacity, capable of displacing the daily quantity of gas subject to curtailment or interruption.

Q WHAT DO YOU RECOMMEND?

A The CCOSS should be adjusted to recognize the interruptible nature of the service provided to the Rate IT customer class.

Q HOW SHOULD THE CLASS COST-OF-SERVICE STUDY BE ADJUSTED TO RECOGNIZE INTERRUPTIBLE DELIVERY SERVICE?

A No peak-related costs should be allocated to the Rate IT class. PGW is using the A&E method to allocate demand-related costs in its CCOSS.[5] The method is applied as follows:

[5] Average and Excess is also referred to as the Average and Extra Demand Method in the American Gas Association Rate Committee's publication, *Gas Rate Fundamentals*. See PGW St. No. 5, Direct Testimony of Constance E. Heppenstall at 3.

AED = (ADT% x SLF%) + [ED% x (1-SLF%)]

Where:

ADT% = Each class's share of average daily throughput;

ED% = Each class's share of excess (or extra) demand, which is the difference between a class's Peak Day Demand and its average daily throughput; and

SLF% = System Load Factor.

Thus, A&E weights average daily throughput by the system load factor and extra demand by one minus the system load factor. The system load factor is the total average daily throughput divided by the product of system Peak Day Demand and 365 days.[6]

Assuming that the Commission approves the A&E method, the appropriate adjustment to recognize interruptibility would be to set the Rate IT class's extra demand to zero. This would be consistent with the approach that PGW would have used if it had chosen to recognize the interruptible nature of the service provided to the Rate IT class. Specifically, PGW stated:

> If a customer's flow is truly interruptible, the customer would not be allocated excess demand/capacity in the allocation of costs related to distribution mains. In Exhibit CEH-1, extra capacity in Factor 2 would be adjusted for a truly interruptible customer. The adjustment would show that the Company would not supply gas to these customers during a peak event.[7]

Q WHICH ALLOCATION FACTOR HAVE YOU REVISED?

A Factor 3 is used by PGW to allocate capacity-related costs. Accordingly, it is necessary to adjust Factor 3 to recognize the interruptible nature of the gas delivery service provided to Rate IT. This is shown in **Exhibit ___ (JP-5)**.

[6] PGW Exhibit CEH-1, Schedule F, pages 2-3.

[7] PGW Response to PICGUG 1-12 (see **Exhibit ___ (JP-3)**.

Q PLEASE EXPLAIN EXHIBIT ___ (JP-5).

A Page 1 shows the derivation of the revised Factor 3 which sets the Rate IT class's extra demand to zero. By removing the Rate IT class, the load factor weighting should also be adjusted. Page 2 shows the derivation of the load factor weighting excluding Rate IT. As can be seen, the load factor excluding the Rate IT class would be 23.264% instead of 26.505% as used in PGW's CCOSS.

Peak Design Day

Q WHAT DEMAND METRIC IS PGW USING IN APPLYING THE AVERAGE AND EXCESS METHOD?

A PWG uses Peak Day Demand to derive the excess demand in applying the A&E method. Peak Day Demand represents the contribution of each customer class to the day when PGW experienced its maximum gas sendout in January 2018.[8]

Q DO YOU AGREE WITH PGW'S USE OF PEAK DAY DEMAND?

A No. PGW must have sufficient pipeline capacity available to meet its customers' demand on a Peak Design Day. For PGW, the Peak Design Day is a day on which the average mean temperature is 2° Fahrenheit (F). However, the Peak Day Demand used in the CCOSS, which occurred in January 2018, was based on a mean temperature of 13°F.[9] A larger quantity of gas would be supplied on a day when the mean temperature in PGW's service territory is 2°F than on a day when the mean temperature is 13°F. Thus, PGW's use of the Peak Day Demand understates the allocation of demand-related costs to the more weather-sensitive customer classes.

[8] PGW Response to OSBA 2-11b (see **Exhibit ___ (JP-3)**.

[9] PGW Response to OSBA 2-11a (see **Exhibit JP-3**).

Q WHICH METRIC IS MORE CONSISTENT WITH COST CAUSATION: PEAK DAY DEMAND OR PEAK DESIGN DAY?

A Peak Design Day is more consistent with cost causation. This is because a gas distribution utility must size its distribution mains based on the quantity of gas that would be supplied on the Peak Design Day.

Q IS THE USE OF PEAK DESIGN DAY A RELATIVELY COMMON PRACTICE?

A Yes. I am aware that several gas utilities in Pennsylvania and in other states use Peak Design Day to allocate demand-related costs in their respective CCOSSs.

Q ARE YOU ABLE TO DETERMINE THE PEAK DESIGN DAY DEMANDS FOR EACH CUSTOMER CLASS AT THIS TIME?

A No. PGW did not have sufficient information to derive the Peak Design Day demand for each customer class.[10]

Q WHAT DO YOU RECOMMEND?

A The Commission should order PGW to develop Peak Design Day demands by customer class and use these demands to allocate demand-related costs in PGW's next rate case.

Classification of Distribution Mains

Q WHAT ARE DISTRIBUTION MAINS?

A Distribution mains are the various pipes used to deliver natural gas to end-use customers. The associated costs are booked to FERC Account No. 376.

[10] PGW Response to PICGUG 4-2 (See **Exhibit ___ (JP-3**).

Q HOW IS PGW PROPOSING TO ALLOCATE GAS DISTRIBUTION MAINS?

A PGW is proposing that all gas distribution mains be allocated to customer classes using the A&E method (Factor 3). No distribution mains were classified as customer-related costs.

Q IS IT APPROPRIATE NOT TO CLASSIFY AT LEAST A PORTION OF DISTRIBUTION MAINS AS A CUSTOMER-RELATED COST?

A No. It is both inappropriate and inconsistent with cost causation.

Q WHY SHOULD A PORTION OF DISTRIBUTION MAINS COSTS BE CLASSIFIED AS CUSTOMER-RELATED?

A Gas distribution utilities must make minimum investments in facilities, including distribution mains and service laterals, just to connect a customer to the gas delivery system that is completely independent of the level of the peak demand of the customer. Further, this investment must be capable of sustaining the appropriate operating pressure to support the delivery of natural gas. To the extent that this component of distribution mains costs is a function of the requirement to connect the customer and support the deliverability of natural gas, regardless of the customer's size, it is appropriate and consistent with cost causation to allocate the cost of those facilities to service classes based on the number of customers.

Q IS ALLOCATING A PORTION OF DISTRIBUTION MAINS COSTS ON A CUSTOMER BASIS CONSISTENT WITH ACCEPTED REGULATORY PRACTICE?

A Yes. The NARUC Gas Rate Design (GRD) and Gas Distribution Rate Design (GDRD) manuals discuss several methodologies and approaches to cost allocation. With respect to the allocation of distribution mains costs, the NARUC GDRD manual states:

> A portion of the costs associated with the distribution system may be included as customer cost.[11]

The manual further states:

> One argument for inclusion of distribution related items in the customer cost classification is the "zero [inch] or minimum size main theory."[12]

Similarly, the GRD manual indicates that the cost associated with distribution mains is typically functionalized on a demand and customer basis.[13]

Acceptance of this practice is further demonstrated in the Gas Rate Fundamentals published by the American Gas Association Rate Committee — the same publication referenced in Ms. Heppenstall's testimony.[14] Specifically, it states:

> For example, ***the required length and capacity of distribution mains are a function of both the number of customers and their demands on the distribution system and may be classified as having both customer and capacity components***.[15] (emphasis added)

Q ARE THERE ANY UNIQUE CIRCUMSTANCES THAT DIFFERENTIATE PGW FROM OTHER LOCAL GAS DISTRIBUTION COMPANIES?

A No. Although local gas distribution utilities may serve different geographic areas and have a different mix of customers, I am unaware of anything unique to PGW indicating that the same cost-causation principles that generally apply to all local gas distribution utilities cannot also be applied to PGW.

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[11] National Association of Regulatory Utility Commissioners, *Gas Distribution Rate Design Manual* at 22 (June 1989).

[12] *Id.*

[13] National Association of Regulatory Utility Commissioners, *Gas Rate Design* at 28 (Aug. 6, 1981).

[14] PGW St. No. 5, Direct Testimony of Constance E. Heppenstall at 3.

[15] American Gas Association Rate Committee, *Gas Rates Fundamentals,* Third Edition (1978) at 160.

Q HAVE OTHER STATE COMMISSIONS SUPPORTED A CUSTOMER COMPONENT OF DISTRIBUTION MAINS?

A Yes. Examples of such utilities include National Fuel Gas Distribution Corporation in New York and Yankee Gas Services Company and Connecticut Natural Gas Corporation in Connecticut. Regulators in both New York and Connecticut have consistently adopted policies that classify a portion of distribution mains as a customer-related cost.

For example, in a 2017 National Fuel Gas Distribution Corporation rate case, the New York State Public Service Commission (NYSPSC) adopted the Administrative Law Judge's recommendation for the continued use of the Zero-Intercept method, and it rejected Utility Intervention Unit's proposal to allocate gas mains costs entirely to demand. The Recommended Decision stated:

> NFGD's evidence shows that many portions of the Company's service territory consist of neighborhoods that are purely residential in nature. ***These residential neighborhoods require a significant amount of investment in mains to serve these residential customers***. Taken at face value, UIU's recognition that the minimum distribution method varies as a function of the number of miles served argues for the Company's methodology. ***To the extent that a significant amount of main has been installed to serve purely residential neighborhoods, NFGD's apportioning of some percentage of the cost of the mains in the customer charge is appropriate. NFGD also supports its proposed allocation of a part of the cost distribution mains to the customer charge by relying on the Commission's Order adopting this method of allocation in the Company's 1994 rate case, 94-G-0885***…Based on the foregoing, I recommend that the Commission adopt NFGD's cost of service study, also supported by Staff, without any of UIU's proposed adjustments.[16] (emphasis added)

[16] *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corp. for Gas Service*, Case No. 16-G-0257, Recommended Decision at 118-119 (Jan. 23, 2017).

The NYSPSC approved the Recommended Decision.[17] Similarly, in a generic state-wide proceeding, the Connecticut Public Utilities Regulatory Authority reasoned that:

> ***The investment an LDC makes in mains is clearly dependent upon 1) the number of customers served and 2) the maximum coincidental demand or combined demand of all customers on the peak day.*** Main extensions consist of two distinct cost activities. First, there is the cost associated with the trench required to reach customers. These costs consist of digging, laying a proper bed, back-filling, tamping, and asphalt patching. The second cost relates to the size of main installed where size is determined exclusively by the coincidental peak period demand of present and future users. ***Out of necessity, mains in New England must be sized to meet peak day demands as opposed to average period demand. Otherwise, the system will fail repeatedly and predictably throughout the winter…In accordance with an engineering replication theory of cost responsibility, the Department believes that the classification of mains into a demand and customer component using the zero-intercept method is most appropriate***.[18] (emphasis added)

Taken in their proper context, these Orders unequivocally support classifying a portion of distribution mains as a customer-related cost.

Q WHAT IS THE RESULT OF FAILING TO RECOGNIZE A CUSTOMER-RELATED COMPONENT IN THE COST OF DISTRIBUTION MAINS?

A The result is a misallocation of costs that fails to allocate proper cost responsibility to the various customer classes. The inequity of classifying no gas distribution mains as customer-related can be illustrated by the following example.

Assume there is a single industrial customer on PGW's system with a peak demand of 500 dekatherms (Dth). Further, assume that elsewhere on the system there is a neighborhood of 1,000 residential customers with an aggregated peak

[17] *Id., Order Establishing Rates for Gas Service* at 90 (Apr. 20, 2017).

[18] *DPUC Review of Natural Gas Companies Cost of Service Study Methodologies*, Docket No. 99-03-28, Decision at 9-10. (Aug. 9, 2000)

demand of 500 Dth. It is obvious that in order to connect all of those residential customers to the system, PGW would have to invest in far more footage of distribution mains than it would have to invest in for the one industrial customer. That extra investment in distribution mains is due solely to the number of customers on the system, not the peak demand of those customers.

Q HAVE YOU ESTIMATED THE PORTION OF DISTRIBUTION MAINS THAT SHOULD BE CLASSIFIED AS A CUSTOMER-RELATED COST?

A Yes. I estimate that approximately 20% of distribution mains should be classified as a customer-related cost. This recommendation is based on the analysis provided in Table 1.

Table 1
Customer-Related Portion
of Distribution Mains Costs

Size/Material	Cost Per Linear Foot	Reference
4" Plastic	$10.42	PGW Response to PICGUG I-9 and 2-3
All Mains	$45.93	PGW Response to PICGUG I-10a and PGW's CCOSS
Percent	23%	$10.42 ÷ $45.93

The customer-related portion of distribution mains should be allocated based on the number of customers taking distribution level gas delivery service.

Q HOW DID YOU DETERMINE THAT 20% OF PGW'S DISTRIBUTION MAINS COSTS SHOULD BE CLASSIFIED AS CUSTOMER-RELATED?

A As shown in Table 1 above, I compared the costs per linear foot of 4 inch plastic pipe to the average cost per linear foot of all pipe installed by PGW. According to PGW, 4 inch plastic pipe is the smallest sized commonly installed main to serve customers. The ratio of the average cost per linear foot of 4 inch plastic pipe to all distribution mains is 23%. I rounded the result to 20%.

Recommended Class Cost-of-Service Studies

Q HAVE YOU CONDUCTED REVISED CLASS COST-OF-SERVICE STUDIES REFLECTING YOUR RECOMMENDATIONS?

A Yes. **Exhibit ___ (JP-6)** is my recommended CCOSS that treats Rate IT as fully interruptible, consistent with the terms and conditions of Rate IT. This version uses revised Factor 3 to allocate all distribution mains costs.

Exhibit ___ (JP-7) is the same as **Exhibit ___ (JP-6)** except that 20% of distribution mains were classified as a customer-related cost.

Q IS THE RATE IT CLASS BEING SUBSIDIZED AS PGW ASSERTS BASED ON THE RESULTS OF ITS CLASS COST-OF-SERVICE STUDY?

A No. My two alternative CCOSSs clearly demonstrate that Rate IT is subsidizing other customer classes when the interruptible nature of the delivery service is recognized. The subsidy is even higher when a portion of distribution mains is classified as a customer-related cost, consistent with cost-causation principles and accepted practice.

3. CLASS REVENUE ALLOCATION

Q WHAT IS CLASS REVENUE ALLOCATION?

A Class revenue allocation is the process of determining how any base revenue change the Commission approves should be spread to each customer class a utility serves.

Q HOW WOULD PGW'S PROPOSED CLASS REVENUE ALLOCATION IMPACT THE RATE IT CLASS?

A PGW is proposing a 47.2% overall increase to the Rate IT class. This compares to a 17.4% system average increase. Thus, the proposed Rate IT increase would be 2.7 times the system average proposed increase.

Q WHAT IS THE BASIS FOR PGW'S PROPOSAL TO INCREASE RATE IT BY 47.2%?

A PGW's proposal is based, in large part, on the results of its flawed CCOSS.

Q DO YOU DISAGREE WITH USING A CLASS COST-OF-SERVICE STUDY TO DETERMINE THE APPROPRIATE INCREASE TO EACH CUSTOMER CLASS?

A No. I have long been a supporter of cost-based rates because they are equitable, provide proper price signals, promote efficiency, and provide greater financial stability.

Q ARE COST-BASED RATES ALSO CONSISTENT WITH THIS COMMISSION'S POLICY?

A Yes. In a prior PPL Electric Utilities Corporation rate case, the Commission reaffirmed its policy of setting distribution rates to reflect cost. The Order stated:

> Based upon our prior determination and discussion, *supra*, with respect to the rejection of the OCA COSS, we are in agreement with the ALJ that PPL's proposed revenue allocation should be approved. As the OCA's revenue allocation recommendation is based upon its COSS, which we have rejected, we conclude that its allocation proposal should

> similarly be denied. ***Additionally, we find that PPL's revenue allocation proposal is consistent with Lloyd, moves all rate classes closer to cost of service in a reasonable manner and considers the principle of gradualism.*** Accordingly, we shall adopt the recommendation of the ALJ and deny the OCA Exceptions on this issue.[19] (emphasis added).

Thus, moving rates reasonably closer to cost would be consistent with Commission policy.

Q THEN WHY ARE YOU OPPOSED TO PGW'S PROPOSED CLASS REVENUE ALLOCATION?

A As previously stated, PGW's CCOSS has three significant flaws which substantially inflate the cost of providing gas delivery service to the Rate IT class. Further, if PGW's CCOSS were adopted, the proposed Rate IT increase would result in rate shock. This violates the principle of gradualism, the purpose of which is to avoid overly abrupt rate changes in a single step.

Q DOES PGW PURPORT TO RECOGNIZE GRADUALISM?

A Yes. Specifically:

> Generally, the Company understands that the results of the CCOS are used as guideline for rate design and the resulting increase to each customer class is based on judgement utilizing the concept of gradualism and reducing rate shock.[20]

However, in the case of Rate IT, the proposed increase would be anything but gradual.

[19] *Pennsylvania Public Utility Commission Office of Consumer Advocate Office of Small Business Advocate et al v. PPL Electric Utilities Corporation*; Docket Nos. R-2012-2290597, C-2012-2300266, C-2012-2301063, C-2012-2306728, C-2012-2300402, C-2012-2328596, C-2012-2313283, C-2012-2299539, C-2012-2304870, C-2012-2304903, C-2012-2298593, and C-2012-2299335; Opinion and Order at 118-119 (Dec. 28, 2012).

[20] PGW's Response to OCA 1-4 (see **Exhibit ___ (JP-3)**.

Q HAS THE COMMISSION ALSO RECOGNIZED GRADUALISM IN APPORTIONING A RATE INCREASE?

A Yes. As noted by the Commonwealth Court's decision in *Lloyd v. Pa. Public Utility Commission*, gradualism is one of the factors to be considered and weighed by the PUC in determining rate design.[21]

Q WOULD CORRECTING THE FLAWS WITH PGW'S CLASS COST-COST-OF-SERVICE STUDY HAVE A SIGNIFICANT IMPACT IN DETERMINING A COST-BASED INCREASE FOR THE RATE IT CLASS?

A Yes. For example, based on my recommended CCOSSs and PGW's claimed revenue requirement, a cost-based increase would require a rate *reduction* ranging from 16.3% (recognizing interruptibility) to 24.4% (also classifying 20% of distribution mains costs as customer related). Even if the Rate IT class were moved to provide a rate of return of 1.25 times the system average, it would require a rate *reduction* ranging from 7.3% to 17.0%. Further, these results are conservative because I was unable to re-run PGW's CCOSS using Peak Design Day demands.

Q WHAT DO YOU RECOMMEND?

A If PGW is granted its full rate increase request, I recommend no increase to the Rate IT class. This class is already substantially above its allocated cost of service. Further, it is providing a rate of return that is substantially higher than the 10.71% rate of return that PGW is seeking in this case.

[21] *Lloyd v. Pa. Public Utility Commission*, 904 A.2d 1010 (Pa. Cmwlth. 2006).

Q IF THE COMMISSION WERE TO APPROVE A LOWER INCREASE FOR PGW, HOW WOULD THIS AFFECT YOUR RECOMMENDATION FOR THE RATE IT CLASS?

A If the Commission reduces PGW's proposed rate increase, the first $1 million of that reduction should be allocated to Rate IT. Thereafter, Rate IT should receive 3% of every additional dollar reduction from PGW's proposed increase.

Q WHAT DO YOU RECOMMEND IF PGW'S CCOSS IS APPROVED WITHOUT ANY OF THE MODIFICATIONS YOU ADDRESS?

A Assuming for argument's sake that PGW's CCOSS is approved contrary to my findings above, then the increase to Rate IT should not exceed 1.5 times the approved system average increase to fully account for the principal of gradualism.

4. RATE DESIGN

Q WHAT IS RATE DESIGN?

A Rate design is the continuation of the cost allocation process. Specifically, it involves the derivation of the various charges for delivery service. The design of the customer and volumetric delivery charges, thus, determine how the costs allocated to a particular customer class are allocated to the customers within the class. In other words, rate design is the equivalent of an intra-class cost allocation.

Q WHAT RATE DESIGN ISSUES ARE YOU ADDRESSING?

A I am addressing:

- The design of Rate IT.
- Providing for a firm transportation rate.
- Rate BUS.

Rate IT Design

Q HOW IS PGW PROPOSING TO DESIGN RATE IT?

A Rate IT consists of both customer and volumetric delivery charges. PGW is proposing to recover the entire increase allocated to the Rate IT class in the volumetric delivery charges. This would result in a 53% increase in the volumetric delivery charges.

Q DO YOU AGREE WITH PGW'S PROPOSAL?

A No. PGW provided no support for raising only the volumetric delivery charges. I presume that this is based on the fact that the current Rate IT customer charge is higher than the allocated customer-related costs. Raising only the volumetric delivery charges would result in above-average rate increases for larger Rate IT customers. Although PGW's proposal is consistent with the results of its CCOSS, it would not be consistent with gradualism.

Q WHAT DO YOU RECOMMEND?

A As with class revenue allocation, gradualism should also be considered in rate design. Thus, I recommend that both the customer and volumetric charges be adjusted proportionally.

Firm Transportation Rate

Q DOES PGW CURRENTLY HAVE A FIRM TRANSPORTATION RATE?

A Yes. Rate GTS is a rate for firm transportation service. However, this rate is closed to new business.

Q WHAT DO YOU RECOMMEND?

A PGW should provide a firm transportation rate for large commercial and industrial customers. The terms and conditions of service for such a rate should be similar to Rate IT but without the various curtailment provisions and requirements to provide operable alternative fuel equipment, while the delivery charges should be the same as PGW is proposing in this case for Rate IT. In addition, the Conditions of Use in PGW's Rate GTS should be included to the extent that they are appropriate and not already included in Rate IT. Most gas utilities (including utilities in Pennsylvania) offer some form of firm transportation service.

Q WHY SHOULD THE DELIVERY CHARGE BE THE SAME AS THE RATE IT DELIVERY CHARGES THAT PGW IS PROPOSING?

A As previously discussed, PGW is proposing to allocate costs to the Rate IT class as though it is receiving firm transportation service, just the same as PGW's gas sales customers. Thus, PGW's proposed Interruptible Transportation rates would, in effect, reflect the cost of providing firm transportation service.

Rate BUS

Q DO YOU HAVE SPECIFIC CONCERNS WITH PGW'S BACK-UP SERVICE RATE?

A Yes. According to the language of PGW's Back-up Service Rate, PGW can force a customer to take back-up service, *at PGW's sole discretion*, if the customer installs peak-shaving or other types of behind-the-meter generation.

Q SHOULD RATE BUS BE THE ONLY OPTION FOR A CUSTOMER THAT INSTALLS BEHIND-THE-METER GENERATION?

A No. If the customer satisfies the requirements for Rate IT, the customer should not be forced to take service under PGW's Back-Up Service rate. According to PGW:

> A customer may not be placed on Rate IT unless the customer also has a full dual fuel system with fuel capacity stored on site capable of displacing a daily quantity of gas subject to curtailment. An emergency/backup generator is intended to be used in case electric power is lost. These generators are used among others to operate lifesaving equipment or emergency lighting; therefore, such equipment cannot be on an interruptible rate unless the customer has a dual fuel system to act as full back up to the first line back-up equipment. If a customer can meet this requirement, to the Company's satisfaction, interruptible service customers can take this service at IT rates.[22]

Q HOW WOULD YOU PROPOSE CHANGING THE RATE TO RESOLVE YOUR CONCERNS?

A At a minimum, the proposed Availability paragraph should be modified as follows:

> AVAILABILITY
> Available at the Company's sole discretion where the Customer has installed any type of operable back-up, supplementary, standby, emergency, electric or heat generation equipment and who from, time to time, will require **firm** Gas from the Company for the Customer's operation of that equipment. This rate shall also apply to gas service for any system for which natural gas is not the primary fuel. **If a**

[22] PGW's Response to PICGUG 6-1 (a). See **Exhibit ___ (JP-3)**.

customer is seeking interruptible back-up service, and the customer is able to meet the requirements of Rate IT, the customer is permitted to take interruptible service at IT rates.

5. CONCLUSION

Q WHAT FINDINGS SHOULD THE COMMISSION MAKE BASED ON THE RECOMMENDATIONS DISCUSSED IN YOUR TESTIMONY?

A The Commission should make the following findings:

- Reject PGW's class cost-of-service study.
- Adopt a class cost-of-service study that recognizes the interruptible nature of the delivery service provided to the Rate IT class and classifies 20% of distribution mains costs as customer-related.
- Order PGW to develop and provide Peak Design Day information by customer class in its next rate case.
- Reject PGW's 47.2% increase to Rate IT.
- No increase should be assigned to Rate IT.
- The first $1 million of any reduction in PGW's authorized revenue requirement should be allocated to the Rate IT class. Thereafter, the Rate IT class should receive 3% of each additional dollar that PGW's proposed increase is reduced.
- Any base rate change to Rate IT should be recovered by proportional adjustments in both the customer and volumetric delivery charges.
- PGW should implement a firm transportation rate for large commercial and industrial customers with delivery charges that are identical to the rates proposed by PGW for Rate IT, and with the appropriate Conditions of Service as under the closed Rate GTS.
- The Availability paragraph in Rate BUS should be modified to confirm that only customers seeking firm back-up service are required to take service under Rate BUS. Conversely, if a customer is only seeking interruptible service, the customer should have the option to take interruptible transportation service under Rate IT.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket No. R-2020-3017206

Exhibits

of

JEFFRY POLLOCK

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

June 15, 2020

J. POLLOCK
INCORPORATED

Qualifications of Jeffry Pollock

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Jeffry Pollock. My business mailing address is 12647 Olive Blvd., Suite 585, St. Louis, Missouri 63141.

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

A I am an energy advisor and President of J. Pollock, Incorporated.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A I have a Bachelor of Science Degree in Electrical Engineering and a Master's Degree in Business Administration from Washington University. I have also completed a Utility Finance and Accounting course.

Upon graduation in June 1975, I joined Drazen-Brubaker & Associates, Inc. (DBA). DBA was incorporated in 1972 assuming the utility rate and economic consulting activities of Drazen Associates, Inc., active since 1937. From April 1995 to November 2004, I was a managing principal at Brubaker & Associates (BAI).

During my career, I have been engaged in a wide range of consulting assignments including energy and regulatory matters in both the United States and several Canadian provinces. This includes preparing financial and economic studies of investor-owned, cooperative and municipal utilities on revenue requirements, cost of service and rate design, tariff review and analysis, conducting site evaluations, advising clients on electric restructuring issues, assisting clients to procure and manage electricity in both competitive and regulated markets, developing and issuing requests for proposals (RFPs), evaluating RFP responses and contract negotiation and developing and presenting seminars on electricity issues.

I have worked on various projects in 28 states and several Canadian provinces, and have testified before the Federal Energy Regulatory Commission, the Ontario Energy Board, and the state regulatory commissions of Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington, and Wyoming. I have also appeared before the City of Austin Electric Utility Commission, the Board of Public Utilities of Kansas City, Kansas, the Board of Directors of the South Carolina Public Service Authority (a.k.a. Santee Cooper), the Bonneville Power Administration, Travis County (Texas) District Court, and the U.S. Federal District Court.

Q PLEASE DESCRIBE J. POLLOCK, INCORPORATED.

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

Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Rebuttal	MI	Distribution Mains Classification and Allocation	5/5/2020
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	43011	Direct	GA	Fuel Cost Recovery Natural Gas Price Assumptions	5/1/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Direct	MI	Class Cost-of-Service Study; Transportation Rate Design; Gas Demand Response Pilot Program; Industry Association Dues	4/14/2020
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	90000-144-XI-19	Direct	WY	Coal Retirement Studies and IRP Scenarios	4/1/2020
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Direct	MI	Class Cost-of-Service Study; Class Revenue Allocation; Infrastructure Recovery Mechanism; Industry Association Dues	3/24/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Cross	TX	Radial Transmission Lines; Allocation of Transmission Costs; SPP Administrative Fees; Load Dispatching Expenses; Uncollectible Expense	3/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00315-UT	Direct	NM	Time-Differentiated Fuel Factor	3/6/2020
SOUTHERN PIONEER ELECTRIC COMPANY	Western Kansas Industrial Electric Consumers	20-SPEE-169-RTS	Direct	KS	Class Revenue Allocation	3/2/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Direct	TX	Schedule 11 Expenses; Depreciation Expense (Rev. Req. Phase Testimony)	2/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Direct	TX	Class-Cost-of-Service Study; Class Revenue Allocation; Rate Design (Rate Design Phase Testimony)	2/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00134-UT	Direct	NM	Renewable Portfolio Standard Rider	2/5/2020
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	49737	Direct	TX	Certificate of Convenience and Necessity	1/14/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00170-UT	Rebuttal	NM	Class Cost-of-Service Study; Class Revenue Allocation	12/20/2019
ALABAMA POWER COMPANY	Alabama Industrial Energy Consumers	32953	Direct	AL	Certificate of Convenience and Necessity	12/4/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00170-UT	Direct	NM	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	11/22/2019
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	42516	Direct	GA	Return on Equity; Capital Structure; Coal Combustion Residuals Recovery; Class Revenue Allocation; Rate Design	10/17/2019
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	19-E-0378 / 19-G-0379 19-E-0380 / 19-G-0381	Rebuttal	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design	10/15/2019

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UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	19-E-0378 / 19-G-0379 19-E-0380 / 19-G-0381	Direct	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design; Amortization of Regulatory Liabilties; AMI Cost Allocation	9/20/2019
AEP TEXAS INC.	Texas Industrial Energy Consumers	49494	Cross-Rebuttal	TX	ERCOT 4CPs; Class Revenue Allocation; Customer Support Costs	8/13/2019
AEP TEXAS INC.	Texas Industrial Energy Consumers	49494	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; Transmission Line Extensions	7/25/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Cross-Rebuttal	TX	Class Cost-of-Service Study	6/19/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Direct	TX	Class Cost-of-Service Study; Rate Design; Transmission Service Facilities Extensions	6/6/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	48973	Direct	TX	Prudence of Solar PPAs, Imputed Capacity, treatment of margins from Off-System Sales	5/21/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Rebuttal	MI	Classification of Distribution Mains; Allocation of Working Gas in Storage and Storage	4/29/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Direct	MI	Class Cost-of-Service Study; Transportation Rate Design	4/5/2019
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	49042	Cross-Rebuttal	TX	Transmsision Cost Recovery Factor	3/21/2019
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	49057	Direct	TX	Transmsision Cost Recovery Factor	3/18/2019
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2018-318-E	Direct	SC	Class Cost-of-Service Study, Class Revenue Allocation, LGS Rate Design, Depreciation Expense	3/4/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Settlement	AR	Testimony in Support of Settlement	3/1/2019
ENERGY+ INC.	Toyota Motor Manufacturing Canada	EB-2018-0028	Updated Evidence	ON	Class Cost-of-Service Study, Distribution and Standby Distribution Rate Design	2/15/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Surrebuttal	AR	Solar Energy Purchase Option Tariff	2/14/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	48847	Direct	TX	Fuel Factor Formulas	1/11/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Direct	AR	Solar Energy Purchase Option Tariff	1/10/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20165	Direct	MI	Integrated Resources Plan; Projected Rate Impact, Risk Assessment; Early Retirement of Coal Units; Financial Compensation Mechanism	10/15/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Rebuttal	MI	Class Cost-of-Service Study; Average Historical Profile; Distribution Cost Classification and Allocation; Rate Design	10/1/2018

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UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
ENERGY+ INC.	Toyota Motor Manufacturing Canada	EB-2018-0028	Initial Evidence	ON	Class Cost-of-Service Study, Distribution and Standby Distribution Rate Design	9/27/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Direct	MI	Investment Recovery Mechanism, Litigation surcharge, Class Cost-of-Service Study, Class Revenue Allocation, Rate Design	9/10/2018
KANSAS GAS AND ELECTRIC COMPANY	Occidental Chemical Corporation	18-KG&E-303-CON	Rebuttal	KS	Benefits of the Interruptible Load Provided in the Special Contract	8/29/2018
TEXAS-NEW MEXICO POWER COMPANY	Texas Industrial Energy Consumers	48401	Cross-Rebuttal	TX	4CP Moderation Adjustment	8/28/2018
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	48371	Cross-Rebuttal	TX	Class Cost-of-Service Study; Schedule FERC	8/16/2018
TEXAS-NEW MEXICO POWER COMPANY	Texas Industrial Energy Consumers	48401	Direct	TX	Tax Cuts and Jobs Act; Rider TCRF; 4CP Moderation Adjustment	8/13/2018
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2018-3000164	Surrebuttal	PA	Post Test-Year Adjustment; Tax Cuts and Jobs Act; Class Cost-of-Service Study; Distribution System Improvement Charge	8/8/2018
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	48371	Direct	TX	Revenue Requirements; Tax Cuts and Jobs Act; Riders	8/1/2018
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	48371	Direct	TX	Class Cost-of-Service Study; Firm, Interruptible and Standby Rate Design	8/1/2018
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2018-3000164	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation	7/24/2018
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	48233	Cross-Rebuttal	TX	Allocation of TCJA reduction	7/19/2018
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	48233	Direct	TX	Allocation of TCJA reduction	7/5/2018
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2018-3000164	Direct	PA	Post Test-Year Adjustment; Tax Cuts and Jobs Act; Class Cost-of-Service Study; Class Revenue Allocation	6/26/2018
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	47527	Cross-Rebuttal	TX	Class Cost-of-Service Study; Revenue Allocation	5/22/2018
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	17-00255-UT	Rebuttal	NM	Class Cost-of-Service Study; Revenue Allocation	5/2/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	17-041	Stipulation	AR	Support of Stipulation	4/27/2018
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	47527	Direct	TX	Present Base Revenues Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	4/25/2018
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	47527	Direct	TX	Tax Cuts and Jobs Act; SPP Transmission and Wheeling Costs; Depreciation Rate; LLPPAs; Imputed Capacity; Off-System Sales Margins	4/25/2018

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UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	17-00255-UT	Direct	NM	Class Cost-of-Service Study; Revenue Requirements; Revenue Allocation	4/13/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	17-041	Surrebuttal	AR	Certificate of Convenience and Necessity	4/6/2018
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY AND WEST PENN POWER COMPANY	MEIUG, PICA and WPPII	2017-2637855 2017-2637857 2017-2637858 2017-2637866	Rebuttal	PA	Recovery of NITS Charges	3/22/2018
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	46936	2nd Supplemental Direct	TX	Support of Stipulation	3/2/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18424	Direct	MI	Class Cost of Service	2/28/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	17-041	Direct	AR	Certificate of Convenience and Necessity	2/23/2018
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	47553	Direct	TX	Off-System Sales Margins; Renewable Energy Credits	2/20/2018
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	47461	2nd Supplemental Direct	TX	Certificate of Convenience and Necessity	2/7/2018
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	47461	Supplemental Direct	TX	Certificate of Convenience and Necessity	1/4/2018
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	17-E-0459/G-0460	Rebuttal	NY	Electric and Gas Embedded Class Cost of Service; Class Revenue Allocation; Gas Rate Design; Revenue Decoupling Mechanism	12/18/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	17-00044-UT	Supplemental Direct	NM	Support of Unanimous Comprehensive Stipulation	12/11/2017
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	47461	Direct	TX	Certificate of Convenience and Necessity	12/4/2017
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	17-E-0459/G-0460	Direct	NY	Electric and Gas Embedded Class Cost of Service; Class Revenue Allocation; Customer Charges; Revenue Decoupling Mechanism; Carbon Program and EAM	11/21/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	17-00044-UT	Direct	NM	Certificate of Convenience and Necessity	10/24/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	46936	Cross-Rebuttal	TX	Certificate of Convenience and Necessity	10/23/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	46936	Supplemental Direct	TX	Certificate of Convenience and Necessity	10/6/2017
KENTUCKY POWER COMPANY	Kentucky League of Cities	2017-00179	Direct	KY	Class Cost-of-Service Study; Class Revenue Allocation	10/3/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	46936	Direct	TX	Certificate of Convenience and Necessity	10/2/2017

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UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	17-E-0238 / 17-G-0239	Rebuttal	NY	Electric/Gas Embedded Class Cost of Service; Class Revenue Allocation; Electric/Gas Rate Design	9/15/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Rebuttal	MI	Class Cost-of-Service Study, Rate Design	9/7/2017
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Water Large Users Group	R-2017-2595853	Rebuttal	PA	Rate Design	8/31/2017
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	17-E-0238 / 17-G-0239	Direct	NY	Electric/Gas Embedded Class Cost of Service; Class Revenue Allocation; Electric/Gas Rate Design, Electric/Gas Rate Modifiers, AMI Cost Allocation	8/25/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Direct	MI	Revenue Requirement, Class Cost-of-Service Study, Rate Design	8/10/2017
FLORIDA POWER & LIGHT COMPANY, DUKE ENERGY FLORIDA, LLC, AND TAMPA ELECTRIC COMPANY	Florida Industrial Power Users Group	170057	Direct	FL	Fuel Hedging Practices	8/10/2017
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	46449	Cross-Rebuttal	TX	Class Revenue Allocation and Rate Design	5/19/2017
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	46449	Direct	TX	Revenue Requirement, Class Cost-of-Service Study, Class Revenue Allocation and Rate Design	4/25/2017
KENTUCKY UTILITIES COMPANY	Kentucky League of Cities	2016-00370	Supplemental Direct	KY	Class Cost-of-Service Study; Class Revenue Allocation	4/14/2017
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	46416	Direct	TX	Certificate of Convenience and Necessity - Montgomery County Power Station	3/31/2017
SHARYLAND UTILITIES, L.P.	Texas Industrial Energy Consumers	45414	Cross-Rebuttal	TX	Cost Allocation Issues; Class Revenue Allocation	3/16/2017
ENTERGY LOUISIANA, LLC	Occidental Chemical Corporation	U-34283	Direct*	LA	Approval to Construct Lake Charles Power Station	3/13/2017
LOUISVILLE GAS AND ELECTRIC COMPANY	Louisville/Jefferson Metro Government	2016-00371	Direct	KY	Revenue Requirement Issues; Class Cost-of-Service Study Electric/Gas; Class Revenue Allocation Electric/Gas	3/3/2017
KENTUCKY UTILITIES COMPANY	Kentucky League of Cities	2016-00370	Direct	KY	Revenue Requirement Issues; Class Cost-of-Service Study; Class Revenue Allocation	3/3/2017
SHARYLAND UTILITIES, L.P.	Texas Industrial Energy Consumers	45414	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; TCRF Allocation Factors; McAllen Division Deferrals	2/28/2017
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	46025	Direct	TX	Long-Term Purchased Power Agreements	12/12/2016

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NORTHERN STATES POWER COMPANY	Xcel Large Industrials	15-826	Surrebuttal	MN	Settlement, Cost-of-Service Study, Class Revenue Allocation, Interruptible Rates, Renew-A-Source	10/18/2016
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	15-826	Rebuttal	MN	Class Cost-of-Service Study, Class Revenue Allocation	9/23/2016
VICTORY ELECTRIC COOPERATION ASSOCIATION, INC.	Western Kansas Industrial Electric Consumers	16-VICE-494-TAR	Surrebuttal	KS	Formula-Based Rate Plan	9/22/2016
NATIONAL FUEL GAS DISTRIBUTION CORPORATION	Multiple Intervenors	16-G-0257	Rebuttal	NY	Embedded Class Cost of Service; Class Revenue Allocation; Rate Design	9/16/2016
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	45524	Cross-Rebuttal	TX	Class Cost-of-Service Study;	9/7/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349 2016-2537352 2016-2537359	Surrebuttal	PA	Post-Test Year Sales Adjustment; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	8/31/2016
VICTORY ELECTRIC COOPERATION ASSOCIATION, INC.	Western Kansas Industrial Electric Consumers	16-VICE-494-TAR	Direct	KS	Formula-Based Rate Plan	8/30/2016
WESTERN COOPERATIVE ELECTRIC ASSOCIATION, INC.	Western Kansas Industrial Electric Consumers	16-WSTE-496-TAR	Direct	KS	Formula-Based Rate Plan and Debt Service Payments	8/30/2016
NATIONAL FUEL GAS DISTRIBUTION CORPORATION	Multiple Intervenors	16-G-0257	Direct	NY	Embedded Class Cost of Service; Class Revenue Allocation; Rate Design	8/26/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349 2016-2537352 2016-2537359	Rebuttal	PA	Class Cost-of-Service; Class Revenue Allocation	8/17/2016
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	45524	Direct	TX	Revenue Requirement; Class Cost-of-Service; Revenue Allocation; Rate Design	8/16/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349 2016-2537352 2016-2537359	Direct	PA	Post-Test Year Sales Adjustment; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	7/22/2016
FLORIDA POWER & LIGHT COMPANY	Florida Industrial Power Users Group	160021	DIrect	FL	Multi-Year Rate Plan, Construction Work in Progress; Cost of Capital; Class Revenue Allocation; Class Cost-of-Service Study; Rate Design	7/7/2016
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	15-098-U	Supplemental	AR	Support for Settlement Stipulation	7/1/2016
MIDAMERICAN ENERGY COMPANY	Tech Customers	RPU-2016-0001	Direct	IA	Application of Advanced Ratemaking Principles to Wind XI	6/21/2016
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	15-826	Direct	MN	Class Cost-of-Service Study, Class Revenue Allocation, Multi-Year Rate Plan, Rate Design	6/14/2016

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CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	15-098-U	Surrebuttal	AR	Incentive Compensation, Class Cost-of-Service Study, Class Revenue Allocation, LCS-1 Rate Design	6/7/2016
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	15-00296-UT	Direct	NM	Support of Stipulation	5/13/2016
CHEYENNE LIGHT, FUEL AND POWER COMPANY	Dyno Nobel, Inc. and HollyFrontier Cheyenne Refining LLC	20003-146-ET-15	Cross	WY	Large Power Contract Service Tariff	4/15/2016
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	15-098-U	Direct	AR	Incentive Compensation, Class Cost-of-Service Study, Class Revenue Allocation, Act 725, Formula Rate Plan	4/14/2016
CHEYENNE LIGHT, FUEL AND POWER COMPANY	Dyno Nobel, Inc. and HollyFrontier Cheyenne Refining LLC	20003-146-ET-15	Direct	WY	Large Power Contract Service Tariff	3/18/2016
ENTERGY LOUISIANA, LLC, ENTERGY GULF STATES LOUISIANA, L.L.C., AND ENTERGY LOUISIANA POWER, LLC	Occidental Chemical Corporation	U-33770	Cross-Answering	LA	Approval to Construct St. Charles Power Station	2/26/2016
NORTHERN INDIANA PUBLIC SERVICE COMPANY	NLMK-Indiana	44688	Cross-Answering	IN	Cost-of-Service Study, Rider 775	2/16/2016
ENTERGY LOUISIANA, LLC, ENTERGY GULF STATES LOUISIANA, L.L.C., AND ENTERGY LOUISIANA POWER, LLC	Occidental Chemical Corporation	U-33770	Direct	LA	Approval to Construct St. Charles Power Station	1/21/2016
EL PASO ELECTRIC COMPANY	Freeport-McMoRan Copper & Gold, Inc.	44941	Cross-Rebuttal	TX	Class Cost-of-Service Study, Class Revenue Allocation; Rate Design	1/15/2016
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	15-015	Supplemental	AR	Support for Settlement Stipulation	12/31/2015
EL PASO ELECTRIC COMPANY	Freeport-McMoRan Copper & Gold, Inc.	44941	Direct	TX	Class Cost-of-Service Study, Class Revenue Allocation; Rate Design	12/11/2015
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	15-015	Surrebuttal	AR	Post-Test-Year Additions; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; Riders; Formula Rate Plan	11/24/2015
MID-KANSAS ELECTRIC COMPANY, LLC, PRAIRIE LAND ELECTRIC COOPERATIVE, INC., SOUTHERN PIONEER ELECTRIC COMPANY, THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC., AND WESTERN COOPERATIVE ELECTRIC ASSOCIATION, INC.	Western Kansas Industrial Electric Consumers	16-MKEE-023	Direct	KS	Formula Rate Plan for Distribution Utility	11/17/2015
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	45084	Direct	TX	Transmission Cost Recovery Factor Revenue Increase.	11/17/2015
GEORGIA POWER COMPANY	Georgia Industrial Group and Georgia Association of Manufacturers	39638	Direct	GA	Natural Gas Price Assumptions, IFR Mechanism, Seasonal FCR-24 Rates, Imputed Capacity	11/4/2015
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	15-E-0283 15-G-0284 15-E-0285 15-G-0286	Rebuttal	NY	Electric and Gas Embedded Class Cost-of-Service Studies, Class Revenue Allocation	10/13/2015

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ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	15-015	Direct	AR	Post-Test-Year Additions; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; Riders; Formula Rate Plan	9/29/2015
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	15-E-0283 15-G-0284 15-E-0285 15-G-0286	Direct	NY	Electric and Gas Embedded Class Cost-of-Service Studies, Class Revenue Allocation, Electric Rate Design	9/15/2015
SHARYLAND UTILITIES	Texas Industrial Energy Consumers	44620	Cross-Rebuttal	TX	Transmission Cost Recovery Factor Class Allocation Factors.	9/8/2015
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	14-118	Surrebuttal	AR	Proposed Acquisition of Union Power Station Power Block 2 and Cost Recovery	8/21/2015
SHARYLAND UTILITIES	Texas Industrial Energy Consumers	44620	Direct	TX	Transmission Cost Recovery Factor Class Allocation Factors	8/7/2015
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2015-2468981	Surrebuttal	PA	Class Cost-of-Service, Capacity Reservation Rider	8/4/2015
WESTAR ENERGY INC. and KANSAS GAS & ELECTRIC CO.	Occidental Chemical Corporation	15-WSEE-115-RTS	Cross-Answering	KS	Class Cost-of-Service Study, Revenue Allocation	7/22/2015
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2015-2468981	Rebuttal	PA	Class Cost-of-Service, Class Revenue Allocation, Rate Design, Capacity Reservation Rider, Revenue Deoupling	7/21/2015
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	15-00083	Direct	NM	Long-Term Purchased Power Agreements	7/10/2015
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	15-014	Surrebuttal	AR	Solar Power Purchase Agreement	7/10/2015
WESTAR ENERGY INC. and KANSAS GAS & ELECTRIC CO.	Occidental Chemical Corporation	15-WSEE-115-RTS	Direct	KS	Class Cost-of-Service and Electric Distrbution Grid Resiliency Program	7/9/2015
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	43958	Supplemental DIrect	TX	Certificiate of Need for Union Power Station Power Block 1	7/7/2015
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	14-118	Direct	AR	Proposed Acquisition of Union Power Station Power Block 2 and Cost Recovery	7/2/2015
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2015-2468981	Direct	PA	Class Cost-of-Service, Class Revenue Allocation, Rate Design, Capacity Reservation Rider	6/23/2015
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	15-014-U	Direct	AR	Solar Power Purchase Agreement	6/19/2015
FLORIDA POWER & LIGHT COMPANY	Florida Industrial Power Users Group	150075	Direct	FL	Cedar Bay Power Purchase Agreement	6/8/2015
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	43695	Cross-Rebuttal	TX	Class Cost of Service Study; Class Revenue Allocation	6/8/2015

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FLORIDA POWER AND LIGHT COMPANY, DUKE ENERGY FLORIDA, GULF POWER COMPANY, TAMPA ELECTRIC COMPANY	Florida Industrial Power Users Group	140226	Surrebuttal	FL	Opt-Out Provision	5/20/2015
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	43695	Direct	TX	Post-Test Year Adjustments; Weather Normalization	5/15/2015
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	43695	Direct	TX	Class Cost of Service Study; Class Revenue Allocation	5/15/2015
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	43958	Direct	TX	Certificiate of Need for Union Power Station Power Block 1	4/29/2015
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	42370	Cross-Rebuttal	TX	Allocation and recovery of Municipal Rate Case Expenses and the proposed Rate-Case-Expense Surcharge Tariff.	1/27/2015
WEST PENN POWER COMPANY	West Penn Power Industrial Intervenors	2014-2428742	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	1/6/2015
PENNSYLVANIA ELECTRIC COMPANY	Penelec Industrial Customer Alliance	2014-2428743	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	1/6/2015
METROPOLITAN EDISON COMPANY	Med-Ed Industrial Users Group	2014-2428745	Surrebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	1/6/2015
WEST PENN POWER COMPANY	West Penn Power Industrial Intervenors	2014-2428742	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	12/18/2014
PENNSYLVANIA ELECTRIC COMPANY	Penelec Industrial Customer Alliance	2014-2428743	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	12/18/2014
METROPOLITAN EDISON COMPANY	Med-Ed Industrial Users Group	2014-2428745	Rebuttal	PA	Class Cost-of-Service Study; Class Revenue Allocation; Large Commercial and Industrial Rate Design; Storm Damage Charge Rider	12/18/2014
PUBLIC SERVICE COMPANY OF COLORADO	Colorado Healthcare Electric Coordinating Council	14AL-0660E	Cross	CO	Clean Air Clean Jobs Act Rider; Transmission Cost Adjustment	12/17/2014
WEST PENN POWER COMPANY	West Penn Power Industrial Intervenors	2014-2428742	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation, Rate Design, Partial Services Rider; Storm Damage Rider	11/24/2014

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PENNSYLVANIA ELECTRIC COMPANY	Penelec Industrial Customer Alliance	2014-2428743	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation, Rate Design, Partial Services Rider; Storm Damage Rider	11/24/2014
METROPOLITAN EDISON COMPANY	Med-Ed Industrial Users Group	2014-2428745	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation, Rate Design, Partial Services Rider; Storm Damage Rider	11/24/2014
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	14-E-0318 / 14-G-0319	Direct	NY	Class Cost-of-Service Study; Class Revenue Allocation (Electric)	11/21/2014
PUBLIC SERVICE COMPANY OF COLORADO	Colorado Healthcare Electric Coordinating Council	14AL-0660E	Direct	CO	Clean Air Clean Jobs Act Rider; Electric Commodity Adjustment Incentive Mechanism	11/7/2014
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	140001-E	Direct	FL	Cost-Effectiveness and Policy Issues Surrounding the Investment in Working Gas Production Facilities	9/22/2014
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-446-ER14	Surrebuttal	WY	Class Cost-of-Service, Rule 12 (Line Extension Policy)	9/19/2014
INDIANA MICHIGAN POWER COMPANY	I&M Industrial Group	44511	Direct	IN	Clean Energy Solar Pilot Project, Solar Power Rider and Green Power Rider	9/17/2014
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-446-ER14	Cross	WY	Class Cost-of-Service Study; Rule 12 Line Extension	9/5/2014
VARIOUS UTILITIES	Florida Industrial Power Users Group	140002-EI	Direct	FL	Energy Efficiency Cost Recovery Opt-Out Provision	9/5/2014
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E-002/GR-13-868	Surrebuttal	MN	Nuclear Depreciation Expense, Monticello EPU/LCM Project, Class Cost-of-Service Study, Class Revenue Allocation, Fuel Clause Rider Reform, Rate Design	8/4/2014
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-446-ER14	Direct	WY	Class Cost-of-Service Study, Rule 12 Line Extension	7/25/2014
DUKE ENERGY FLORIDA	NRG Florida, LP	140111 and 140110	Direct	FL	Cost-Effectiveness of Proposed Self Build Generating Projects	7/14/2014
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E-002/GR-13-868	Rebuttal	MN	Class Cost-of-Service Study, Class Revenue Allocation	7/7/2014
PPL ELECTRIC UTILITIES CORPORATION	PP&L Industrial Customer Alliance	2013-2398440	Rebuttal	PA	Energy Efficiency Cost Recovery	7/1/2014
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E-002/GR-13-868	Direct	MN	Revenue Requirements, Fuel Clause Rider, Class Cost-of-Service Study, Rate Design and Revenue Allocation	6/5/2014
PPL ELECTRIC UTILITIES CORPORATION	PP&L Industrial Customer Alliance	2013-2398440	Direct	PA	Energy Efficiency Cost Recovery	5/23/2014
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	42042	Direct	TX	Transmission Cost Recovery Factor	4/24/2014

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ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	41791	Cross	TX	Class Cost-of-Service Study and Rate Design	1/31/2014
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	41791	Direct	TX	Revenue Requirements, Fuel Reconciliation; Cost Allocation Issues; Rate Design Issues	1/10/2014
DUQUESNE LIGHT COMPANY	Duquesne Industrial Intervenors	R-2013-2372129	Supplemental Surrebuttal	PA	Class Cost-of-Sevice Study	12/13/2013
DUQUESNE LIGHT COMPANY	Duquesne Industrial Intervenors	R-2013-2372129	Surrebuttal	PA	Class Cost-of-Service Study; Cash Working Capital; Miscellaneous General Expense; Uncollectable Expense; Class Revenue Allocation	12/9/2013
DUQUESNE LIGHT COMPANY	Duquesne Industrial Intervenors	R-2013-2372129	Rebuttal	PA	Rate L Transmission Service; Class Revenue Allocation	11/26/2013
ENTERGY TEXAS, INC. ITC HOLDINGS CORP.	Texas Industrial Energy Consumers	41850	Direct	TX	Rate Mitigation Plan; Conditions re Transfer of Control of Ownership	11/6/2013
SHARYLAND UTILITIES	Texas Industrial Energy Consumers and Atlas Pipeline Mid-Continent WestTex, LLC	41474	Cross-Rebuttal	TX	Customer Class Definitions; Class Revenue Allocation; Allocation of TTC costs	11/4/2013
MIDAMERICAN ENERGY COMPANY	Deere & Company	RPU-2013-0004	Surrebuttal	IA	Class Cost-of-Service Study; Class Revenue Allocation; Depreciation Surplus	11/4/2013
DUQUESNE LIGHT COMPANY	Duquesne Industrial Intervenors	R-2013-2372129	Direct	PA	Class Cost-of-Service, Class Revenue Allocations	11/1/2013
PUBLIC SERVICE ENERGY AND GAS	New Jersey Large Energy Users Coalition	EO13020155 and GO13020156	Direct	NJ	Energy Strong	10/28/2013
GEORGIA POWER COMPANY	Georgia Industrial Group and Georgia Association of Manufacturers	36989	Direct	GA	Depreciation Expense, Alternate Rate Plan, Return on Equity, Class Cost-of-Service Study, Class Revenue Allocation, Rate Design	10/18/2013
SHARYLAND UTILITIES	Texas Industrial Energy Consumers and Atlas Pipeline Mid-Continent WestTex, LLC	41474	Direct	TX	Regulatory Asset Cost Recovery; Class Cost-of-Service Study, Class Revenue Allocation, Rate Design	10/18/2013
MIDAMERICAN ENERGY COMPANY	Deere & Company	RPU-2013-0004	Rebuttal	IA	Class Cost-of-Service Study	10/1/2013
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	130007	Direct	FL	Environmental Cost Recovery Clause	9/13/2013
MIDAMERICAN ENERGY COMPANY	Deere & Company	RPU-2013-0004	Direct	IA	Class Cost-of-Service Study, Class Revenue Allocation, Depreciation, Cost Recovery Clauses, Revenue Sharing, Revenue True-up	9/10/2013
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	12-00350-UT	Rebuttal	NM	RPS Cost Rider	9/9/2013
WESTAR ENERGY INC. and KANSAS GAS & ELECTRIC CO.	Occidental Chemical Corporation	13-WSEE-629-RTS	Cross-Answering	KS	Cost Allocation Methodology	9/5/2013
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	12-00350-UT	Direct	NM	Class Cost-of-Service Study	8/22/2013

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WESTAR ENERGY INC. and KANSAS GAS & ELECTRIC CO.	Occidental Chemical Corporation	13-WSEE-629-RTS	Direct	KS	Class Revenue Allocation.	8/21/2013
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	41437	Direct	TX	Avoided Cost; Standby Rate Design	8/14/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-699	Direct	KS	Class Revenue Allocation	8/12/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-447	Supplemental	KS	Testimony in Support of Settlement	8/9/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-447	Supplemental	KS	Modification Agreement	7/24/2013
TAMPA ELECTRIC COMPANY	Florida Industrial Power Users Group	130040	Direct	FL	GSD-IS Consolidation, GSD and IS Rate Design, Class Cost-of-Service Study, Planned Outage Expense, Storm Damage Expense	7/15/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-452	Supplemental	KS	Testimony in Support of Nonunanimous Settlement	6/28/2013
JERSEY CENTRAL POWER & LIGHT COMPANY	Gerdau Ameristeel Sayreville, Inc.	ER12111052	Direct	NJ	Cost of Service Study for GT-230 KV Customers; AREP Rider	6/14/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-447	Direct	KS	Wholesale Requirements Agreement; Process for Exemption From Regulation; Conditions Required for Public Interest Finding on CCN spin-down	5/14/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-452	Cross	KS	Formula Rate Plan for Distribution Utility	5/10/2013
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	13-MKEE-452	Direct	KS	Formula Rate Plan for Distribution Utility	5/3/2013
ENTERGY TEXAS, INC. ITC HOLDINGS CORP.	Texas Industrial Energy Consumers	41223	Direct	TX	Public Interest of Proposed Divestiture of ETI's Transmission Business to an ITC Holdings Subsidiary	4/30/2013
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	12-961	Surrebuttal	MN	Depreciation; Used and Useful; Cost Allocation; Revenue Allocation	4/12/2013
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	12-961	Rebuttal	MN	Class Revenue Allocation.	3/25/2013
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	12-961	Direct	MN	Depreciation; Used and Useful; Property Tax; Cost Allocation; Revenue Allocation; Competitive Rate & Property Tax Riders	2/28/2013
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	38951	Second Supplemental	TX	Competitive Generation Service Tariff	2/1/2013
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	38951	Second Supplemental	TX	Competitive Generation Service Tariff	1/11/2013
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	40443	Cross Rebuttal	TX	Cost Allocation and Rate Design	1/10/2013

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SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	40443	Direct	TX	Application of the Turk Plant Cost-Cap; Revenue Requirements; Class Cost-of-Service Study; Class Revenue Allocation; Industrial Rate Design	12/10/2012
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	120015	Corrected Supplemental Rebuttal	FL	Support for Non-Unanimous Settlement	11/13/2012
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	120015	Corrected Supplemental	FL	Support for Non-Unanimous Settlement	11/13/2012
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	12-E-0201/12-G-0202	Rebuttal	NY	Electric and Gas Class Cost-of-Service Studies.	9/25/2012
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	12-E-0201/12-G-0202	Direct	NY	Electric and Gas Class Cost-of-Service Study; Revenue Allocation; Rate Design; Historic Demand	8/31/2012
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	12-MKEE-650-TAR	Direct	KS	Transmission Formula Rate Plan	7/31/2012
WESTAR ENERGY INC. and KANSAS GAS & ELECTRIC CO.	Occidental Chemical Corporation	12-WSEE-651-TAR	Direct	KS	TDC Tariff	7/30/2012
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	120015	Direct	FL	Class Cost-of-Service Study, Revenue Allocation, and Rate Design	7/2/2012
LONE STAR TRANSMISSION, LLC	Texas Industrial Energy Consumers	40020	Direct	TX	Revenue Requirement, Rider AVT	6/21/2012
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	39896	Cross	TX	Class Cost-of-Service Study, Revenue Allocation, and Rate Design	4/13/2012
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	39896	Direct	TX	Revenue Requirements, Class Cost-of-Service Study, Revenue Allocation, and Rate Design	3/27/2012
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	38951	Supplemental Rebuttal	TX	Competitive Generation Service Issues	2/24/2012
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	38951	Supplemental Direct	TX	Competitive Generation Service Issues	2/10/2012
AEP TEXAS CENTRAL COMPANY	Texas Industrial Energy Consumers	39722	Direct	TX	Carrying Charge Rate Applicable to the Additional True-Up Balance and Tax Balances	11/4/2011
GULF POWER COMPANY	Florida Industrial Power Users Group	110138-EI	Direct	FL	Cost Allocation and Storm Reserve	10/14/2011
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	39504	Direct	TX	Carrying Charge Rate Applicable to the Additional True-Up Balance and Taxes	9/12/2011
AEP TEXAS NORTH COMPANY	Texas Industrial Energy Consumers	39361	Cross-Rebuttal	TX	Energy Efficiency Cost Recovery Factor	8/10/2011
AEP TEXAS CENTRAL COMPANY	Texas Industrial Energy Consumers	39360	Cross-Rebuttal	TX	Energy Efficiency Cost Recovery Factor	8/10/2011
ONCOR ELECTRIC DELIVERY COMPANY, LLC	Texas Industrial Energy Consumers	39375	Direct	TX	Energy Efficiency Cost Recovery Factor	8/2/2011

Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
ALABAMA POWER COMPANY	Alabama Industrial Energy Consumers	31653	Direct	AL	Renewable Purchased Power Agreement	7/28/2011
AEP TEXAS NORTH COMPANY	Texas Industrial Energy Consumers	39361	Direct	TX	Energy Efficiency Cost Recovery Factor	7/26/2011
AEP TEXAS CENTRAL COMPANY	Texas Industrial Energy Consumers	36360	Direct	TX	Energy Efficiency Cost Recovery Factor	7/20/2011
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	39366	Direct	TX	Energy Efficiency Cost Recovery Factor	7/19/2011
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	39363	Direct	TX	Energy Efficiency Cost Recovery Factor	7/15/2011
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-10-971	Surrebuttal	MN	Depreciation; Non-Asset Margin Sharing; Step-In Increase; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	5/26/2011
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-10-971	Rebuttal	MN	Classification of Wind Investment	5/4/2011
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-10-971	Direct	MN	Surplus Depreciation Reserve, Incentive Compensation, Non-Asset Trading Margin Sharing, Cost Allocation, Class Revenue Allocation, Rate Design	4/5/2011
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-381-EA-10	Direct	WY	2010 Protocols	2/11/2011
TEXAS-NEW MEXICO POWER COMPANY	Texas Industrial Energy Consumers	38480	Direct	TX	Cost Allocation, TCRF	11/8/2010
GEORGIA POWER COMPANY	Georgia Industrial Group/Georgia Traditional Manufacturers Group	31958	Direct	GA	Alternate Rate Plan, Return on Equity, Riders, Cost-of-Service Study, Revenue Allocation, Economic Development	10/22/2010
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	38339	Cross-Rebuttal	TX	Cost Allocation, Class Revenue Allocation	9/24/2010
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	38339	Direct	TX	Pension Expense, Surplus Depreciation Reserve, Cost Allocation, Rate Design, Riders	9/10/2010
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	10-E-0050	Rebuttal	NY	Multi-Year Rate Plan, Cost Allocation, Revenue Allocation, Reconciliation Mechanisms, Rate Design	8/6/2010
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	10-E-0050	Direct	NY	Multi-Year Rate Plan, Cost Allocation, Revenue Allocation, Reconciliation Mechanisms, Rate Design	7/14/2010
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	37744	Cross Rebuttal	TX	Cost Allocation, Revenue Allocation, CGS Rate Design, Interruptible Service	6/30/2010
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	37744	Direct	TX	Class Cost of Service Study, Revenue Allocation, Rate Design, Competitive Generation Services, Line Extension Policy	6/9/2010

Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	37482	Cross Rebuttal	TX	Allocation of Purchased Power Capacity Costs	2/3/2010
GEORGIA POWER COMPANY	Georgia Industrial Group/Georgia Traditional Manufacturers Group	28945	Direct	GA	Fuel Cost Recovery	1/29/2010
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	37482	Direct	TX	Purchased Power Capacity Cost Factor	1/22/2010
VIRGINIA ELECTRIC AND POWER COMPANY	MeadWestvaco Corporation	PUE-2009-00081	Direct	VA	Allocation of DSM Costs	1/13/2010
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	37580	Direct	TX	Fuel refund	12/4/2009
VIRGINIA ELECTRIC AND POWER COMPANY	MeadWestvaco Corporation	PUE-2009-00019	Direct	VA	Standby rate design; dynamic pricing	11/9/2009
VIRGINIA ELECTRIC AND POWER COMPANY	MWV	PUE-2009-00019	Direct	VA	Base Rate Case	11/9/2009
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	37135	Direct	TX	Transmission cost recovery factor	10/22/2009
MID-KANSAS ELECTRIC COMPANY, LLC	Western Kansas Industrial Electric Consumers	09-MKEE-969-RTS	Direct	KS	Revenue requirements, TIER, rate design	10/19/2009
VARIOUS UTILITIES	Florida Industrial Power Users Group	090002-EG	Direct	FL	Interruptible Credits	10/2/2009
ONCOR ELECTRIC DELIVERY COMPANY	Texas Industrial Energy Consumers	36958	Cross Rebuttal	TX	2010 Energy efficiency cost recovery factor	8/18/2009
PROGRESS ENERGY FLORIDA	Florida Industrial Power Users Group	90079	Direct	FL	Cost-of-service study, revenue allocation, rate design, depreciation expense, capital structure	8/10/2009
CENTERPOINT	Texas Industrial Energy Consumers	36918	Cross Rebuttal	TX	Allocation of System Restoration Costs	7/17/2009
FLORIDA POWER AND LIGHT COMPANY	Florida Industrial Power Users Group	080677	Direct	FL	Depreciation; class revenue allocation; rate design; cost allocation; and capital structure	7/16/2009
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	36956	Direct	TX	Approval to revise energy efficiency cost recovery factor	7/16/2009
VARIOUS UTILITIES	Florida Industrial Power Users Group	VARIOUS DOCKETS	Direct	FL	Conservation goals	7/6/2009
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	36931	Direct	TX	System restoration costs under Senate Bill 769	6/30/2009
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	36966	Direct	TX	Authority to revise fixed fuel factors	6/18/2009
TEXAS-NEW MEXICO POWER COMPANY	Texas Industrial Energy Consumers	36025	Cross-Rebuttal	TX	Cost allocatiion, revenue allocation and rate design	6/10/2009
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	08-1065	Surrebuttal	MN	Cost allocation, revenue allocation, rate design	5/27/2009
TEXAS-NEW MEXICO POWER COMPANY	Texas Industrial Energy Consumers	36025	Direct	TX	Cost allocation, revenue allocation, rate design	5/27/2009
VIRGINIA ELECTRIC AND POWER COMPANY	MeadWestvaco Corporation	PUE-2009-00018	Direct	VA	Transmission cost allocation and rate design	5/20/2009
NORTHERN INDIANA PUBLIC SERVICE COMPANY	Beta Steel Corporation	43526	Direct	IN	Cost allocation and rate design	5/8/2009

Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
ENTERGY SERVICES, INC	Texas Industrial Energy Consumers	ER008-1056	Rebuttal	FERC	Rough Production Cost Equalization payments	5/7/2009
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	08-1065	Rebuttal	MN	Class revenue allocation and the classification of renewable energy costs	5/5/2009
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	08-1065	Direct	MN	Cost-of-service study, class revenue allocation, and rate design	4/7/2009
ENTERGY SERVICES, INC	Texas Industrial Energy Consumers	ER08-1056	Answer	FERC	Rough Production Cost Equalization payments	3/6/2009
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-333-ER-08	Direct	WY	Cost of service study; revenue allocation; inverted rates; revenue requirements	1/30/2009
ENTERGY SERVICES	Texas Industrial Energy Consumers	ER08-1056	Direct	FERC	Entergy's proposal seeking Commission approval to allocate Rough Production Cost Equalization payments	1/9/2009

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: OSBA-01-11.a
Date of Response: 3/25/2020
Response Provided By: Constance Heppenstall

Question:

11. Reference Exhibit CEH-1, Schedule E, pages 1-3, O&M cost allocation:

a. Please explainwhy Account 890 is allocated primarily to the residential class.

Attachments: 0

Response:

Costs in Account 890 are allocated to the Industrial class, not the Residential Class.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: OSBA-02-OSBA-02-5
Date of Response: 5/15/2020
Response Provided By: Constance Heppenstall

Question:

Reference revised CCOSS model attached to OSBA-I-1, Schedule B, pages 1 and 2, and response to OSBA-I-3(a). In calculating class rate of return before interest and surplus in Row 9 at present rates, the Company divides Row 5 by Row 8 for the "Cost of Service" column (formula "=+D66/D73"), but divides Row 7 by Row 8 for the individual class columns (formula for Residential "=+F70/F73). At proposed rates, the Company consistently divides Row 5 by Row 8 to get Row 9.

a. **The OSBA respectfully requests that the Company explain or address this inconsistency, which appears in both the original filing and the updated version of the CCOSS.**

Attachments: 1
OSBA-02-5 Attachment A.pdf

Response:

See corrected schedule attached.

PHILADELPHIA GAS WORKS

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PRESENT RATES

Item	Cost of Service	Residential	Commercial	Industrial	Municipal	PHA - GS	PHA -Rate 8	NGVS	Interruptible
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Revenues From Tariff Sales and Transportation	$ 403,703	$ 318,467	$ 59,883	$ 4,681	$ 4,541	$ 1,354	$ 2,076	$ 2	$ 12,700
2. Other Revenues	102,470	77,653	17,875	1,364	1,682	424	731	-	2,741
3. Total Operating Revenues	506,173	396,120	77,758	6,045	6,223	1,777	2,807	2	15,441
4. Less: Operating Expenses and City Contribution	408,196	321,922	56,336	4,118	5,692	1,795	2,212	1	16,120
5. Income Before Interest and Surplus	97,978	74,198	21,422	1,927	531	(18)	595	1	(679)
6. Less: Interest and City Contribution	47,078	35,422	7,095	510	715	216	286	-	2,834
7. Current Revenue Over/Under Requirements	50,900	38,776	14,327	1,417	(184)	(234)	309	1	(3,513)
8. Original Cost Measure of Value (Factor 15.)	1,543,584	1,161,424	232,619	16,721	23,448	7,065	9,389	13	92,905
9. Rate of Return before Interest and Surplus, Percent	6.35%	6.39%	9.21%	11.52%	2.26%	-0.25%	6.34%	10.18%	-0.73%
10. Relative Rate of Return	1.00	1.01	1.45	1.82	0.36	-0.04	1.00	1.60	-0.12

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-12
Date of Response: 4/29/2020
Response Provided By: Constance Heppenstall

Question:

Referring to page 5, lines 12-15 of PGW Statement No. 5, ignoring the frequency and duration of interruptions, explain how costs should be allocated to a customer class that receives interruptible gas transportation service and provide supporting documents.

Attachments: 0

Response:

If a customer's flow is truly interruptible, the customer would not be allocated excess demand/capacity in the allocation of costs related to distribution mains. In Exhibit CEH-1, extra capacity in Factor 2 would be adjusted for a truly interruptible customer. The adjustment would show that the Company would not supply gas to these customers during a peak event.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: OSBA-02-OSBA-02-11.b-c.
Date of Response: 5/15/2020
Response Provided By: Kenneth S. Dybalski

Question:

Reference response and attachment to OSBA-I-6(a):

b. **As PGW does not have daily metering for all customers, please provide all of the data, assumptions, and calculations used to derive the class-specific peak day demands shown in the attachment, in MS Excel electronic format.**

c. **For the past three years, please provide monthly gas sales and gas throughput for each rate class (as rate class is defined in the referenced attachment), with heating degree days for each month, in MS Excel electronic format.**

Attachments: 2
OSBA-02-11.b. Attachment A.xlsx
OSBA-02-11.c. Attachment B.xlsx

Response:

b. To derive the class-specific peak day demands, January actuals are being used per each year. The percentage of each rate has been calculated toward of the totals. This percentage is used to calculate the usage per class considering the total firm sendout and the total sendout. The usage then in is classified in firm sendout and total sendout by rate class. Please refer to the attached file

c. Please refer to the attached file

OSBA II - 11b

Peak Day Total by Rate Class (MCF)

	2015		2016		2017		2018		2019	
	Firm Sendout	**Total Sendout**	**Firm Sendout**	**Total Sendout**	**Firm Sendout**	**Total Sendout**	**Firm Sendout**	**Total Sendout**	**Firm Sendout**	**Total Sendout**
Residential:	428,038	490,469	379,122	443,412	353,586	404,603	431,633	488,085	417,248	456,312
Commercial:	107,654	123,356	94,876	110,965	86,746	99,262	107,276	121,307	113,419	124,037
Industrial:	9,211	10,554	7,912	9,254	7,096	8,120	9,559	10,809	9,771	10,685
Municipal:	12,570	14,403	12,046	14,088	10,141	11,604	11,394	12,884	10,802	11,813
PHA:	5,731	6,567	4,827	5,646	4,218	4,826	5,263	5,951	5,839	6,386
NGV:	18	21	10	12	7	8	6	7	6	7
	563,222	645,370	498,793	583,377	461,794	528,423	565,130	639,043	557,085	609,241

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: OSBA-02-OSBA-02-11.a.
Date of Response: 5/15/2020
Response Provided By: Constance Heppenstall

Question:

Reference response and attachment to OSBA-I-6(a):

a. **Please explain why PGW chose to use actual peak demands rather than design day demands for cost allocation.**

Attachments: 0

Response:

PGW used actual peak demands in its cost allocation as the actual peak demands demonstrate how the system is used and best reflects cost causation. The peak day that was used recorded an average daily temperature of 13° Fahrenheit. The design day uses an estimated based on 2° Fahrenheit.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-04-PICGUG-04-2
Date of Response: 6/2/2020
Response Provided By: Constance E. Heppenstall

Question:

Please provide a schedule showing the Peak Day Design demand by customer class for 2018 in the detail as shown in the revised Class Cost-of-Service Study worksheet "Gas Sales" and supporting workpapers. If this information is not available, please explain why.

Attachments: 0

Response:

Design day demand by customer class is not available. Firm customers are not metered on a daily basis.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-9
Date of Response: 4/29/2020
Response Provided By: Douglas A. Moser

Question:

Provide a schedule showing the installed cost of distribution mains both by type (i.e., metallic or non-metallic) and diameter at year end for both the historical test year and the fully projected future test year.

Attachments: 0

Response:

Size / Material	**FY 2019**
2" PLASTIC	$ 427,084
2" STEEL	$ 39,914
3" PLASTIC	$ 405,927
3" STEEL	$ 36,338
4" PLASTIC	$ 12,394,843
4" STEEL	$ 294,381
6" PLASTIC	$ 21,514,559
6" STEEL	$ 1,881,587
8" PLASTIC	$ 4,821,554
8" STEEL	$ 156,018
12" PLASTIC	$ 10,326,076
12" STEEL	$ 615,217
16" STEEL	$ 763,477
20" STEEL	$ 2,496,765
24" STEEL	$ -
30" STEEL	$ 4,920,555
36" STEEL	$ -
Grand Total	**$ 61,094,297**

PGW does not have the fully projected future test year in this format.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-02-PICGUG-02-3
Date of Response: 5/20/2020
Response Provided By: Douglas A. Moser

Question:

Referring to PGW's response to PICGUG 1-8, provide a schedule showing the footage of mains by diameter and by material type.

Attachments: 0

Response:

Footage of main is as of 12/31/2019

Diameter / Material	**Footage**
3" Cast Iron	6,149
4" Cast Iron	1,269,085
6" Cast Iron	3,952,067
8" Cast Iron	358,463
8" Cast Iron	2,242
12" Cast Iron	541,049
16" Cast Iron	291,058
20" Cast Iron	368,167
24" Cast Iron	12,201
30" Cast Iron	91,140
36" Cast Iron	2,803
40" Cast Iron	115
48" Cast Iron	1,261
Total Cast Iron	**6,895,801**
3" Ductile Iron	956
4" Ductile Iron	273,520
6" Ductile Iron	312,222
8" Ductile Iron	45,738
12" Ductile Iron	25,462
Total Ductile Iron	**657,897**

2" Plastic	155,081
3" Plastic	279,970
4" Plastic	1,189,585
6" Plastic	1,309,494
8" Plastic	233,514
12" Plastic	68,592
Total Plastic	**3,236,236**
2" Steel	261,542
3" Steel	628,592
4" Steel	785,266
6" Steel	1,893,100
8" Steel	401,449
10" Steel	433
12" Steel	596,234
16" Steel	238,547
20" Steel	279,318
24" Steel	41,206
30" Steel	84,695
36" Steel	26,628
Total Steel	**5,237,011**

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.a.
Date of Response: 4/29/2020
Response Provided By: Douglas A. Moser

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

a. Total footage of distribution mains.

Attachments: 0

Response:

Calendar Year	Footage of Mains
2008	15,966,720
2009	15,993,120
2010	15,993,120
2011	15,993,120
2012	15,977,280
2013	15,945,600
2014	15,961,440
2015	16,010,861
2016	16,003,152
2017	16,050,197
2018	16,060,123
2019	16,054,896

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: OCA-01-04
Date of Response: 4/7/2020
Response Provided By: Constance Heppenstall

Question:

4. Reference PGW St. No. 6, page 6, lines 4-5. Please identify and describe each change to the allocation of the increase that was made to account for the special characteristics of a customer class.

Attachments: 0

Response:

Generally, the Company understands that the results of the CCOS are used as guideline for rate design and the resulting increase to each customer class is based on judgement utilizing the concept of gradualism and reducing rate shock. Special characteristics include the acknowledgement that the Interruptible class has not been interrupted in many years and, therefore, is not truly interruptible.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-06-PICGUG-06-1
Date of Response: 6/11/2020
Response Provided By: Florian Teme

Question:

Please refer to PGW's Back-Up Service – Rate BUS, Supplement No. 128 to Gas Service Tariff – Pa. PUC No. 2, First Revised Page No. 154.

a. Is a customer who installs operable back-up, supplementary, standby, emergency, electric or heat generation equipment, and who is willing to receive interruptible transportation service for this equipment, required to take service under Rate BUS?

b. If no, please reference the tariff language supporting this claim.

c. If yes, please explain why.

Attachments: 0

Response:

a. Yes, unless the customer can satisfy the requirements for Rate IT. A customer may not be placed on Rate IT unless the customer also has a full dual fuel system with fuel capacity stored on site capable of displacing a daily quantity of gas subject to curtailment. An emergency/backup generator is intended to be used in case electric power is lost. These generators are used among others to operate lifesaving equipment or emergency lighting; therefore, such equipment cannot be on an interruptible rate unless the customer has a dual fuel system to act as full back up to the first line back-up equipment. If a customer can meet this requirement, to the Company's satisfaction, interruptible service customers can take this service at IT rates.

b. See Tariff, Gas Tariff – Pa P.M. No. 2, Pg. No. 112 (Interruptible Service).

Procedure for Conducting a Class Cost-of-Service Study

Q WHAT PROCEDURES ARE USED IN A CLASS COST-OF-SERVICE STUDY?

A The basic procedure for conducting a class cost-of-service study (CCOSS) is fairly simple. First, we identify the different types of costs (functionalization), determine their primary causative factors (classification), and then apportion each item of cost among the various service classes (allocation). Adding up the individual pieces gives the total cost for each class.

Identifying the utility's different levels of operation is a process referred to as functionalization. The utility's investments and expenses are separated into production, storage, transmission, distribution, and other functions. To a large extent, this is done in accordance with the Uniform System of Accounts developed by the FERC.

Once costs have been functionalized, the next step is to identify the primary causative factor (or factors). This step is referred to as classification. Costs are classified as demand-related, energy- (or commodity-) related or customer-related. Demand (or capacity) related costs vary with peak demand, which is measured in kilowatts or peak day send out. This includes production, transmission, and some distribution investment and related fixed operation and maintenance (O&M) expenses. As explained later, peak demand determines the amount of capacity needed for reliable service. Energy-related costs vary with natural gas throughput, which is measured in dekatherms. Energy-related costs include purchased gas and variable O&M expense. Customer-related costs vary directly with the number of customers such as meters, service laterals, billing, and customer service, and they may also include a portion of distribution mains.

Each functionalized and classified cost must then be allocated to the various customer classes. This is accomplished by developing allocation factors that reflect the percentage of the total cost that should be paid by each class. The allocation factors should reflect cost causation; that is, the degree to which each class caused the utility to incur the cost.

Further, each customer class should be comprised of customers having similar characteristics. The relevant characteristics include the type of end-use customer (*e.g.,* residential, general service sales, transportation), average size and how delivery service is provided. Allocating costs to homogeneous customer classes will ensure that the rates derived from a class cost-of-service study are just and reasonable and reflect the actual cost to serve.

Q WHAT KEY PRINCIPLES ARE RECOGNIZED IN A CLASS COST-OF-SERVICE STUDY FOR NATURAL GAS DELIVERY SERVICE?

A A properly conducted CCOSS recognizes two key cost-causation principles. First, not all gas customers purchase gas supplied by a local distribution company (LDC). Some customers purchase and transport their own gas to the city gate. Thus, the LDC does not incur purchased gas and other related costs to serve a transportation customer. Second, not all customers take the same delivery service. Larger transportation customers may take delivery service directly from either the transmission system or high-pressure distribution mains. Third, the use of storage services will depend on the tolerances between actual and nominated gas deliveries. The smaller the tolerances, the lower the amount of storage services. Fourth, since cost causation is also related to how natural gas is used, both the timing and rate of gas consumption (*i.e.*, demand) are critical. Consistent with the obligation to serve and to ensure reliability, the LDC

must purchase sufficient gas supply to meet the maximum needs of its sales customers. The LDC must also construct the required distribution mains and other facilities to attach customers to the system, and these facilities must be sized to meet the expected contribution to the peak design day, which is the maximum expected demand on the delivery system.

PHILADELPHIA GAS WORKS

Derivation of Factor 3 to Recognize the Interruptibility of Rate IT

Line	Service Classification	Average Daily Throughput MCF/Day	Average Daily Throughput Allocation Factor	Average Daily Throughput Weighted Factor*	Maximum Day Extra Demand Allocation Factor 2A	Maximum Day Extra Demand Weighted Factor*	Allocation Factor 3
		(1)	(2)	(3)	(4)	(5)	(6)
1	Residential	95,087	0.56160	0.13065	0.77118	0.59178	0.72242
2	Commercial	29,515	0.17432	0.04055	0.17932	0.13760	0.17816
3	Industrial	2,387	0.01410	0.00328	0.01654	0.01269	0.01597
4	Municipal	2,744	0.01621	0.00377	0.01995	0.01531	0.01908
5	PHA GS	487	0.00287	0.00067	0.00376	0.00289	0.00355
6	PHA R8	1,245	0.00735	0.00171	0.00924	0.00709	0.00880
7	NGVS	2	0.00001	0.00000	0.00001	0.00001	0.00001
8	Interruptible	37,849	0.22354	0.05200	-	-	0.05200
9	Total	169,316	1.00000	0.23264	1.00000	0.76736	1.00000

* The weighting of the factors is based on the percentage of average daily throughput.

Average Daily Throughput Weighted Factor	0.23264
Maximum Day Extra Demand Weighted Factor	0.76736

PHILADELPHIA GAS WORKS

Derivation of Adjusted Load Factor

Line	Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 2A*
		(1)	(2)	(3)	(4)
1	Residential	95,087	429,513	334,426	0.77118
2	Commercial	29,515	107,276	77,761	0.17932
3	Industrial	2,387	9,559	7,172	0.01654
4	Municipal	2,744	11,394	8,650	0.01995
5	PHA GS	487	2,119	1,633	0.00376
6	PHA R8	1,245	5,251	4,006	0.00924
7	NGVS	2	6	4	0.00001
8	Total Firm	131,467	565,118	433,652	1.00000
9	Load Factor	0.23264		0.76736	

* Factor 2A excludes Interruptible volumes.

PHILADELPHIA GAS WORKS

Class Cost-of-Service Study at Present Rates

Revised to Recognize the Interruptibility of Rate IT

Line	Description	Cost of Service	Residential	Commercial	Industrial	Municipal	PHA - GS	PHA -Rate 8	NGVS	Interruptible
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Revenues From Tariff Sales and Transportation	$ 403,798	$ 318,467	$ 59,883	$ 4,681	$ 4,541	$ 1,354	$ 2,171	$ 2	$ 12,700
2	Other Revenues	102,467	78,818	18,118	1,401	1,711	434	745	-	1,240
3	Total Operating Revenues	506,265	397,285	78,001	6,082	6,252	1,787	2,916	2	13,940
4	Less: Operating Expenses and City Contribution	408,195	328,753	57,782	4,366	5,864	1,839	2,293	1	7,298
5	Income Before Interest and Surplus	98,070	68,532	20,219	1,716	388	(52)	623	1	6,642
6	Less: Interest and City Contribution	47,078	36,649	7,346	537	746	222	301	-	1,278
7	Current Revenue Over/Under Requirements	50,992	31,883	12,873	1,179	(358)	(274)	322	1	5,364
8	Original Cost Measure of Value (Factor 15)	1,543,978	1,201,946	240,915	17,627	24,450	7,265	9,858	11	41,906
9	Rate of Return before Interest and Surplus	6.35%	5.70%	8.39%	9.73%	1.59%	-0.71%	6.32%	12.04%	15.85%
10	Relative Rate of Return	1.00	0.90	1.32	1.53	0.25	-0.11	0.99	1.89	2.50

PHILADELPHIA GAS WORKS

Class Cost-of-Service Study At Present Rates
Revised to Recognize the Interruptibility of Rate IT
and to Classify 20% of Distribution Mains as a Customer-Related Cost

Line	Description	Cost of Service	Residential	Commercial	Industrial	Municipal	PHA - GS	PHA -Rate 8	NGVS	Interruptible
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Revenues From Tariff Sales and Transportation	$ 403,714	$ 318,467	$ 59,883	$ 4,681	$ 4,541	$ 1,354	$ 2,087	$ 2	$ 12,700
2	Other Revenues	102,470	79,224	17,881	1,375	1,679	436	730	-	1,145
3	Total Operating Revenues	506,184	397,691	77,764	6,056	6,220	1,789	2,817	2	13,845
4	Less: Operating Expenses and City Contribution	408,192	330,000	57,046	4,280	5,764	1,841	2,256	1	7,005
5	Income Before Interest and Surplus	97,992	67,691	20,718	1,776	456	(52)	561	1	6,840
6	Less: Interest and City Contribution	47,078	37,641	6,760	470	667	223	271	-	1,046
7	Current Revenue Over/Under Requirements	50,914	30,050	13,958	1,306	(211)	(275)	290	1	5,794
8	Original Cost Measure of Value (Factor 15)	1,543,981	1,234,475	221,703	15,426	21,864	7,323	8,878	11	34,301
9	Rate of Return before Interest and Surplus	6.35%	5.48%	9.34%	11.51%	2.08%	-0.70%	6.32%	12.04%	19.94%
10	Relative Rate of Return	1.00	0.86	1.47	1.81	0.33	-0.11	1.00	1.90	3.14

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket No. R-2020-3017206

Rebuttal Testimony and Exhibits

of

JEFFRY POLLOCK

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

July 13, 2020

J. POLLOCK
INCORPORATED

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2020-3017206

Philadelphia Gas Works

Table of Contents

GLOSSARY OF ACRONYMS

Term	Definition
A&E	Average and Excess
A&P	Average and Peak
CCOSS	Class Cost-of-Service Study
HDD	Heating Degree Day
OCA	Office of Consumer Advocate
OSBA	Office of Small Business Advocate
PGW	Philadelphia Gas Works
PICGUG	Philadelphia Industrial and Commercial Gas Users Group
Rate IT	Interruptible Transportation Rate Schedule

REBUTTAL TESTIMONY OF JEFFRY POLLOCK

Introduction and Summary

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Jeffry Pollock. My business address is 12647 Olive Blvd., Suite 585, St. Louis, Missouri 63141.

Q ARE YOU THE SAME JEFFRY POLLOCK WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS GROUP (PICGUG)?

A Yes.

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A I address the proposed changes to Philadelphia Gas Works' (PGW's) Class Cost-of-Service Study (CCOSS) sponsored by Mr. Jerome D. Mierzwa, on behalf of the Office of Consumer Advocate (OCA), and by Mr. Robert D. Knecht, on behalf of the Office of Small Business Advocate (OSBA). Specifically, these witnesses propose allocating *at least* 50% of distribution mains and related expenses using annual throughput.[1] In doing so, neither Mr. Mierzwa nor Mr. Knecht recognize that a portion of distribution mains is caused by the need to attach each and every customer to the delivery system.

Mr. Knecht also develops design day demands by customer class.[2] As discussed later, Mr. Knecht's design day demands assume that all gas consumption varies with heating degree days (HDDs). Thus, it ignores that certain customer classes have more heat-sensitive load than others.

[1] OCA Statement No. 4, Direct Testimony of Jerome D. Mierzwa (hereinafter "OCA Statement No. 4-Mierzwa") at 21; OSBA Statement No. 1, Direct Testimony of Robert D. Knecht (hereinafter "OSBA Statement No. 1-Knecht") at 21.

[2] OSBA Statement No. 1-Knecht at 25 and Exhibit RDK WP3.

Neither witness recognized the terms and conditions of the Interruptible Transportation Rate Schedule (Rate IT) under which transportation service is fully interruptible at any time and at PGW's sole discretion. Thus, the OCA's and OSBA's recommended CCOSSs should be rejected because each fail to recognize the interruptibility of the Rate IT class.

I also address the class revenue allocations proposed by OCA and OSBA and the OCA's recommendation to change the balancing provisions applicable to Rate IT customers. As discussed later, neither Mr. Mierzwa nor Mr. Knecht have appropriately applied gradualism in their recommended class revenue allocations. Mr Mierzwa's proposal to apply the same balancing provisions to Rate IT as apply to firm transportation customers is unsupported and should be rejected.

Q ARE YOU SPONSORING ANY EXHIBITS TO YOUR REBUTTAL TESTIMONY?

A Yes. I am sponsoring **Exhibits** ___ **(JP-8)** and ___ **(JP-9)**. These exhibits were prepared under my direction and supervision.

Q DOES THE FACT THAT YOU ARE NOT ADDRESSING EVERY ISSUE RAISED BY OTHER PARTIES CONSTITUTE AN ENDORSEMENT OF THEIR RECOMMENDATIONS?

A. No.

<u>Allocation of Distribution Mains</u>

Q HOW ARE THE PARTIES PROPOSING TO ALLOCATE DISTRIBUTION MAINS?

A Both the OSBA and PGW support the average and excess (A&E) method, while the OCA supports the average and peak (A&P) method. As discussed later, the A&P method is seriously flawed. Both the OSBA and OCA also propose placing more

emphasis on annual throughput in their respective allocation proposals. **Table R1** summarizes the proposed weighting to annual throughput by PGW, OSBA and OCA.

Table R1
Proposed Weighting to Annual Throughput

Party	Percent
PGW	26.5%
OSBA	50%
OCA	50%-80%

Q WHY DO YOU ASSERT THAT THE AVERAGE AND PEAK METHOD IS FLAWED?

A A&P uses two metrics: average annual throughput and peak demand. Average annual throughput is the annual throughput divided by the number of days in a year (typically, 365). In theory, peak demand is each class's average daily throughput on the peak (or design) day sendout. However, as Mr. Knecht observes, PGW's peak demand metric is, in fact, the January throughput. Thus, the A&P method proposed by the OCA would be more aptly defined as the A&AP (average and annual peak) method, where AP is the average daily throughput during the peak month (January in this instance). In other words, Mr. Mierzwa's A&P method double-counts January throughput. For this reason alone, the Commission should reject the A&P method as proposed by OCA.

Q WHAT OTHER CONCERNS DO YOU HAVE WITH RESPECT TO THE OSBA AND OCA RECOMMENDATIONS?

A First, weighting annual throughput by 50% is entirely arbitrary and lacks any foundation. Second, neither Mr. Mierzwa nor Mr. Knecht adjusted their proposed allocation factors to remove Rate IT. As I stated in my direct testimony, Rate IT is

interruptible at any time and at PGW's sole discretion if there is insufficient deliverability. Rate IT customers must also provide on-site back-up equipment to temporarily replace delivered gas service during a curtailment. No other PGW customer is obligated to meet these requirements.

Q HOW DO YOU RESPOND TO THE PROPOSALS TO ARBITRARILY WEIGHT ANNUAL THROUGHPUT BY AT LEAST 50%?

A The proposal to weight annual throughput by 50% is not supported by empirical evidence or engineering analysis. The empirical evidence is provided in **Exhibit ___ (JP-8)**, which correlates the length of distribution mains with peak demand (page 1) and annual throughput (page 2). The analysis is based on information provided by PGW for the period 2008 through 2019.[3]

Q WHAT DOES THE ANALYSIS DEMONSTRATE?

A If the length of distribution mains was directly related to either peak demand or annual throughput, the R^2 value derived in the correlation analysis would be close to 1.0. However, as can be seen, the R^2 values are 0.23 (peak demand) and 0.01 (annual throughput). Thus, there is only a very weak relationship between the length of distribution mains and peak demand. Further, there is no relationship between the length of distribution mains and annual throughput.

Q IS THERE A VARIABLE THAT IS MORE CLOSELY CORRELATED WITH THE LENGTH OF DISTRIBUTION MAINS THAN EITHER PEAK DEMAND OR ANNUAL THROUGHPUT?

A Yes. There is a much stronger correlation between the length of distribution mains

[3] PGW Response to PICGUG-01-10. See **Exhibit ___ (JP-9)**.

and the number of customers. This is shown in **Exhibit ___ (JP-8)**, page 3. As can be seen, the R^2 value is 0.61.

Q WHAT CONCLUSION DO YOU DRAW FROM THE CORRELATION ANALYSIS PRESENTED IN EXHIBIT ___ (JP-8)?

A Empirical evidence supports classifying at least some portion (not zero, as proposed by Mr. Mierzwa and Mr. Knecht) of distribution mains as a customer-related cost.

Q WHY ELSE DO YOU OPPOSE THE OCA AND OSBA RECOMMENDATIONS?

A From my experience with other gas distribution utilities, two facts are clear:

1. Mains are sized to meet design day demand, not annual throughput; and
2. Distribution mains are required to attach each and every customer irrespective of the customer's peak demand or annual throughput.

Further, as discussed in my direct testimony, the practice of classifying a portion of distribution mains as a customer-related cost is both accepted and consistent with precedent in other jurisdictions.

Q DOES MR. MIERZWA SUPPORT A MUCH HIGHER WEIGHTING THAN 50% TO ANNUAL THROUGHPUT?

A Yes. He characterized his recommendation to use 50% as "conservative."[4] He firmly believes that approximately 80% of cost responsibility is associated with annual throughput.

Q HOW DID HE DERIVE AN 80% WEIGHTING TO ANNUAL THROUGHPUT?

A Mr. Mierzwa's 80% weighting is based on an analysis comparing the incremental cost of doubling the size of a distribution main from 2" to 4". Because of scale economies,

[4] OCA Statement No. 4-Mierzwa at 21.

the incremental cost of meeting an incremental increase in peak demand is only 18%.[5] Thus, Mr. Mierzwa would conclude that 82% of the cost is related to annual throughput.

Q IS THIS AN APT ANALYSIS?

A No. Mr. Mierzwa's theory of cost causation puts the cart before the horse. While he is correct about scale economies, his analysis assumes that the 2" mains are capable of meeting peak demand in the first place.[6] If the 2" mains were adequate to meet peak demand, PGW would not require larger mains.

Mr. Mierzwa's conclusion is based on a false premise that a gas distribution system is built first to meet annual demand, and then any additional costs are incurred to meet peak demands.[7] It also assumes that without sufficient annual gas usage, there would be no gas distribution system.[8]

First, I disagree with his use of the term "annual demand."[9] What he characterizes as annual demand is, in reality, average demand — that is, annual throughput divided by the number of days. Second, if PGW sized its distribution mains only to meet average demand, they would have the capability of meeting only 26.5% of the peak demand. In other words, customers would have to find alternative fuels to heat their homes or operate their facilities.

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[5] *Id.* at 19.

[6] OCA Response to PICGUG-OCA-1-7b. See **Exhibit ___ (JP-9)**.

[7] OCA Statement No. 4-Mierzwa at 14.

[8] *Id.* at 13.

[9] *Id.* The term "annual demand" appears 10 times (for example, at 15-16).

Q HAS MR. MIERZWA PROVIDED ANY ANALYSIS SUPPORTING HIS ASSERTION THAT THERE WOULD BE NO GAS DISTRIBUTION SYSTEM WITHOUT SUFFICIENT ANNUAL GAS USAGE?

A No.[10]

Q WHY ELSE IS IT NOT REASONABLE TO START WITH THE PREMISE THAT GAS DISTRIBUTION SYSTEMS ARE BUILT FIRST TO MEET THE ANNUAL DEMAND?

A A gas distribution utility would not exist but for the need to meet demand, especially on the coldest of days. It is on the coldest of days that customers rely on having a reliable gas delivery system to provide natural gas for heating and other essential activities because this is when the gas is needed the most. Once investments have been made to serve demands on the coldest of days, those same investments can be used to deliver natural gas year-round. In other words, meeting peak demand is the real cost causer. Supplying average demand throughout the year is a byproduct.

Q WHAT DO YOU RECOMMEND?

A The Commission should reject the 50/50 weighting proposed by both Mr. Mierzwa and Mr. Knecht because it fails to reflect cost causation, is not supported by empirical evidence, and it over-allocates costs to Rate IT. Further, the Commission should reject Mr. Mierzwa's A&P method because it double counts January usage.

Finally, based on the empirical evidence and accepted practice and precedent, some portion of distribution mains (not zero) should be classified as a customer-related cost.

[10] OCA Response to PICGUG-OCA-1-1. (see **Exhibit ___ (JP-9)**.

Design Day Demand

Q HAVE YOU REVIEWED MR. KNECHT'S ANALYSIS IN WHICH HE PURPORTS TO DERIVE THE DESIGN DAY DEMANDS BY CUSTOMER CLASS?

A Yes. Mr. Knecht performed a regression analysis using three years of monthly historical gas usage and HDD data for the period September 2016 through August 2019 to estimate each class's peak gas usage. His regression analysis measured the relationship between monthly HDD and total monthly gas usage to predict the design day gas usage for each rate class based on HDD.

Q HOW DID MR. KNECHT DETERMINE THE DESIGN DAY GAS USAGE?

A Using the formula produced by his regression analysis, he used a 65 HDD to determine the design day gas usage for each rate class.

Q DID MR. KNECHT USE ALL 12 MONTHS FOR EACH YEAR TO ESTIMATE DESIGN DAY GAS USAGE?

A Yes. Mr. Knecht's regression analysis incorporated the HDD days and gas usage for all 12 months of the year, which includes non-peak months (June through September).

Q IS THE RELATIONSHIP BETWEEN HDD AND GAS USAGE DURING NON-PEAK MONTHS A RELIABLE PREDICTOR FOR PEAK GAS USAGE?

A No. Gas usage during non-peak months represents base load usage, which is not weather sensitive. The data for these months should not be used in the regression analysis to estimate peak gas usage. Only HDD and gas usage from weather sensitive months should be used in the analysis to predict peak gas usage. Including non-peak month data distorts the results and produces unreliable predictions of peak gas usage.

Q IS THIS A SIGNIFICANT PROBLEM?

A Yes. Mr. Knecht's analysis assumes that the entirety of gas usage is heat sensitive. However, there are significant differences in the amount of heat sensitive usage by customer class. These differences are shown in **Table R2**.

Table R2
Heat Sensitive Load
(Mcf)

Customer Class	Base Usage	January Usage	Heat Sensitive Usage	Percent Heat Sensitive
Residential Non-Heating	17,291	65,076	47,785	73%
Residential Heating	607,893	5,936,403	5,328,510	90%
Commercial Non-Heating	55,297	125,370	70,072	56%
Commercial Heating	179,024	1,161,804	982,780	85%
Industrial Non-Heating	4,669	19,044	14,374	75%
Industrial Heating	7,831	72,057	64,226	89%
Municipal Non-Heating	3,159	16,950	13,791	81%
Municipal Heating	7,474	95,743	88,268	92%
Interruptible Transportation	1,674,370	2,945,016	1,270,647	43%

Source: OSBA-02-11c Attachment C.

Q PLEASE DESCRIBE TABLE R2.

A **Table R2** measures the percentage of heat-sensitive load by customer class. To determine the amount of heat-sensitive load, it is first necessary to determine the amount of gas used during periods when there are little or no actual HDDs. Typically, these periods occur during the summer months, June through September. Thus, I quantified the base usage by customer class for the same three time periods used by Mr. Knecht. I then compared the base usage to the January usage because January is when PGW's peak sendout has occurred over the past three years. The amount of heat sensitive load, thus, is the difference between the January usage and the base usage.

Q WHAT CONCLUSIONS DO YOU DRAW FROM THE ANALYSIS IN TABLE R2?

A **Table R2** demonstrates that, while most customer classes have a significant portion of heat-sensitive load, they are far from being the same. Specifically, the percentage of heat-sensitive load ranges from 43% (interruptible transportation) to 92% (for heating loads).

Therefore, using a regression analysis that measures the relationship between monthly gas usage and HDD will significantly overstate the amount of heat-sensitive load and, accordingly, the design day demand for the interruptible transportation class.

Q WHAT DO YOU RECOMMEND?

A The Commission should reject Mr. Knecht's analysis because he failed to isolate the heat-sensitive demand by customer class. Thus, his results are inaccurate.

Class Revenue Allocation

Q IS EITHER THE OCA OR OSBA PROPOSING ANY CHANGE IN PGW'S PROPOSED 47.2% INCREASE TO RATE IT?

A No. Although both Mr. Mierzwa and Mr. Knecht acknowledge gradualism and the need to avoid rate shock,[11] both witnesses accept PGW's proposed 47.2% increase for Rate IT.[12] In other words, they recommend that Rate IT increase be set at 2.7 times the proposed system average delivery rate increase.

Q HOW DO THESE WITNESSES SUPPORT THEIR RECOMMENDATIONS?

A Their recommendations are based entirely on the results of their flawed CCOSSs, which purport to show that the Rate IT class is earning a very low or negative rate of

[11] OCA Statement No. 4-Mierzwa at 34; OSBA Statement No. 1-Knecht at 32.

[12] *Id.* at 31-32; *Id*. at 34-35.

return.[13] Further, Mr. Knecht believes that gradualism should be waived because Rate IT is currently exempt from any universal service charges.[14]

Q ARE THESE RECOMMENDATIONS REASONABLE?

A No. As discussed in my direct testimony, Rate IT is subsidizing all other PGW customers if interruptibility is recognized. Further, Mr Knecht acknowledges that PGW's proposal violates the usual rules-of-thumb for rate gradualism.[15] Even assuming that Mr. Mierzwa's and Mr. Knecht's CCOSSs were reasonable, their recommendations would violate the very gradualism constraints that each witness purports to recognize as an important factor in developing a sound rate design.

Q DOES IT MATTER WHETHER A CLASS IS EXEMPT FROM UNIVERSAL SERVICE CHARGES WHEN DETERMINING A PROPER CLASS REVENUE ALLOCATION?

A No. The applicability of universal service charges is a matter of Commission policy. This is entirely separate from the issue of determining a proper class revenue allocation in this proceeding.

Q WHAT DO YOU RECOMMEND?

A Gradualism is the only exception to the Commission's long-standing practice of setting rates to cost. While PICGUG strongly disagrees with the CCOSSs presented by PGW, OCA and OSBA that purportedly show Rate IT to be currently well below cost, even if this were the case, it would not justify raising Rate IT by more than 1.5 times the system average increase.

[13] OCA Statement No. 4-Mierzwa at 32; OSBA Statement No. 1-Knecht at 34.

[14] OSBA Statement No. 1-Knecht at 34.

[15] *Id*.

Balancing Provisions Applicable to Rate IT

Q HOW IS MR. MIERZWA PROPOSING TO CHANGE THE BALANCING PROVISIONS APPLICABLE TO RATE IT?

A Mr. Mierzwa is proposing to apply the same imbalance charges for suppliers serving IT customers that are applicable to suppliers serving firm transportation customers.[16]

Q WHAT IS THE BASIS FOR THIS PROPOSAL?

A Mr. Mierzwa apparently believes that PGW's proposed modification to the Daily Imbalance Surcharge is insufficient to encourage suppliers serving IT customers to meet their Allowable Daily Variation.[17] Implicit in his proposal is an assumption that Rate IT customers receive firm transportation service. This is the same erroneous assumption that underlies his flawed CCOSS, as discussed previously.

Q WHAT EVIDENCE HAS MR. MIERZWA PROVIDED TO SUPPORT HIS ASSERTION THAT PGW'S PROPOSED MODIFICATION TO THE DAILY IMBALANCE SURCHARGE IS INSUFFICIENT TO ENCOURAGE SUPPLIERS SERVING RATE IT CUSTOMERS TO MEET THEIR ALLOWABLE DAILY VARIATION?

A Mr. Mierzwa asserts that the imbalances of Rate IT customers have caused situations that have prevented PGW from being able to effectively balance its system.[18] However, he failed to provide any supporting evidence.

[16] OCA Statement No. 4-Mierzwa at 36.

[17] *Id.*

[18] OCA Response to PICGUG-OCA-1-11. See **Exhibit ___ (JP-9)**.

Q WHAT DO YOU RECOMMEND?

A Mr. Mierzwa's proposal should be rejected because it is unsupported. Rate IT customers receive interruptible transportation service and should not be subject to the same balancing charges as firm transportation customers.

Conclusion

Q WHAT ADDITIONAL FINDINGS SHOULD THE COMMISSION MAKE BASED ON YOUR REBUTTAL TESTIMONY?

A The Commission should make the following additional findings:

- Reject the average and peak method because it double counts the January usage.
- Reject the proposed 50/50 weighting because it is not based on empirical evidence or sound analysis, and further, annual throughput is not a cost driver in determining the size and length of PGW's distribution mains.
- Reject OSBA's design day demands.
- Require that gradualism be applied to all below-cost classes in a fair and equal manner.
- Reject OCA's proposal to apply the same imbalance charge to Rate IT customers that applies to firm transportation customers.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes.

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Docket No. R-2020-3017206

Rebuttal Exhibits

of

JEFFRY POLLOCK

On Behalf of

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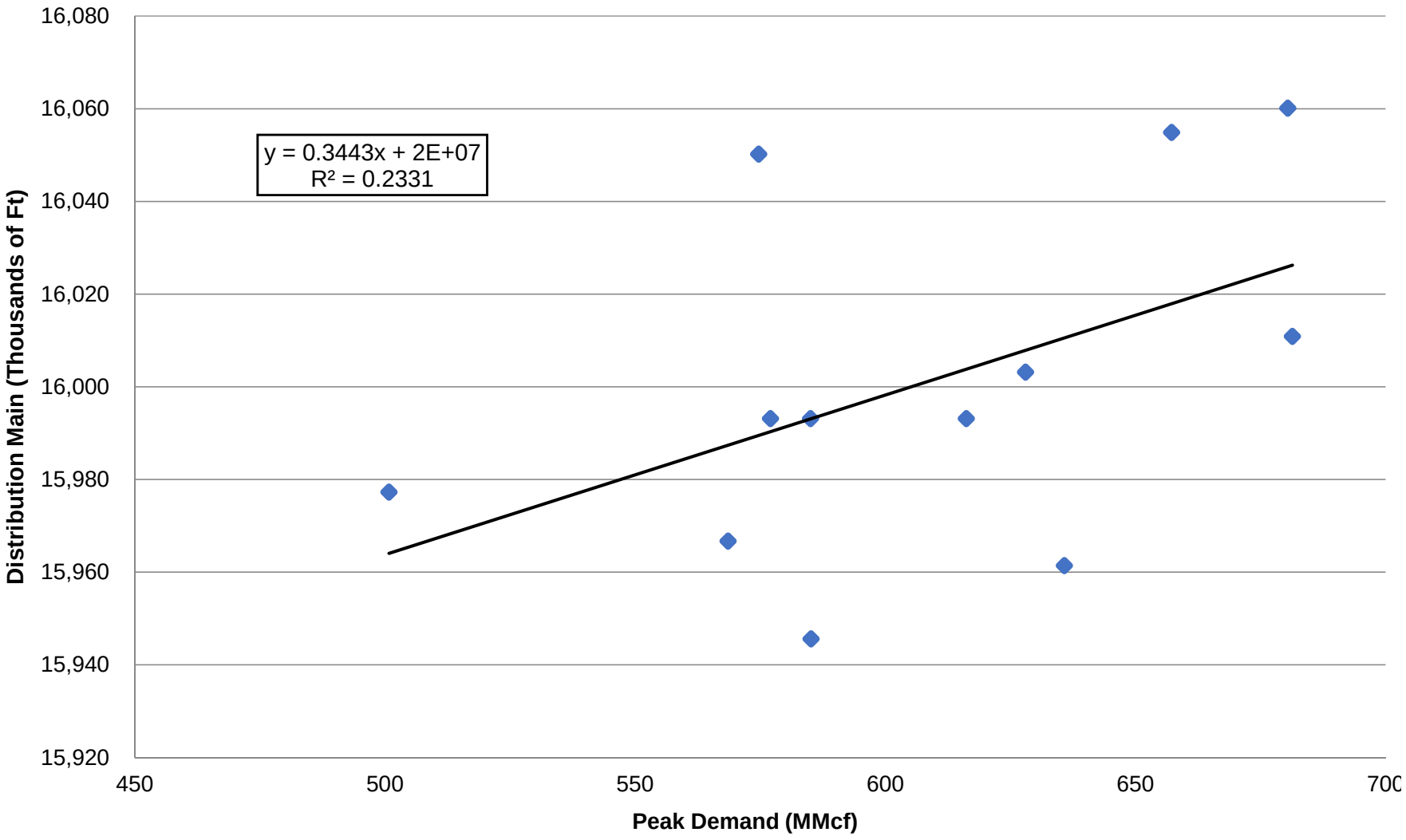
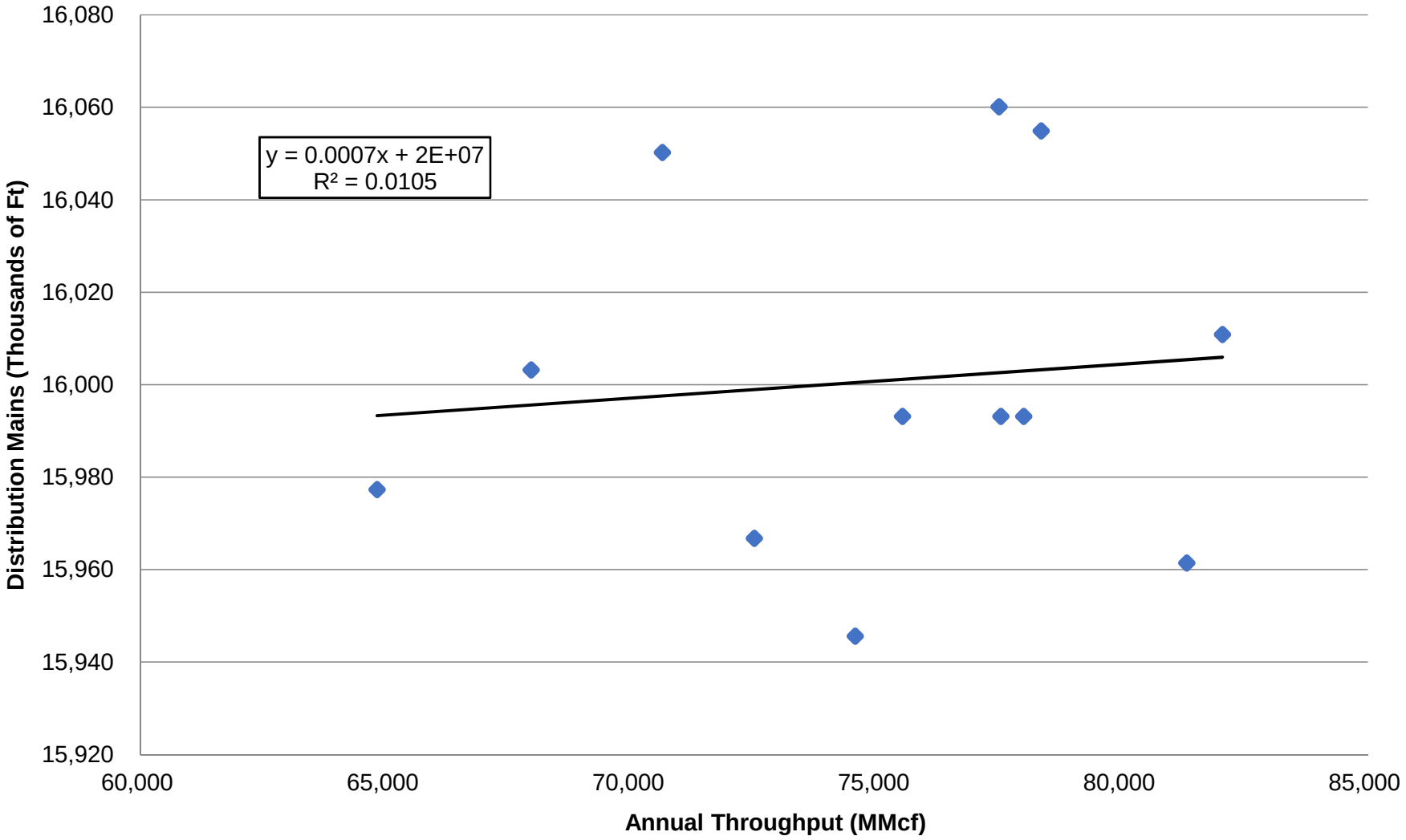
July 13, 2020

J. POLLOCK
INCORPORATED

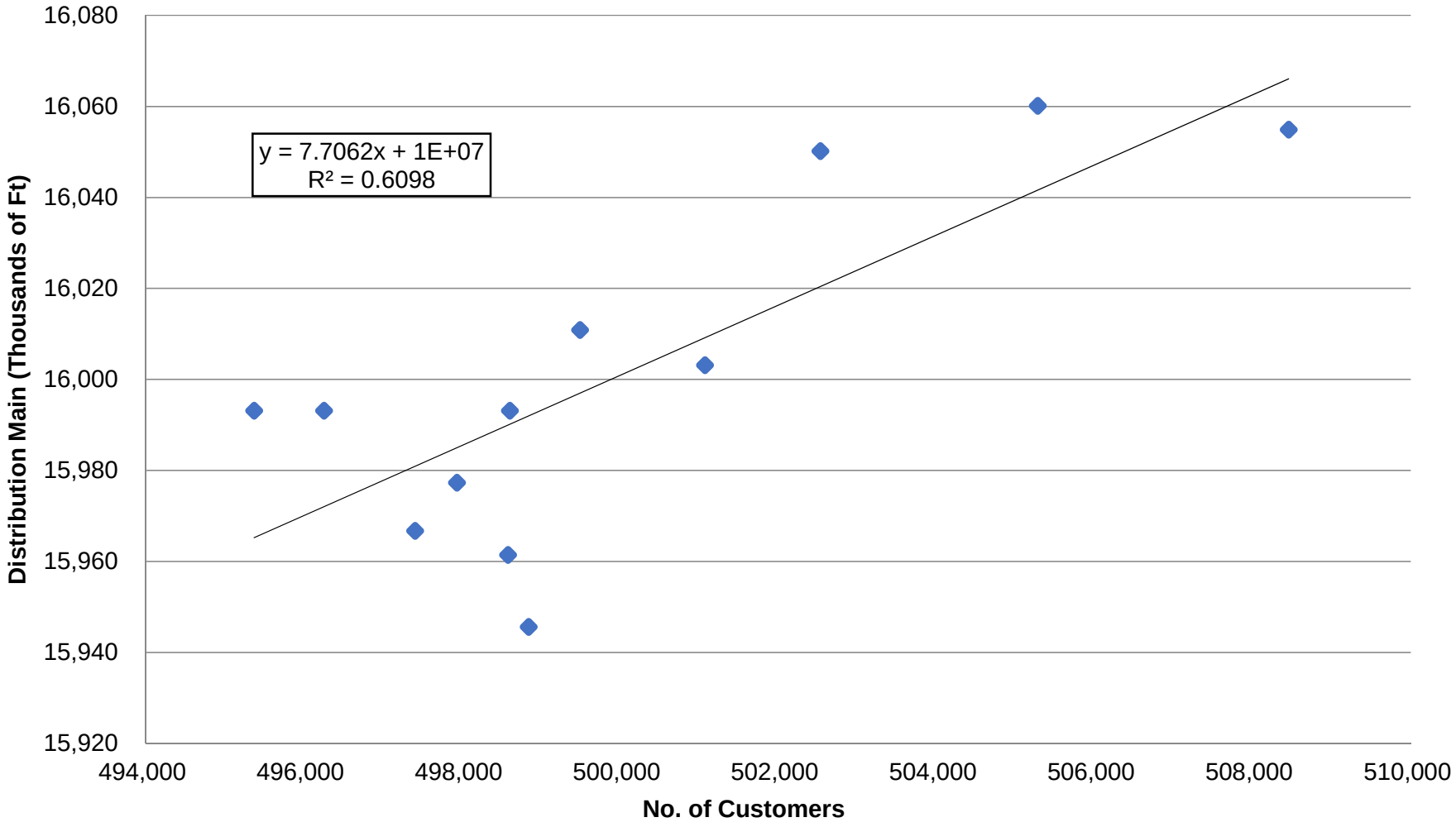
Length of Distribution Mains vs. Peak Demand



Length of Distribution Mains vs. Annual Throughput



Length of Distribution Mains vs. No. of Customers Served



Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.a.
Date of Response: 4/29/2020
Response Provided By: Douglas A. Moser

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

a. Total footage of distribution mains.

Attachments: 0

Response:

Calendar Year	Footage of Mains
2008	15,966,720
2009	15,993,120
2010	15,993,120
2011	15,993,120
2012	15,977,280
2013	15,945,600
2014	15,961,440
2015	16,010,861
2016	16,003,152
2017	16,050,197
2018	16,060,123
2019	16,054,896

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.b.
Date of Response: 4/29/2020
Response Provided By: Kenneth S. Dybalski

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

b. Number of PGW customers.

Attachments: 1
PICGUG-01-10.b. Attachment A.pdf

Response:
Please see the attached file, PICGUG-01-10.b. Attachment A.

PICGUG : SET I - 10B

Number of Billings

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Residential	468,671	467,638	466,810	470,145	469,662	470,577	470,186	470,992	472,382	473,685	476,361	479,402
Commercial	24,430	24,345	24,312	24,145	23,964	23,897	23,865	23,859	23,900	24,006	24,081	24,074
Industrial	788	757	720	691	688	657	655	631	626	610	602	593
Phila.Housing Authority (PHA)	835	879	871	890	845	833	825	877	926	932	1,004	953
Municipal (MS)	900	905	894	896	898	897	891	868	864	856	854	850
Phila.Housing Authority (GS)	1,528	1,439	1,434	1,499	1,511	1,573	1,737	1,835	1,950	2,015	1,953	2,157
IT	249	287	326	338	365	407	422	429	425	427	427	425
GTS	6	6	5	3	3	3	3	3	3	3	2	2

Grays Ferry included.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.c.
Date of Response: 4/29/2020
Response Provided By: Kenneth S. Dybalski

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

c. Peak day demand.

Attachments: 1
PICGUG-01-10.c. Attachment A.pdf

Response:

Please see the attached, PICGUG-01-10.c. Attachment A.

PICGUG-01-10.c. Attachment A

PEAK DAY HISTORY

2008-2019 Demand

FISCAL YEAR	DATE	DEGREE F AVG TEMP	MCF SENDOUT*
2007-2008	02/11/08	23	568,619
2008-2009	01/16/09	15	616,226
2009-2010	01/30/10	20	577,085
2010-2011	01/23/11	22	585,098
2011-2012	01/03/12	24	500,838
2012-2013	01/23/13	21	585,205
2013-2014	01/07/14	13	635,784
2014-2015	02/15/15	11	681,394
2015-2016	02/13/16	16	628,043
2016-2017	01/08/17	21	574,726
2017-2018	01/06/18	13	680,451
2018-2019	01/21/19	17	657,255

*** Grays Ferry Included in Total**

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.d.
Date of Response: 4/29/2020
Response Provided By: Kenneth S. Dybalski

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

d. Annual throughput.

Attachments: 1
PICGUG-01-10.d. Attachment A.pdf

Response:

Please see the attached file, PICGUG-01-10.d. Attachment A.

PICGUG-01-10.d. Attachment A

PICGUG 1-10d
Annual Throughput from FY 2008 thru FY 2019

YEAR	Total*
2007-08	72,505,962
2008-09	77,990,178
2009-10	75,521,144
2010-11	77,527,365
2011-12	64,821,730
2012-13	74,560,182
2013-14	81,314,384
2014-15	82,037,593
2015-16	67,959,953
2016-17	70,632,790
2017-18	77,487,874
2018-19	78,349,521

***Grays Ferry is Included**

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-10.b.
Date of Response: 4/29/2020
Response Provided By: Kenneth S. Dybalski

Question:
Provide a schedule showing the following information at year end for the period 2008 through 2019:

b. Number of PGW customers.

Attachments: 1
PICGUG-01-10.b. Attachment A.pdf

Response:
Please see the attached file, PICGUG-01-10.b. Attachment A.

PICGUG : SET I - 10B

Number of Billings

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Residential	468,671	467,638	466,810	470,145	469,662	470,577	470,186	470,992	472,382	473,685	476,361	479,402
Commercial	24,430	24,345	24,312	24,145	23,964	23,897	23,865	23,859	23,900	24,006	24,081	24,074
Industrial	788	757	720	691	688	657	655	631	626	610	602	593
Phila.Housing Authority (PHA)	835	879	871	890	845	833	825	877	926	932	1,004	953
Municipal (MS)	900	905	894	896	898	897	891	868	864	856	854	850
Phila.Housing Authority (GS)	1,528	1,439	1,434	1,499	1,511	1,573	1,737	1,835	1,950	2,015	1,953	2,157
IT	249	287	326	338	365	407	422	429	425	427	427	425
GTS	6	6	5	3	3	3	3	3	3	3	2	2

Grays Ferry included.

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

Responses of the Office of Consumer Advocate
to Philadelphia Industrial and Commercial Gas Users Group (PICGUG)
Set I

PICGUG-OCA-I-7. Referring to page 17, lines 3-6 of Mr. Mierzwa's testimony:

a. Quantify the marginal cost of meeting peak demand and state the underlying assumptions.

b. Does this statement assume that the existing delivery system adequately serves annual throughput? If not, explain why not.

RESPONSE

a. Please see the response to PICGUG-OCA-I-4(a).

b. Yes.

Response prepared by: Mr. Mierzwa

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

Responses of the Office of Consumer Advocate
to Philadelphia Industrial and Commercial Gas Users Group (PICGUG)
Set I

PICGUG-OCA-I-1. Referring to page 13, lines 7-11 of Mr. Mierzwa's testimony:

a. Provide analytical support for the statement that PGW's gas system would not be economical unless it was capable of supplying gas in all 8,760 hours.

b. For how many hours would gas service have to be provided before it would become economical? Provide supporting analysis and documentation.

RESPONSE

a. Mr. Mierzwa has not performed an analysis to support the referenced testimony. The referenced testimony is supported by PGW's Extension and Rights of Way Policy set forth in Section 10.1 of the Company's tariff. See page 13, line 22 through page 14, lines 6 of Mr. Mierzwa's Direct Testimony.

b. Please see the response to subpart (a).

Response prepared by: Mr. Mierzwa

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

Responses of the Office of Consumer Advocate
to Philadelphia Industrial and Commercial Gas Users Group (PICGUG)
Set I

PICGUG-OCA-I-11. Referring to page 36, lines 21-25 of Mr. Mierzwa's testimony, provide evidence supporting the statement that suppliers serving IT customers require a stronger incentive to meet their allowable Daily Variation. Does the ability of PGW to curtail IT customers at any time already an incentive? Explain your response.

RESPONSE

The Company is proposing an additional Daily Imbalance Surcharge for IT imbalances of +/- 100 percent to enable PGW to effectively balance its system. No changes are proposed for firm transportation supplier imbalances indicating that the existing provisions are effective. Therefore, Mr. Mierzwa has proposed adopting the same imbalancing charges for IT suppliers that are assessed to firm transportation supplier imbalances. The ability to curtail IT customers at any time does not appear to be an adequate incentive as the imbalances of IT customers have caused situations that have prevented PGW from being able to effectively balance its system.

Response prepared by: Mr. Mierzwa

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket No. R-2020-3017206

Surrebuttal Testimony and Exhibits

of

JEFFRY POLLOCK

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

July 24, 2020

J. POLLOCK
INCORPORATED

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2020-3017206

Philadelphia Gas Works

Table of Contents

GLOSSARY OF ACRONYMS

Term	Definition
A&E	Average and Excess
A&P	Average and Peak
BUS	Back-Up Service Rate
CCOSS	Class Cost-of-Service Study
FERC	Federal Energy Regulatory Commission
I&E	Bureau of Investigation and Enforcement
NARUC	National Association of Regulatory Utility Commissioners
OCA	Office of Consumer Advocate
OSBA	Office of Small Business Advocate
PICGUG	Philadelphia Industrial and Commercial Gas Users Group
PGW	Philadelphia Gas Works
Rate IT	Interruptible Transportation Rate Schedule
USEC	Universal Service and Energy Conservation

Surrebuttal Testimony of Jeffry Pollock

Introduction and Summary

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Jeffry Pollock. My business address is 12647 Olive Blvd., Suite 585, St. Louis, Missouri 63141.

Q ARE YOU THE SAME JEFFRY POLLOCK WHO PREVIOUSLY SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING ON BEHALF OF PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS GROUP (PICGUG)?

A Yes.

Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A I address the rebuttal testimony of PGW Witnesses Douglas A. Moser, Constance E. Heppenstall, Florian Teme, and Kenneth Dybalski; Ethan H. Cline, on behalf of the Bureau of Investigation and Enforcement (I&E); and Robert D. Knecht, on behalf of the Office of Small Business Advocate (OSBA) on the following issues:

- The interruptibility of Rate IT;
- The allocation of distribution mains costs;
- The application of the Universal Service and Energy Conservation (USEC) surcharge;
- Rate BUS; and
- Gradualism.

Q ARE YOU SPONSORING ANY EXHIBITS TO YOUR SURREBUTTAL TESTIMONY?

A Yes. I am sponsoring **Exhibit ___ (JP-10)** through ___ **(JP-12)**. These exhibits were prepared under my direction and supervision.

Q DOES THE FACT THAT YOU ARE NOT ADDRESSING EVERY ISSUE RAISED BY THESE AND OTHER PARTIES IN THEIR REBUTTAL TESTIMONIES CONSTITUTE AN ENDORSEMENT OF THEIR RECOMMENDATIONS?

A No.

The Interruptibility of Rate IT

Q WHAT ARE THE PARTIES' POSITIONS REGARDING THE INTERRUPTIBILITY OF RATE IT?

A None of the parties disagree with the premise that the delivery service provided under Rate IT is subject to interruption at any time and at PGW's sole discretion. For example, OSBA Witness Knecht acknowledges that PGW is proposing to retain the tariff language giving it the ability to interrupt if it needs to do so.[1] PGW Witness Moser reinforces this point stating that:

> . . . IT customers are still potentially subject to interruption if their suppliers fail to deliver gas to PGW's City Gate and are "first in line" if PGW is required to reduce load on its distribution system.[2]

The only disagreement is whether and how the interruptibility of Rate IT should be recognized in the class cost-of-service study (CCOSS).

[1] OSBA Statement 1-R (Knecht) at 8.

[2] PGW Statement 7-R (Moser) at 13.

Q DESPITE ACKNOWLEDGING THE INTERRUPTIBILITY OF RATE IT, ARE OTHER PARTIES RECOGNIZING THIS IN THEIR PROPOSED CLASS COST-OF-SERVICE STUDIES?

A No. PGW, I&E and OSBA all contend that no adjustment should be made to the CCOSS to reflect the interruptibility of Rate IT. The common theme of these parties is that Rate IT customers receive firm service under "normal" conditions and that Rate IT customers continue to be served even during the peak day.[3]

Q HOW DO YOU RESPOND TO THESE ASSERTIONS?

A As is obvious from both PGW's rebuttal testimony and the tariff, Rate IT is not the equivalent to a firm rate for delivery service. Although Rate IT has and will receive delivery service, even during the peak day, under normal conditions, this does not change the fact that curtailments can occur at PGW's sole discretion at any time they are needed. Curtailments are not a normal practice.

Q OSBA WITNESS KNECHT AND I&E WITNESS CLINE BOTH ASSERT THAT BECAUSE RATE IT CUSTOMERS HAVE NOT BEEN CURTAILED RECENTLY, THEY ARE RECEIVING NEARLY, OR ALMOST, FIRM DELIVERY SERVICE. DOES THIS MEAN THAT RATE IT SHOULD BE TREATED THE SAME AS ALL OTHER CUSTOMER CLASSES IN DETERMINING A COST-BASED RATE?

A No. PGW has not needed to curtail Rate IT because of reduced system throughput.[4] As a consequence of the lower system throughput, PGW has maintained and

[3] PGW Statement 5-R (Heppenstall) at 6; I&E Statement 2-R (Cline) at 4-6.

[4] PGW Statement 5-R (Heppenstall) at 6.

supported the system so that it can meet Rate IT customer peak demands.[5] This does not mean that Rate IT customers receive firm service, however.

Q HAS ANYTHING CHANGED WITH RESPECT TO RATE IT OR RATE IT CUSTOMERS THAT MAKES THIS SERVICE ANY MORE FIRM THAN IN THE PAST?

A No. Other than the reduction in system throughput, nothing has changed. Rate IT customers continue to maintain alternative fuel supplies in the event of the curtailment. This is a requirement of being a Rate IT customer. For example, in supporting PICGUG's proposal to allow customers to take backup service under Rate IT, PGW Witness Teme states:

> To be clear, however, the customer must be able to satisfy the requirements for Rate IT. A customer may not be placed on Rate IT unless the customer also has a full dual fuel system with fuel capacity stored on site capable of displacing a daily quantity of gas subject to curtailment.[6]

Q IS IT REASONABLE TO TREAT RATE IT CUSTOMERS AS RECEIVING FIRM DELIVERY SERVICE IN THE COST-OF-SERVICE STUDY?

A No. It is entirely appropriate to remove Rate IT load from the allocation of peak-related costs in the CCOSS. To do otherwise, as other parties recommend, would be contrary to the terms and conditions of Rate IT, as previously stated. Unless the CCOSS recognizes the interruptibility of Rate IT, it will not accurately reflect the cost of providing service to the Rate IT class.

[5] *Id.*

[6] PGW Statement No. 8-R (Teme) at 3.

Q WHAT ADJUSTMENTS SHOULD BE MADE TO RECOGNIZE THE INTERRUPTIBILITY OF THE RATE IT CLASS?

A At a minimum, no peak-day related costs should be allocated to Rate IT. In the context of PGW's Average and Excess (A&E) method, which is also supported by OSBA Witness Knecht, this means assigning zero excess demand to Rate IT. The result of this adjustment would allocate distribution mains to Rate IT based on its annual throughput, weighted by the system annual load factor. This treatment is consistent with my proposed CCOSS.

Q DOES PGW AGREE THAT THIS IS THE APPROPRIATE WAY TO RECOGNIZE THE INTERRUPTIBILITY OF RATE IT?

A Yes. PGW agrees with this adjustment, stating that:

> If a customer's flow is truly interruptible, the customer would not be allocated excess demand/capacity in the allocation of costs related to distribution mains. In Exhibit CEH-1, extra capacity in Factor 2 would be adjusted for a truly interruptible customer. The adjustment would show that the Company would not supply gas to these customers during a peak event.[7]

If conditions were highly unusual or abnormal, such curtailments of Rate IT would likely occur.

<u>Allocation of Distribution Mains Costs</u>

Q WHY IS I&E WITNESS CLINE OPPOSED TO RECOGNIZING THE NUMBER OF CUSTOMERS IN ALLOCATING DISTRUBUTION MAINS COSTS?

A Mr. Cline asserts that the number of customers is not a factor in designing distribution mains. He cites PGW's response to PICGUG 1-7.[8]

[7] PGW Response to PICGUG 1-12. See **Exhibit ___ (JP-12)**.

[8] I&E Statement 2-R (Cline) at 9.

Q DO YOU AGREE WITH MR. CLINE'S ASSERTION?

A No. His assertion is based on an observation that the information provided in PGW's response to PICGUG 1-7 does not list the number of customers as a factor in sizing mains.

First, annual throughput is also not listed in the response. Yet, Mr. Cline continues to support allocating 50% of distribution mains costs on the basis of annual throughput. Second, the response is an excerpt from a software provider. It is not a planning document. However, several statements in the response (which Mr. Cline chose to emit from his testimony) are particularly revealing. For example:

> . . . The model utilizes an analysis engine with input from the user to simulate the expected conditions of the distribution system. ***All permanent main installations are modelled using a -5F Design Day.***
>
> * * *
>
> The main objective of the model is to ensure that the distribution system's minimum operating pressures are maintained ***in ideal and abnormal operating conditions.***[9] (emphasis added)

In other words, based on PGW's response, the only cost driver is the -5F Design Day.

Q WHAT CONCLUSION CAN BE DRAWN FROM PGW'S RESPONSE TO PICGUG 1-7 ABOUT THE FACTORS THAT CAUSE PGW TO INSTALL DISTRIBUTION MAINS?

A PGW's response supports allocating the entirety of distribution mains costs on peak day design. The omission of any mention of annual throughput suggests, based on Mr. Cline's assertion, that annual throughput should not be reflected in the allocation.

[9] PGW Response to PICGUG 1-7. See **Exhibit ___ (JP-12)**.

Q I&E WITNESS CLINE CONTINUES TO ADVOCATE FOR THE 50/50 APPROACH THAT IS ALSO SUPPORTED BY OCA, OSBA, AND PGW IN ITS REBUTTAL CASE. HAVE THE PARTIES PROVIDED ANY EMPIRICAL ANALYSIS SUPPORTING THE 50/50 APPROACH IN THIS PROCEEDING?

A No. The 50/50 approach is entirely arbitrary. No other witness has supported this approach based on embedded cost analysis. Further, the 50/50 approach is not generally recognized. For example, *NARUC's Gas Distribution Rate Design* manual includes the following discussion of the Average and Peak (A&P) demand method:

> This method reflects a compromise between the coincident and noncoincident demand methods. ***Total demand costs are multiplied by the system's load factor to arrive at the capacity costs attributed to average use*** and are apportioned to the various customer classes on an annual volumetric basis. The remaining costs are considered to have been incurred to meet the individual peak demands of the various classes of service and are allocated on the basis of the coincident peak of each class. This method allocates cost to all classes of customers and tempers the apportionment of costs between the high and low load factor customers.[10] (emphasis added)

A similar description may be found in the American Gas Association's *Gas Rate Fundamentals* in describing the A&E method. Specifically:

> This more detailed method considers that capacity costs should be allocated on the basis of a two-part formula which recognizes both average use of capacity and responsibility for the capacity required to meet the maximum system loads. ***Used capacity costs are the total capacity costs multiplied by the system load factor*** and are allocated to the various classes of service in proportion to their respective use (Mcf sold). System load factor is the ratio, expressed as a percent, of used capacity (Mcf sold) to total capacity. The remainder of the capacity costs, representing the portion of such costs associated with the unused portion of the capacity (i.e., that portion above average requirements), is allocated to the various classes of service in the ratio that the individual group demands, in excess of used demands, bear to the summation of such excess demands.[11] (emphasis added)

[10] NARUC *Gas Distribution Rate Design Manual* at 27-28.

[11] American Gas Association Rate Committee, *Gas Rates Fundamentals*, Third Edition, at 162 (1978).

Q IS PGW'S ORIGINALLY-FILED CLASS COST-OF-SERVICE STUDY CONSISTENT WITH ACCEPTED PRACTICE?

A Yes. PGW used the system annual load factor to determine the portion of costs allocable on annual throughput. Load factor is a more objective and accepted metric for applying both the A&P and A&E methods.

Q WHAT DO YOU RECOMMEND?

A The empirical evidence supports classifying a portion of distribution mains as a customer-related cost and allocating the remaining costs on peak day demand. If the Commission finds otherwise, I recommend that all distribution mains costs be allocated on peak demand, consistent with PGW's system planning guidelines. Alternatively, if any costs are allocated on annual throughput, despite the lack of empirical evidence, they should not exceed PGW's annual system load factor.

Applicability of USEC

Q WHAT IS THE OSBA'S POSITION REGARDING THE APPLICABILITY OF THE UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE TO RATE IT CUSTOMERS?

A OSBA Witness Knecht asserts that the absence of any USEC cost recovery would be tantamount to discrimination in favor of Rate IT.[12]

Q DO YOU AGREE WITH OSBA'S ASSERTION?

A No. First, I would observe that no other party in this proceeding has advocated for the applicability of USEC costs to the Rate IT customer.

[12] OSBA Statement 1-R (Knecht) at 9.

Second, the application of USEC is a policy matter for the Commission to decide.

Third, Mr. Knecht's statement is demonstrably false since he states that PGW allocated a portion of USEC costs to Rate IT.[13]

Q PLEASE EXPLAIN.

A Specifically, in RDK WP7, Mr. Knecht identifies $20.9 million of USEC costs that PGW had apparently embedded in the FERC Account No. 921: Office Supplies and Expenses. These expenses were allocated to all customer classes using Factor 10, which reflects the proportion of previously-allocated operation and maintenance expense. The amount of USEC costs allocated to Rate IT was $324,000.

Q ARE THERE ANY OTHER REASONS FOR CONTINUING TO EXEMPT RATE IT CUSTOMERS FROM USEC CHARGES?

A As previously stated, Rate IT customers are unlike any other PGW customer. They are the only customers whose delivery service can be curtailed. This unique circumstance is described in Mr. Dybalski's rebuttal testimony. Specifically:

> The exemption from paying Customer Responsibility Program costs has been justified historically by the fact that Rate IT customers are subject to potential interruption and that they must maintain installed alternate fuel capability in order to qualify for the rate. Since PGW believes that the Rate IT customer class should continue to be subject to these conditions it believes that continued exemption from the Customer Responsibility Program costs is appropriate.[14]

[13] *Id*.

[14] PGW Statement 6-R (Dybalski) at 7.

Q WHAT DO YOU RECOMMEND?

A OSBA's position that USEC charges should apply to Rate IT are not reflective of current policy. Further, OSBA has not provided any compelling reason to change the current policy. Accordingly, the Commission should reject OSBA's proposal.

The Application of Gradualism

Q DO ANY PARTIES SUPPORT APPLYING THE PRINCIPLE OF GRADUALISM IN DETERMINING THE APPROPRIATE INCREASE TO RATE IT?

A Yes. OSBA begrudgingly proposes supplying a gradualism constraint of twice the system average increase, including the higher USEC charges.[15]

Q DOES OSBA PROPOSE THE SAME GRADUALISM CONSTRAINT FOR ANY OTHER CLASS?

A No.

Q WHY ARE THE VARIOUS PARTIES TREATING RATE IT DIFFERENTLY?

A OSBA Witness Knecht cites the absence of any USEC charges as a reason to ignore gradualism in determining the increase to Rate IT. OSBA and others also cite the results of their respective CCOSSs that purportedly show the Rate IT class earning a negative rate of return at present rates.

Q DO YOU AGREE WITH THE FINDING THAT RATE IT IS CURRENTLY PROVIDING A NEGATIVE RATE OF RETURN?

A No. The negative rate of return is the result of using unsubstantiated and inappropriate assumptions. For example, Mr. Knecht's revised CCOSS:

[15] OSBA Statement 1-R (Knecht) at 16-17.

- allocates 50% of distribution mains on annual throughput;
- uses his derived peak day demands; and
- makes numerous other allocation changes.

In addition, PGW and OCA ignore the interruptibility of Rate IT in their respective CCOSSs.

Q IS THE RATE IT CLASS EARNING A NEGATIVE RATE OF RETURN?

A No. First, I presented two revised CCOSSs in my direct testimony that recognized the interruptibility of Rate IT. These studies clearly demonstrated that Rate IT was providing a substantially above-average rate of return, and accordingly, Rate IT should be exempt from any portion of the rate increase that may be granted to PGW.

Second, I revised Mr. Knecht's CCOSS to correct the glaring flaws, which include:

- The use of peak design day demands derived from a regression analysis that failed to distinguish between weather and non-weather sensitive load; and
- The lack of empirical or other support to weight annual throughput by 50% instead of the annual system load factor, which is the more commonly accepted approach.

Correcting just these two errors reveals that Rate IT would provide an above-average rate of return at present rates. The corrected CCOSS is provided in **Exhibit ___ (JP-10)**.

Finally, I revised PGW's revised CCOSS as filed in its rebuttal testimony to remove Rate IT from the allocation of excess demand (to recognize the interruptibility of Rate IT) and to use the system annual load factor to weight annual throughput. The corrected CCOSS is provided in **Exhibit ___ (JP-11)**. It shows that the Rate IT

is providing an even higher rate of return at present rates than under the revised OSBA CCOSS.

Q PLEASE EXPLAIN EXHIBIT ___ (JP-10).

A **Exhibit ___ (JP-10)** is a revised version of the CCOSS sponsored by Mr. Knecht in RDK WP7 corrected for the two flaws previously discussed. Specifically:

- The peak demands are based on the information used by PGW in its CCOSS; and
- Annual throughput was weighted by the annual system load factor of 26.5%.

Q PLEASE EXPLAIN EXHIBIT ___ (JP-11).

A **Exhibit ___ (JP-11)** is PGW's rebuttal CCOSS (Exhibit CEH-1R) revised to recognize the interruptibility of Rate IT and to weight annual throughput by 26.5%.

Q ARE YOU RECOMMENDING THAT THE COMMISSION ADOPT EITHER THE CORRECTED VERSION OF OSBA'S OR PGW'S CLASS COST-OF-SERVICE STUDY FOR PURPOSES OF SETTING RATES IN THIS CASE?

A No. The revised OSBA CCOSS presented in **Exhibit ___ (JP-10)** and the revised PGW CCOSS presented in **Exhibit ___ (JP-11)** continue to over allocate costs to the Rate IT class because:

- Zero distribution mains costs were classified as customer-related; and
- $324,000 of USEC costs were allocated to the Rate IT class.

Empirical evidence and system planning require that at least some portion of distribution mains costs be classified as customer-related. Further, the policy that currently exempts Rate IT from any USEC charges should also be recognized in the CCOSS.

Q WHAT DO YOU RECOMMEND?

A I stand behind the revised CCOSS provided in my direct testimony. However, even accepting either OSBA's or PGW's flawed CCOSSs, it is clear that the Rate IT class is earning an above-system average return. Accordingly, Rate IT should receive a below-system average (or no) rate increase. Finally, consistent with the Commission's policy, Rate IT should be set at cost based on the CCOSS and not on a value-of-service basis. Under no circumstances, however, should gradualism be ignored or applied differently to Rate IT than any other customer class. Accordingly, even if the Commission were to accept any of the flawed methodologies proposed by the other parties, the increase to Rate IT should not exceed 1.5 times the system average delivery rate increase (excluding USEC).

Rate BUS

Q PGW WITNESS TEME AGREES WITH YOUR RECOMMENDATION THAT A CUSTOMER WHO IS ABLE TO MEET THE REQUIREMENTS OF RATE IT SHOULD BE ABLE TO TAKE INTERRUPTIBLE SERVICE, ASSUMING THAT THE CUSTOMER SATISFIES THE REQUIREMENTS FOR RATE IT, BUT DISAGREES THAT A TARIFF REVISION IS NECESSARY. DO YOU AGREE THAT THIS DOES NOT REQUIRE MODIFYING PGW'S TARIFF?

A No. The option to take interruptible service under Rate IT should be explicitly stated in the tariff. This is the purpose for the specific changes that I am proposing to the Availability paragraph.[16] I continue to support the adoption of the revised terms.

[16] PICGUG Statement No. 1 (Pollock) at 26-27.

Conclusion

Q WHAT ADDITIONAL FINDINGS SHOULD THE COMMISSION MAKE BASED ON YOUR SURREBUTTAL TESTIMONY?

A The Commission should make the following additional findings:

- Rate IT continues to receive interruptible service, and this service should be recognized in determining a cost-based rate.
- Nothing has changed to warrant applying the USEC surcharge to the Rate IT class.
- Annual throughput should not be weighted more than 26.5% (based on PGW's annual system load factor) in determining the allocation of distribution mains and other capacity-related costs.
- Require PGW to modify the Availability paragraph of Rate BUS to explicitly allow a customer to take interruptible service under Rate IT, as proposed in PICGUG Statement No. 1.

Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A Yes.

PICGUG Statement No. 1-S

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Surrebuttal Exhibits

of

JEFFRY POLLOCK

On Behalf of

Philadelphia Industrial and Commercial Gas Users Group

July 24, 2020

J. POLLOCK
INCORPORATED

PHILADELPHIA GAS WORKS

Revised OSBA Class Cost-of-Service Study Results at Present Rates
Based on OSBA's Rebuttal With PGW's Peak Demands
And Load-Factor Weighted Allocation of Distribution Mains
(Dollar Amounts in Thousands)

Line	Item	Total	Residential	Commercial	Industrial	Municipal	PHA-GS	PHA-Rate 8	NGVS	Interruptible
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Rate Revenues	$404,225	$318,467	$59,883	$4,681	$4,541	$1,354	$2,598	$2	$12,700
2	Other Revenues	102,472	79,236	17,763	1,378	1,661	390	720	1	1,324
3	**Total Revenues**	506,697	397,703	77,646	6,058	6,201	1,743	3,317	4	14,024
4	O&M Expense	317,766	252,535	45,511	3,569	4,526	1,334	1,892	4	8,395
5	Depreciation Expense	72,432	58,808	9,580	773	976	359	411	1	1,524
6	City Fee	18,000	14,156	2,605	218	270	83	117	0	551
7	Interest Expense	47,078	37,023	6,812	569	707	217	307	0	1,442
8	**Total Expenses**	455,276	362,522	64,508	5,128	6,480	1,993	2,728	6	11,911
9	**Net Income**	51,421	35,181	13,138	930	(279)	(250)	590	(2)	2,113
10	**Rate Base**	$1,594,939	$1,254,295	$230,787	$19,275	$23,968	$7,353	$10,400	$15	$48,845
11	**Rate of Return**	6.18%	5.76%	8.64%	7.78%	1.79%	-0.45%	8.62%	-8.92%	7.28%
12	**Relative Rate of Return**	100%	93%	140%	126%	29%	-7%	140%	-144%	118%

PHILADELPHIA GAS WORKS

Revised Class Cost-of-Service Study Results at Present Rates
PGW Rebuttal Case With Rate IT Treated As Interruptible
and Load Factor Weighted Allocation of Distribution Mains
(Dollar Amounts in Thousands)

Line	Item	Total	Residential	Commercial	Industrial	Municipal	PHA - GS	PHA -Rate 8	NGVS	Interruptible
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Revenues From Tariff Sales and Transportation	$404,015	$318,467	$59,883	$4,681	$4,541	$1,354	$2,388	$2	$12,700
2	Other Revenues	102,466	79,544	17,633	1,331	1,624	415	730	-	1,189
3	Total Operating Revenues	506,481	398,011	77,516	6,012	6,165	1,768	3,118	2	13,889
4	Less: Operating Expenses/City Contribution	408,199	322,665	62,189	4,633	6,281	1,758	2,487	1	8,185
5	Income Before Interest and Surplus	98,283	75,346	15,327	1,379	(116)	10	631	1	5,704
6	Less: Interest and City Contribution	47,078	36,357	7,448	541	752	219	304	-	1,456
7	Current Revenue Over/Under Requirements	51,205	38,989	7,879	838	(868)	(209)	327	1	4,248
8	Original Cost Measure of Value (Factor 15.)	$1,543,973	$1,192,401	$244,256	$17,751	$24,677	$7,187	$9,955	$14	$47,732
9	Rate of Return	6.37%	3.27%	3.23%	4.72%	-3.52%	-2.90%	3.28%	9.46%	8.90%
10	Relative Rate of Return	100%	51%	51%	74%	-55%	-46%	52%	149%	140%

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-12
Date of Response: 4/29/2020
Response Provided By: Constance Heppenstall

Question:

Referring to page 5, lines 12-15 of PGW Statement No. 5, ignoring the frequency and duration of interruptions, explain how costs should be allocated to a customer class that receives interruptible gas transportation service and provide supporting documents.

Attachments: 0

Response:

If a customer's flow is truly interruptible, the customer would not be allocated excess demand/capacity in the allocation of costs related to distribution mains. In Exhibit CEH-1, extra capacity in Factor 2 would be adjusted for a truly interruptible customer. The adjustment would show that the Company would not supply gas to these customers during a peak event.

Philadelphia Gas Works
Case Name: R-2020 BRC Rate Case TBA
Docket No(s): BRC 2020 Rate Case

Response to Discovery Request: PICGUG-01-PICGUG-01-7
Date of Response: 4/29/2020
Response Provided By: Douglas A. Moser

Question:
Provide documents explaining how PGW sizes distribution mains.

Attachments: 0

Response:

PGW does not have "documents" explaining how PGW sizes distribution mains; rather, PGW uses Synergi Gas 4.9 from DNVGL, which is an industry wide leader in hydraulic modeling software for natural gas distribution systems. The Synergi Gas 4.9 software models the entire distribution system. The model utilizes an analysis engine with input from the user to simulate the expected conditions of the distribution system. All permanent main installations are modelled using a -5F Design Day. The models are updated weekly to reflect field changes and are validated annually based on conditions experienced on the coldest day of the year. The model includes additional factors such as: location, pressure, length, pressure loss as a result of the new pipe size, system redundancy, potential load growth in the area, project purpose, future infrastructure changes, constructability, etc. The main objective of the model is to ensure that the distribution system's minimum operating pressures are maintained in ideal and abnormal operating conditions.