

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REBUTTAL TESTIMONY OF

FLORIAN TEME

ON BEHALF OF
PHILADELPHIA GAS WORKS

Docket No. R-2020-3017206

Philadelphia Gas Works

General Rate Increase Request

TOPICS:

Back-Up Service – Rate BUS
Technology and Economic Development (TED) Rider
Micro-Combined Heat and Power Incentive Program

July 13, 2020

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND CURRENT POSITION WITH PGW.**

3 A. My name is Florian Teme. My position with PGW is Vice President, Marketing and
4 Sales.

5 **Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON**
6 **BEHALF OF PGW?**

7 A. Yes. I submitted my direct testimony, PGW St. No. 8, on February 28, 2020.

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. The purpose of my rebuttal testimony is to respond to testimony provided by Office of
11 Consumer Advocate (“OCA”) witness Mierzwa and Philadelphia Industrial and
12 Commercial Gas Users Group (“PICGUG”) witness Pollock related to PGW’s Back-Up
13 Service (“Rate BUS”), and testimony provided by OCA witness Mierzwa related to
14 PGW’s Technology and Economic Development (“TED”) Rider and Micro-Combined
15 Heat and Power (“Micro-CHP”) Incentive Program.

16 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

17 A. In my testimony, I concede that PGW could provide reporting data related to its Rate
18 BUS, TED Rider, and Micro-CHP Incentive Program in its next rate case filing and
19 additional information related to Rate BUS in its next Gas Cost Rate (“GCR”) filing.
20 These reporting requirements, however, should be limited and should not be required on
21 an indefinite basis. I also agree with Mr. Pollock that, if (and only if) a customer is able
22 to meet the requirements of Rate IT, the customer should be permitted to take
23 interruptible service at IT rates. I do not believe a tariff revision is necessary to clarify
24 this understanding.

1 **II. BACK-UP SERVICE – RATE BUS**

2 **Q. DID ANY WITNESSES PROVIDE TESTIMONY RELATED TO PGW’S**
 3 **PROPOSED CONTINUATION OF ITS BACK-UP SERVICE (“RATE BUS”)?**

4 A. Yes, both OCA witness Mierzwa and PICGUG witness Pollock provided testimony
 5 related to PGW’s proposed continuation of Rate BUS. OCA witness Mierzwa supported
 6 PGW’s proposed continuation of Rate BUS, subject to the PGW reporting requirements
 7 that were imposed on PGW in its last rate case. OCA St. No. 4 at 42. PICGUG witness
 8 Pollock testified that if a customer is seeking interruptible backup service and the
 9 customer is able to meet the requirements of Rate IT, the customer should have the option
 10 to take interruptible transportation service under Rate IT. PICGUG St. No. 1 at 26-27.

11 **Q. WHAT REPORTING REQUIREMENTS WERE IMPOSED ON PGW RELATED**
 12 **TO RATE BUS IN ITS LAST RATE CASE?**

13 A. In its last rate case, PGW agreed to provide data on the number of customers, sales levels
 14 and costs incurred for BUS customers, as part of its annual GCR filings. PGW also
 15 agreed that, in two years (or PGW’s next base rate case, whichever is sooner) PGW
 16 would provide an analysis of the BUS rate and provide a recommendation as to whether
 17 it should continue.¹

18 **Q. DO YOU AGREE THAT PGW SHOULD BE SUBJECT TO THESE SAME**
 19 **REPORTING REQUIREMENTS IN THIS PROCEEDING?**

20 A. I do not see a problem with PGW providing data on the number of customers, sales levels
 21 and costs incurred for BUS customers in PGW’s next GCR filing. Beyond that, I have a
 22 concern with PGW being required to automatically provide the respective information in
 23 its GCR and rate case filings indefinitely. These automatic, additional filing
 24 requirements could become burdensome and unnecessary. I have a recommendation that

¹ Joint Petition for Partial Settlement at ¶ 21, Docket Nos. R-2017-2586783, *et. al.*

1 I believe should satisfy OCA or any other party – if any party is interested in information
2 about PGW BUS customers, PGW will provide it in response to discovery requests in
3 either GCR or base rate proceedings.

4 **Q. HOW DO YOU RESPOND TO POLLOCK’S TESTIMONY RELATED TO RATE**
5 **BUS?**

6 A. I agree with Mr. Pollock that, if a customer is able to meet the requirements of Rate IT,
7 the customer should be permitted to take interruptible service at IT rates. Under PGW’s
8 proposal, this choice for eligible customers is available. To be clear, however, the
9 customer must be able to satisfy the requirements for Rate IT. A customer may not be
10 placed on Rate IT unless the customer also has a full dual fuel system with fuel capacity
11 stored on site capable of displacing a daily quantity of gas subject to curtailment. An
12 emergency/backup generator is intended to be used in the event that electric power is lost.
13 These generators are used for purposes such as to operate lifesaving equipment or
14 emergency lighting; therefore, such equipment cannot be on an interruptible rate unless
15 the customer has a dual fuel system to act as full back-up to the first line back-up
16 equipment. If a customer can meet this requirement, to the Company’s satisfaction,
17 interruptible service customers can take this service at IT rates. I do not think a
18 modification to PGW’s tariff is necessary to clarify this understanding. To the extent a
19 modification is required, however, it should be consistent with this testimony.

1 **III. TECHNOLOGY AND ECONOMIC DEVELOPMENT RIDER**

2 **Q. DID ANY WITNESSES PROVIDE TESTIMONY RELATED TO PGW’S**
 3 **PROPOSED CONTINUATION OF ITS PILOT TECHNOLOGY AND**
 4 **ECONOMIC DEVELOPMENT (“TED”) RIDER?**

5 A. Yes. OCA witness Mierzwa supported PGW’s proposed continuation of its TED Rider,
 6 subject to certain reporting requirements that were imposed on PGW in its last rate case.
 7 OCA St. No. 4 at 40.

8 **Q. WHAT REPORTING REQUIREMENTS WERE IMPOSED ON PGW RELATED**
 9 **TO ITS TED RIDER IN ITS LAST RATE CASE THAT MR. MIERZWA**
 10 **RECOMMENDS BE IMPOSED ON PGW IN THIS CASE?**

11 A. In its last rate case, PGW agreed that, in the event it filed a general base rate case during
 12 the three-year TED Rider pilot program following the effective date of rates established
 13 in said proceeding, PGW would provide information, as part of its initial filing, showing
 14 the *pro forma* rate of return on incremental investment for TED Rider customers as a sub-
 15 class in its filed cost of service study.²

16 **Q. DO YOU AGREE THAT PGW SHOULD BE SUBJECT TO THESE SAME**
 17 **REPORTING REQUIREMENTS IN THIS PROCEEDING?**

18 A. I do not see a problem with PGW providing, in PGW’s next rate case, information
 19 showing the *pro forma* rate of return on incremental investment for TED Rider customers
 20 as a sub-class in its filed cost of service study. Beyond that, I have a concern with PGW
 21 being required to automatically provide the respective information in its GCR and rate
 22 case filings indefinitely. These automatic, additional filing requirements could become
 23 burdensome and unnecessary. I have a recommendation that I believe should satisfy
 24 OCA or any other party – if any party is interested in information about PGW TED Rider

² Joint Petition for Partial Settlement at ¶ 19, Docket Nos. R-2017-2586783, *et. al.*

1 customers, PGW will provide it in response to discovery requests in either GCR or base
2 rate proceedings.

3 **IV. MICRO-COMBINED HEAT AND POWER (“MICRO-CHP”) INCENTIVE**
4 **PROGRAM**

5 **Q. DID ANY WITNESSES PROVIDE TESTIMONY RELATED TO PGW’S**
6 **PROPOSED MODIFICATIONS TO ITS MICRO-CHP INCENTIVE PROGRAM?**

7 A. Yes. OCA witness Mierzwa supported PGW’s proposed modifications to its Micro-CHP
8 Incentive Program, subject to the reporting requirements imposed on PGW in its last rate
9 case. OCA St. No. 4 at 41.

10 **Q. WHAT REPORTING REQUIREMENTS WERE IMPOSED ON PGW RELATED**
11 **TO ITS MICRO-CHP INCENTIVE PROGRAM IN ITS LAST RATE CASE?**

12 A. There were no reporting requirements imposed on PGW related to its Micro-CHP
13 incentive program in its last rate case.

14 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S PROPOSAL?**

15 A. I do not see a problem with PGW providing data on the number of customers, sales levels
16 and costs incurred for Micro-CHP customers in PGW’s next GCR filing. Beyond that, I
17 have a concern with PGW being required to automatically provide the respective
18 information in its GCR and rate case filings indefinitely. These automatic, additional
19 filing requirements could become burdensome and unnecessary. I have a
20 recommendation that I believe should satisfy OCA or any other party – if any party is
21 interested in information about PGW Micro-CHP customers, PGW will provide it in
22 response to discovery requests in either GCR or base rate proceedings.

23 **V. CONCLUSION**

24 **Q. DOES THAT COMPLETE YOUR REBUTTAL TESTIMONY?**

25 A. Yes.

VERIFICATION

I, Florian Teme, hereby state that: (1) I am the Vice President – Marketing and Sales for Philadelphia Gas Works (“PGW”); (2) the facts set forth in my testimony are true and correct to the best of my knowledge, information and belief; and (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

July 13, 2020

Dated



Florian Teme
Vice President – Marketing and Sales
Philadelphia Gas Works