

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 30, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17101

RE: Pennsylvania Public Utility Commission
v.
PECO Energy Company
1307(f) Proceeding
Docket No. R-2017-2602611

Dear Secretary Chiavetta:

Attached for electronic filing are the Formal Complaint and Public Statement of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kristine E Marsilio".

Kristine E Marsilio
Assistant Consumer Advocate
PA Attorney I.D. #316479
E-Mail: KMarsilio@paoca.org

Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

233136

FORMAL COMPLAINT
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

1. COMPLAINANT

Tanya J. McCloskey, Acting Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone – (717) 783-5048
Fax – (717) 783-7152

2. UTILITY NAME

PECO Energy Company

3. TYPE OF UTILITY

Gas

4. COMPLAINT

A. On April 28, 2017, pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations, 52 Pa. Code §§ 53.64, 53.65, PECO Energy Company (PECO or the Company) submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates. On or about June 1, 2017, PECO will submit its definitive, annual PGC filing, pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f).

B. The Public Utility Commission provides that no rates of a natural gas distribution utility shall be deemed just and reasonable unless the Commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to customers. 66 Pa. C.S. § 1318. The Commission must find, among other things, that the utility has (1) fully and vigorously represented ratepayer

interests before the Federal Energy Regulatory Commission, (2) taken all prudent steps to negotiate favorable gas supply contracts and to relieve its obligations under contracts that may be adverse to ratepayer interests, (3) taken all reasonable steps to obtain lower cost gas supplies, and (4) not withheld or caused to be withheld gas supplies that should have been utilized as part of a least cost fuel procurement policy.

C. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended. 71 Pa.Stat.Ann. §§ 309-1 et seq. (Purdon's Supp. 1990).

D. After initial review of PECO's pre-filing, the Acting Consumer Advocate files this Formal Complaint in order to ensure that the Company's proposed purchased gas cost rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulation or policy.

5. RELIEF

The Acting Consumer Advocate respectfully requests that the Public Utility Commission:

A. Hold evidentiary hearings as mandated by Section 1307(f) of the Public Utility Code;

B. Hold public input hearings in PECO's service territory, if consumer interest arises;

C. Deny any rate or tariff changes which are not the result of a least cost fuel procurement policy as defined by the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, and as defined by other applicable ratemaking standards;

D. Ensure that PECO customers are not allocated any costs, which should not be borne by them;

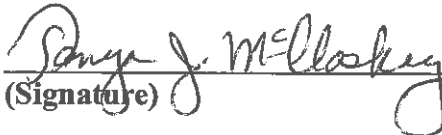
E. Deny any rate or tariff change that is unjust, unreasonable, unduly discriminatory or contrary to sound ratemaking principles; and

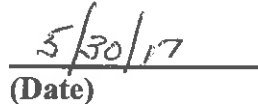
F. Grant any other relief deemed necessary.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).


(Signature)


(Date)

7. LEGAL REPRESENTATION

Aron J. Beatty
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Senior Assistant Consumer Advocate

Kristine E. Marsilio
PA Attorney I.D. #316479
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Assistant Consumer Advocate

Counsel for:

Tanya J. McCloskey
Acting Consumer Advocate

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**PUBLIC STATEMENT
OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(E)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. Section 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving PECO Energy Company (PECO or the Company).

On April 28, 2017, pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations, 55 Pa. Code §§ 53.64 and 53.65, PECO submitted its pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates. PECO's PGC filing is due on or before June 1, 2017.

The Acting Consumer Advocate has filed a Formal Complaint with the Commission to ensure that each element of PECO's purchased gas cost rate is properly supported and thoroughly scrutinized. A thorough analysis and review is appropriate because Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, mandates that purchased gas costs cannot be determined to be just and reasonable unless such rates result from a least cost fuel procurement policy. That section of the Public Utility Code also specifies certain findings which must be made before such costs are determined to be lawful. The Office of Consumer Advocate (OCA), therefore, will seek to ensure that only those purchased gas costs that meet the requirements of Section 1318 will be paid by PECO's ratepayers.

In addition, the OCA also will seek to ensure that the rates approved by the Commission are otherwise just and reasonable, and not unduly discriminatory or excessive.

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
PECO Energy Company 1307(f) – Gas Division
Docket No. R-2017-2602611

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 30th day May 2017.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

The Honorable Charles E. Rainey, Jr.
Chief Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

Paul Diskin, Director
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
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Richard A. Kanaskie, Esquire
Philip C. Kirchner, Esquire
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Pennsylvania Public Utility Commission
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SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

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