

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 26, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
PECO Energy Company – Gas Division
Docket No. R-2016-2545925

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Kristine E Marsilio

Kristine E Marsilio
Assistant Consumer Advocate
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Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
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Attachment

cc: Office of Special Assistants
Office of Administrative Law Judge
Bureau of Technical Utility Services
Certificate of Service

221581

CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2016-2545925
 :
 PECO Energy Company – Gas Division :

I hereby certify that I have this day served a true copy of the following document, Formal Complaint and Public Statement of the Office of Consumer Advocate, 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 26th day of May, 2016.

SERVICE BY E-MAIL AND INTER-OFFICE MAIL

Johnnie Simms, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

John Evans
Office of Small Business Advocate
Commerce Bldg. Suite 202
300 N. Second Street
Harrisburg, PA 17101

Richard G. Webster, Jr.
2301 Market Street, S15
Philadelphia, PA 19103

Courtney L. Shultz, Esquire
Pamela S. Goodwin, Esquire
Saul Ewing, LLP
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Philadelphia, PA 19102

/s/ Kristine E Marsilio
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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 29, 2016, 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, 2016, 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;

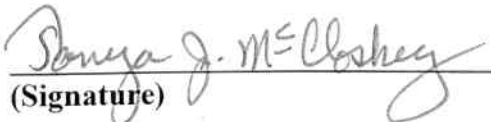
E. Deny any rate or tariff change that is unjust, unreasonable, unduly discriminatory or contrary to sound ratemaking principles; and

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)

5/26/16
(Date)

7. LEGAL REPRESENTATION

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Senior Assistant Consumer Advocate

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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 29, 2016, 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, 2016.

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.