BEFORE THE
PHILADELPHIA GAS COMMISSION

In Re: Philadelphia Gas Works'	**:**	
Proposed FY 2027 Operating	**:**	**Filed May 15, 2026**
Budget Proceeding	**:**	

PUBLIC ADVOCATE'S MAIN BRIEF

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TABLE OF CONTENTS

I. INTRODUCTION (HISTORY OF PROCEEDING) 1

II. RECOMMENDED ADJUSTMENTS 2

A. General Statement Regarding PGW's Operating Budget 2

B. FEED Study 4

C. Environmental Impact Study 8

D. Payroll and Labor Expenses 10

E. Excess Liability Insurance 13

F. Environmental Remediation 15

G. Information Services 16

H. Special Legal 19

I. Research America 23

J. Government Relations 25

III. CONCLUSION 27

I. INTRODUCTION (HISTORY OF PROCEEDING)

On May 15, 2026, Philadelphia Gas Works ("PGW") filed its proposed Fiscal Year 2027 ("FY 2027") Operating Budget. PGW's proposed FY 2027 Operating Budget seeks authorization for proposed Operating and Maintenance (O&M) and Depreciation and Cost of Removal expenditures totaling $393.2 million. This represents a decrease of $13.1 million, or 3.2%, from the approved FY 2026 O&M budget. Excluding Depreciation and Cost of Removal, PGW's proposed FY 2026 O&M budget reflects an $18.2 million decrease from the proposed FY 2026 O&M budget.[1]

In this proceeding, the Public Advocate's witness, Mr. Lafayette K. Morgan, Jr., recommends total downward expense adjustments of $9.6 million (rounded). In addition, Mr. Morgan recommends four conditional spending adjustments, totaling $11.7 million (rounded).[2] PGW has not agreed to any of the Advocate's adjustments.

As discussed in the sections that follow, this Main Brief submits that the Commission should order:

- A downward adjustment of $4,000,000 associated with the Front End Engineering and Design (FEED) study;
- A conditional adjustment of $1,000,000 associated with the Environmental Impact Study;
- A downward adjustment of $3,877,057 associated with Payroll and Labor Expenses;
- A conditional adjustment of $236,000 associated with Excess Liability Insurance;
- A conditional adjustment of $2,000,000 associated with Environmental Remediation at 9th & Diamond Streets;

[1] PA St. 1 at 3-4.
[2] See Public Advocate response to TR-7.

- A conditional adjustment of $8,315,000 associated with Information Services;
- A downward adjustment of $1,623,131 associated with Special Legal fees;
- A conditional adjustment of $100,000 associated with Research America; and,
- A downward adjustment of $100,000 associated with Government Relations Activities.

II. RECOMMENDED ADJUSTMENTS

A. General Statement Regarding PGW's Operating Budget

The Public Advocate has identified multiple adjustments to PGW's Operating Budget in this proceeding that are based upon observed actual expenditures compared to requested budget authorization. Furthermore, the Public Advocate has sought to eliminate (or at least condition) expenditures which may be unnecessary or are inadequately supported by PGW. As discussed during the hearing in this proceeding, in some circumstances PGW's responses to discovery requests were incomplete and/or failed to provide support for budgeted expenditures. Due to the cancellation of the second Informal Discovery meeting,[3] the Public Advocate's witness was constrained and so relied upon off-the-record discussions and correspondence to further inform his testimony and adjustments.[4]

As the Commission is aware, PGW's Operating Budget is not a budget adopted via a City Council ordinance for which expenditures are restricted to designated line items. There are no Gas Commission Operating Budget Protocols which govern expenditures after approval of the budget. Absent explicit guidance from the Commission, this means that amounts budgeted for

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[3] PGW informed the Public Advocate and Hearing Examiners that it had no witnesses to present at the second Informal Discovery conference, necessitating cancellation.
[4] Tr. at 15-18.

identified expenses, if not incurred, are available to be utilized for other purposes, including expense overruns as well as unidentified expenses.

Recent experience illustrates the significant sums approved for PGW expenditure in the operating budget which are simply unnecessary. PGW's filed FY 2024 Operating Budget requested approval of non-fuel operating expenses (less depreciation) of $308,773,000.[5] However, PGW's actual FY 2024 non-fuel operating expenses (less depreciation) were $271,975,000.[6] Accordingly, for FY 2024, PGW's projected operating expenses were overstated by nearly $37,000,000, or roughly 12%. PGW's filed FY 2025 Operating Budget requested approval of non-fuel operating expenses (less depreciation) of $313,968,000.[7] However, PGW's actual FY 2025 non-fuel operating expenses (less depreciation) were $266,228,000.[8] Accordingly, for FY 2025, PGW's projected operating expenses were overstated by almost $48,000,000, or 15%. This demonstrates that PGW's budget submissions have included significant unreasonable estimates and unnecessary placeholders which have resulted in approval of spending authority far in excess of what PGW has actually needed.

For these reasons, it is of vital importance that expenses that are ***potentially overstated*** or ***inadequately substantiated*** are curtailed and adjusted to avoid authorizing immediate expenditure and an overall budget that is unwarranted. The burden must rest on PGW to present a compelling basis to maintain proposed expenditures. Inadequate and inconsistent supporting

[5] FY 2024 OB, Statement of Income, line 35.
[6] FY 2026 OB, Statement of Income, line 31.
[7] FY 2025 OB, Statement of Income, line 31.
[8] FY 2027 OB, Statement of Income, line 31.

information, frequently the basis for adjustments proposed by the Public Advocate, constitute sound bases for denying PGW requested spending authority.

B. FEED Study

At the Commission's May 12 Meeting, the Commission indicated that PGW should include $4 million in its FY 2027 Operating Budget for a FEED study associated with the potential Richmond LNG project.[9] During the same meeting, the Commission indicated that PGW should conduct an Environmental Impact Study (EIS) and include $1 million in its FY 2027 Operating Budget for this purpose. Although the budget and scope of the EIS is discussed more fully below, the EIS would necessarily inform PGW and the Commission of whether to proceed with the Richmond LNG project. An impact study (or impact assessment) is "the process of identifying the future consequences… before decisions are made."[10] The EIS would assess the environmental consequences of PGW's Richmond LNG project, in order to inform PGW, the Commission, and others, before making a decision regarding whether the project should move forward. As a result, approval of the FEED study is premature at this time and so the Commission should adopt the Public Advocate's recommendation to remove the $4 million expense from the FY 2027 Operating Budget.

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[9] As discussed during the Hearing, PGW determined it would request $4 million for FEED in this proceeding. Tr. at 19. Indeed, PGW explained that it had made that determination prior to the Gas Commission's May meeting. June 1 ID Tr. at 7. Yet, prior to the filing of PGW's Operating Budget, the Commission, at its May meeting, announced that PGW should budget $4 million for a FEED study. PGW failed to provide any explanation for how the Commission could divine the amount of its future budget request, submitting instead that it was "lucky" (June 1 ID Tr. at 7) and that PGW had no information to supply "on the record" or off it. Tr. at 20-21. The Public Advocate is disinclined to attribute this circumstance to coincidence.

[10] International Association for Impact Assessment, Understanding Impact Assessment, available at: https://iaia.org/impact-assessment/.

Mr. Morgan testified in opposition to the $4 million proposed FEED study expenditure, raising several interrelated concerns. First, Mr. Morgan expressed that the details, scope, and cost basis of the project were all *unclear* and *unsupported*. This was related, in part, to PGW's prior proposal, in its FY 2025 Operating Budget, for a $2 million FEED study. In addition, however, Mr. Morgan reiterated his concerns that the Richmond LNG project had not been shown to be consistent with the City's climate goals and sustainability initiatives. He explained that the prospect of the Richmond LNG project going forward remained unclear, and so the expenditure could represent a stranded investment. Mr. Morgan recognized that the Commission's desire for an EIS also raised a question regarding the consequences of undertaking the Richmond LNG project, as discussed above.[11]

However, on the basis of PGW's prior proposal of a FEED study, in the FY 2025 Operating Budget proceeding, Mr. Morgan testified that, if the Commission desires to approve a FEED study, it should limit the budget to the $2 million PGW previously identified. Indeed, as Mr. Morgan explained, this amount was based on PGW's estimate of 2% of the projected costs to purchase and install PGW's Richmond LNG plant. In that proceeding, PGW explained that its budget amount was based on industry estimates, adjusted for contingencies.[12]

During the hearing, PGW revealed, *for the first time*, that its proposed budget of $4 million would actually be used to conduct *two FEED studies*, each with a price of $2 million.[13] As the Public Advocate pointed out, PGW had consistently referred to the FEED study as a single project, not two projects undertaken by separate firms. Indeed, PGW referred to "a" or

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[11] PA St. 1 at 7.
[12] FY 2025 PA-OB-22; FY 2025 Tr. at 33.
[13] Tr. at 14.

"the" FEED study multiple times on the June 1 ID transcript.[14] Further confusing the matter, PGW also referred to "a" or "the" FEED study multiple times during the hearing itself, despite its assertion that it actually intends to conduct two such studies.[15] The Commission could not have been clearer in its signed FY 2027 Capital Budget Resolution and Order that it intended PGW to advance a proposal for "a Front End Engineering and Design ('FEED') study," referring twice to a single study in its description. The surprise disclosure that two FEED studies were contemplated was not accompanied by any explanation of the need or basis for duplicative consulting work. This is especially concerning because in the FY 2025 Operating Budget proceeding, funds were sought for one study, not two.

PGW's failure to describe its proposal in response to a direct request for explanation of PGW's $4 million for Engineering Studies in Gas Processing[16] is inexplicable and demonstrates bad faith. When asked at the June 1 Informal Discovery meeting for explanation of why PGW was requesting $4 million, instead of the $2 million previously requested in FY 2025, PGW failed to explain that its proposal was for two separate studies.[17] Such an explanation should have been provided at the outset of this proceeding, not near its conclusion.

There are substantial questions regarding PGW's proposed Richmond LNG project, and PGW's failure to provide explanation for its FEED study budget proposal contributes to the perception that PGW is not operating transparently, nor does it take the Operating Budget review proceeding seriously. The Commission's desire for an EIS to inform its consideration of PGW's

[14] June 1 ID Tr. at 1, 7, 64, 65, 66, 67, 70; Tr. at 22.
[15] Tr. at 12, 13.
[16] PA-OB-20.
[17] June 1 ID Tr. at 61.

Richmond LNG project indicates even a single FEED study would be premature at this point. Members of the public who challenged or opposed PGW's FEED study argued for studies that could support alternatives to PGW's Richmond LNG project.[18] The EIS could provide additional insights as to the relative environmental risks (and associated costs) that could be avoided and inform alternative studies.

Ultimately, as the Public Advocate has steadfastly maintained, the City's commitment to carbon neutrality looms large in considerations regarding PGW's natural gas investments. Although PGW has commenced its Low Carbon Pathways project, and expressed that it is in support of the City's goal of attaining carbon neutrality by 2050,[19] it remains unclear how PGW's Richmond LNG project can be reconciled with the City's sustainability objectives. All of this indicates a strong likelihood that approval of PGW's FEED study would fund consulting work regarding a capital project that may not be undertaken. As indicated earlier, this would place a $4 million stranded cost burden on PGW's ratepayers. Therefore, the Commission should deny PGW's request for $4 million to avoid the potential for wasting precious customer dollars on a project that is at best duplicative, and at most unnecessary. Should the Commission be inclined to fund a FEED study, it should limit the budget to $2 million for a single study, consistent with its May 12, 2026, Resolution and Order.

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[18] Tr. at 107-130.

[19] PGW Low Carbon Pathways – June 3 Meeting video presentation, available at: https://www.youtube.com/watch?v=DP3UaP16lro.

C. Environmental Impact Study

As discussed above, at the Commission's May 12 Meeting, the Commission expressed that PGW should include $1 million for "an environmental study."[20] PGW did not include the $1 million in its proposed Operating Budget initially, but subsequently updated its Administrative Consulting schedule to include the $1 million advanced by the Commission.[21] During the June 1 ID meeting, the Hearing Examiners promulgated OB-ID-2, requesting clarification. In response, Commission staff submitted: "PGW is to conduct an Environmental Impact Study ('EIS') which must assess the environmental impacts associated with the proposed replacement LNG liquefier."[22]

Mr. Morgan testified that despite Commission staff's provision of additional information, the goal of the EIS was still unclear. He stated:

> For example, I cannot determine without more information whether the proposed study is intended to compare the environmental impacts of PGW's proposed LNG facility with its existing facility, or whether it is intended to evaluate the full lifecycle environmental impact of PGW's proposed LNG facility. I believe the Commission should provide further guidance to PGW before authorizing expenditure on this study. I believe it would also be appropriate for the Commission to articulate the standards for this study, for example, by requiring that PGW's consultant adhere to best practice principles for environmental impact assessments supported by the International Association for Impact Assessment.[23]

On this basis, Mr. Morgan recommended that the $1 million for the EIS be approved on a conditional basis.

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[20] FY 2027 CB Resolution and Order at 12.
[21] See PA St. 1 at 8.
[22] OB-ID-2.
[23] PA St. 1 at 8.

During the hearing, PGW's witnesses confirmed their agreement that the goal of the EIS remained unclear.[24] PGW's witness also verified that PGW was directed to include the EIS in the budget, but lacked guidance regarding how such study should be performed. PGW's witness further testified to a lack of familiarity with whether the EIS would be considered a planning tool and whether its purpose would be to determine the environmental impacts of a project before it is undertaken.[25] PGW acknowledged that it was unaware of whether the EIS was intended to evaluate the Richmond LNG project in light of the City's sustainability goals.[26] Finally, PGW was unfamiliar with the International Association for Impact Assessment or any other entity or organization that propounds best practice principles for environmental impact studies.[27]

The Hearing Examiners agreed to ask the Commissioners for additional information to try to clarify the parameters and standards to be used for the EIS. In response to a Transcript Request, the Hearing Examiners and Commission Staff advised:

> The Commissioners expect PGW to conduct a full life cycle Environmental Impact Study ("EIS") of the proposed Richmond LNG Liquefier, in accordance with generally accepted standards. The Hearing Examiners propose using the best practices articulated by the International Association for Impact Assessment ("IAIA") as a guideline. A copy of IAIA's "Principles of Environmental Impact Assessment Best Practice" is attached to this response.[28]

The Commission's addition of the phrase "full life cycle" to the description of the Environmental Impact Study is a particularly important clarification. That is because another organization, the International Organization for Standardization (ISO) promulgates standards for life cycle

[24] Tr. at 24.
[25] Tr. at 25.
[26] Tr. at 26.
[27] Tr. at 26-27.
[28] TR-5.

assessments.[29] It appears ISO standards are viewed as the gold standards for life cycle assessments.[30]

The Public Advocate appreciates the efforts of the Hearing Examiners to obtain further information about the Commission's desired EIS. However, the Public Advocate maintains that spending authority should be conditional as recommended by Mr. Morgan. As the Public Advocate explained during the hearing, the Commission could pursue the EIS on its own, pursuant to its own power and authority set forth in the Management Agreement/Ordinance.[31] However, having PGW perform the EIS raises the possibility that PGW's study will not answer the questions Commissioners may want to answer. That is particularly the case since the Commission has clarified its desire for a full life cycle analysis. For these reasons, the Commission should not authorize immediate spending authority until it is satisfied that PGW's scope of work and proposal for the EIS is sufficiently detailed and satisfactorily aligns with the Commission's goals. Conditional spending authority remains appropriate for the $1 million budgeted for the EIS.

D. Payroll and Labor Expenses

As explained by Mr. Morgan, PGW's FY 2027 Operating Budget reflects an increase of more than $11 million in payroll and labor expenses. The factors contributing to this increase include wage increases for union and non-union personnel, as well as the projected average full-

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[29] See, e.g., ISO 14040, Environmental management – Life cycle assessment – Principles and framework; ISO 14044, Environmental management – Life cycle assessment – Requirements and guidelines; ISO/TS 14074, Environmental management – Life cycle assessment – Principles, requirements and guidelines for normalization, weighting and interpretation.
[30] See, e.g., Life Cycle Assessment: Quantifying Environmental Impacts, MIT Professional Education, available at: https://professional.mit.edu/course-catalog/life-cycle-assessment-quantifying-environmental-impacts.
[31] See PFMC MAO at §VI.5.

time employee (FTE) headcount of 1637 throughout FY 2027. Mr. Morgan reviewed PGW's records and determined that PGW has not been able to maintain 1637 FTEs despite its budget being based on that level in past years.[32]

As discussed at the hearing, PGW did not fully respond to the Public Advocate's discovery regarding headcount. PGW failed to provide data for the current Fiscal Year (and failed to provide data in an Excel based format) to allow the Public Advocate to easily analyze PGW's FTE headcount.[33] Accordingly, the Advocate asked PGW to respond fully, issuing a Transcript Request. In response to that request, PGW has provided updated records which demonstrate the lower average headcount has continued well into FY 2026, during which PGW's FTE headcount has varied from 1589 to 1634. On average, in FY 2025, PGW's FTE headcount was 1615. However, for the nine months of September through May of FY 2026, PGW's FTE headcount has further declined to an average of 1613.[34]

Mr. Morgan recommended PGW's budget be adjusted to reflect a 2% vacancy rate, resulting in a $3.877 million reduction in the budget associated with lower payroll and labor expenses. In response to Mr. Morgan's recommendation, PGW testified that it believed its 1637 FTE headcount was "achievable" based on a "robust hiring program" for FY 2027.[35] However, PGW also recognized that 1637 FTE headcount, the same having been used for the FY 2026 Operating Budget, had not been attained. While PGW expressed optimism for future hiring, it acknowledged attrition is experienced throughout the year and cannot be avoided.[36]

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[32] PA St. 1 at 9.
[33] Tr. at 81-82.
[34] TR-6.
[35] Tr. at 77.
[36] Tr. at 78-79.

The data PGW has provided supports Mr. Morgan's adjustment and the clear conclusion that PGW will not attain an average headcount of 1637 FTEs for FY 2027. It is important to acknowledge that, even if PGW attains 1637 FTEs at some point in the year, that does not support utilizing that number for budgeting purposes. As PGW recognizes, its FTE numbers fluctuate up and down monthly. Indeed, the data shows significant downward fluctuation between December and January, which PGW claims is attributable to retirements. However, it should be noted that retirements occur annually, so the December and January fluctuation is not an anomaly and is likely to recur. The data also shows that PGW's ability to recover and regain the 40 employees lost between December and January of FY 2025 and FY 2026 takes many months. In FY 2025, it took a total of 8 months for PGW to restore the 40 FTEs.[37] In FY 2026, as of May 2026, PGW has only restored 22 of the FTEs lost. Accordingly, for PGW to attain an average of 1637 FTEs over FY 2027, PGW must actually have ***<u>more than 1637 FTEs</u>*** during multiple months of the year. Considering that PGW has not attained 1637 employees in any single month of FY 2025 or FY 2026 to date, it is abundantly clear that PGW will not maintain an average of 1637 FTEs in FY 2027.

For all of the foregoing reasons, Mr. Morgan's modest reduction to PGW's Payroll and Labor Expenses is appropriate. PGW's FY 2025 and FY 2026 FTE data clearly indicate PGW will not attain an average of 1637 FTEs in FY 2027. PGW's budget should be revised to reflect a 2% vacancy rate as proposed by Mr. Morgan to more accurately project the average FTE headcount PGW will experience in FY 2027.

[37] Tr. at 84-85.

E. Excess Liability Insurance

PGW's proposed FY 2027 Operating Budget requested an increase of $236,000 for excess liability insurance coverage. PGW explained that the basis of the increase was a "general projected increase" but that support for the amount of the increase would not be known until the insurance is renewed.[38] Mr. Morgan submitted that, since the amount was uncertain, PGW's projected increase should be approved as conditional funding. As in PGW's FY 2026 Operating Budget, Mr. Morgan clarified that the release of conditional funding would be subject to a letter filing indicating the selected providers and premiums.[39] Importantly, PGW's Budget Exam for Risk Management in this proceeding demonstrates that one additional limitation must apply to the release of conditional funds, namely: the amount released cannot exceed the premium cost.[40] In the FY 2026 proceeding, PGW submitted its letter on August 26, 2025 in order to obtain the full $5.045 million for excess liability coverage. However, in this proceeding, PGW has revealed that its actual estimated premium costs for FY 2026 are $4.801 million.[41] Accordingly, PGW's FY 2026 Operating Budget included an estimated additional expenditure of $244,000 for insurance costs PGW will not incur.

During the hearing, PGW clarified that it would be utilizing the same process described in the FY 2026 Operating Budget proceeding to identify coverage for FY 2027.[42] PGW's counsel argued that PGW had made transparent estimate of market conditions that may impact

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[38] PA-OB-25.
[39] Tr. at 64-65.
[40] See Tr. at 66; see also FY 2026 OB PA M.B. at 23 (arguing that conditional funding release should be subject to the amount of the total expense).
[41] PGW OB Supplemental Filing at 147.
[42] Tr. at 62.

the cost of the coverage.[43] In fact, however, PGW's response to the Public Advocate's discovery provides no information regarding market conditions and PGW did not testify about market conditions during the hearing. Neither the June 1 ID transcript, nor the hearing transcript provide any indication of what supposed market conditions may impact PGW's excess liability cost. Indeed, the entirety of PGW's cost justification on the record appears to be based on the need to negotiate this coverage.[44] Since neither PGW, nor the Public Advocate, can project the result of those negotiations, PGW's cost estimate remains uncertain.

PGW also repackaged its argument from the FY 2026 Operating Budget, wherein PGW asserted that conditional funding was inappropriate because the need for excess liability insurance was certain, unlike other types of insurance.[45] PGW contends that the notice obligation to release conditional funding is of little value because PGW would have concluded negotiations as of the date of the notice.[46] This disregards the fundamental premise that the Commission should not approve immediate spending authority where proposed budgeted amounts are known to be uncertain. Furthermore, as discussed above, PGW's notice for FY 2026 clearly demonstrated that the proposed budget was excessive, justifying the Public Advocate's proposed limitation on conditional funding release. The Public Advocate maintains that the Commission's conditional funding limitation for excess liability insurance, instituted for FY 2026, should again be approved for FY 2027, subject to the limitation that the amount of

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[43] Tr. at 67-68.
[44] Tr. at 61.
[45] See FY 2026 OB PA M.B. at 22.
[46] Tr. at 66.

spending authority available as a result of the conditional funding release cannot exceed the actual premium costs to PGW.

F. Environmental Remediation

PGW's proposed FY 2027 Operating Budget includes $2.0 million for environmental remediation at PGW's 9th and Diamond Street property. As Mr. Morgan explains, PGW has been actively investigating the extent of contamination at this site and the extent to which an environmental problem exists is not known.[47] The $2.0 million expense represents the cost associated with a worst-case scenario, in which PGW has extensive environmental remediation obligations. Since there is significant uncertainty at this time, Mr. Morgan recommends that the $2.0 million be approved on a conditional funding basis.

PGW's witness explained that investigation at the site is ongoing, and that environmental consultants were monitoring and reviewing data.[48] She further explained that she did not believe the contamination was likely to be terrible, but that the worst-case scenario sum of $2.0 million was included "because of the budgeting cycle."[49] At the hearing, PGW's witness reiterated that the $2.0 million was the "upper-limit ceiling for a worst-case scenario."[50] PGW's witness contended that PGW should "from a regulatory standpoint" be prepared to address a worst-case scenario and from an "ethical standpoint" address environmental contamination.[51] However, PGW's witness confirmed that the extent of remediation work was not yet known. As a result, PGW's actual need to expend operating funds will not be known until its consultants complete

[47] PA St. 1 at 10.
[48] June 1 OB ID Tr. at 16.
[49] June 1 OB ID Tr. at 16.
[50] Tr. at 72.
[51] Tr. at 72.

their work, estimated to be two or three months from now.[52] Without the consultants' findings, PGW cannot know the scope of work to be performed at 9th and Diamond Street.[53]

PGW does not identify any regulatory basis for immediate spending authorization for a project whose scope has not been defined because there is no such regulatory basis. The Commission's obligation with respect to PGW's Operating Budget has always been to determine whether or not proposed expenditures are ***necessary, reasonable and prudent***, in the interests of PGW's ratepayers. The Public Advocate submits that $2 million is not a reasonable amount for PGW to be able to spend, without limitation, when PGW admits that it is unlikely to experience the worst-case scenario used to derive the $2 million estimate. Indeed, it would be imprudent for the Commission to authorize that unchecked spending since the project will almost certainly not amount to a worst-case scenario. PGW should be required to submit its projected expenditures based on its consultants' findings in order to obtain spending authority. The $2 million budget should only be approved on a conditional basis at this time.

G. Information Services

As Mr. Morgan explained, PGW's proposed FY 2027 Operating Budget includes numerous funding requests for Information Services department expenses related to services, equipment and software solutions.[54] In order to understand the cost basis for those budget items, the Public Advocate submitted PA-OB-22, asking PGW to explain the increases in expenses, to provide support for the budgeted amounts, and to explain the nature of the expenditures. PGW's responses failed to provide support: there is no way the Public Advocate can determine how

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[52] Tr. at 74.
[53] Tr. at 75.
[54] PA St. 1 at 11.

PGW estimated the costs, nor what evidence could support them, based upon PGW's response.[55] Accordingly, since the second Informal Discovery meeting was cancelled, Mr. Morgan followed up informally with PGW, and was advised that the amounts were based on internal estimates rather than vendor quotes or invoices.[56] Accordingly, Mr. Morgan recommended these amounts be approved with conditional funding only, in order that PGW supply vendor quotes, invoices or other supporting documentation substantiating the amounts proposed for expenditure.

During the hearing, PGW explained that certain expenses identified for conditional funding were overstated, in that Mr. Morgan's list included duplicative amounts.[57] Accordingly, as set forth in the Public Advocate's response to TR-7, the conditional funding authority for Information Services recommended by the Public Advocate is $8,315,000 not $11,715,000. PGW described the expenditures as "business-as-usual, routine expenditures for either end-of-life replacement of equipment or just business-as-usual, routine expenditures that were in prior budgets."[58] With regard to several of the expenditures, PGW submits that similar expenditures have been included in prior years' budgets. However, PGW did not, during the hearing or otherwise, actually provide support for the amounts included for proposed expenditure. Indeed, PGW directly acknowledged that all it disclosed was the dollar amount associated with the various components proposed for expenditure.[59]

PGW's refusal to respond fully and with support for its proposed budget is perplexing. The Hearing Examiners will recall that the Public Advocate recommended the Commission

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[55] See PA-OB-22.
[56] PA St. 1 at 11.
[57] Tr. at 88.
[58] Tr. at 90.
[59] Tr. at 96.

"issue guidance to PGW regarding the development of projected budget expenditures utilizing reliable, specific and articulable information" during the FY 2026 Operating Budget proceeding. The Public Advocate contended that it should be impermissible for the Commission or the Public Advocate to have to "speculate as to the basis of PGW's budget" or to experience surprise testimony at hearing that provides an alternative basis for a budgeted expense.[60] Here again, PGW has been presented with specific requests for information, failed to provide it, and contended at hearing that its proposals are supported not by the information PGW has provided, but on the basis of prior or customary practices.

PGW is not entitled to a presumption that its budget is reasonable, particularly when it fails to respond to the Public Advocate's discovery requests with supporting evidence. Routine expenses are not exempt from review, especially when certain cost categories significantly exceed the amounts in prior years. The Public Advocate maintains that the $8,315,000 should be approved on a conditional basis only. PGW's submission that these items are routine expenditures also does not lend adequate support to overcome the Public Advocate's conditional funding recommendation. If PGW wants conditional funding to be released, it may provide support that verifies the proposed expenditures based on prior purchases, invoices, vendor quotes or other evidence. Having failed to provide such support during the course of this proceeding, conditional funding is necessary to ensure that PGW's projected expenses are reasonably calculated.

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[60] FY 2026 OB PA M.B. at 3.

H. Special Legal

PGW's Special Legal budget remains a troublesome repository of excess budget authorization, despite the Public Advocate's repeated recommendation to reduce the budget to align with PGW's demonstrated need for expenditure. In this proceeding, on the basis of the most recent four years of actual expenditures, Mr. Morgan recommends that PGW's budget for Special Legal fees be reduced by $1,623,131. The Public Advocate urges the Commission to adopt Mr. Morgan's recommendation.

In the alternative, if the Commission declines to approve an adjustment, it should nonetheless find that PGW's Special Legal budget appears largely to be repetitive, including the same amounts year after year, without regard to past expenditure or specific needs. PGW's witness appeared unaware of any best practice resources that it could utilize for its Special Legal budget, submitting that such guidance might be available for a narrower practice.[61] However, as a general matter, a central best practice recognized by General Counsels is that the budget be data-driven and realistic.[62] As discussed below, PGW's Special Legal budget is neither. The Public Advocate recommends the Commission articulate that future Special Legal budgets be based on (1) actual expenditures for Special Legal matters in prior years, (2) identified matters in which representation will be needed in the budget year, plus (3) a single contingency amount not to exceed 25% of average historical expenditures.

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[61] Tr. at 42.

[62] See, e.g., Sterling Miller, "How to prepare a legal department budget," available at: https://legal.thomsonreuters.com/blog/how-to-prepare-a-legal-department-budget/ (General Counsel with 30 years experience); see also Association of Corporate Counsel, "Effective Budgeting for the Law Department" (presentation), available at: https://www.acc.com/sites/default/files/resources/vl/public/ProgramMaterial/20089_1.pdf (concluding building blocks include historical spending, identifiable trends, foreseeable areas of change, legal literacy and knowledge management)

As discussed above, PGW incurs actual operating expenses each year that are significantly less than its budget, due to the presence of placeholders and projected expenses that are excessive. In the last two years, PGW's Operating Budget has provided between $37,000,000 and $48,000,000 in excess spending authority. PGW's Special Legal budget has become a recurring example of such excess spending authority. PGW has not needed to spend the amount included in its Special Legal budget in any year for more than 25 years.[63] The Commission should not allow PGW's Special Legal budget to continue to include placeholders which are consistently, year after year, unnecessary additions to PGW's Operating Budget.

Reducing PGW's Special Legal budget will not impair PGW's ability to respond to legal matters that arise during the budget year. As discussed above, PGW's Operating Budget is not a line item budget, so amounts budgeted for expenses that do not materialize may be used for other purposes, including Special Legal matters. Given the large margin (12-15% of PGW's Operating Budget) of spending authority in excess of actual expenses, PGW is certain to have more than adequate overall budget authority even in the unlikely event that PGW's Special Legal spending is more than the Public Advocate's recommended budget.

During the hearing in this proceeding, PGW continued to express that its Special Legal budget needed to provide "leeway" due to the unpredictable nature of litigation and regulatory work.[64] PGW also contended that it anticipates spending some of the $800,000 included for Miscellaneous Special Projects.[65] Identical claims were made in the FY 2026 Operating Budget

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[63] See FY 2026 OB PA Exception.
[64] Tr. at 37.
[65] Tr. at 37.

proceeding,[66] yet no expenditure has been made. PGW asserted that its budget reflected a change in that $500,000 had been included in its Special Legal budget for Rate Case and Regulatory representation.[67] PGW claimed these two areas of expense – Miscellaneous Special Projects and Rate Case and Regulatory – canceled out the Public Advocate's adjustment. As shown on page 15 of PGW's FY 2027 Operating Budget Supplemental Filing, Rate Case and Regulatory are not part of the Special Legal budget. Mr. Morgan's adjustment has no impact on PGW's proposed budget for Rate Case or Regulatory work. Finally, PGW claimed that its budget process takes into consideration what its costs have been, considers the legal work that has been done, and then estimates what is going to happen in the coming Fiscal Year.[68]

In contrast, however, Mr. Morgan testified that PGW's Special Legal budget simply repeats the amounts included in prior years, without making any adjustment based on historical spending.[69] Furthermore, Mr. Morgan testified that PGW's Special Legal budget fails to adjust to identify expenditures based on potential projects known to PGW and the Public Advocate.[70] For example, despite being aware of the potential for the Richmond LNG project, PGW's Special Legal budget includes no specific amount for this project and instead includes the same $800,000 in Miscellaneous Special Projects that was included in FY 2025 and FY 2026. Indeed, PGW acknowledges that the $800,000 is a placeholder for potential projects that may come up and is not based on any specific project PGW has identified.[71] As another example of PGW's failure to adjust its budget from prior years based on actual experience, PGW has repeatedly

[66] FY 2026 OB Hrg. Tr. at 57.
[67] Tr. at 38.
[68] Tr. at 39.
[69] Tr. at 56.
[70] Tr. at 56-57.
[71] Tr. at 46-47.

under-budgeted for Special Legal fees for services performed by Eckert Seamans. Over all four years reviewed by Mr. Morgan, PGW has budgeted a total of $100,000 for such services but has incurred more than $2,850,000 in fees. This constitutes further evidence supporting Mr. Morgan's contention that PGW has failed to seriously evaluate its needs and, instead, relied upon and repeated prior year budget amounts regardless of actual expenditures.

At the hearing, the Public Advocate sought to examine PGW's witness regarding three areas of expenditure (Toxic Torts, Landlord and Other Liens, and General Litigation) where PGW has had zero expenditure over the most recent four years.[72] PGW has proposed a budget of $300,000, in combination, for these three areas of expenditure, identical to FY 2026's Special Legal budget. When asked for confirmation that PGW has not utilized these resources, PGW conceded it had not spent its $100,000 budgeted for General Litigation during this time frame but asserted that the Public Advocate was wrong about Toxic Torts and Landlord Liens.[73] For example, PGW stated:

> With respect to Landlord Liens, that's certainly not the case. I think you're aware that we've been in litigation for some time now in various fora dealing with the issue of landlord liens and their position under Pennsylvania law as well as in particular matters, so that is completely incorrect. That spend has certainly met the budgeted amount.[74]

However, it is PGW that is completely incorrect. Although PGW may still be in litigation regarding landlord liens, it has not recognized any expense within the category of "Landlord and Other Liens" in the Special Legal budget. Attached as Appendix A to this Brief is the page of each applicable Operating Budget Supplemental Filing showing actual Special Legal expenditure

[72] Tr. at 50.
[73] Tr. at 51.
[74] Tr. at 51.

from FY 2022 through FY 2025. As Appendix A demonstrates, PGW has not incurred any expense in these three categories within the Special Legal budget in any of the last four years. Yet, PGW includes the same $300,000 for these matters, year after year.

Ultimately, PGW relies upon the Commission's prior reluctance to approve adjustments to PGW's Special Legal budget. The Commission should abandon the practice of approving PGW's Special Legal budget over the Public Advocate's objection. As in the past, PGW's claimed need for funding is premised on unpredictability. The Commission has previously credited that position. But the data shows that PGW's position is based on hypothetical spending needs which have not been experienced in this century. Having underspent its Special Legal budget for more than 25 years in a row, the Public Advocate confidently predicts that, if PGW's proposed Special Legal budget is approved, it will again be underspent in FY 2027. The Commission should approve Mr. Morgan's adjustment and reduce PGW's Special Legal budget accordingly.

I. Research America

As Mr. Morgan explained, PGW estimated an increased expense in its FY 2026 Operating Budget for its customer satisfaction survey vendor, Research America.[75] PGW's FY 2026 expense for this vendor is estimated to be $250,000 and PGW has proposed a budget of $350,000 for FY 2027. Mr. Morgan determined that the $100,000 increase is not known at this time and so recommended the Commission approve the $100,000 increase on a conditional

[75] PA St. 1 at 15.

basis.[76] The Public Advocate maintains that the Commission should approve Mr. Morgan's conditional funding adjustment.

At the hearing, PGW testified that it was going to engage in a Request for Proposals (RFP) process to try to identify a new vendor for customer satisfaction surveys. PGW asserted that it believed "natural inflationary increases" would result in a higher price.[77] PGW referenced a smaller vendor on a smaller scale project that had increased its price.[78] However, PGW did not articulate why a similar experience should be expected for customer satisfaction surveys. Finally, PGW claimed Research America had expressed that ongoing work for PGW was becoming more expensive for them.[79]

PGW will be going through the RFP process to select its vendor for customer satisfaction surveys for FY 2027. PGW has expressed that it hopes to identify a "new" vendor to replace Research America. As a consequence, PGW's claims regarding Research America's cost experience does not support an increased budget for a new vendor. Likewise, PGW's experience with other vendors' costs does not support a higher budget for customer experience surveys. The cost in FY 2027 for customer experience surveys will not be known until PGW completes the RFP process and selects its vendor. As a result, the $100,000 increase remains speculative. The Public Advocate submits that the Commission should approve conditional funding for the $100,000 increase, to be available only to the extent the results of PGW's selected vendor agreement provide for such increased expense.

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[76] PA St. 1 at 6, 15. See also Tr. at 104.
[77] Tr. at 102.
[78] Tr. at 102-103.
[79] Tr. at 103.

J. Government Relations

Mr. Morgan recommends the Commission adjust PGW's FY 2027 Operating Budget to exclude the $100,000 PGW proposes for legislative and governmental advocacy activities (lobbying). Mr. Morgan points out that, while PGW identifies past lobbying efforts associated with infrastructure funding, rental and homeowner assistance, it has also not consistently engaged in such activities in a manner consistent with the City's climate goals.[80] Furthermore, Mr. Morgan submits that PGW's lobbying activities are duplicative of efforts undertaken by American Gas Association, American Public Gas Association, Energy Association of Pennsylvania, and Northeast Gas Association, which conduct legislative and governmental advocacy that support the natural gas sector.[81] Finally, as in the past, Mr. Morgan asserted that those expenses should be excluded because they are unnecessary to the provision of utility service and their nonpayment does not affect PGW's provision of utility service.[82]

As the Commission is aware, the Public Advocate opposes PGW's lobbying budget because such expenditures directly contravene PUC policy. The PUC has explicitly denied PGW's request to include $100,000 for Lobbying Expenses in its revenue requirements to be recovered from PGW ratepayers.[83] As a consequence, PGW spending on lobbying activities

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[80] PA St. 1 at 16.
[81] PA St. 1 at 16.
[82] PA St. 1 at 16.
[83] Pa. PUC v. PGW, Docket No. R-2023-3037933, Opinion and Order at 62.

uses ratepayer dollars for purposes which they are not approved and, correspondingly, makes those dollars unavailable for those operating expenses for which customer rates are intended.

Importantly, authorizing PGW's budget for lobbying expenses also directly contradicts the Commission's expressed desire for City and State cooperation regarding PGW rates. As the Commission's Vice Chair stated at the August 12, 2025 meeting: "We're committed to being a dependable resource and hope that we can collaboratively work with PGW, PFMC, and the PUC as part of the rate review process."[84] Approving PGW's lobbying expenses is inconsistent with the collaboration the Commission described and effectively undermines the PUC's rate determination, authorizing expenditures the PUC has expressly concluded should not be borne by PGW's customers.

The Commission should deny spending authority for PGW's lobbying efforts and reduce its Operating Budget by $100,000. In so doing, the Commission would place its budget determination on the same footing as the PUC's rate determination, exemplifying the collaboration the Commission hopes to achieve regarding PGW rates.

[84] August 12, 2025 Mtg Part 4, Tr. at 8.

III. CONCLUSION

For all the foregoing reasons, the Public Advocate submits that the Commission should approve the adjustments recommended in this Main Brief and set forth on the Advocate's TR-7.

Respectfully submitted,

/s/ Robert W. Ballenger

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July 2, 2026

PHILADELPHIA GAS WORKS
LEGAL EXPENSES
FY 2023 ESTIMATE & FY 2024 BUDGET

	FY 2022 Actual	Compliance FY 2023 BUDGET	Estimate FY 2023 BUDGET	FY 2024 BUDGET
FERC Matters - Law Firms				
General FERC	252,206	200,000	200,000	293,000
Miscellaneous FERC	-	50,000	50,000	73,000
Total	**$ 252,206**	**$ 250,000**	**$ 250,000**	**$ 366,000**
Special Legal - Law Firms				
PGC/LOCAL Regulatory	44,089	97,000	97,000	142,000
Taxes & Revenue Matters	-	25,000	25,000	37,000
Chalmers	20,765	-	-	-
Econsult	8,494	-	-	-
Baker & Hostetler LLP	5,254	-	-	-
Environmental	2,857	100,000	100,000	146,000
Eckert Seamans Cherin & Mellott, LC	677,725	-	-	-
Montgomery McCracken Walker & Rhoads LLP	57,210	-	-	-
Pension, Benefits & Related Matters	111,333	80,000	80,000	117,000
Jennings Strouss & Salamon PC	3,914	-	-	-
Employment	83,427	150,000	150,000	219,000
Ramon D Townsend	69,052	120,000	120,000	176,000
Employment Labor	15,521	200,000	200,000	293,000
Toxic Torts	-	50,000	50,000	73,000
Landlord and Other Liens	-	25,000	25,000	37,000
General Litigation	-	100,000	100,000	146,000
General Transactional Misc. Spec. Projs.	-	855,000	855,000	1,251,000
Miscellaneious Special Legal	(2,291)	-	-	-
Total	**$ 1,097,349**	**$ 1,802,000**	**$ 1,802,000**	**$ 2,637,000**
Workers' Compensation - Law Firms				
Phillinger, Miller, & Tarallo	45,972	59,000	59,000	62,000
Law Office of Bethann Naples	22,680	59,000	59,000	62,000
Cipriani & Werner	-	1,000	1,000	1,000
Total	**$ 68,652**	**$ 119,000**	**$ 119,000**	**$ 125,000**
PAPUC - Law Firms				
Eckert, Seamans, Cherin & Mellott - Regulatory	-	400,000	-	
Total	**$ -**	**$ 400,000**	**$ -**	**$ -**
Legal Expenses - Budget Categories				
FERC Matters (A&G)	252,206	250,000	250,000	366,000
Special Legal (A&G)	1,097,349	1,802,000	1,802,000	2,637,000
Workers' Compensation (Risk Management)	68,652	119,000	119,000	125,000
PaPuc (A&G)	-	400,000	-	-
Grand Total	**$ 1,418,207**	**$ 2,571,000**	**$ 2,171,000**	**$ 3,128,000**

PHILADELPHIA GAS WORKS
LEGAL EXPENSES
FY 2024 ESTIMATE & FY 2025 BUDGET

	FY 2023 Actual	Compliance FY 2024 BUDGET	Estimate FY 2024 BUDGET	FY 2025 BUDGET
FERC Matters - Law Firms				
General FERC	77,703	240,000	240,000	250,000
Miscellaneous FERC	-	50,000	-	
Total	**$ 77,703**	**$ 290,000**	**$ 240,000**	**$ 250,000**
Special Legal - Law Firms				
PGC/LOCAL Regulatory	27,360	100,000	100,000	100,000
General Claims Litigation	-	-	-	-
Taxes & Revenue Matters	51,964	50,000	50,000	70,000
American Express TRS	939	-	-	-
Chalmers	-	-	-	-
Ballard Spahr - Labor, Benefits, & General	-	-	-	-
Econsult	-	-	-	-
Baker & Hostetler LLP	14,789	-	-	-
Environmental	19,244	100,000	75,000	75,000
Eckert Seamans Cherin & Mellott, LC	860,480	-	-	-
Montgomery McCracken Walker & Rhoads LLP	3,930	-	-	-
Pension, Benefits & Related Matters	106,667	80,000	80,000	80,000
Holland & Knight LLP	-	-	-	-
Jennings Strouss & Salamon PC	5,007	-	-	-
Employment	729	150,000	100,000	150,000
Semanoff Ormsby Greenberg & Torchia LLC	-	-	-	-
Ramon D Townsend	57,313	120,000	120,000	120,000
Employment Labor	3,930	200,000	125,000	150,000
Toxic Torts	-	50,000	-	50,000
Landlord and Other Liens	-	100,000	150,000	150,000
General Litigation	-	100,000	-	100,000
2019 Initiatives	-		-	
General Transactional Misc. Spec. Projs.	-	855,000	50,000	800,000
Miscellaneious Special Legal	38,723	-	-	-
Total	**$ 1,191,074**	**$ 1,905,000**	**$ 850,000**	**$ 1,845,000**
Workers' Compensation - Law Firms				
Phillinger, Miller, & Tarallo	45,972	62,000	60,000	60,000
Law Office of Bethann Naples	22,680	62,000	50,000	50,000
Cipriani & Werner	-	-	-	-
Total	**$ 68,652**	**$ 124,000**	**$ 110,000**	**$ 110,000**
PAPUC - Law Firms				
Eckert, Seamans, Cherin & Mellott - Regulatory	-	450,000	-	500,000
Total	**$ -**	**$ 450,000**	**$ -**	**$ 500,000**
Legal Expenses - Budget Categories				
FERC Matters (A&G)	77,703	290,000	240,000	250,000
Special Legal (A&G)	1,191,074	1,905,000	850,000	1,845,000
Workers' Compensation (Risk Management)	68,652	124,000	110,000	110,000
PaPuc (A&G)	-	450,000	-	550,000
Grand Total	**$ 1,337,429**	**$ 2,769,000**	**$ 1,200,000**	**$ 2,755,000**

PHILADELPHIA GAS WORKS
LEGAL EXPENSES
FY 2025 ESTIMATE & FY 2026 BUDGET

	FY 2024 Actual	Compliance FY 2025 BUDGET	Estimate FY 2025 BUDGET	FY 2026 BUDGET
FERC Matters - Law Firms				
General FERC	-	250,000	250,000	300,000
Duncan Weinberg Genzer & Pembroke, P.C.	123,476	-	-	-
Miscellaneous FERC		-	-	-
Total	**$ 123,476**	**$ 250,000**	**$ 250,000**	**$ 300,000**
Special Legal - Law Firms				
PGC/LOCAL Regulatory	77,940	100,000	100,000	100,000
General Claims Litigation	-	-	-	-
Taxes & Revenue Matters	22,373	70,000	70,000	100,000
American Express TRS	-	-	-	-
Chalmers	-	-	-	-
Ballard Spahr - Labor, Benefits, & General	675	-	-	-
Econsult	2,758	-	-	-
Baker & Hostetler LLP	2,186	-	-	-
Environmental	1,460	75,000	75,000	75,000
Eckert Seamans Cherin & Mellott, LC	214,828	-	-	-
Montgomery McCracken Walker & Rhoads LLP	660	-	-	-
Pension, Benefits & Related Matters	66,746	80,000	80,000	100,000
Holland & Knight LLP	-	-	-	-
Jennings Strouss & Salamon PC	-	-	-	-
Employment	94,709	150,000	150,000	150,000
Semanoff Ormsby Greenberg & Torchia LLC	-	-	-	-
Ramon D Townsend	88,752	120,000	120,000	120,000
Employment Labor	2,138	150,000	150,000	150,000
Toxic Torts	-	50,000	50,000	50,000
Landlord and Other Liens	-	150,000	150,000	150,000
General Litigation	-	100,000	100,000	100,000
General Transactional Misc. Spec. Projs.		800,000	800,000	800,000
Miscellaneious Special Legal/ Rate Case	(7,874)	-	-	-
Total	**$ 567,350**	**$ 1,845,000**	**$ 1,845,000**	**$ 1,895,000**
Workers' Compensation - Law Firms				
Phillinger, Miller, & Tarallo	-	60,000	60,000	70,000
Law Office of Bethann Naples	-	50,000	50,000	60,000
Cipriani & Werner	-	-	-	-
Total		**$ 110,000**	**$ 110,000**	**$ 130,000**
PAPUC - Law Firms				
Eckert, Seamans, Cherin & Mellott - Regulatory		450,000	450,000	500,000
Total	**$ -**	**$ 450,000**	**$ 450,000**	**$ 500,000**
Legal Expenses - Budget Categories				
FERC Matters (A&G)	123,476	250,000	250,000	300,000
Special Legal (A&G)	567,350	1,845,000	1,845,000	1,895,000
Workers' Compensation (Risk Management)	-	110,000	110,000	130,000
PaPuc (A&G)	-	450,000	450,000	500,000
Grand Total	**$ 690,826**	**$ 2,655,000**	**$ 2,655,000**	**$ 2,825,000**

PHILADELPHIA GAS WORKS
LEGAL EXPENSES
FY 2026 ESTIMATE & FY 2027 BUDGET

	FY 2025 Actual	Compliance FY 2026 BUDGET	Estimate FY 2026 BUDGET	FY 2027 BUDGET
FERC Matters - Law Firms				
General FERC				
Duncan Weinberg Genzer & Pembroke, P.C.	57,146	250,000	100,000	250,000
Miscellaneous FERC		-	-	-
Total	**$ 57,146**	**$ 250,000**	**$ 100,000**	**$ 250,000**
Special Legal - Law Firms				
PGC/LOCAL Regulatory	48,560	100,000	100,000	100,000
General Claims Litigation		-	-	-
Taxes & Revenue Matters	17,727	70,000	50,000	70,000
American Express TRS		-	-	-
Ballard Spahr - Labor, Benefits, & General	743	-	-	-
Duncan Weinberg Genzer & Pembroke, P.C.	73,922			
Econsult		-	-	-
Baker & Hostetler LLP		-	-	-
Environmental	2,804	75,000	40,000	75,000
Eckert Seamans Cherin & Mellott, LC	1,098,506	-	-	-
Eugene David Chanin	25,000			
Montgomery McCracken Walker & Rhoads LLP		-	-	-
Pension, Benefits & Related Matters	66,666	100,000	95,000	100,000
Holland & Knight LLP		-	-	-
Jennings Strouss & Salamon PC		-	-	-
Employment	18,297	150,000	120,000	150,000
Semanoff Ormsby Greenberg & Torchia LLC		-	-	-
Ramon D Townsend	107,100	120,000	120,000	120,000
Employment Labor	585	150,000	50,000	150,000
Toxic Torts		50,000	-	50,000
Landlord and Other Liens		150,000	150,000	150,000
General Litigation		100,000	-	100,000
2019 Initiatives				
General Transactional Misc. Spec. Projs.	(8,880)	800,000	100,000	800,000
Miscellaneious Special Legal/ Rate Case		-	-	-
Total	**$ 1,451,028**	**$ 1,865,000**	**$ 825,000**	**$ 1,865,000**
Workers' Compensation - Law Firms				
Phillinger, Miller, & Tarallo	38,889	60,000	50,000	40,000
Law Office of Bethann Naples	22,446	50,000	75,000	75,000
Cipriani & Werner	-	-	-	-
Total	**$ 61,335**	**$ 110,000**	**$ 125,000**	**$ 115,000**
PAPUC - Law Firms				
Eckert, Seamans, Cherin & Mellott - Regulatory		500,000	500,000	500,000
Eckert, Seamans, Cherin & Mellott - Rate Case	355,805	500,000	-	500,000
Total	**$ 355,805**	**$ 1,000,000**	**$ 500,000**	**$ 1,000,000**
Legal Expenses - Budget Categories				
FERC Matters (A&G)	57,146	250,000	100,000	250,000
Special Legal (A&G)	1,451,028	1,865,000	825,000	1,865,000
Workers' Compensation (Risk Management)	61,335	110,000	125,000	115,000
PaPuc (A&G)	355,805	1,000,000	500,000	1,000,000
Grand Total	**$ 1,925,314**	**$ 3,225,000**	**$ 1,550,000**	**$ 3,230,000**