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December 13, 2011

**VIA ELECTRONIC FILING AND HAND DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works, Docket No. R-2008-2073938; STATEMENT OF INTERSTATE GAS SUPPLY, INC. AND DOMINION RETAIL, INC. IN SUPPORT OF JOINT PETITION FOR SETTLEMENT**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Statement of Interstate Gas Supply, Inc. and Dominion Retail, Inc. in Support of Joint Petition for Settlement in the above referenced matter. As indicated by the attached certificate of service, all the required parties have been served with a copy of this Application.

If you have any questions regarding these documents, please do not hesitate to contact the undersigned.

Very truly yours,

Todd S. Stewart

*Counsel for Interstate Gas Supply, Inc. and  
Dominion Retail, Inc.*

TSS/alh  
Enclosure

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MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2008-2073938
	:	
Philadelphia Gas Works	:	

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**STATEMENT OF INTERSTATE GAS SUPPLY, INC.  
AND DOMINION RETAIL, INC.  
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT**

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AND NOW comes Interstate Gas Supply, Inc. (“IGS”) and Dominion Retail, Inc. (“Dominion Retail”), collectively NGS Parties, and hereby provide the following Statement in Support of the Joint Petition for Settlement (“Joint Petition”) that was filed jointly by the Philadelphia Gas Works (“PGW”), IGS, Dominion Retail, Hess Corporation and Direct Energy Services (“Joint Petitioners”) on November 23, 2011. A complete re-statement of the procedural history of this proceeding is contained in the Joint Petition. However, the process has been ongoing for several years, and the Joint Petition is a result of serious and protracted negotiations between and among the Joint Petitioners. It should be noted that the intended purpose of this settlement is that the NGS Parties not exercise the opportunity provided by the Commission, to initiate a process that would have as its goal, the complete exit of PGW from the merchant function. In support of the Joint Petition, the NGS Parties state as follows:

1. The process initially was intended to develop a proposal to replace PGW as the Supplier of Last Resort in its service territory. The Joint Petition does not go to the point of PGW “exiting the merchant function” as was initially proposed, rather, it takes recognized and

proven intermediate steps to improve the competitiveness of the PGW market. The Joint Petition will not burden customers, but rather is intended to provide them with meaningful choice of natural gas suppliers.

2. Under the terms of the Joint Petition, PGW will provide additional consumer education, and will provide information to NGS' operating on its system when customers move or terminate gas supply within the PGW system, informing suppliers via an EDI transaction when a customer drops a National Gas Supplier and switches to PGW or another supplier. PGW will also be capable of supporting multiple new additional rate structures and will provide rate ready consolidated billing to NGS'. PGW also has agreed to implement the purchase of receivable program that currently is under development in a separate collaborative, and has agreed to form a collaborative process to discuss capacity related issues, including: transportation capacity assignment, storage capacity allocation, and daily delivery quantities/daily contract quantity calculations.

3. The Joint Petitioners also have agreed to address the issue of seeking a waiver that would allow for a merchant function charge to be included along with PGW's distribution charge to recover the costs of uncollectable expense from both shopping and non-shopping customers.

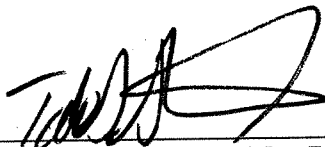
4. The NGS Parties believe that the Joint Petition is in the best interest of PGW, the customers and suppliers and resolves, to a great degree, the issues raised in the initial proceeding namely, the severe lack of competition on the PGW system.

5. The NGS Parties continue to believe that PGW exiting the merchant function is the most desired result, but have agreed to limit the relief to these steps to allow for the possibility of competition on the PGW system. The NGS Parties believe that the programs

proposed in this filing are consistent with the Commission's policy of promoting natural gas competition, have been implemented elsewhere, and should not be controversial.

WHEREFORE, the NGS Parties ask the Commission to approve the Joint Petition for Settlement and authorize the implementation of the programs proposed in the Joint Petition with all due haste and without modification.

Respectfully submitted,



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*Counsel for Dominion Retail, Inc.  
and Interstate Gas Supply, Inc.*

Dated: December 13, 2011

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party)

### VIA ELECTRONIC AND FIRST CLASS MAIL

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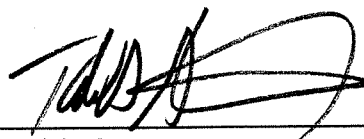
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Todd S. Stewart

Dated this 13<sup>th</sup> day of December 2011