

# Philadelphia Gas Works

Gregory J. Stunder  
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 684-6878 – Fax (215) 684-6798  
Email: greg.stunder@pgworks.com

January 31, 2012

## VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

Re: Philadelphia Gas Works  
2012 – 2013 Gas Cost Rate Filing  
Docket No. R-2012-XXXXXX

Petition of Philadelphia Gas Works for Special Permission To Depart  
From Certain Requirements Of 52 Pa. Code Sections 53.45(b),  
53.64(c) and 53.68(a) Concerning The Provision of Public Notice

Dear Secretary Chiavetta,

Enclosed for filing are one original and one CD containing an image of the above-reference petition. Please contact me if you have any questions regarding this filing.

Respectfully,

A handwritten signature in blue ink, appearing to read "Gregory J. Stunder", is written over the typed name.

Gregory J. Stunder, Esq.

cc: All Parties of Record  
Robert F. Wilson, Bureau of Fixed Utility Services w/enc.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA FEDERAL EXPRESS**

Aron Beatty, Esq.  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921

Adeolu Bakare, Esq.  
McNEES, WALLACE, NURICK  
100 Pine Street  
Harrisburg, PA 17108-1166

Sharon Webb, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2<sup>nd</sup> Street  
Harrisburg, PA 17101

Richard LeLash  
Financial and Regulatory Consultant  
18 Seventy Acre Road  
Redding, CT 06896

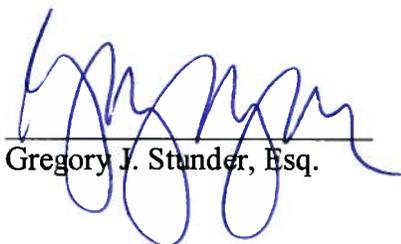
Carrie Wright, Esq.  
Richard Kanaskie, Esq.  
Office of Trial Staff  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

Daniel Clearfield, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street  
9th Floor  
Harrisburg, PA 17101

Robert Ballenger, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102

Robert Knecht  
Industrial Economics, Incorporated  
2067 Massachusetts Avenue  
Cambridge MA 02140

Date: January 31, 2012

  
\_\_\_\_\_  
Gregory J. Stunder, Esq.

**COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION**

**PETITION OF PHILADELPHIA GAS :  
WORKS FOR SPECIAL PERMISSION :  
TO DEPART FROM CERTAIN :  
REQUIREMENTS OF 52 PA. CODE :  
SECTIONS 53.45(b), 53.64(c) AND 53.68(a) :  
CONCERNING THE PROVISION OF : DOCKET NO. R-2012- \_\_\_\_\_  
PUBLIC NOTICE :  
:  
:  
:**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Philadelphia Gas Works (“PGW”) hereby petitions the Pennsylvania Public Utility Commission (“PUC” or “Commission”) for special permission to depart from requirements of 52 Pa. Code §§ 53.45(b), 53.64(c) and 53.68(a) in order to:

- (1) provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the filing, on March 1, 2011, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) days after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a); and
- (2) in company offices in which payments are accepted, provide public notice on the date of the filing, March 1, 2011, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b).

In support of this Petition, PGW states the following:

1. PGW is a group of real and personal assets owned by the City of Philadelphia (the “City”) and used for the acquisition, storage, processing, and distribution of natural gas within the City, and thus qualifies as a “city natural gas distribution operation” pursuant to Section 102 of the Public Utility Code (“Code”), 66 Pa. C.S. § 102. PGW provides natural gas supply and

natural gas distribution services to over 520,000 customers in the City and County of Philadelphia.

2. PGW is managed by the Philadelphia Facilities Management Corporation, subject to oversight by the Philadelphia Gas Commission (“PGC”) and, in some instances, Philadelphia City Council and the City’s Director of Finance, pursuant to an Agreement for Management and Operation of Philadelphia Gas Works with the City of Philadelphia executed on December 29, 1972. On the same date, the Management Agreement was incorporated into and approved by an ordinance of Philadelphia City Council (No. 455 of 1972) (“Management Agreement Ordinance”).

3. Prior to July 1, 2000, PGW operated under the jurisdiction of the PGC. The PGC fixed and regulated gas rates consistent with the standards set by the ordinances of the City, including the Management Agreement Ordinance and the City’s Bond Ordinances, and other applicable law.

4. Section 2212(d) of the Code permits PGW to continue to provide natural gas supply and natural gas distribution services to its customers under its prior tariff and the policies or programs existing on July 1, 2000 until the effective date of the Commission’s final order approving PGW’s restructuring plan and new tariff. Section 2212(d) also permits the PUC to modify PGW’s prior tariff upon PGW’s request.

5. By Order entered November 22, 2000 in Docket No. R-00005619, the Commission directed PGW to comply with the requirements of 66 Pa. C.S. §§ 1307(f) (relating to recovery of purchased gas costs) and 1317(a) and 1318(a) (relating to least cost fuel procurement), as well as the Commission’s regulations at 52 Pa. Code §§ 53.64 and 53.68, with respect to recovery of PGW’s purchased gas costs under "Gas Cost Rate" Section of its tariff.

6. On June 1, 2001, PGW filed its proposed 2001-2002 Gas Cost Rate (“GCR”)<sup>1</sup> in accordance with Section 11 of its tariff and the PUC’s orders in Docket Nos. R-00005619 (order entered November 22, 2000) and R-00005654 (order approving settlement entered February 22, 2001). PGW’s 2001-2002 GCR proceeding was docketed at No. R-00016378.

7. By Order entered September 11, 2001 in Docket No. R-00016378, the Commission approved a Joint Petition for Complete Settlement of Philadelphia Gas Works’ 2001-2002 GCR Proceeding which requires PGW to submit its annual GCR filing for 2002-2003 on March 1, 2002 and the pre-filing information on February 1, 2002.

8. The Commission’s regulations at 52 Pa. Code §§ 53.64(c) and 53.68(a) permit notifications of increases or decreases in purchased gas costs to customers by bill insert but require such notification, for PGW’s 2012-2013 GCR, to be begun by January 31, 2012, thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2012. The Commission’s regulations at 52 Pa. Code §§ 53.64(c), 53.68(a) and 53.45(b) seem to require that PGW provide public notice of proposed changes in its 2012-2013 GCR in company offices that accept payments thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2012, or on January 31, 2012. Because finalized data for the month of December 2011, will not be available and compiled by January 31, 2012, PGW cannot, by January 31, 2012: (a) determine its proposed GCR for the 2012-2013 GCR period; (b) begin customer bill insert notice of the proposed rate; or (c) provide public notice of the proposed rate in company offices that accept payments.

9. In addition, PGW is unable to determine its proposed 2012-2013 GCR by January 31, 2012 because it takes approximately ten (10) days to complete the revenue and GCR runs

---

<sup>1</sup> Supplement No. 11 to Tariff Gas – Pa. P.U.C. No. 1.

necessary to generate the proposed GCR rate. There is insufficient time available to collect the requisite information, calculate volume and cost information, establish demands, temperature patterns, *etc.*, perform the necessary revenue and GCR calculations and prepare the appropriate level of documentation to generate the proposed GCR rate.

10. In lieu of notifying individual customers by bill insert during the one-month billing cycle beginning January 31, 2012, and concluding on or before March 1, 2012, PGW hereby requests special permission to depart from the requirements of 52 Pa. Code § 53.68(a) and to notify individual customers by bill insert during a one-month billing cycle beginning on March 1, 2012, and concluding not later than March 31, 2012.

11. In lieu of providing public notice, in company offices that accept payments, of proposed changes in PGW's 2012-2013 GCR thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2012, or on January 31, 2012, PGW hereby requests special permission to depart from the requirements of 52 Pa. Code §§ 53.68(a) and 53.45(b) and to provide public notice, in company offices that accept payments, of proposed changes in PGW's 2012-2013 GCR on March 1, 2012.

12. Permitting PGW to provide customer notice by bill insert beginning March 1, 2012 and to provide public notice, in company offices that accept payments, on March 1, 2012, will not prejudice individual customers or the public interest because PGW's proposed 2012-2013 GCR will not become effective in any event until September 1, 2012. In addition, permitting PGW to provide customer notice by bill insert beginning March 1, 2012 is consistent with 52 Pa. Code § 53.45(b)(4), which provides that "the bill insert shall be included with customer bills beginning no later than the day the tariff, tariff supplement or tariff revision containing the rate increase is filed."

13. Pursuant to the Joint Petition for Settlement of PGW's 2003-2004 GCR Proceeding, PGW will publish on February 18, 2012 or February 19, 2012 newspaper notice of the filing of its tariff addendum and tariff or tariff supplement in the newspapers of general circulation within the territory served by PGW in advance of the March 1, 2012 filing of its tariff addendum and tariff or tariff supplement.

14. This petition for special permission is limited to the filing requirement provisions of 52 Pa. Code § 53.64(c) and to the notice provisions of 52 Pa. Code §§ 53.68(a) and 53.45(b) as they apply to the tariff addendum and tariff or tariff supplement to be filed by PGW on March 1, 2012, and has no applicability to any subsequent tariff addendum or tariff filing. PGW acknowledges that neither the granting of the requested special permission nor PGW's filing of the tariff addendum and tariff or tariff supplement is to be construed as approval by the Commission of the proposed change in PGW's gas cost recovery rates to be set forth in the tariff addendum and tariff or tariff supplement, and PGW acknowledges that the Commission's rules with regard to the construction, filing and posting of tariffs are not to be considered as being waived, except as permitted by any special permission granted in response hereto. PGW further acknowledges the Commission's right to take such other action as may be authorized by law, notwithstanding the granting of the requested special permission.

15. Upon information and belief, PGW notes that the Commission, in the past, has granted Section 1307(f) utilities special permission to delay customer notice until closer in time to the actual rate filing. For example, by Order entered December 6, 1985, at Docket No. P-850081, the Commission approved the "Petition of the Pennsylvania Gas Association for Partial Waiver of the Commission's Regulations at 52 Pa. Code §§ 53.64(c) and 53.68(a)," permitting customer notice to begin fifteen (15) days in advance of the Section 1307(f) tariff filing. In

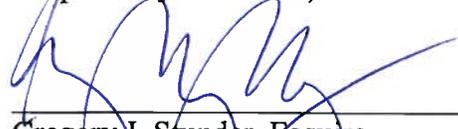
addition, the Commission permitted National Fuel Gas Distribution (“NFGD”) to begin customer notice fourteen (14) days before NFGD’s 2001-2002 and 2002-2003 Section 1307(f) proceedings at Docket Nos. R-00005832 and R-00016789.

16. The Commission’s Bureau of Investigation and Enforcement and the Office of Consumer Advocate do not oppose the relief requested in this Petition.

WHEREFORE, it is respectfully requested that the Pennsylvania Public Utility Commission approve PGW’s petition for special permission to depart from the requirements of 52 Pa. Code §§ 53.45(b), 53.64(c) and 53.68(a) in order to:

- (1) provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the filing, on March 1, 2012, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a); and
- (2) in company offices in which payments are accepted, provide public notice on the date of the filing, March 1, 2012, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b).

Respectfully submitted,



---

Gregory J. Stunder, Esquire  
Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia, PA 19122  
(215) 684-6878

Attorney for Philadelphia Gas Works

Date: January 31, 2012