



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

March 13, 2012

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.
Philadelphia Gas Works 1307(f)

Docket No. R-2012-2286447

Dear Secretary Chiavetta:

Enclosed please find an original copy of the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on all active parties of record. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #208185

Enclosure
CBW/edc

cc: Parties of Record
Hon. Christopher P. Pell

I. INTRODUCTION

On January 31, 2012, Philadelphia Gas Works (“PGW” or “Company”) submitted pursuant to Section 1307(f) of the Public Utility Code pre-filed information regarding its Purchased Gas Cost Rate filing. On February 29, 2012, PGW submitted its supporting testimony.

A Prehearing Conference is scheduled for March 15, 2012 at 9:00 a.m., with Administrative Law Judge Christopher P. Pell presiding.

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in this case. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Lost and Unaccounted for Gas
- Retainage Rates
- PGW’s “Soft Off” Program
- Proper computation of E-factor and migration riders
- Supplier refunds
- Interest rate factor for over/under collections
- Migration sales volumes

III. WITNESSES

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

Ethan Cline, Fixed Utility Valuation Engineer

Dorothy Morrissey, Fixed Utility Financial Analyst

The I&E witnesses may be contacted through the information listed above for Ms. Wright. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

V. SCHEDULE

I&E will work with the parties to develop a schedule in this proceeding.

VI. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

VII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Carrie B. Wright

Prosecutor

PA Attorney I.D. # 208185

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Dated: March 13, 2012

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
: v. : Docket No. R-2012-2286447
: Philadelphia Gas Works 1307(f) :

CERTIFICATE OF SERVICE

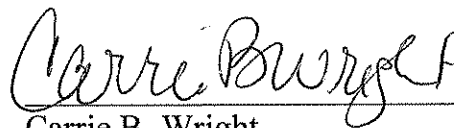
I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 13, 2012, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below, in accordance with the requirements of § 1.54 (relating to service by a party):

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122

Aron J. Beatty, Esquire
James A. Mullins, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

Sharon E. Webb, Esquire
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