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March 13, 2012

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

VIA HAND DELIVERY

**RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Docket No. R-2012-2286447**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the original and three (3) copies of the Prehearing Conference Memorandum of the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG"), in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp an extra copy of this transmittal letter and Prehearing Memorandum, and kindly return them for our filing purposes. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

AAB/leh
Enclosures

c: Administrative Law Judge Christopher Pell (via e-mail and First-Class Mail)
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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MAR 13 2012

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

v.

Docket No. R-2012-2286447

PHILADELPHIA GAS WORKS

**PREHEARING CONFERENCE MEMORANDUM OF
THE PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS GROUP**

Pursuant to the Prehearing Order issued by Administrative Law Judge ("ALJ") Christopher P. Pell, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") hereby submits this Prehearing Conference Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On January 31, 2012, Philadelphia Gas Works ("PGW" or "Company") submitted its Gas Cost Rate ("GCR") pre-filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") pursuant to the requirements of Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f). On March 1, 2012, PGW filed supporting testimony and exhibits setting forth the proposed gas recovery rates effective for service rendered on and after September 1, 2012.

On February 24, 2012, PICGUG filed a Petition to Intervene in this proceeding. A description of PICGUG is set forth in Paragraph 4 of PICGUG's Petition to Intervene. PICGUG's Petition to Intervene is pending and awaits disposition by the ALJ.

II. ANTICIPATED ISSUES AND SUB-ISSUES

Because any changes to the Company's gas costs may affect its members, PICGUG is concerned with all modifications to the GCR proposed in this proceeding. Similarly, PICGUG is concerned with any issues that may arise regarding interruptible transportation service, pipeline

capacity cost assignment, penalty charges, and daily and monthly imbalance penalties. PICGUG anticipates pursuing these issues during this proceeding as necessary and reserves the right to raise further issues and to respond to all matters raised by other parties.

III. PROPOSED WITNESSES

PICGUG is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PICGUG decides to sponsor testimony, it will immediately inform the parties and the ALJ of any intended witnesses and topics of testimony. PICGUG also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions, and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

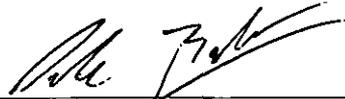
PICGUG has participated in scheduling discussions amongst the parties and will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

V. POSSIBILITY OF SETTLEMENT

PICGUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
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Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

Dated: March 13, 2012

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

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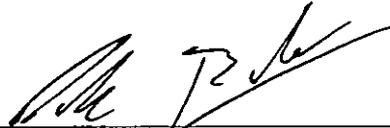
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Adeolu A. Bakare

Counsel to the Philadelphia Industrial and
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Dated this 13th day of March, 2012, at Harrisburg, Pennsylvania