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January 2, 2013

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

**VIA ELECTRONIC FILING**

**RE: Philadelphia Gas Works Supplement No. 55 to Gas Service Tariff Pa. P.U.C. No. 2;  
Docket No. R-2012-2333993**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") is the Prehearing Conference Memorandum on behalf 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. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to the Philadelphia Industrial and  
Commercial Gas Users Group

AAB/leh  
Enclosures

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

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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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Adeolu A. Bakare

Counsel to the Philadelphia Industrial and  
Commercial Gas Users Group

Dated this 2<sup>nd</sup> day of January, 2013, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PHILADELPHIA GAS WORKS	:	
SUPPLEMENT NO. 55 TO GAS SERVICE	:	Docket No. R-2012-2333993
TARIFF PA. P.U.C. NO. 2	:	

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

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Pursuant to the Prehearing Conference Order issued by Administrative Law Judge ("ALJ") Christopher P. Pell on December 21, 2012, 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 November 13, 2012, Philadelphia Gas Works ("PGW" or "Company") filed Supplement No. 55 to Gas Service Tariff Pa. P.U.C. No. 2 ("Supplement No. 55") proposing to remove natural gas procurement costs from PGW's base rates and recover them through separate surcharge mechanisms on a revenue neutral basis.

PGW submitted Supplement No. 55 in compliance with the Commission's February 23, 2011, Revised Final Rulemaking Order at Docket No. L-2008-2069114 ("Final Order"); the May 25, 2012, Secretarial Letter issued at the same docket; and Sections 62.221-62.225 of the Commissions Regulations. 52 Pa. Code §§ 62.221-62.225.

On December 20, 2012, the Commission suspended Supplement No. 55 until June 21, 2013, and instituted an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations proposed therein.

PICGUG filed a Petition to Intervene in this proceeding. A description of PICGUG is set forth in Paragraph 7 of its Petition to Intervene. PICGUG's Petition to Intervene awaits disposition by the ALJ.

## **II. ANTICIPATED ISSUES AND SUB-ISSUES**

PICGUG is concerned with issues affecting firm and interruptible transportation service rates, as well as gas supply service rates and services. To ensure that PGW's Supplement No. 55 does not impose unjust and unreasonable rates, PICGUG intends to investigate cost allocation issues related to the Company's proposals to: (1) remove labor and benefit costs from distribution rates for recovery through a Gas Procurement Charge; and (2) remove natural gas supply-related uncollectibles expense from distribution rates for recovery through a Merchant Function Charge. PICGUG anticipates pursuing these issues during this proceeding and also reserves the right to raise additional issues and to respond to issues raised by other parties.

## **III. PROPOSED WITNESSES**

PICGUG is still evaluating whether it will present any witnesses in this proceeding. If PICGUG determines that it will present such witnesses, PICGUG will inform the ALJ and the other parties as soon as possible. Additionally, PICGUG 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 with the Company and the parties to this proceeding. PICGUG does not oppose the March 4, 2013, Evidentiary Hearing date proposed in the Prehearing Conference Order and further anticipates concurring with the additional testimony and briefing dates set forth in the Company's Prehearing Memorandum. Additionally, PICGUG does not intend to participate in Public Input Hearings and will defer to

the other parties regarding the necessity of such Public Input Hearings. Finally, PICGUG does not propose any modifications to the Commission's discovery rules at this time, but will cooperate with the ALJ and the parties at the Prehearing Conference to develop 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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Dated: January 2, 2013