



COMMONWEALTH OF PENNSYLVANIA

February 7, 2013

E-Filed

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

**Re: Petition of Philadelphia Gas Works for Approval of a Distribution System
Improvement Charge
Docket No. P-2012-2337737**

Dear Secretary Chiavetta:

I am delivering for filing today the Answer, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sharon E. Webb".

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Parties of Record
Robert D. Knecht

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

**Petition of Philadelphia Gas Works :
for Approval of a Distribution System : Docket No. P-2012-2337737
Improvement Charge :**

**ANSWER OF THE OFFICE OF SMALL BUSINESS ADVOCATE
TO THE PETITION OF PHILADELPHIA GAS WORKS
FOR APPROVAL OF A DISTRIBUTION SYSTEM
IMPROVEMENT CHARGE**

Procedural History

On or about January 18, 2013, Philadelphia Gas Works (“PGW” or “the Company”) filed the Petition Philadelphia Gas Works for Approval of Distribution System Improvement Charge (“Petition”) with the Pennsylvania Public Utility Commission (“Commission”) pursuant to 66 Pa. C.S. § 1353.

The Office of Small Business Advocate filed a Notice of Intervention and Public Statement on February 7, 2013.

The Office of Small Business Advocate files the following Answer in response to the corresponding numbered averments in the Company’s Petition.

ANSWER

The averments in the un-numbered paragraph at the beginning of the Petition constitute a prayer for relief. Therefore, no response to these averments is required.

The paragraphs in the section entitled introduction are not numbered on the petition but for ease of reference, the OSBA has identified the paragraphs by numbers in its answer.

I. Introduction

1. The averments of the paragraph constitute a conclusion of law to which no response is required.

2. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

3. The averments of the paragraph constitute conclusions of law to which no response is required.

4. The averments of the paragraph constitute conclusions of law to which no response is required.

5. The averments in first sentence of this paragraph constitute a request for relief to which no response is required. The averments in second sentence of the paragraph constitute conclusions of law to which no response is required.

II. Background

1. Admitted.

2. Admitted.

3. It is admitted that Act 11 of 2012 was signed into law by Governor Corbett on February 14, 2012. The remaining averments contained in this paragraph constitute conclusions of law to which no response is required.

4. Admitted.

5. Admitted.

6. It is admitted that some parties submitted written input to the Commission in response to the recommendations in the Tentative Implementation Order. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the

averments of the second sentence of this paragraph, and therefore, they are denied, and strict proof thereof is demanded.

7. Admitted.

8. The averments of this paragraph constitute a conclusion of law to which no response is required.

III. PGW'S Long Term Infrastructure Improvement Plan (LTIP)

9. The averments of this paragraph constitute conclusions of law to which no response is required.

10. Admitted in part. It is admitted that PGW filed its LTIP with the Commission on December 3, 2012. It is also admitted that PGW's LTIP is discussed within the testimony of Mr. Douglas A. Moser. The remaining averments contained in this paragraph constitute conclusions of law to which no response is required.

11. Admitted in part. It is admitted that the Commission's Final Implementation Order requires the various LTHP components listed in this paragraph. The assertion that the LTHP provides a comprehensive explanation of the Company's commitment constitutes a conclusion of law to which no response is required.

12. Admitted.

13. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

14. Admitted in part. It is admitted that the Company's replacement program prioritizes 12-in and smaller high-pressure mains and 30-inch high-poressure mains, and that the LTHP proposes to remove entirely the 12-inch and 30-inch cast iron main

categories from its system by 2023. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

15. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

16. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

17. Admitted in part. It is admitted that the property proposed for replacement includes piping, couplings and valves. Whether such property is DSIC-eligible and whether such property fits under ACT 11's definition of eligible property constitute conclusions of law to which no response is required.

18. Admitted in part. It is admitted that one consequence of the LTHP may be to improve the safety and reliability of PGW's distribution system. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

19. Admitted.

20. Admitted in part. It is admitted that PGW has proposed the measures listed in this paragraph. Whether these measures ensure that the LTHP is implemented in a cost-effective manner constitutes an conclusion of law to which no response is required.

21. The averments of this paragraph constitute conclusions of law to which no response is required.

22. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

IV. PGW's DSIC Tariff

23. The averments of this paragraph reference 66 Pa. C.S. § 1353(a), which, being a writing, speaks for itself, and therefore, no response is required.

24. The averments of this paragraph reference the requirements set forth in Act 11 for a DSIC petition. Act 11, being a writing, speaks for itself, and therefore, no response is required.

25. Admitted in part. It is admitted that PGW has prepared an initial DSIC tariff, and that this tariff is discussed in the testimony of Mr. Dybalski. Whether the DSIC tariff complies with Act 11 or with the model tariff adopted by the Commission and/or whether all the mandatory elements are included constitute conclusions of law to which no response is required.

26. Admitted in part. It is admitted that PGW's DSIC tariff includes the property listed in this paragraph. Whether this property is "eligible property" under Act 11 constitutes a conclusion of law to which no response is required.

27. The averments of this paragraph constitute a prayer for relief. Therefore, no response is required.

28. Admitted in part. It is admitted that the Company seeks to recover approximately \$22 million annually through the DSIC surcharge. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

29. Admitted.

30. Admitted in part. It is admitted that the numbers set forth in this paragraph appear in Mr. Dybalski's testimony. The remaining averments in this paragraph constitute conclusions of law to which no response is required.

31. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

32. Admitted in part. It is admitted that the proposed tariff includes the billing features set forth in this paragraph. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

33. Admitted in part. It is admitted that the proposed tariff includes the features set forth in this paragraph. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

34. Admitted.

35. Admitted in part. It is admitted that PGW proposes to recover \$22 million in annual DSIC costs. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied.

36. Admitted in part. It is admitted that PGW proposes to conduct a quarterly reconciliation of the DSIC. Whether the ongoing annualized charges comply with the 5% DSIC cap constitutes a conclusion of law to which no response is required.

37. Admitted. It is admitted that PGW has proposed the DSIC elements as set forth in this paragraph.

38. Admitted in part. It is admitted that PGW has proposed the DSIC updates as described in this paragraph. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

39. Admitted in part. It is admitted that the averments of this paragraph describe the Company's proposal for reconciliation of the DSIC. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the remaining averments of this paragraph, and therefore, they are denied.

40. Admitted.

41. Denied. The OSBA is without information or knowledge sufficient to form a belief as to the truth of the averments of this paragraph, and therefore, they are denied. By way of further answer, the OSBA believes, and therefore avers, that it should be included in the review of any and all bill messages regarding the DSIC which PGW anticipates sending to small business customers.

42. The averments of this paragraph constitute conclusions of law to which no response is required.

V. PGW's Base Rate Case Certification

43. The averments of this paragraph reference 66 Pa. C.S. § 1353(b)(4), which, being a writing, speaks for itself, and therefore, no response is required.

44. Admitted.

VI. Expedited Approval

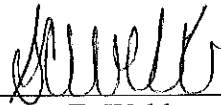
45. The averments of this paragraph constitute a prayer for relief. Therefore, no response is required.

46. The averments of this paragraph constitute a prayer for relief. Therefore, no response is required.
averments are denied.

VII. Conclusion

The averments of this paragraph constitute a prayer for relief. Therefore, no response is required.

WHEREFORE, the OSBA respectfully requests that the Commission refer the Companies' Petition to the Office of Administrative Law Judge for hearings and the preparation of an initial decision.



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For:

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February 7, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for :
Approval of Distribution System : **Docket No. P-2012-2337737**
Improvement Charge :

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Answer, on behalf of the Office of Small Business Advocate, by e-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

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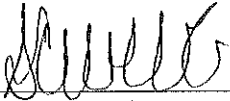
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Date: February 7, 2013


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