



COMMONWEALTH OF PENNSYLVANIA

March 15, 2013

E-FILED, E-MAIL, AND HAND DELIVERY

Hon. Christopher P. Pell
Administrative Law Judge
Pa. Public Utility Commission
801 Market Street - #4063
Philadelphia, PA 19107

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-2013-2346376**

Dear Judge Pell:

Enclosed are two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

As evidenced by the enclosed certificate of service, all parties have been served as indicated.

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**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2013-2346376
	:	
PHILADELPHIA GAS WORKS	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Sharon E. Webb. Please address all correspondence as follows:

Sharon E. Webb
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Office of Small Business Advocate
300 North Second Street, Suite 1102
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(717) 783-2525
(717) 783-2831 (fax)
swebb@pa.gov

II. FILING BACKGROUND

Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), Philadelphia Gas Works (“PGW” or the “Company”) made its annual Section 1307(f) Gas Cost Rate (“GCR”) pre-filing on January 31, 2013, and its definitive filing on February 28, 2013. The OSBA filed a Complaint on February 20, 2013.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. Whether PGW’s gas supply purchasing plan reasonably protects gas sales customers from the volatility in the natural gas markets;
2. Whether PGW’s historical year purchases were consistent with its gas supply purchasing plan and prudent gas procurement practices;
3. Whether PGW’s design day weather conditions and its estimated design day demand levels are reasonable and prudent;
4. Whether all of the components of PGW’s universal service charge are reasonable and accurately calculated;

5. Whether PGW's interruptible revenue credit is reasonable and accurately calculated;
6. Whether PGW's natural gas commodity forecasts are reasonable and timely;
7. Whether PGW's unaccounted-for gas ("UFG") rate is reasonable, whether the Company has adopted a reasonable strategy for mitigating UFG, and whether the Company's proposed retainage rate is consistent with a reasonable estimate of the UFG rate;
8. Whether the OPEB Surcharge is appropriately calculated and reconciled;
9. Whether the Efficiency Cost Recovery Surcharge is appropriately calculated, allocated among the various rate classes, and reconciled;
10. Whether PGW has reasonably met the obligations to which the Company committed in the settlement of last year's Section 1307(f) proceeding; and
11. Any other issues that may arise during the course of the OSBA's review of the Company's filing that affect small business customers.

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through discovery, through the cross-examination of witnesses appearing for those parties, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve a hard copy of any document filed in this case upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. Service by electronic mail *only* is not acceptable.

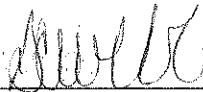
V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

The OSBA will cooperate with the other parties to develop a procedural schedule.

Respectfully submitted,



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

For:
Steven C. Gray
Acting Small Business Advocate
Attorney ID No. 77538

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Dated: March 15, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Philadelphia Gas Works 2013-2014 :
Gas Cost Rate Filing : **Docket No. R-2013-2346376**

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Prehearing Memorandum, 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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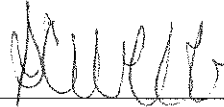
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Date: March 15, 2013