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April 5, 2002

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

DOCUMENT FOLDER VIA HAND DELIVERY

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Docket No. R-00017034F0002**

Dear Secretary McNulty:

On April 3, 2002, Memoranda were filed in the above-referenced proceeding regarding Philadelphia Gas Works' ("PGW" or "Company") request for \$44 million in extraordinary rate relief. The Philadelphia Industrial and Commercial Gas Users Group ("PICGUG"), an active party to this proceeding, did not file a Memorandum. PICGUG opposes, however, PGW's request for extraordinary rate relief and supports the Office of Consumer Advocate ("OCA") and Office of Small Business Advocate ("OSBA") findings that PGW's request does not meet the requirements for extraordinary relief, as set forth in Section 1308(e) of the Public Utility Code. See 66 Pa. C.S. § 1308(e).

Specifically, PICGUG agrees with the OCA's findings that PGW's request is based on mere speculation of Standard & Poor's future actions, as compared to an analysis of the just and reasonable rates for PGW. In addition, PICGUG does not oppose the OCA's alternative proposal,¹ which would help to resolve PGW's financial problems through a sharing of burdens between both ratepayers and the City of Philadelphia.² As such, PICGUG respectfully requests that the PUC deny PGW's request for extraordinary rate relief, and, if necessary, implement the OCA's proposal for alternative relief.

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¹ As indicated during evidentiary hearings, the OCA's proposed surcharge would be allocated via the Stipulation and Settlement regarding rate allocation reached among the parties in this proceeding.

² As part of this proposal, the OCA submits that PGW should consider "phasing-in" certain portions of the Company's restructuring. As indicated by the OCA in evidentiary hearings, this phase-in was intended to apply to the restructuring of the residential customer classes.

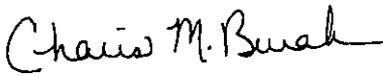
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James J. McNulty, Secretary
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If you have any questions regarding this letter, please contact the undersigned. Please date stamp an extra copy of this letter and return to our messenger for our files. Thank you.

Very truly yours,

MCNEES WALLACE & NURICK LLC

By 
David M. Kleppinger
Charis M. Burak

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

CMB/lhe

- c: Honorable Glen R. Thomas, Chairman (via hand delivery)
- Honorable Robert K. Bloom, Vice-Chairman (via hand delivery)
- Honorable Aaron Wilson, Jr., Commissioner (via hand delivery)
- Honorable Terrance J. Fitzpatrick, Commissioner (via hand delivery)
- Honorable Kim Pizzingrilli, Commissioner (via hand delivery)
- Honorable Cynthia Williams Fordham (via first class mail)
- Karen Oill Moury, Deputy Executive Director (via hand delivery)
- Kirk House, Esq., Office of Special Assistants (via hand delivery)
- 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 Section 1.54 (relating to service by a participant).

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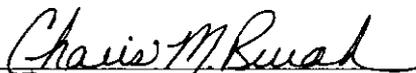
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Charis M. Burak

Dated this 5th day of April, 2002, in Harrisburg, Pennsylvania.

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