

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility
Commission

v.

Philadelphia Gas Works

DOCKETED
APR 16 2002

Docket Number

R-00017034F0002

DOCUMENT
FOLDER

PREHEARING ORDER #2

HISTORY

On February 25, 2002, Philadelphia Gas Works ("PGW" or "Respondent") filed Supplement No. 17 to Tariff Gas – Pa. P.U.C. No. 1 to become effective April 26, 2002. Concurrently,¹ PGW filed a Petition for Extraordinary Rate Relief, pursuant to Section 1308(e) and 2212 of the Public Utility Code, 66 Pa. C. S. §§ 1308 (e) and 2212. In the Petition, PGW requested that \$44 million of its \$60 million base rate request be approved as extraordinary rate relief. PGW asked the Commission to address the Petition pursuant to a 45 day schedule instead of the 30 day schedule set forth in the statute and rule on the petition at the April 11, 2002 Commission meeting. The rate increase would be effective on April 12, 2002. Furthermore, PGW requested that the Petition be considered under a standard which comports with PGW status as a municipally owned and operated utility.

PGW averred that Standard & Poor's (S&P), an important credit rating agency, will downgrade its bond rating if PGW does not receive the \$44 million rate increase (Petition ¶¶ 18, 19). S&P issued a notice on February 12, 2002 warning that

¹ PGW filed a corrected petition on February 27, 2002.

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PGW's ratings would be lowered without immediate cash flow improvement (Petition ¶4). PGW believes that S&P will reevaluate PGW's position in the next six weeks and downgrade PGW's credit rating from investment grade to junk bond status without the extraordinary rate relief (Petition ¶5, 9). In addition, PGW contends that without the relief, the following will occur: the main replacement program will end; the safety of its gas distribution system will be compromised; and there will be immediate and dramatic reductions in customer service and its current work force.

The matter was assigned to the Office of Administrative Law Judge for resolution by hearings. The record will be certified to the Commission for resolution.

The matter was assigned to Administrative Law Judge Cynthia Williams Fordham. Johnnie E. Simms, Esquire, and Charles F. Hoffman, Esquire, entered a notice of appearance on behalf of the Commission's Office of Trial Staff ("OTS").

The Consumers Education and Protective Association, the Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and Tenants' Action Group (collectively "CEPA et al"), through its attorney, filed a complaint against the base rate case. In paragraph 13 and 14 of the complaint, CEPA et al objected to PGW's request for extraordinary rate relief.

On March 6, 2002, OSBA, through its counsel, filed an answer to the Petition. OSBA requests that the Petition be denied.

On March 6, 2002, the Philadelphia Industrial and Commercial Gas Users Group (PICGUG), through its counsel, filed a Petition to Intervene in the Petition proceeding docketed at R-00017034F0002 and a Petition to Intervene in the Base Rate proceeding docketed at R-00017034.

A prehearing conference in this matter was held on Thursday, March 7, 2002 at 10:00 a.m. The presiding officer and Philip A. Bertocci, Esquire, representing (CEPA et al). and Greg Stundler, Esquire, representing PGW, were in the Philadelphia State Office Building. The following parties were in Harrisburg: Daniel Clearfield, Esquire, and Mark S. Stewart, Esquire, represented the Philadelphia Gas Works (PGW); Tanya J. McCloskey, Esquire, and Stephen J. Keene, Esquire, represented the Office of Consumer Advocate (OCA); Johnnie E. Simms, Esquire, represented the Office of Trial Staff (OTS); Steven C. Gray, Esquire, represented the Office of Small Business Advocate (OSBA); and Charis M. Burak, Esquire, represented the Philadelphia Industrial & Commercial Gas Users Group (PICGUG).

During the prehearing conference, PICGUG's Petition to Intervene in the proceeding docketed at R-00017034F0002 was granted (Tr. 8). In addition, PICGUG's Petition to Intervene in the Base rate proceeding docketed at R-00017034 was granted (Tr. 20, 21).

On March 5, 2002,² PECO Energy Company ("PECO"), through its counsel, filed a Petition to Intervene in the Petition proceeding docketed at R-00017034F0002 and a Petition to Intervene in the Base Rate proceeding docketed at R-00017034.

By correspondence, dated March 12, 2002, PGW stated that it did not object to PECO's intervention in the extraordinary rate relief proceeding or the base rate case. No other party has objected to the intervention.

² The presiding officer received this petition on February 8, 2002.

DISCUSSION

PECO Energy Company's Petition to Intervene was not considered during the Prehearing Conference. The Petition includes the docket numbers of the base rate proceeding as well as the extraordinary rate relief proceeding. PGW does not object to the intervention and no other party has filed an objection. Accordingly, PECO Energy Company's Petition to Intervene in the Base rate proceeding docketed at R-00017034 and the extraordinary rate relief proceeding docketed at R-00017034F0002 is granted

PECO is required to comply with the following schedule that was established during the prehearing conference.

PGW files petition	February 25, 2002
Discovery PGW to respond in seven (7) days	February 26, 2002
Informal Discovery	March 13, 2002
Informal Discovery continues	March 14, 2002
Responsive Testimony due	March 21, 2002
Hearings in Philadelphia: cross examination of PGW witnesses; PGW rebuttal (if necessary); cross examination of parties' witnesses	March 26, 27, 2002
Memos submitted to the Commission by noon	April 3, 2002
Commission ruling at public meeting	April 11, 2002 (Tr. 9).

PECO should file a prehearing memorandum by March 14, 2002. Said memorandum should include a list of its proposed witnesses and the issues.

Any documents filed with the Secretary in this proceeding should be served on me at the Philadelphia office and the parties. 52 Pa. Code §154(a) and (d).

Hearing

Each party should make sure that the presiding officer and each party has a copy and the court reporter has two copies of each statement and exhibit that will be offered into evidence. 52 Pa. Code §5.409. **After the statements and exhibits have been entered into evidence**, the sponsoring party will submit a copy of the admitted statements and exhibits to each Commissioners' office, the Office of Special Assistants and the Law Bureau electronically and in paper format. Please send the OSA documents to Kirk House, Esquire, and the Law Bureau documents to Karen Moury, Esquire. The addresses and e-mail addresses are on the service list.

There will be a one-day turn around on the transcript (Tr. 19, 20).

ORDER

THEREFORE,
IT IS ORDERED:

1. That the Petition to Intervene filed by the PECO Energy Company in the proceedings docketed at R-00017034 and R-00017034F0002 is granted.

2. That the parties shall comply with the procedural rules and regulations discussed herein.

Date: March 12, 2002

Cynthia Williams Fordham
CYNTHIA WILLIAMS FORDHAM
Administrative Law Judge

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