

OTS Statement No. 1
Witness: Paul J. Metro
Date: July 10, 2001

8/8/01
Phh DA
PS

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Philadelphia Gas Works

Docket No. R-00016378

01 AUG 13 PM 1:22
PHUC
SECRETARY'S BUREAU

Direct Testimony

Of

Paul J. Metro

Office of Trial Staff

DOCKETED

AUG 14 2001

Concerning:

1307(f) Issues

**DOCUMENT
FOLDER**

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS**
2 **ADDRESS?**

3 A. My name is Paul J. Metro. My business address is P.O. Box 3265,
4 Harrisburg, Pennsylvania 17105-3265.

5

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission in the
8 Office of Trial Staff as a Fixed Utility Valuation Engineer.

9

10 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL**
11 **BACKGROUND?**

12 A. I am a 1982 graduate of The Pennsylvania State University, University
13 Park, Pennsylvania, where I earned a Bachelor of Science Degree in
14 Mineral Economics. Immediately subsequent to graduation, I attended The
15 Pennsylvania State University and met the requirements for a Bachelor of
16 Science Degree in Industrial Engineering. I am also a graduate of The
17 Pennsylvania State University with a Masters of Engineering Degree,
18 majoring in Engineering Science with an emphasis on Industrial
19 Engineering/Operations Research. I have been employed by the
20 Pennsylvania Public Utility Commission since May of 1985. Attached to
21 this testimony, as Appendix A is a statement, which more fully describes
22 my educational background and employment experience.

1

2 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

3 A. The purpose of my testimony is to address natural gas cost projections as it
4 relates to Philadelphia Gas Works' (PGW) 1307(f) filing and address the
5 appropriate 1307(f) filing schedule.

6

7 **Issue I - Natural Gas Cost Projections**

8 **Company Position**

9

10 **Q. HOW DOES THE COMPANY DETERMINE THE PROJECTED**
11 **NATURAL GAS PRICES FOR PLANNING PURPOSES?**

12 A. Projected natural gas prices for PGW's planning purposes are derived from
13 forecasted pricing data produced specifically for PGW by Standard and
14 Poor's Fuel Price Service. This service, called DRI, is a nationally
15 recognized provider of forecast information and is part of McGraw Hill
16 Publications. This is the same data service used by PGW for filings before
17 the Philadelphia Gas Commission (PGC) for many years.

18

19 **Q. WHEN DID PGW FILE ITS OFFICIAL 1307(F) FILING?**

20 A. The Company made a June 1, 2001 official 1307(f) filing.

21

22 **Q. AS OF WHAT DATE WERE THE DRI FORECASTS DEVELOPED?**

1 A. Calculations in PGW's June 1, 2001 filing were obtained from the March
2 2001 Standard and Poor's forecast. The prices provided by DRI reflected
3 the current market cost estimates at the time of publication (See PGW St. 2,
4 page 9).

5
6 **Q. ARE ALL OF PGW'S GAS COST PROJECTIONS BASED UPON**
7 **DRI?**

8 A. No. PGW's natural gas supply portfolio includes gas supplies that are
9 under contract at a fixed price.

10

11 **Q. WHAT IS THE ESTIMATED TOTAL COST OF GAS FOR THE**
12 **SUPPLIES THAT ARE ASSOCIATED WITH THE DRI**
13 **FORECASTS?**

14 A. Using the data supplied by the Company in its response to OTS-Set 1-7, the
15 estimated total cost of gas for the supplies associated with the DRI forecasts
16 is approximately \$682,651,762. See OTS Exhibit No. 1, Schedule 1.

17

18 **Q. WHAT IS THE ESTIMATED TOTAL VOLUMES FOR THE**
19 **SUPPLIES THAT ARE ASSOCIATED WITH THE DRI**
20 **FORECASTS?**

21 A. As can be seen in OTS Exhibit No. 1, Schedule 1, the volumes relating to
22 the supplies that are associated with the DRI forecasts are 119,708,563 Dth.

1

2 **OTS Position**

3 **Q. MR. METRO DO YOU AGREE WITH PGW'S ESTIMATED**
4 **TOTAL COST OF GAS RELATING TO THE SUPPLIES THAT**
5 **ARE ASSOCIATED WITH THE DRI FORECASTS?**

6 A. No. The Company's DRI forecast of natural gas prices, based on March
7 2001 levels, is out of date and unrepresentative of the natural gas market as
8 it exists today. The prices in the Natural Gas Market have shown a
9 downward trend since March.

10

11 **Q. HAS THE FORECASTED PRICE FOR NATURAL GAS**
12 **DECREASED SINCE MARCH 2001?**

13 A. Yes. As can be seen in OTS Exhibit No. 1, Schedule 2, the average natural
14 gas price, based upon the New York Mercantile Exchange¹ (NYMEX)
15 projections has decreased since at least May 21, 2001. In addition, OTS
16 Exhibit No. 1, Schedule 1 shows the difference in average prices estimated
17 by the Company's DRI projections and the natural gas prices reported by
18 NYMEX. As calculated in Schedule 1, the difference between the March
19 2001 DRI estimates and the NYMEX estimates as of June 20, 2001 is a
20 reduction of approximately \$1.60 per Dth.

¹ NYMEX is a commodity exchange, based in New York City, where the Natural Gas Futures contract and other energy futures are traded.

1 **Q. MR. METRO, HAVE YOU CALCULATED THE REDUCTION TO**
2 **GAS COST PROJECTIONS BASED UPON THE JUNE 2001**
3 **NYMEX NATURAL GAS PROJECTIONS?**

4 A. Yes. OTS Exhibit No. 1, Schedule 1, shows that the Company's June
5 1307(f) filing over-estimates natural gas costs by approximately
6 \$191,323,000. The recommended natural gas cost reduction of
7 \$191,323,000 is based upon the June 20, 2001 NYMEX natural gas
8 estimates. OTS Exhibit No. 1, Schedule 3, shows the listing of the monthly
9 NYMEX natural gas prices that I utilized to calculate the gas cost
10 reduction.

11

12 **Q. WHAT IS YOUR RECOMMENDATION?**

13 A. I recommend that the Company be ordered to reduce the projected natural
14 gas costs by approximately \$191,000,000 for the time period June 2001
15 through November 2002 and change the 1307(f) accordingly.

16

17 **Q. WHY SHOULD PGW UPDATE ITS GAS COST PROJECTION?**

18 A. PGW should update its gas cost projections to avoid a gas cost
19 overcollection problem in its next 1307(f) filing.

20

21 **Q. MR. METRO, HAVE YOU SENT A REQUEST TO PGW TO**
22 **UPDATE ITS NATURAL GAS COST PROJECTIONS?**

1 A. Yes OTS Exhibit No. 1, Schedule 4, shows the Company's response to
2 Interrogatory OTS-Set-1-7. The Company stated within this response that
3 the DRI forecast for June would not be available until June 15, 2001.
4

5 **ISSUE - 2**
6 **Filing Schedule for PGW**
7

8 **Q. WHEN DO 1307(f) GAS UTILITIES FILE THEIR ANNUAL**
9 **RECONCILIATION?**

10 A. 1307(f) gas utilities submit their annual filing in accordance with the
11 schedule established by the Commission, as published in the Pennsylvania
12 Bulletin prior to the first day of September of each proceeding year.
13 Currently, there are three groups of filings with effective dates of August 1;
14 October 1 and December 1, respectively.
15

16 **Q. HOW DID PGW PREVIOUSLY FILE ITS PURCHASED GAS**
17 **COSTS?**

18 A. PGW submitted its gas cost rate filing to coincide with its fiscal year ended
19 August 31st with an effective date of September 1st.
20

21 **Q. SINCE PGW'S 1307(f) HAS A SEPTEMBER 1 EFFECTIVE DATE,**
22 **WHEN SHOULD PGW SUBMIT ITS ANNUAL 1307(f) FILING AND**
23 **QUARTERLY REPORTS?**

1 A. PGW should file its preliminary filing on February 1, 2002 and the official
2 filing on March 1, 2002. The Quarterly Reports are to be filed prior to the
3 following effective dates: 1st Quarterly - December 1, 2001; 2nd Quarterly -
4 March 1, 2002; 3rd Quarterly - June 1, 2002; 4th Quarterly September 1,
5 2002.

6

7 **Q. WHAT IS YOUR RECOMMENDATION?**

8 A. I recommend that the Commission direct PGW to file in accordance with
9 the above schedule and that the Commission directs the Secretary's Bureau
10 to create a fourth grouping and publish in the Pennsylvania Bulletin this
11 filing schedule for PGW.

12

13 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

14 A. Establishing a similar filing schedule for PGW will allow the Commission
15 and other parties adequate time to review and litigate their 1307(f) filing.
16 The September 1st effective date will coincide with the end of PGW's fiscal
17 year on August 31st.

18

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes it does.

APPENDIX A

Professional and Educational Experience of Paul J. Metro

Education

The Pennsylvania State University, University Park, Bachelor of Science, Mineral Economics, 1982

Earned additional credits in Industrial Engineering from 1982-1984, The Pennsylvania State University, University Park

The Pennsylvania State University, Capitol Campus, Master of Engineering Science, Industrial Engineering/Operations Research Emphasis, 1992.

Professional Experience

April 1996 to Present: Pennsylvania Public Utility Commission, Fixed Utility Valuation Engineer in the Office of Trial Staff - Participates in the review and prosecution of gas, electric, telecommunications, water, and sewer rate filings in the areas of valuation, depreciation, rate base, rate structure, and purchased gas.

March 1994 to March 1996: Pennsylvania Public Utility Commission, Fixed Utility Valuation Engineer - Rate Structure/Engineering Section, Energy Division, Office of Trial Staff. Participates in the review and prosecution of natural gas and electric rate filings in the areas of valuation, depreciation, rate base, rate structure, and purchased gas.

December 1987 to March 1994: Pennsylvania Public Utility Commission, Fixed Utility Valuation Engineer - Engineering Section, Engineering and Rate Design Division, Office of Trial Staff. Participates in the review and prosecution of gas, electric, telecommunications, water, and sewer rate filings in the areas of valuation, depreciation, rate base, rate structure, and purchased gas.

September 1986 to December 1987: Pennsylvania Public Utility Commission, Fixed Utility Valuation Engineer - Engineering Section, Rate Design Division, Office of Trial Staff. Participated in the review and prosecution of gas, electric, telecommunications, and water rate filings in the areas of cost of service and tariff rules and regulations.

May 1985 to September 1986: Pennsylvania Public Utility Commission, Fixed Utility Valuation Engineer - Valuation Section, Gas Division, Bureau of Rates. Participated in the review and prosecution of gas rate filings in the areas of valuation, depreciation, rate structure, purchased gas, and cost of service.

Professional Affiliations

Engineers Society of Pennsylvania

Testimony Presented Before The Pennsylvania Public Utility Commission

Equitable Gas Company, Transportation Investigation, R-870666

UGI Corporation - Gas Division, Transportation Investigation, R-870665

National Fuel Gas Distribution Corporation, General Rate Case, R-870719

Equitable Gas Company, 1307(f) Proceeding, R-880932

Pennsylvania Gas & Water Company, 1307(f) Proceeding, R-880958

Equitable Gas - Energy Company, General Rate Case, R-880941

Equitable Gas Company, General Rate Case, R-880971

Equitable Gas Company, 1307(f) Proceeding, R-891238

Lake Latonka Water Company, General Rate Case, R-891257

Philadelphia Electric Company, General Rate Case, R-891364

Equitable Gas Company, 1307(f) Proceeding, R-901645

Roaring Creek Water Company, General Rate Case, R-901625

Equitable Gas Company, General Rate Case, R-901595

West Penn Power Company, General Rate Case, R-901609

Pennsylvania Gas & Water Company, 1307(f) Proceeding, R-901699

Western Utilities, Inc., General Rate Case, A-210017

T.W. Phillips Gas & Oil Co., 1307(f) Proceeding, R-911889

Columbia Gas of Pennsylvania, Inc., General Rate Case, R-901873

Columbia Gas of Pennsylvania, Inc., 1307(f) Proceeding, R-911921

Pennsylvania Gas & Water Company, 1307(f) Remand Proceeding, R-901699

Olwen Heights Water Company, General Rate Case, R-891226

Peoples Natural Gas Company, General Rate Case, R-922180

Pennsylvania Gas & Water Company, Transportation Tariff Filing, R-922169

Pennsylvania Gas & Water Company, 1307(f) Filing, R-922324

West Penn Power, General Rate Case, R-922378

Peoples Natural Gas Company, 1307(f) Filing, R-932598

Equitable Gas Company, 1307(f) Filing, R-932599

National Fuel Gas Distribution Company, General Rate Case, R-932548

Pennsylvania Gas & Water Company, Transportation Tariff Filing, R-932655

Allied Gas Company ET AL, Transportation Tariff Filing, R-932662

Peoples Natural Gas Company, General Rate Case, R-932866, R-932915

Peoples Natural Gas Company, 1307(f) Filing, R-943028

Columbia Gas of Pennsylvania, 1307(f) Filing, R-943029

Equitable Gas Company, 1307(f) Filing, R-943022

Pennsylvania Gas & Water Company, Tariff Filing, R-943078

Pennsylvania Power & Light Company, General Rate Case, R-943271

Equitable Gas Company, Transportation Filing, R-943272

UGI Utilities, Inc., General Rate Case, R-953297

Equitable Gas Company, 1307(f) Filing, R-953320

National Fuel Gas Distribution Corporation, 1307(f), R-953487

Equitable Gas Company, 1307(f) Filing, R-963576

PFG Gas, Inc. and North Penn Gas Co., General Rate Case, R-963524

PECO Energy Company, Electric Securitization Filing, R-973877

PECO Energy Company, Restructuring, R-973953

Peoples Natural Gas Company, 1307(f) Filing, R-973896

Equitable Gas Company, General Rate Case, R-963858

West Penn Power Company, Restructuring, R-973981

Duquesne Light Company, Restructuring, R-974104

DQE, Inc., Allegheny Power, System, Inc. And AYP Sub, Inc., Merger,
A-110150F0015

Metropolitan Edison Company, Restructuring, R-974008

Pennsylvania Electric Company, Restructuring, R-974009

Pennsylvania Power Company, Restructuring, R-974149

The Peoples Natural Gas Company, 1307(f), R-984281/A-122250

PG Energy, General Rate Case, R-984280

Bell/GTE Merger, A-310200

Peoples Natural Gas Company, 1307(f), R-994600

Pittsburgh Thermal, LTD, Base Rate Case, R-994641

Peoples Natural Gas Company, Restructuring, R-994782

National Fuel Gas Distribution Corporation, Restructuring, R-994785

PECO Energy Company, Restructuring, R-994787

National Fuel Gas Distribution Corporation, 1307(f), R-994898

Peoples Natural Gas Company, 1307(f), R-05068

PECO Energy Company, Merger, A-110550F0147

PECO Energy Company, 1307(f), R-00005285

PFG Gas Inc, /North Penn Gas Company, Base Rate Filing, R-00005277

Philadelphia Gas Works, Emergency Rate Relief, R-00005654

Philadelphia Gas Works, GCR Filing, R-00005619

Hofmann Complaint, C-00003811

TW Phillips, Base Rate Filing, R-00005459

Merger of GPU with Firstenergy, A-110300F0095 & A-110400F0040

Metropolitan Edison and Pennsylvania Electric, P-00001860 & P-00001861

OTS Exhibit No. 1
Witness: Paul J. Metro
Date: July 10, 2001

8/8/01

PHB, PG

PHB

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Philadelphia Gas Works

Docket No. R-00016378

**Exhibit to Accompany
the
Direct Testimony**

Of

Paul J. Metro

Office of Trial Staff

SECRETARY'S BUREAU

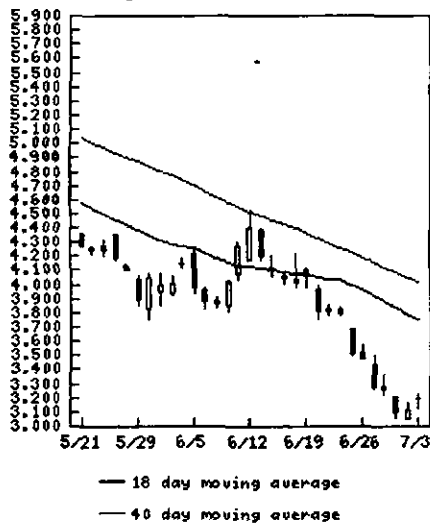
01 AUG 13 PM 1:22

Concerning:

1307(f) Issues

NYMEX Natural Gas

August 2001 Delivery





Get More From Your Stocks With Options!
FREE video "Investing with LEAPS."
CLICK HERE

OPTIONS INDUSTRY COUNCIL

ino.com

Welcome | Charts | **Quotes** | News | Forum | Store | help

PowerAnalyzer | eXtreme Stocks | eXtreme Futures | **INO Portfolio**

Wednesday Jun. 20, 12:53PM EDT

Search

- Quotes
- Forum
- Store

[search tips](#)

CBOE REAL-TIME DATA STRATEGIES PERSONALIZATION

QUOTES

- **Portfolio**
- **Market Summary**
- **Extreme Futures**
- **Futures Markets**
 - Currencies
 - Energy
 - Food and Fiber
 - Grains and Oilseeds
 - Indexes
 - Interest Rates
 - Livestock and Meats
 - Metals
- **Futures Exchanges**
 - CBOT
 - COMEX
 - CSCE
 - CME
 - KCBT
 - MGEX
 - MIDAM
 - NYBOT
 - NYCE
 - NYMEX
 - SFE
 - SIMEX
- **Foreign Exchange**
- **RT Cross Rates**
- **Stocks**
 - Extreme Stocks
 - DotComIndex
 - Internet
 - Tech
 - Blue Chip

Free Extreme Email
Enter your email address for a free daily market report:

[View sample](#)

New York Mercantile Exchange (NYMEX)

Energy
Henry Hub Natural Gas (NG)

Market	Open	High	Low	Last	Change	Time
NGN1 Jul 2001	3.880	3.915	3.865	3.890	-0.091	12:23PM
NGQ1 Aug 2001	3.960	3.995	3.940	3.960	-0.100	12:22PM
NGU1 Sep 2001	4.010	4.035	3.980	4.005	-0.093	12:18PM
NGV1 Oct 2001	4.050	4.080	4.030	4.055	-0.085	12:19PM
NGX1 Nov 2001	4.240	4.260	4.220	4.240	-0.089	12:22PM
NGZ1 Dec 2001	4.410	4.450	4.410	4.440	-0.078	12:22PM
NGF2 Jan 2002	4.475	4.520	4.470	4.500	-0.078	12:23PM
NGG2 Feb 2002	4.350	4.370	4.340	4.355	-0.080	11:57AM
NGH2 Mar 2002	4.140	4.170	4.140	4.145	-0.080	12:03PM
NGJ2 Apr 2002	3.690	3.720	3.680	3.700	-0.077	12:23PM
NGK2 May 2002	3.650	3.650	3.620	3.640	-0.072	11:46AM
NGM2 Jun 2002	3.670	3.695	3.670	3.670	-0.087	12:20PM
NGN2 Jul 2002	3.590	3.740	3.590	3.740	-0.062	12:21PM
NGQ2 Aug 2002	3.750	3.770	3.750	3.770	-0.059	11:46AM
NGU2 Sep 2002	3.772	3.780	3.760	3.760	-0.082	12:11PM
NGV2 Oct 2002	3.800	3.800	3.780	3.800	-0.064	11:46AM
NGX2 Nov 2002	3.950	3.950	3.920	3.940	-0.064	11:46AM
NGZ2 Dec 2002	4.090	4.090	4.065	4.070	-0.072	10:48AM
NGF3 Jan 2003	4.140	4.140	4.140	4.140	-0.062	10:38AM
NGG3 Feb 2003	4.145	4.100	4.070	4.085	0.000	8:08AM
NGH3 Mar 2003	3.900	3.900	3.900	3.900	-0.039	10:42AM
NGJ3 Apr 2003	3.555	3.555	3.555	3.555	-0.069	10:37AM
NGK3 May 2003	3.610	3.610	3.599	3.599	0.000	8:08AM
NGM3 Jun 2003	3.590	3.590	3.590	3.590	-0.049	10:10AM
NGN3 Jul 2003	3.685	3.686	3.685	3.686	0.000	8:08AM
NGQ3 Aug 2003	3.750	3.750	3.714	3.714	0.000	8:08AM
NGU3 Sep 2003	3.760	3.760	3.728	3.728	0.000	8:08AM
NGV3 Oct 2003	3.710	3.751	3.710	3.751	0.000	8:08AM
NGX3 Nov 2003	3.840	3.886	3.840	3.886	0.000	8:08AM
NGZ3 Dec 2003	3.980	4.026	3.980	4.026	0.000	8:08AM
NGF4 Jan 2004	4.045	4.076	4.015	4.076	0.000	8:09AM
NGG4 Feb 2004	3.920	3.920	3.920	3.920	-0.038	10:05AM
NGH4 Mar 2004	3.780	3.780	3.780	3.780	-0.045	10:05AM
NGJ4 Apr 2004	3.580	3.610	3.580	3.610	0.000	8:09AM
NGK4 May 2004	3.710	3.710	3.600	3.600	0.000	settle 5:05PM
NGM4 Jun 2004	3.760	3.760	3.636	3.636	0.000	settle 5:05PM
NGL1 Access Jul 2001	3.970	3.980	3.880	3.880	-0.101	9:00AM
NGO1 Access Aug 2001	4.045	4.055	3.970	3.975	-0.085	9:00AM

- Need Help?**
- [Help Line](#)
 - [Site Map](#)
 - [About INO](#)
 - [Contact Us](#)

NGP1	Access Sep 2001	4.090	4.090	4.000	4.000	-0.098	9:00AM
NGR1	Access Oct 2001	4.130	4.140	4.070	4.075	-0.065	9:00AM
NGS1	Access Nov 2001	4.320	4.320	4.250	4.255	-0.074	9:00AM
NGT1	Access Dec 2001	4.510	4.510	4.445	4.455	-0.063	8:59AM
NGA2	Access Jan 2002	4.570	4.575	4.515	4.515	-0.063	9:00AM
NGB2	Access Feb 2002	4.430	4.430	4.380	4.385	-0.050	9:00AM
NGC2	Access Mar 2002	4.210	4.210	4.170	4.175	-0.050	9:00AM
NGD2	Access Apr 2002	3.735	3.735	3.720	3.720	-0.057	9:00AM
NGE2	Access May 2002	3.700	3.712	3.650	3.712	0.000	9:00AM
NGI2	Access Jun 2002	3.760	3.760	3.757	3.757	0.000	4:00PM
NGL2	Access Jul 2002	3.740	3.802	3.740	3.802	0.000	3:56PM
NGO2	Access Aug 2002	3.790	3.829	3.790	3.829	0.000	3:56PM
NGP2	Access Sep 2002	4.065	4.065	3.842	3.842	0.000	3:56PM
NGR2	Access Oct 2002	3.924	3.924	3.864	3.864	0.000	3:56PM
NGS2	Access Nov 2002	4.281	4.281	4.004	4.004	0.000	3:56PM
NGT2	Access Dec 2002	4.400	4.400	4.142	4.142	0.000	3:56PM
NGA3	Access Jan 2003	4.620	4.620	4.202	4.202	0.000	settle 3:56PM
NGB3	Access Feb 2003	4.490	4.490	4.085	4.085	0.000	3:56PM
NGC3	Access Mar 2003	4.310	4.310	3.939	3.939	0.000	3:56PM
NGD3	Access Apr 2003	4.020	4.020	3.624	3.624	0.000	3:56PM
NGE3	Access May 2003				3.599	0.000	3:56PM
NGI3	Access Jun 2003	4.015	4.015	3.639	3.639	0.000	3:56PM
NGL3	Access Jul 2003	4.187	4.187	3.686	3.686	0.000	3:56PM
NGO3	Access Aug 2003	4.222	4.222	3.714	3.714	0.000	3:56PM
NGP3	Access Sep 2003	4.224	4.224	3.728	3.728	0.000	3:56PM
NGR3	Access Oct 2003	4.140	4.140	3.751	3.751	0.000	3:56PM
NGS3	Access Nov 2003	4.245	4.245	3.886	3.886	0.000	3:56PM
NGT3	Access Dec 2003	4.380	4.380	4.026	4.026	0.000	3:56PM
NGA4	Access Jan 2004	4.440	4.440	4.076	4.076	0.000	settle 3:56PM
NGB4	Access Feb 2004	4.317	4.317	3.958	3.958	0.000	settle 3:56PM
NGC4	Access Mar 2004	4.180	4.180	3.825	3.825	0.000	settle 3:56PM
NGD4	Access Apr 2004	4.010	4.010	3.610	3.610	0.000	settle 3:56PM
NGE4	Access May 2004				3.600	0.000	settle 3:56PM
NGI4	Access Jun 2004				3.636	0.000	settle 3:56PM

All quotes are exchange delayed.
For charts, options, and latest headline news, click on the market name.



[Home](#) - [Charts](#) - [Quotes](#) - [News](#) - [Forum](#) - [Store](#) - [Free Stuff](#) - [Search](#) - [Site Map](#) - [Contact Info](#) - [Help](#)

Copyright 2001 INO.com, Inc. All Rights Reserved.
[Disclaimers](#) - [Privacy Policy](#)



RESPONSE TO THE OFFICE OF TRIAL STAFF DATA REQUEST
REGARDING PGW'S ANNUAL GCR PROCEEDING 1307(f)
DOCKET NO. R-00016378

Question OTS-7: Provide a schedule showing the monthly DRI Forecasts included in this filing. Provide the monthly volumes that are associated with each month's forecasted rate. In addition, provide the DRI forecast as of June 1, 2001.

Response Provided By: Craig White – Sr. Vice President, Marketing & Supply Services

Response: Please see the attached copy of the DRI forecast used in the preparation of this filing (Exhibit OTS-I-7(a)).

Please see Exhibit OTS-I-7(b) for the monthly volumes associated with the forecasted rates.

The general monthly DRI forecast for June will not be available until June 15th. The company is providing the latest DRI forecast received on May 15th as Exhibit OTS-I-7(c).

OTS Statement No. 1-SR
Witness: Paul J. Metro
Date: August 3, 2001

8/8/01

PJM, DD

RJ

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Philadelphia Gas Works

Docket No. R-00016378

Surrebuttal Testimony

Of

Paul J. Metro

Office of Trial Staff

RECEIVED
01 AUG 13 PM 1:22
P.U.C.
SECRETARY'S BUREAU

DOCUMENT
FOLDER

Concerning:

1307(f) Issues

DOCKETED

AUG 14 2001

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS**
2 **ADDRESS?**

3 A. My name is Paul J. Metro. My business address is P.O. Box 3265,
4 Harrisburg, Pennsylvania 17105-3265.

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission in the
8 Office of Trial Staff as a Fixed Utility Valuation Engineer.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL**
11 **TESTIMONY?**

12 A. The purpose of my testimony is to address Philadelphia Gas Works'
13 (PGW) rebuttal testimony of Mr. Craig White.

14
15 **Issue I - Natural Gas Cost Projections**

16 **Company Position-Rebuttal**
17

18 **Q. WHAT IS THE COMPANY'S POSITION RELATING TO THE**
19 **UPDATING OF NATURAL GAS COSTS?**

20 A. The Company provided an update to their GCR based on the July DRI
21 Forecast. However, the Company avers that because of the substantial
22 volatility in the markets, DRI projections were supplemented with the latest

1 NYMEX June 29, 2001 closing price data for the months of September
2 2001 through January 2002 (See PGW St. 2.1, page 2).

3
4 **Q. WHAT IS THE REVISED GCR FACTOR PROPOSED BY THE**
5 **COMPANY?**

6 A. It is not clear from reading the Company's rebuttal testimony what their
7 position is regarding a revised GCR factor. Mr. White provides the
8 quantification of a revised GCR factor (\$3.0542/Mcf)(Ibid.). This is a
9 reduction of \$2.5416/Mcf from the originally proposed GCR factor of
10 \$5.5958/Mcf (Ibid.). However, he states that the \$3.0542/Mcf is not
11 "necessarily" the Company's final position (PGW St. 2.1, page 3).

12
13 **OTS Position**

14 **Q. MR. METRO, DO YOU AGREE WITH MR. WHITE'S REVISED**
15 **GAS COST PROJECTIONS?**

16 A. Yes. It appears that Mr. White is recognizing the market reductions to
17 natural gas costs since the filing of his 1307(f) filing. OTS will accept Mr.
18 White's revised gas cost projections relating to a revised GCR factor of
19 \$3.0542/Mcf. Mr. White's revised gas cost projections are more in-line
20 with the current gas cost trend versus his originally filed gas cost
21 projections.

1 **Issue 2 – Filing Dates**

2 **Company Position**

3 **Q. WHAT IS THE COMPANY’S RESPONSE TO YOUR DIRECT**
4 **TESTIMONY RELATING TO THE DATES IN, WHICH PGW**
5 **SHOULD FILE THEIR NEXT 1307(F) FILING AND THEIR**
6 **QUARTERLY UPDATES?**

7 A. Mr. White states on page 14 of his rebuttal testimony that PGW intends to
8 file its preliminary 1307(f) filing by February 1, 2002 and its official
9 1307(f) filing by March 1, 2002. PGW prefers to have its 1307(f) rate
10 become effective at the beginning of their fiscal year September 1. As
11 such, PGW avers that its first quarter will not conclude until November 30,
12 2001. Mr. White recommends that the quarterly reports be filed thirty (30)
13 days after the close of each quarter. He avers that if this recommendation is
14 not adopted, PGW’s quarterly reports will be one month shy of a complete
15 period in every instance.

16

17 **OTS Position**

18 **Q. MR. METRO, DO YOU AGREE WITH MR. WHITE’S REBUTTAL**
19 **POSITION RELATING TO THE FILING DATES OF THE 1307(F)**
20 **FILING AND SUBSEQUENT QUARTERLY FILINGS?**

21 A. Mr. White’s position relating to the filing date of the 1307(f) is the position
22 that I advocated in my direct testimony. However, in my opinion, Mr.

1 White is confused about the filing dates of the quarterly filings.

2

3 **Q. PLEASE EXPLAIN?**

4 A. First, my direct testimony, on page 7, lines 3-5, has the wrong years listed
5 in the answer. The correct dates should say, December 1, 2002, March 1,
6 2003, June 1, 2003, and September 1, 2003. As I stated and in my direct
7 testimony and now corrected, page 7, the Quarterly Reports for PGW are to
8 be filed prior to the following effective dates: 1st Quarterly – December 1,
9 2002; 2nd Quarterly – March 1, 2003; 3rd Quarterly – June 1, 2003; 4th
10 Quarterly September 1, 2003. Mr. White's confusion appears to be
11 originating in which months are to be included within the quarterly filings.

12

13 **Q. MR. METRO, PLEASE SPECIFY WHICH MONTHS WOULD BE**
14 **RECONCILED FOR EACH QUARTER?**

15 A. The 1st Quarterly Report –filed December 1, 2002, would include the
16 months of August 2002 through October 2002 for reconciliation. The 2nd
17 Quarterly Report –filed March 1, 2003 would include the months
18 November 2002 through January 2003. The 3rd Quarterly Report – filed
19 June 1, 2003 would include the months February 2003 through April 2003.
20 The final 4th Quarterly Report – filed September 1, 2003 would include the
21 months May 2003 through July 2003.

22

1 Q. MR. METRO, DO THE COMMISSION'S REGULATIONS
2 SUPPORT YOUR RECOMMENDED QUARTERLY FILING DATES
3 AND THE MONTHS THAT COMPRISE THE QUARTERLY
4 FILINGS?

5 A. Yes. I am advised by counsel that Pa. Code 52 Chapter 53.64 14(i) 5 (i)
6 supports my proposed Quarterly filing dates and the months that comprise
7 such filings.

8

9 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

10 A. Yes it does.

