

# Philadelphia Gas Works

Gregory J. Stunder  
Senior Attorney



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January 31, 2014

## VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building - 2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

RE: Philadelphia Gas Works; 2014 - 2015 Gas Cost Rate Filing; Docket No. R-2014-XXXXXXX

Dear Secretary Chiavetta,

Enclosed for filing are one original and one CD containing the supporting information required for Philadelphia Gas Works (PGW) prefiling for its annual 2014-2015 Gas Cost Rate Filing.

Pursuant to its Joint Petition for Complete Settlement of Philadelphia Gas Works' 2001-2002 GCR Proceeding, and the Commission's September 11, 2001 Order approving such settlement entered at Docket No. R-00016378, PGW is filing the prefiling information required by the Commission's regulations on or before February 1, 2014 and will submit its annual GCR filing on or before March 1, 2014.

PGW is providing the information required by 66 Pa. C.S. §1307(f), 1317 and 1318 as well as 52 Pa. Code § 53.64 and 53.65, in accordance with Ordering Paragraph No. 14 of the Commission's November 22, 2000 Order at Docket Number R-00005619 and PGW's acceptance of such conditions in the Commission's Order. However, the data required by 53.64(c)(1) is being filed pursuant to the attached schedule as agreed upon by the by the Bureau of Investigation & Enforcement and the Office of the Consumer Advocate in prior Gas Cost Rate Proceedings.

Please contact me if you have any questions regarding this filing.

Respectfully,

Gregory J. Stunder

A handwritten signature in black ink, appearing to read "Gregory J. Stunder", is written over the typed name. The signature is fluid and cursive.

Enclosure

cc: All Parties of Record

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**Filing Schedule for the Data Required by 52 Pa. Code § 53.64(c)(1)**

<b><u>Filing requirement:</u></b>	<b><u>Data filed with the February 1, 2014 pre-filing:</u></b>	<b><u>Data filed with the March 1, 2014 annual filing:</u></b>
Schedule 1 - Twelve (12) month purchased gas costs expressed in terms of volumes and dollars for the period January 1, 2013 to December 31, 2013.	Actual data for the eleven (11) months ending November 30, 2013 and actual/estimated data for the one (1) month ending December 31, 2013.	Actual data for the twelve (12) months ending December 31, 2013.
Schedule 2 - Capacity release credits by pipeline by month for the period January 1, 2013 to December 31, 2013.	Actual data for the eleven (11) months ending November 30, 2013 and actual/estimated data for the one (1) month ending December 31, 2013.	Actual data for the twelve (12) months ending December 31, 2013.
Schedule 3 - Twenty (20) month forecasted summary of total fuel purchased for the period of January 1, 2014 through August 31, 2015.	N/A.	Twenty (20) month forecast.
Schedule 4 - Twenty (20) month forecast of capacity release credits by pipeline by month for the period of January 1, 2014 through August 31, 2015.	N/A.	Twenty (20) month forecast.

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Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

Re: Philadelphia Gas Works 2014 – 2015 Gas Cost Rate Filing  
Docket No. R-2014-XXXXXX

Dear Secretary Chiavetta,

Enclosed for filing are one original and one CD containing an image of the above-referenced petition. Please contact me if you have any questions regarding this filing.

Respectfully,

A handwritten signature in black ink, appearing to read "Gregory J. Stunder". The signature is fluid and cursive, with the first name being the most prominent.

Gregory J. Stunder, Esq.

cc: All Parties of Record  
Paul Diskin, Bureau of Fixed Utility Services w/enc.

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**COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION**

**PETITION OF PHILADELPHIA GAS :  
WORKS FOR SPECIAL PERMISSION :  
TO DEPART FROM CERTAIN :  
REQUIREMENTS OF 52 PA. CODE :  
SECTIONS 53.45(b), 53.64(c), 53.68(a) AND :  
5.64(i)(5)(i) : DOCKET NO. R-2014-\_\_\_\_\_**

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Philadelphia Gas Works ("PGW") hereby petitions the Pennsylvania Public Utility Commission ("PUC" or "Commission") for special permission to depart from requirements of 52 Pa. Code §§ 53.45(b), 53.64(c), 53.68(a) and 53.64(i)(5)(i) in order to:

- (1) provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the annual 1307(f) filing, on March 1, 2014, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) days after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a);
- (2) in company offices in which payments are accepted, provide public notice on the date of the annual 1307(f) filing, March 1, 2014, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b); and
- (3) provide estimated data for both January 2014 and February 2014 in the March 1, 2014 quarterly 1307(f) filing instead of providing actual data for January 2014 alone as required by 52 Pa. Code § 53.64(i)(5)(i).

In support of this Petition, PGW states the following:

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1. PGW is a group of real and personal assets owned by the City of Philadelphia (the “City”) and used for the acquisition, storage, processing, and distribution of natural gas within the City, and thus qualifies as a “city natural gas distribution operation” pursuant to Section 102 of the Public Utility Code (“Code”), 66 Pa. C.S. § 102. PGW provides natural gas supply and natural gas distribution services to over 500,000 customers in the City and County of Philadelphia.

2. PGW is managed by the Philadelphia Facilities Management Corporation, subject to oversight by the Philadelphia Gas Commission (“PGC”) and, in some instances, Philadelphia City Council and the City’s Director of Finance, pursuant to an Agreement for Management and Operation of Philadelphia Gas Works with the City of Philadelphia executed on December 29, 1972. On the same date, the Management Agreement was incorporated into and approved by an ordinance of Philadelphia City Council (No. 455 of 1972) (“Management Agreement Ordinance”).

3. Prior to July 1, 2000, PGW operated under the jurisdiction of the PGC. The PGC fixed and regulated gas rates consistent with the standards set by the ordinances of the City, including the Management Agreement Ordinance and the City’s Bond Ordinances, and other applicable law.

4. Section 2212(d) of the Code permits PGW to continue to provide natural gas supply and natural gas distribution services to its customers under its prior tariff and the policies or programs existing on July 1, 2000 until the effective date of the Commission’s final order approving PGW’s restructuring plan and new tariff. Section 2212(d) also permits the PUC to modify PGW’s prior tariff upon PGW’s request.

5. By Order entered November 22, 2000 in Docket No. R-00005619, the Commission directed PGW to comply with the requirements of 66 Pa. C.S. §§ 1307(f) (relating to recovery of purchased gas costs) and 1317(a) and 1318(a) (relating to least cost fuel procurement), as well as the Commission's regulations at 52 Pa. Code §§ 53.64 and 53.68, with respect to recovery of PGW's purchased gas costs under "Gas Cost Rate" Section of its tariff.

6. On June 1, 2001, PGW filed its proposed 2001-2002 Gas Cost Rate ("GCR")<sup>1</sup> in accordance with Section 11 of its tariff and the PUC's orders in Docket Nos. R-00005619 (order entered November 22, 2000) and R-00005654 (order approving settlement entered February 22, 2001). PGW's 2001-2002 GCR proceeding was docketed at No. R-00016378.

7. By Order entered September 11, 2001 in Docket No. R-00016378, the Commission approved a Joint Petition for Complete Settlement of Philadelphia Gas Works' 2001-2002 GCR Proceeding which requires PGW to submit its annual GCR filing for 2002-2003 on March 1, 2002 and the pre-filing information on February 1, 2002.

8. The Commission's regulations at 52 Pa. Code §§ 53.64(c) and 53.68(a) permit notifications of increases or decreases in purchased gas costs to customers by bill insert but require such notification, for PGW's 2014-2015 GCR, to be begun by January 31, 2014, thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2014. The Commission's regulations at 52 Pa. Code §§ 53.64(c), 53.68(a) and 53.45(b) seem to require that PGW provide public notice of proposed changes in its 2014-2015 GCR in company offices that accept payments thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2014, or on January 31, 2014. Because finalized data for the month of December 2013, will not be available and compiled by January 31, 2014, PGW cannot, by January 31, 2014: (a)

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<sup>1</sup> Supplement No. 11 to Tariff Gas – Pa. P.U.C. No. 1.

determine its proposed GCR for the 2014-2015 GCR period; (b) begin customer bill insert notice of the proposed rate; or (c) provide public notice of the proposed rate in company offices that accept payments.

9. In addition, PGW is unable to determine its proposed 2014-2015 GCR by January 31, 2014 because it takes approximately ten (10) days to complete the revenue and GCR runs necessary to generate the GCR rate proposed in the March 1, 2014 annual 1307(f) filing. There is insufficient time available to collect the requisite information, calculate volume and cost information, establish demands, temperature patterns, *etc.*, perform the necessary revenue and GCR calculations and prepare the appropriate level of documentation to generate the proposed GCR rate.

10. The calculation of the GCR rate proposed in the March 1, 2014 annual 1307(f) is based on the data provided in the March 1, 2014 quarterly 1307(f) filing, therefore, PGW must prepare the March 1, 2014 quarterly 1307(f) filing before actual January 2014 data is available. As a result, PGW must use estimated January 2014 data in preparing the March 1, 2014 quarterly 1307(f).

11. In lieu of notifying individual customers by bill insert during the one-month billing cycle beginning January 31, 2014, and concluding on or before March 1, 2014, PGW hereby requests special permission to depart from the requirements of 52 Pa. Code § 53.68(a) and to notify individual customers by bill insert during a one-month billing cycle beginning on March 1, 2014, and concluding not later than March 31, 2014.

12. In lieu of providing public notice, in company offices that accept payments, of proposed changes in PGW's 2014-2015 GCR thirty (30) days before the tariff or tariff addendum required to be filed March 1, 2014, or on January 31, 2014, PGW hereby requests special

permission to depart from the requirements of 52 Pa. Code §§ 53.68(a) and 53.45(b) and to provide public notice, in company offices that accept payments, of proposed changes in PGW's 2014-2015 GCR on March 1, 2014.

13. In lieu of providing actual January 2014 data in PGW's March 1, 2014 quarterly 1307(f) filing, PGW hereby requests special permission to depart from the requirements of 52 Pa. Code § 53.64(i)(5)(i) and to provide estimated January 2014 and estimated February 2014 data in PGW's March 1, 2013 quarterly 1307(f) filing.

14. Permitting PGW to provide customer notice by bill insert beginning March 1, 2014 and to provide public notice, in company offices that accept payments, on March 1, 2014, will not prejudice individual customers or the public interest because PGW's proposed 2014-2015 GCR will not become effective in any event until September 1, 2014. In addition, permitting PGW to provide customer notice by bill insert beginning March 1, 2014 is consistent with 52 Pa. Code § 53.45(b)(4), which provides that "the bill insert shall be included with customer bills beginning no later than the day the tariff, tariff supplement or tariff revision containing the rate increase is filed."

15. Pursuant to the Joint Petition for Settlement of PGW's 2003-2004 GCR Proceeding, PGW will publish on February 18, 2014 or February 19, 2014 newspaper notice of the filing of its tariff addendum and tariff or tariff supplement in the newspapers of general circulation within the territory served by PGW in advance of the March 1, 2014 filing of its tariff addendum and tariff or tariff supplement.

16. This petition for special permission is limited to the filing requirement provisions of 52 Pa. Code § 53.64(c) and to the notice provisions of 52 Pa. Code §§ 53.68(a) and 53.45(b) as they apply to the tariff addendum and tariff or tariff supplement to be filed by PGW on March

1, 2014, and has no applicability to any subsequent tariff addendum or tariff filing. PGW acknowledges that neither the granting of the requested special permission nor PGW's filing of the tariff addendum and tariff or tariff supplement is to be construed as approval by the Commission of the proposed change in PGW's gas cost recovery rates to be set forth in the tariff addendum and tariff or tariff supplement, and PGW acknowledges that the Commission's rules with regard to the construction, filing and posting of tariffs are not to be considered as being waived, except as permitted by any special permission granted in response hereto. PGW further acknowledges the Commission's right to take such other action as may be authorized by law, notwithstanding the granting of the requested special permission.

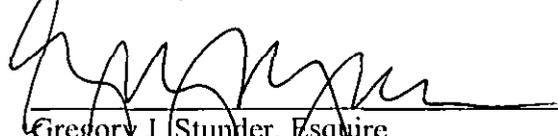
17. Upon information and belief, PGW notes that the Commission, in the past, has granted Section 1307(f) utilities special permission to delay customer notice until closer in time to the actual rate filing. For example, by Order entered December 6, 1985, at Docket No. P-850081, the Commission approved the "Petition of the Pennsylvania Gas Association for Partial Waiver of the Commission's Regulations at 52 Pa. Code §§ 53.64(c) and 53.68(a)," permitting customer notice to begin fifteen (15) days in advance of the Section 1307(f) tariff filing. In addition, the Commission permitted National Fuel Gas Distribution ("NFGD") to begin customer notice fourteen (14) days before NFGD's 2001-2002 and 2002-2003 Section 1307(f) proceedings at Docket Nos. R-00005832 and R-00016789.

18. The Commission's Bureau of Investigation and Enforcement and the Office of Consumer Advocate do not oppose the relief requested in this Petition.

WHEREFORE, it is respectfully requested that the Pennsylvania Public Utility Commission approve PGW's petition for special permission to depart from the requirements of 52 Pa. Code §§ 53.45(b), 53.64(c), 53.68(a) and 53.64(i)(5)(i) in order to:

- (1) provide written notice to customers by bill insert in the one-month billing cycle commencing on the date of the filing, on March 1, 2014, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs and ending no later than thirty (30) after the filing of such tariff addendum and tariff or tariff supplement, instead of beginning such notice with the one-month billing cycle commencing thirty (30) days prior to the filing of the tariff addendum and tariff or tariff supplement as required by 52 Pa. Code § 53.68(a);
- (2) in company offices in which payments are accepted, provide public notice on the date of the filing, March 1, 2014, of a tariff addendum and tariff or tariff supplement reflecting changes in purchased gas costs, instead of thirty (30) days prior to the filing of such tariff addendum and tariff or tariff supplement as required by 52 Pa. Code §§ 53.68(a) and 53.45(b); and
- (3) provide estimated data for both January 2014 and February 2014 in the March 1, 2014 quarterly 1307(f) filing instead of providing actual data for January 2014 alone as required by 52 Pa. Code § 53.64(i)(5)(i).

Respectfully submitted,



Gregory J. Stunder, Esquire  
Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia, PA 19122  
(215) 684-6878

Attorney for Philadelphia Gas Works

Date: January 31, 2014

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA FEDERAL EXPRESS**

Aron Beatty, Esq.  
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5<sup>th</sup> Floor, Forum Place Bldg.  
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300 North 2<sup>nd</sup> Street  
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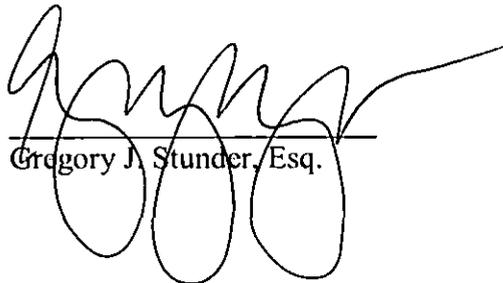
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\_\_\_\_\_  
Gregory J. Stunder, Esq.

Date: January 31, 2014

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SECRETARY'S BUREAU

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Aron Beatty, Esq.  
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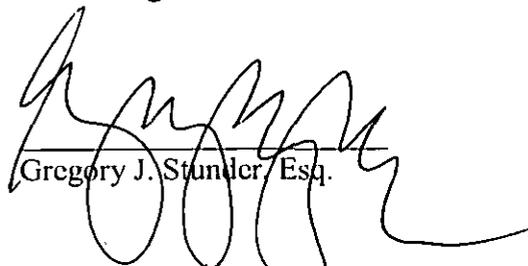
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Industrial Economics, Incorporated  
2067 Massachusetts Avenue  
Cambridge MA 02140

  
Gregory J. Stunder, Esq.

Date: January 31, 2014

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**FedEx** Package  
Express **US Airbill**

FedEx  
Tracking  
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8029 9475 3521

Form  
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Recipient's Copy

**1 From**

Date 1-31-14

Sender's Name Greg Stunder, Sr Phone 215 684 6878

Company PHILADELPHIA GAS WORKS

Address 800 W MONTGOMERY AVE  
Dept./Floor/Suite/Room

City PHILADELPHIA State PA ZIP 19122-2899

**2 Your Internal Billing Reference**

**3 To**

Recipient's Name Rosemary Chiavetta Sec Phone

Company PA PUB

Address 4100 North St  
We cannot deliver to PO boxes or PO ZIP codes Dept./Floor/Suite/Room

Address  
Use this line for the HOLD location address or for continuation of your shipping address.

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HOLD Weekday  
FedEx location address  
REQUIRED. NOT available for  
FedEx First Overnight.

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REQUIRED. Available ONLY for  
FedEx Priority Overnight and  
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**4 Express Package Service** \* To most locations.  
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For packages over 150 lbs., use the  
FedEx Express Freight US Airbill.

**Next Business Day**

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Next business morning.\* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Standard Overnight  
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**2 or 3 Business Days**

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Second business morning.\* Saturday Delivery NOT available.

FedEx 2Day  
Second business afternoon.\* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Express Saver  
Third business day.\* Saturday Delivery NOT available.

**5 Packaging** \* Declared value limit \$500.

FedEx Envelope\*  FedEx Pak\*  FedEx Box  FedEx Tube  Other

**6 Special Handling and Delivery Signature Options**

SATURDAY Delivery  
NOT available for FedEx Standard Overnight, FedEx 2Day A.M., or FedEx Express Saver.

No Signature Required  
Package may be left without obtaining a signature for delivery.

Direct Signature  
Someone at recipient's address may sign for delivery. Fee applies.

Indirect Signature  
If no one is available at recipient's address, someone at a neighboring address may sign for delivery for residential deliveries only. Fee applies.

Does this shipment contain dangerous goods?  
One box must be checked.

No  Yes  
As per attached Shipper's Declaration.

Yes  
Shipper's Declaration not required.

Dry Ice  
Dry Ice, 9, UN 1845 \_\_\_\_\_ kg

Cargo Aircraft Only

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box.

**7 Payment Bill to:**

Enter FedEx Acct. No. or Credit Card No. below. Obtain resp. Acct. No.

Sender Acct. No. in Section 1 will be billed.  Recipient  Third Party  Credit Card  Cash/Check

Total Packages Total Weight \_\_\_\_\_ lbs. Credit Card Auth. \_\_\_\_\_

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