



COMMONWEALTH OF PENNSYLVANIA

March 14, 2014

**E-FILED**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P. O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works  
Docket No. R-2014-2404355**

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, 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**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION</b>	:	
	:	
	:	
<b>v.</b>	:	<b>DOCKET NO. R-2014-2404355</b>
	:	
<b>PHILADELPHIA GAS WORKS</b>	:	

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**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

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**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  
Assistant Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, Pennsylvania 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[swebb@pa.gov](mailto: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, 2014, and its definitive filing on February 28, 2014. The OSBA filed a Complaint on February 7, 2014.

## **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](mailto: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. The OSBA's witness is not available for hearings on May 7, 2014.

Respectfully submitted,



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

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101

Dated: March 14, 2014

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
v. : **DOCKET NO. R-2014-2404355**  
**Philadelphia Gas Works** :

**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:

Hon. Christopher P. Pell  
Administrative Law Judge  
Pa. Public Utility Commission  
801 Market Street - #4063  
Philadelphia, PA 19107  
(215) 560-2105  
(215) 560-3133 (fax)  
[cpell@pa.gov](mailto:cpell@pa.gov)

Hon. Darlene D. Hepp  
Administrative Law Judge  
Pa. Public Utility Commission  
801 Market Street - #4063  
Philadelphia, PA 19107  
(215) 560-2105  
(215) 560-3133 (fax)  
[dheep@pa.gov](mailto:dheep@pa.gov)

Robert Ballenger, Esquire  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102  
**(First-class Mail Only)**

Brandon J. Pierce, Esquire  
Aron J. Beatty, Esquire  
Office of Consumer Advocate  
555 Walnut Street - 5th Floor  
Harrisburg, PA 17101-1923  
(717) 783-5048  
(717) 783-7152 (fax)  
[bpierce@paoca.org](mailto:bpierce@paoca.org)  
[abeatty@paoca.org](mailto:abeatty@paoca.org)  
**(E-mail and Hand Delivery)**

Adeolu Bakare, Esquire  
Charis Mincavage, Esquire  
McNees Wallace & Nurick  
P. O. Box 1166  
Harrisburg, PA 17108-1166  
(717) 232-8000  
(717) 237-5300 (fax)\  
[cmincavage@mwn.com](mailto:cmincavage@mwn.com)  
[abakare@mwn.com](mailto:abakare@mwn.com)

Regina Matz, Esquire  
Richard Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Pa. Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105  
(717) 787-1976  
(717) 772-2677 (fax)  
[rmatz@pa.gov](mailto:rmatz@pa.gov)  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)  
**(E-mail and Hand Delivery)**

Jerome D. Mierzwa  
Exeter Associates, Inc.  
10480 Little Patuxent Parkway  
Columbia, MD 21044  
**(E-Mail Only)**

Daniel Clearfield, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street - 9<sup>th</sup> Floor  
Harrisburg, PA 17101  
**(First-class Mail Only)**

Gregory J. Stunder, Esquire  
Philadelphia Gas Works  
800 W. Montgomery Avenue  
Philadelphia, PA 19122  
(215) 684-6878  
(215) 684-6798  
[greg.stunder@pgworks.com](mailto:greg.stunder@pgworks.com)



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

Date: March 14, 2014