

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Petition of Philadelphia Gas Works to Establish
a Cash Receipts Reconciliation Clause

DOCKETED
JUN 17 2004

R-00049157

P-00042090

**DOCUMENT
FOLDER**

SECRETARY'S BUREAU

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ORDER CERTIFYING THE RECORD IN REGARD TO THE
PETITION OF PHILADELPHIA GAS WORKS TO ESTABLISH A CASH
RECEIPTS RECONCILIATION CLAUSE

On March 1, 2004, Philadelphia Gas Works (PGW) made its annual Gas Cost Rate (GCR) filing pursuant to 66 Pa. C.S. §1307(f) with the Pennsylvania Public Utility Commission (Commission). PGW's proposed GCR of \$7.4216 per Mcf effective September 1, 2004, represents a \$.2097 per Mcf decrease in the GCR that was in effect on December 1, 2003, which was 7.6313 per Mcf. On March 1, 2004, PGW also filed a Petition to Establish a Cash Receipts Reconciliation Clause (CRRC) pursuant to 66 Pa. C.S. §§1307(a); 2212(c) and 52 Pa. Code §5.41. Based on its bill collection projections at the time of its filing, PGW projected that it would recover \$46.7 million from ratepayers during fiscal year (FY) 2005 (September 1, 2004 through August 31, 2005) through a CRRC surcharge. The CRRC surcharge would be included in PGW's distribution charge. Changes in the distribution charge also proposed by PGW in its filings¹ include increases in the Restructuring and Consumer Education surcharge (RCE surcharge) (from \$.0675 per Mcf to \$.0683 per Mcf), and the Universal Services & Energy Conservation surcharge (USC surcharge) (from \$1.0765 per Mcf to \$1.3030 per Mcf). According to PGW's original filing, the total impact of PGW's combined GCR filing (including the GCR, and RCE and USC surcharges) and CRRC petition is an overall annual rate increase of

¹ See PGW's proposed Supplement No. 3 to Gas Service Tariff – Pa. P.U.C. No. 2.

\$31.4 million, effective September 1, 2004. On March 1, 2004, PGW also filed a motion to consolidate its CRRC petition with its GCR filing.

PGW's GCR filing and CRRC petition were assigned to me and a prehearing conference was held on March 15, 2004. Parties present at the prehearing conference were PGW; Office of Trial Staff (OTS); Office of Consumer Advocate (OCA); Office of Small Business Advocate (OSBA); Action Alliance of Senior Citizens of Greater Philadelphia, Association of Community Organizations for Reform Now, the Tenants' Action Group, and the Consumer Education and Protective Association (collectively referred to as "Action Alliance et al."), and the Philadelphia Industrial and Commercial Gas Users Group (PICGUG). PICGUG's petition to intervene in the proceeding was granted at the prehearing conference. I also granted PGW's motion to consolidate its GCR filing with its CRRC petition for purposes of hearing and disposition.

On April 14, 2004, a petition to intervene was filed by State Senator Vincent J. Fumo, Philadelphia City Council President Anna C. Verna, and Philadelphia City Council members James F. Kenney, Frank DiCicco, Michael A. Nutter, David Cohen, Joan L. Krajewski and Juan F. Ramos (collectively referred to as "State Senator Vincent J. Fumo, et al.") No timely answers were filed, and the petition was granted by order dated May 4, 2004. On April 14, 2004, the Philadelphia Housing Authority (PHA) filed a petition to intervene. No timely answers were filed, and the petition was granted by order dated May 4, 2004. On April 20, 2004, a petition to intervene was filed by Philadelphia District Attorney Lynne Abraham. By order dated May 4, 2004, the petition was granted after counsel for District Attorney Abraham represented to the presiding officer that he had contacted the active parties of record and none had any objections to the intervention. On May 14, 2004, a petition to intervene was filed by State Senators Michael J. Stack and Anthony H. Williams. By order dated May 20, 2004, the petition to intervene was granted after counsel for Senators Stack and Williams indicated that there were no objections to the intervention.²

² District Attorney Abraham and State Senators Stack and Williams are among the elected officials collectively referred to as "State Senator Vincent J. Fumo, et al."

I also note that over 150 PGW consumers filed formal complaints in this proceeding. Three of the consumers have requested “active” party status.³ Those consumers are William Kitsch, Barbara Greening, Esquire and Adrienne Glenn.

A schedule for discovery, pre-filed written testimony, public input hearings, evidentiary hearings, and briefs was established at the prehearing conference and in subsequent orders. Pre-filed written testimony was submitted by PGW, OTS, OCA and OSBA.

Public input hearings were held on May 5, 6 and 20. The May 5 public input hearing was held at 7:00 p.m. at the DoubleTree Hotel – Philadelphia Northeast. Two public input hearings were held on May 6 at the Philadelphia Community College, 17th & Spring Garden Streets, at 1:00 p.m. and 6:00 p.m. The May 20 public input hearing was held at George Washington High School at 7:00 p.m. Approximately 102 persons testified at the public input hearings. The focus of their testimony was the CRRC petition.

An evidentiary hearing was held at 10:00 a.m. on May 11, 2004, at the Philadelphia State Office Building, Broad & Spring Garden Streets. The parties present at the evidentiary hearing included PGW, OTS, OCA, OSBA, Action Alliance, et al., Senator Fumo, et al., PICGUG, and PHA. PGW moved for the admission of William K. Mosca, Jr., Esquire pro hac vice. No objections were raised to the motion. PGW’s motion was granted.

³ The OCA sent letters to all of the consumer complainants, asking that anyone who wanted to be an “active” party contact it by telephone. The letter explained that an active party would be served with copies of all pleadings, discovery, testimony, briefs, orders and other documents; and would be expected to serve other active parties with any documents he or she might file with the Commission. An “inactive” party, the letter explained, would still have his or her complaint considered, but would not be served with pleadings, discovery, testimony, briefs, orders or other documents. The letter further stated that an inactive party could testify at a public input hearing, and that he or she would receive copies of the Administrative Law Judge’s (ALJ) Recommended Decision and the Commission’s Final Decision. OCA in turn informed the presiding officer and the parties of the consumer complainants who contacted it and expressed a desire to be an active party.

Some of the parties' witnesses were subjected to examination at the evidentiary hearing.⁴ I questioned one of PGW's witnesses regarding the GCR settlement fact sheet that I had received the day before. All of the parties present at the hearing, with the exception of PHA, which had not yet seen the GCR settlement fact sheet, agreed to the settlement fact sheet, which outlined the terms for settlement of the GCR filing (including GCR, and USC and RCE surcharges).

The only matter that remained in dispute among the parties present at the evidentiary hearing was PGW's proposed CRRC. Witnesses for PGW, OTS, OCA and OSBA were examined in regard to PGW's proposed CRRC.

On May 19, 2004, the parties requested that the GCR filing and the CRRC petition be placed on two separate tracks and that the procedural schedule be revised. The stated reason for the request was the impending GCR settlement and the parties' desire to engage in settlement discussions regarding the CRRC. By order dated May 20, 2004, I granted the parties' request. The newly established GCR procedural schedule required the submission of a settlement document by May 26, 2004. Any written comments from any non-signatory parties were due by June 9, 2004. The effective date for the GCR remained September 1, 2004.

The newly established CRRC procedural schedule required PGW to file tariff pages voluntarily extending the effective date of the proposed CRRC to September 22, 2004, as it had agreed to do. It also required main briefs to be filed by June 14, 2004, and reply briefs to be filed by June 22, 2004. The order also provided that if a settlement of the CRRC was reached, provision would be made for comment by any non-signatory parties.

The transcribed record of the public input hearings and the evidentiary hearing in regard to PGW's GCR filing and CRRC petition consists of a total of 562 pages.

⁴ The parties stipulated to some of the pre-filed written testimonies and did not subject the sponsoring witnesses to examination.

By Order entered June 2, 2004, the Commission directed me to submit a recommended decision in regard to the GCR filing within the statutory deadline. In regard to the CRRC petition, the Commission directed me to issue an order certifying the record, in time for the Commission's consideration at its July 8, 2004, public meeting.

In that Order, the Commission also consolidated with the GCR and CRRC proceeding, PGW's Senior Citizen Discount petition pending at Docket Nos. M-00021612 and P-00032061; and it newly instituted investigations into PGW's collection practices and universal service costs. The Commission also consolidated with these matters the two issues described in its Secretarial Letter dated May 14, 2004, regarding Docket No. M-00021612. Those two issues are PGW's request that the Commission approve tariff provisions: (1) allowing PGW to collect a \$10.00 residential field visit charge; and (2) requiring applicants for service with existing civil judgments against them for unpaid PGW balances to enter into payment arrangements. The Commission also stated in the Order that if PGW files within thirty (30) days of entry of the Order, a petition for waiver of certain Commission regulations, then that petition would also be consolidated with these matters. The Commission directed the ALJ assigned to these additional matters to conduct hearings and issue a recommended decision for its consideration at its September 30, 2004 Public Meeting. I have been assigned to adjudicate these additional matters.

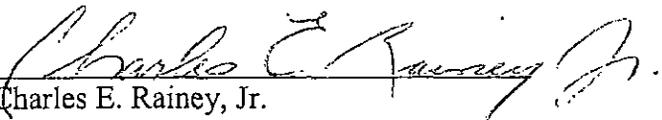
This order is issued pursuant to the Commission's Order entered June 2, 2004, directing me to certify the record in regard to the Petition of Philadelphia Gas Works to Establish a Cash Receipts Reconciliation Clause at Docket No. P-00042090. The record in regard to the CRRC petition includes the testimony and documents admitted into evidence at the public input hearings and the evidentiary hearing. The written testimonies and exhibits of the active parties, admitted into evidence in regard to the CRRC petition, are noted at Appendix "A" to this order.

ORDER

THEREFORE,

IT IS ORDERED:

1. That the record in regard to the Petition of Philadelphia Gas Works to Establish a Cash Receipts Reconciliation Clause at Docket No. P-00042090 is certified to the Commission for its consideration.


Charles E. Rainey, Jr.
Administrative Law Judge

Date: June 3, 2004

APPENDIX "A"

<u>Party</u>	<u>Witness</u>	<u>Stmt./Exh.</u>
PGW		Supp. No. 3 to Tariff No. 2
	Bogdonavage	CRRC - 1 CRRC - 1R
	Moser	CRRC - 2
	Gyory	CRRC - 3
	Peach	CRRC - 4 CRRC - 4 - Supp. Rev. CRRC - 4 CRRC - 4R
	Knudsen	CRRC - 5
	Dybalski	Exh. KSD - 2
OTS		
	Weakley	St. No. 1 St. No. 1 - SR Exh. 1 - SR
OCA		
	Lelash	Stmt. No. 1 Stmt. No. 1S Exh. 1 OCA Cross-Exam Exh. 1 (pp. 1, 2, 5, 8, 9)
OSBA		
	Knecht	St. No. 1 St. No. 2 St. No. 3 Exh. No. 2

Party

Action Alliance, et al.

William Kitsch

Witness

William Kitsch

Stmt./Exh.

Cross-Exam Exh. 1

(not marked,
presented at May 5
public input hearing)

Pennsylvania Public Utility Commission v. Philadelphia Gas Works (1307(f))
Docket No. R-00049157
Petition of Philadelphia Gas Works to Establish a Cash Receipts Reconciliation Clause
Docket No. P-00042090

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