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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation into Financial and Collections Issues	:	Docket Nos.	P-00042090
Regarding the Philadelphia Gas Works	:		R-00049157
	:		M-00021612
	:		P-00032061

PREHEARING ORDER

A prehearing conference was held on June 10, 2004. The presiding officer was Administrative Law Judge Charles E. Rainey, Jr. Present were Philadelphia Gas Works (PGW); Office of Trial Staff (OTS); Office of Consumer Advocate (OCA); Office of Small Business Advocate (OSBA); Action Alliance, et al.<sup>1</sup>; State Senator Vincent J. Fumo, et al.<sup>2</sup>; Philadelphia Industrial and Commercial Gas Users Group (PICGUG); PECO Energy Company (PECO) and Philadelphia Housing Authority (PHA).

1. Prehearing Conference Memoranda

In response to my Prehearing Conference Order dated June 2, 2004, prehearing conference memoranda were submitted by PGW, OTS, OCA, OSBA, Action Alliance, et al., Senator Vincent Fumo, et al., PICGUG, PECO and PHA.

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<sup>1</sup> Action Alliance, et al. includes 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.

<sup>2</sup> State Senator Vincent J. Fumo, et al., includes State Senators Fumo, Michael J. Stack and Anthony H. Williams, Philadelphia City Council President Anna C. Verna and members James F. Kenney, Frank DiCicco, Michael A. Nutter, David Cohen, Joan L. Krajewski and Juan Ramos, and Philadelphia District Attorney Lynne Abraham.

## II. Issues

The issues to be addressed in this case, as directed by the Commission in its Order entered June 2, 2004 are as follows:

### A. Senior Citizen Discount

The Senior Citizen Discount issues are included in the Commission's Order entered May 18, 2004 at Docket Nos. M-00021612 and P-00032061. Those issues are as follows:

- 1) Does any utility regulated by this Commission (other than PGW) have a program to provide discounts limited to senior citizens? If so, what percentage is the discount and what are the income limitations, (i.e., percentage of FPL)?
- 2) Does any other utility in Pennsylvania have a customer assistance program for which customers above 150% of the FPL are eligible?
- 3) What does the average residential PGW customer pay a month to fund customer assistance programs?
- 4) How was the 20% discount derived?
- 5) While the Settlement Petition states that the yearly cost of the means-tested SCD would be between \$366,500 and \$371,316, it fails to estimate the total cost of the Program for the general body of ratepayers in later years:

What is the estimated cumulative cost for the means-tested SCD Program in each year through 2020?

What is the combined estimated cumulative cost of the means-tested SCD Program and the non-means-tested SCD Program in each year through 2020?

What are the anticipated costs of the proposed audit and efficacy calculation of the means-tested SCD Program and how was this amount developed?

- 6) What is the estimated cost per mcf of the means-tested SCD and non-means-tested SCD for each year through 2020? What is the monthly average consumption (Ccf) per residential heating and non-heating customers?
- 7) How did PGW determine that the new means-tested SCD would result in 1,300 applicants being enrolled each year?
- 8) In its Petition at Docket No. R-00049157 seeking to establish a “cash receipts reconciliation clause” (“CRRC”), PGW asserts that:

It is in a “precarious financial position.” (CRRC Petition at 2).

*[H]ousehold and business income levels continue to drop [in Philadelphia], making it increasingly difficult for those customers to absorb such increases [in the commodity price of natural gas].” (Id.)*

*[P]rice levels are projected to remain at close to the current levels for the foreseeable future.” (CRRC Petition at 3).*

Due to these persistently high prices, an increasing number of formerly “good paying” residential and small business customers are now having difficulty paying their bills. (*Id.* at 8).

“For purpose of this proceeding, the following assertions in the CRRRC Petition are relevant to whether the general body of customers can afford to pay for the proposed means-tested SCD. The parties should either stipulate to these assertions or develop a record setting forth their position on the allegations.” Order at 3-5.

B. Commonwealth Court Remand

The parties are to address the two issues raised in the Commonwealth Court remand, as defined in the Commission’s Secretarial Letter dated May 14, 2004, at Docket No. M-00021612. Those two issues involve PGW’s request that the Commission approve tariff provisions:

- (1) allowing PGW to collect a \$10.00 residential field visit charge; and
- (2) requiring applicant’s for service with existing civil judgments against them for unpaid PGW balances to enter into payment arrangements.

C. PGW’s Collection Practices

We are to investigate the adequacy, cost effectiveness and management of PGW’s collection practices.

D. PGW’s Universal Service Costs

We are to investigate the level of PGW’s Universal Service costs as well as the cost effectiveness and management of PGW’s Universal Service programs.

E. Any PGW Petition for Waiver of Certain Commission Regulations

We are to examine any petition filed by PGW for waiver of certain Commission regulations. The Commission requires PGW to file any waiver petition within 30 days of its

Order entered June 2, 2004.<sup>3</sup> The Commission also requires any waiver petition filed by PGW to include:

- (1) the proposed duration of the waiver;
- (2) alternative standards or procedures that would apply in place of the regulations; and
- (3) an explanation of how the alternative standard or procedure adequately balances consumer protection rights with PGW's financial integrity.

See also, 52 Pa. Code §§5.43 (Petitions for issuance, waiver or repeal of regulations) and 56.222 (Applications for modification or exception).

### III. Discovery

PGW volunteered to schedule and hold an informal discovery conference with the parties in the near future (possibly sometime during the week of June 21, 2004). In addition, the following formal discovery rules were established. These formal discovery rules are effective June 10, 2004.

- (a) Answers to written interrogatories shall be served in-hand within 5 calendar days<sup>4</sup> after service of the interrogatories.
- (b) The answering participant must make any objections orally to the participant submitting the interrogatories within 2 calendar days after service of the interrogatories.
- (c) Written objections shall be served on the parties, filed with the Commission, and submitted to the presiding officer, within 3 calendar days after service of the interrogatories.

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<sup>3</sup> PGW stated during the prehearing conference that it would file a petition for waiver of certain Commission regulations during the week of June 14, 2004.

<sup>4</sup> If a participant indicates a 3 calendar day preference, the answering participant will make every effort to answer the interrogatory within that time.

(d) Motions to compel answers to interrogatories shall be served on the parties, filed with the Commission, and submitted to the presiding officer within 2 calendar days after service of the written objections.

(e) Answers to motions to compel answers to interrogatories shall be served on the parties, filed with the Commission, and submitted to the presiding officer within 2 calendar days after service of the motion to compel.

(f) Rulings on motions to compel shall be made within 5 days of the presiding officer's receipt of the motion to compel, if practicable.

(g) Written responses to requests for documents, entry for inspection and other purposes, shall be served in-hand within 5 calendar days after service of the request.

(h) A participant desiring to take the deposition of a person upon oral examination shall give 7 days notice in writing to the active participant and to the presiding officer.

(i) When a written request for admissions is made, matters are deemed admitted unless the request is answered in writing within 5 days or objected to within 3 days after service of the request.

(j) Answers to on-the-record data requests shall be served in-hand within 3 calendar days after the request is made.

(k) The parties are expected to cooperate with each other in regard to discovery.

(l) The parties are encouraged to amicably resolve discovery disputes among themselves.

IV. Hearing and Briefing Schedule

The following hearing and briefing schedule was established:

June 10, 2004	Prehearing Conference
June 17, 2004	Direct Testimony of PGW due in-hand
June 28, 2004	Direct Testimony of Other Parties due in-hand
July 6-7, 2004	Evidentiary Hearings
July 14, 2004	Main Briefs due in-hand
July 20, 2004	Reply Briefs due in-hand to the Presiding Officer and served on the Parties

The evidentiary hearings will be held in an available hearing room in the Philadelphia State Office Building, Broad and Spring Garden Streets, 13<sup>th</sup> Floor, Philadelphia, Pennsylvania. The evidentiary hearings will begin at 10:00 a.m.

Briefs must follow the content and form for briefs as set forth in 52 Pa. Code §5.501. Briefs shall include proposed findings of fact, conclusions of law and ordering paragraphs. Briefs shall be as concise as possible and shall be limited to a total of 60 pages. Any unpublished opinions, decisions or policies cited in a brief, must be attached to the brief.

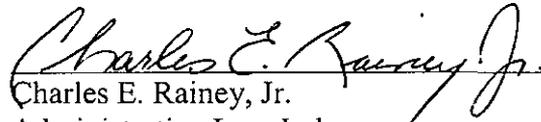
Each of the issue topics referenced in Section II of this Prehearing Order (i.e., “Senior Citizen Discount,” “Commonwealth Court Remand,” “PGW’s Collection Practices,” “PGW’s Universal Service Costs,” and “PGW Petition for Waiver of Certain Commission Regulations” are to be addressed separately and have a separate proposed findings of fact, conclusions of law, and ordering paragraphs.

V. Document Submission

Written testimony and briefs are to be submitted to me via regular mail, overnight mail or hand-delivery. However, written testimony may be submitted to me by electronic mail by the day it is due, if a hard copy is delivered to me the next day. Written testimony may not be submitted to me via facsimile mail. Briefs may not be submitted to me via electronic mail or facsimile mail.

The parties may enter into an agreement in regard to the manner in which they will serve documents on each other. The parties are otherwise required to serve documents on each other consistent with the Commission's rules at Title 52 of the Pennsylvania Code.

Date: June 11 2004

  
Charles E. Rainey, Jr.  
Administrative Law Judge

Investigation into Financial and Collection Issues Regarding the Philadelphia Gas Works  
Docket Nos. P-00042090, R-00049157, M-00021612 & P-00032061

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