

November 30, 2006

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor, 7 North  
400 North Street  
Harrisburg, PA 17120

**Filed by Federal Express**

**Re: Investigation into Financial and Collections Issues Regarding the Philadelphia Gas Works, Docket Nos. P-00042090, R-00049157, M - 000210612, P-00032061**

**Answer of Action Alliance *et al.* to PGW's Petition for Rescission and Amendment of Prior Order**

Dear Secretary McNulty:

Community Legal Services, Inc. represents Action Alliance of Senior Citizens of Greater Philadelphia, the Association of Community Organizations for Reform Now (ACORN), and the Tenant Union Representative Network (TURN) (collectively "Action Alliance *et al.*") in the above-captioned matter.

Enclosed please find for filing an original and three (3) copies of Action Alliance *et al.*'s Answer to PGW's Petition for Rescission and Amendment of Prior Order.

As evidenced by the attached Certificate of Service, all active parties to the proceeding are being served with copies of this Answer by First Class U.S. Mail.

Very truly yours,



PHILIP A. BERTOCCI

Attorney for Action Alliance *et al.*

cc: Certificate of Service

Enclosures

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

ANSWER OF ACTION ALLIANCE *ET AL.* TO  
PGW'S PETITION FOR RESCISSION AND AMENDMENT OF PRIOR ORDER

Action Alliance of Senior Citizens of Greater Philadelphia ("Action Alliance"), the Association of Community Organizations for Reform Now (ACORN) and the Tenant Union Representative Network (TURN)<sup>1</sup> (collectively "Action Alliance *et al.*"), through counsel Community Legal Services, Inc., hereby file the following Answer in opposition to the Philadelphia Gas Works' Petition for Rescission and Amendment of Prior Order, and in support thereof aver as follows:

1.- 2. The Commission's Bureau of Consumer Services (BCS), the Philadelphia Gas Works (PGW), the Office of Consumer Advocate (OCA) and Action Alliance of Senior Citizens *et al.* represented by Community Legal Services, Inc. (CLS) began the monthly meetings at issue in 2001. As reflected on the title page of the Power Point presentation which PGW has customarily provided for each meeting, these meetings were termed Customer Service Initiative meetings or "CSI Meetings."<sup>2</sup> The Power Point title page reflected the broad purpose of these

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<sup>1</sup> TURN is the successor to the Tenants' Action Group (TAG) which was represented by CLS in the cases at these dockets.

<sup>2</sup> PGW's assertion that the Commission had not assumed "full jurisdiction" over PGW at that time is incorrect. As of July 1, 2000, under the Gas Choice Act, the Commission assumed jurisdiction over PGW "with the same force as if the service were rendered by a public utility." 66 Pa.C.S. §2212(b).

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meetings which was to facilitate and monitor PGW's transition to substantive and procedural compliance with the customer service standards contained in the Public Utility Code, Chapter 56 and other PUC Guidelines and regulations. From the beginning, the purpose and subject of the meetings was customer service broadly conceived, including, but not limited to PGW's collections practices. Utility collections practices are in their nature inextricably bound up with the application of standards for billing practices and customer service. The primary motivation for PGW to violate PUC customer service standards and billing practices for residential customers is to increase "collections," while disregarding, discounting or not being aware of the harm caused by such actions to customers dependent on a monopoly service for a fundamental necessity of life. The issue is always collections when PGW denies applications for service, denies reasonable and affordable payment agreements to customers, terminates service without the required prior written notice or notices, imposes unreasonable and unaffordable preconditions for reconnection of service, requires additional payments from low income customers rather than enrolling them in CAP and takes similar actions harmful to individual customers, applicants or occupants. It is therefore denied, as PGW incorrectly claims, that PGW "modified" the content of the CSI Meetings to focus on collections when the "collections crisis" arose. Collections have been a predominant concern of CSI Meetings from the beginning.

3.-4. Throughout its Petition, PGW emphasizes that PGW's collections, measured in terms of its percentage ratio of annual dollars collected to the amount of dollars billed, have improved and that the Commission has recognized this fact. However, the issue is not merely whether collections measured in terms of the collections ratio have improved, but whether PGW may maintain and further improve these results while at the same time providing at least the

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required levels of customer service and observing the legal customer protections contained in law and regulation. In this Petition, PGW takes the untenable position that the Commission intended to preclude the parties in CSI Meetings, including even BCS, from questioning how PGW is interpreting and applying standards set forth in the Public Utility Code, including Chapter 14, and Chapter 56.

5. PGW alleges that “much of the collections data that is shared at these monthly meetings is now mandated to be provided as part of the Chapter 56 requirements,” and in support of this assertion, cites the reporting requirements set forth in the Commission’s decision concerning the Biennial Report to the General Assembly and Governor Pursuant to Section 1415. However, the information to be filed for the Biennial Report is not real time information, but rather information which is due to be filed by April 1 of the calendar year following the year being reported.<sup>3</sup> In addition, much of the information provided at CSI Meetings concerns the continuing failure of PGW’s Call Center to provide reasonable service to customers trying to reach PGW by telephone, and the continuing failure of PGW to provide BCS with timely customer reports so that informal and formal complaints can be resolved in an efficient manner by the Commission.<sup>4</sup> Reporting of this information is not mandated by Chapter 56 requirements. Absent CSI Meetings, such critical information would not be publicly available or publicly available in real time. Finally, as BCS monitors PGW’s collections ratio which is reported on a monthly basis in the CSI Meetings, it must also have the opportunity to make some assessment

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<sup>3</sup> *Biennial Report of the General Assembly and Governor Pursuant to Section 1415*, M - 00041802F0003 (Final Order entered July 24, 2006), at 77.

<sup>4</sup> For a typical example, see PGW’s most recent Power Point presentation attached as Exhibit “A,” (*Customer Service Initiative*, November, 2006, at 3-8, 18)..

whether the means *being utilized* by PGW to further its collections are consistent with the Company's customer service obligations under the Public Utility Code and applicable regulations.

6. It is denied that Action Alliance *et al.* or its counsel CLS considers "all PGW's business practices" to be connected to PGW's collection practices. However, as contrasted with PGW's gas purchasing policies, the matters concerning customer service which are addressed in the Public Utility Code, in Chapter 56 and in certain PUC Guidelines are relevant to collection practices. Utility collections practices are in their nature inextricably bound up with the application of standards for billing practices and customer service. To maximize collections is the primary motivation for PGW to deny applications for service, to deny reasonable and affordable payment agreements to customers, to terminate service without the required prior written notice or notices, to impose unreasonable and unaffordable preconditions for reconnection of service and to take similar actions harmful to individual customers, applicants or occupants. The issues referenced in footnotes 10 through 23 of the Petition are all collections issues, because they impact directly on the means that PGW may utilize in order to maximize its collections ratio.

7. It is denied that a review of the minutes of the CSI Meetings supports PGW's characterization of the meetings as having "nothing to do with improving PGW's collections results." To the contrary, the issues discussed were focused on understanding what methods PGW was using to increase its collections ratio, and in some instances clarifying the legal authority on which PGW was ostensibly relying or attempting to determine whether those methods were likely to result in an endless stream of reversals by BCS. Moreover, the CSI

Meetings did not, as PGW incorrectly claims, serve as “informal hearings” concerning Chapter 14 or Chapter 56 compliance; to the contrary, no individual cases were ever discussed at CSI Meetings.

8. Action Alliance *et al.* denies that regular monthly CSI Meetings are no longer necessary. Customer service, which includes but is not limited to the collections ratio, continues to be substandard five years after the PUC assumed jurisdiction over PGW. As reflected in the most recent Power Point, attached hereto as Exhibit “A”, PGW’s Call Center continues to operate at an unacceptably low level, consistently failing to come close to answering 80% of telephone calls in 30 seconds.<sup>5</sup> Customers who dispute PGW’s determinations concerning applications for service, payment arrangements, high bills, reconnection terms, etc. are unable to obtain prompt resolution of their disputes by BCS, due to PGW’s failure to submit Utility Reports promptly after the notification that a Complaint has been filed.<sup>6</sup> This failure is significant, because it suggests that PGW personnel make customer service determinations adverse to customers, before they have organized and reviewed all the relevant data to decide the customer’s case.

9.-13. In these Paragraphs of its Petition, PGW returns to its claim that PUC recognition of its improved collections performance has rendered continued CSI Meetings unnecessary. However, contrary to PGW’s claim, the PUC has never held that PGW’s “collections practices were adequate and reasonable.” In addition, the focus of CSI Meetings has always been more

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<sup>5</sup> See Exhibit “A,” *Customer Service Initiative*, November, 2006, at 3-8.

<sup>6</sup> See, *Re: Law Bureau Prosecutory Staff Informal Investigation of Philadelphia Gas Works’ Practices Relating to Providing Complaint Reports to the Bureau of Consumer Services Within Thirty Days*, Docket No. M - 00062963 (Settlement Agreement, July 27, 2006, Appendix A).

than merely increasing the collections ratio to more than the 92% historical level, but rather toward monitoring PGW's progress toward a higher level of customer service as reflected in such areas as the Call Center, the processing of customer informal and formal complaints, and consistent compliance with customer protections contained in applicable law, regulations and guidelines.

14. In this Paragraph of its Petition, PGW returns to its claim that the CSI Meetings have gone "beyond" the purpose for which the Commission originally intended. To the contrary, CSI Meetings, before and after the Commission's October 27, 2004 Order, addressed such issues as the Cold Weather Survey, PGW's policies on winter termination, termination notice content and procedure, the practices of its field service group, the inadequacy of service at PGW's District Offices, PGW's policies on restoration of customers, and newspaper articles highlighting PGW customer service deficiencies. These matters are properly considered collections issues because they have a direct effect on collections processes. Although PGW now claims to have regarded the matters discussed as impermissibly involving "non-collections" issues, the Company discussed such issues, without reference to particular individual customers. Moreover, if PGW made no objection to these discussions, it is because the Company knew that no objection was warranted.

15. Contrary to PGW's assertion, the language of the October 27, 2004 Order does not support the Company's restrictive interpretation of what was to be discussed at CSI Meetings. To the contrary, the Commission's Order, based on the ALJ's recommendations, was to "continue" meetings which had already been occurring concerning the substance and process of transition to compliance with PUC standards governing customer service and collections: "[PGW] shall

continue to meet on a monthly basis with [BCS, etc.] . . . for the purpose of providing progress reports and other data and answering questions about its collections practices.” The Order evidences no intention to restrict the CSI Meetings to a narrow and circumscribed consideration of the collections ratio, without reference to specific collection measures and the legal and policy context within which collections were to be carried on. The fact that Chapter 14 had not been enacted in October 2004 does not mean, notwithstanding PGW’s incorrect claims, that the Commission intended that the CSI Meeting should be barred from considering subsequent collections related developments in addressing collections issues. Moreover, precisely because Chapter 14 gave special treatment to PGW as a “city natural gas distribution operation,” the unique problems and risks to customers associated with PGW’s Chapter 14 implementation support continued close monitoring of its efforts to improve its collections.<sup>7</sup>

16. The General Assembly’s Chapter 14 Declaration of Policy expressly declares a statutory intent to focus on “collections” and to “provide utilities with an equitable means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections and by increasing timely collections.” 66 Pa.S.A. §1402. However, PGW now makes the astonishing claim that questions concerning how the utility interprets Chapter 14 and intends to implement Chapter 14 are not “collections” matters, and out of bounds for a CSI Meeting

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<sup>7</sup> Such unique risks are reflected in the fact that PGW annually terminates service for non-payment to an exceedingly high number of customers. These customers often endure months without service before they are able to satisfy PGW’s reconnection terms. According to data provided at the November CSI Meeting, PGW terminated 31,324 residential customers for non-payment between April 1, 2006 and November 10, 2006. Of those 31,324 customers, 14,312, or 46%, had not yet obtained reconnection of service. Given the volume of customers terminated for non-payment, it is critical that BCS retain the capability through regular monthly CSI Meetings to monitor whether reconnection terms comply with applicable legal and regulatory standards. This is especially true at the present time, when Chapter 14 standards are often subject to varying interpretations, and have not yet been incorporated in regulations. See Exhibit “A,” *Customer Service Initiative*, November 2006, at 15.

which has historically addressed collections matters! By PGW's definition of "collections," BCS, CLS and OCA might have been able to mention the word "collections" at a CSI Meeting, and ask about the collections ratio – but would not be allowed to discuss what measures the Company was taking to improve the collections ratio within the existing legal and regulatory context. According to PGW, BCS was even out of bounds when it warned at the October 20, 2005 CSI Meeting that the upfront payments that the Company was requiring from "off" customers as a condition of reconnection were not consistent with the Second Chapter 14 Implementation Order – a position subsequently confirmed against PGW by the Commission.<sup>8</sup>

17. The monthly CSI Meetings should continue at least so long as PGW has not consistently achieved the required regulatory Grade of Service for the Call Center, so long as PGW does not consistently comply with regulatory requirements for dispute resolution and the processing of informal and formal complaints and so long as the rulemaking concerning amendment of Chapter 56 in light of Chapter 14 has not been completed. At least until that time, PGW customers are at special risk due to the utility's continued inability to meet the Commission's standards for residential utility service.

18. OCA and CLS should continue to participate in CSI Meetings. While PGW's *collections ratio has improved, PGW continues to provide low levels of service and regulatory compliance to its customers.* Participation by OCA and CLS in the monthly CSI Meetings provides a framework in which BCS is able to conduct its monitoring activity with the benefit of information from parties with varying perspectives. CLS provides specialized knowledge

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<sup>8</sup> *Chapter 14 Implementation*, Docket No. M - 00041802F0002 (Declaratory Order entered November 21, 2005), at 13-14.

concerning PGW customer service practices and their impact on low and lower income PGW customers. OCA provides the ability to understand PGW collection activities within the broader context of utility collections performance state-wide. Even if the Commission does not require CSI type meetings for other utilities, this requirement is justified in the case of PGW, because the Company is new to PUC jurisdiction, because PGW's high levels of service terminations in the context of Chapter 14 pose special dangers for PGW customers, and because PGW is still in the process of bringing its customer service into compliance with PUC law, regulations and practices. CSI Meetings do not discuss the cases of individual customers. The CSI Meeting is therefore not a source of case-specific information which CLS might utilize on behalf of individual customers filing informal or formal complaints.

19. The Commission should not authorize the discontinuance of the monthly CSI Meetings. Through these meetings, BCS obtains more information concerning customer service/collections than from other utilities, and it obtains this information on a monthly, rather than quarterly or annual basis. This information is necessary as part of the process by which BCS monitors PGW to stimulate progress toward full compliance with PUC standards of customer service. For these reasons, the CSI Meetings should not be discontinued.

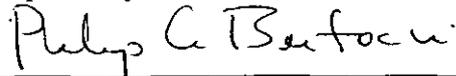
20. For the reasons set forth above in Paragraphs 1.-2. and throughout this Answer, Action Alliance *et al.* oppose PGW's proposal to narrow the scope of what may be discussed at a CSI Meeting. Collections matters subject to discussion at CSI Meetings have traditionally included any matter concerning PGW's interpretation of the Public Utility Code (including Chapter 14) relating to customer service, any matter relating to Chapter 56, and any matter related to customer service covered by PUC Guidelines, including the low-income CAP

programs.

21.-22. Because monthly CSI Meetings are still necessary, and will be necessary for the foreseeable future, the Commission should not reduce the number of meetings to once a quarter, preclude participation by CLS or OCA, or set a sunset date.

WHEREFORE, Action Alliance *et al.* respectfully request that the Commission deny PGW's Petition for Rescission and Amendment of Prior Order.

Respectfully submitted,



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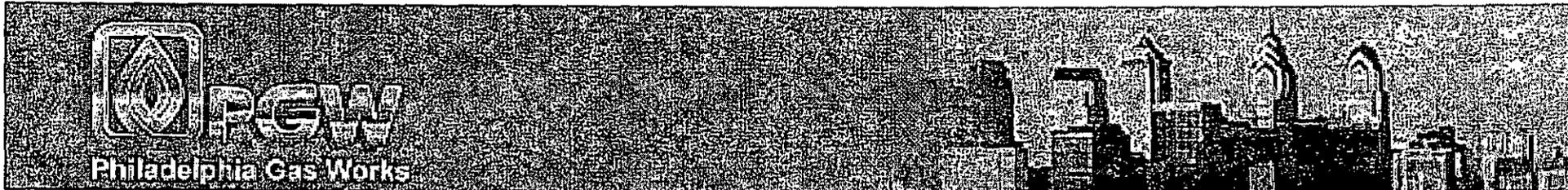
PHILIP A. BERTOCCHI, ESQUIRE  
THU B. TRAN, ESQUIRE

Attorneys for Action Alliance of Senior  
Citizens *et al.*

COMMUNITY LEGAL SERVICES, INC.  
1424 Chestnut Street  
Philadelphia, PA 19102  
(215) 981-3702

November 30, 2006

EXHIBIT "A"



# Customer Service Initiative

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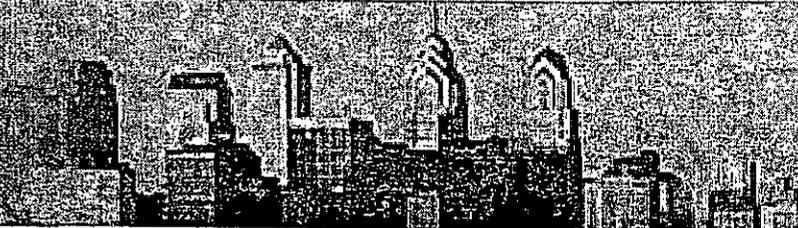
*Customers First*

**PUC Presentation  
November, 2006**



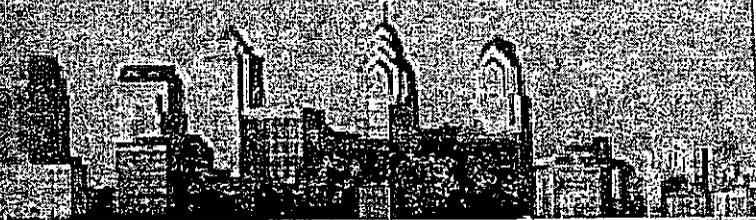
**PG&W**

Philadelphia Gas Works



## Agenda

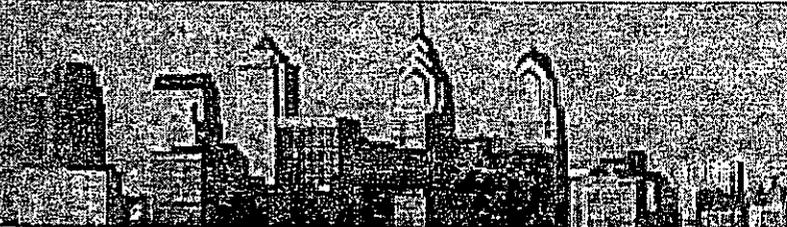
- **Update on Quick Hits from our last meeting**
- **Trends in the Call Center**
- **Metrics**
  - Daily metrics
  - Manpower analysis
  - Looking at the last month
- **Collection Activities**
- **Regulatory Compliance**
- **Universal Services Updates**
- **Refunds**
- **Program Accomplishments**
- **Next Steps**



## Quick Hits – Update

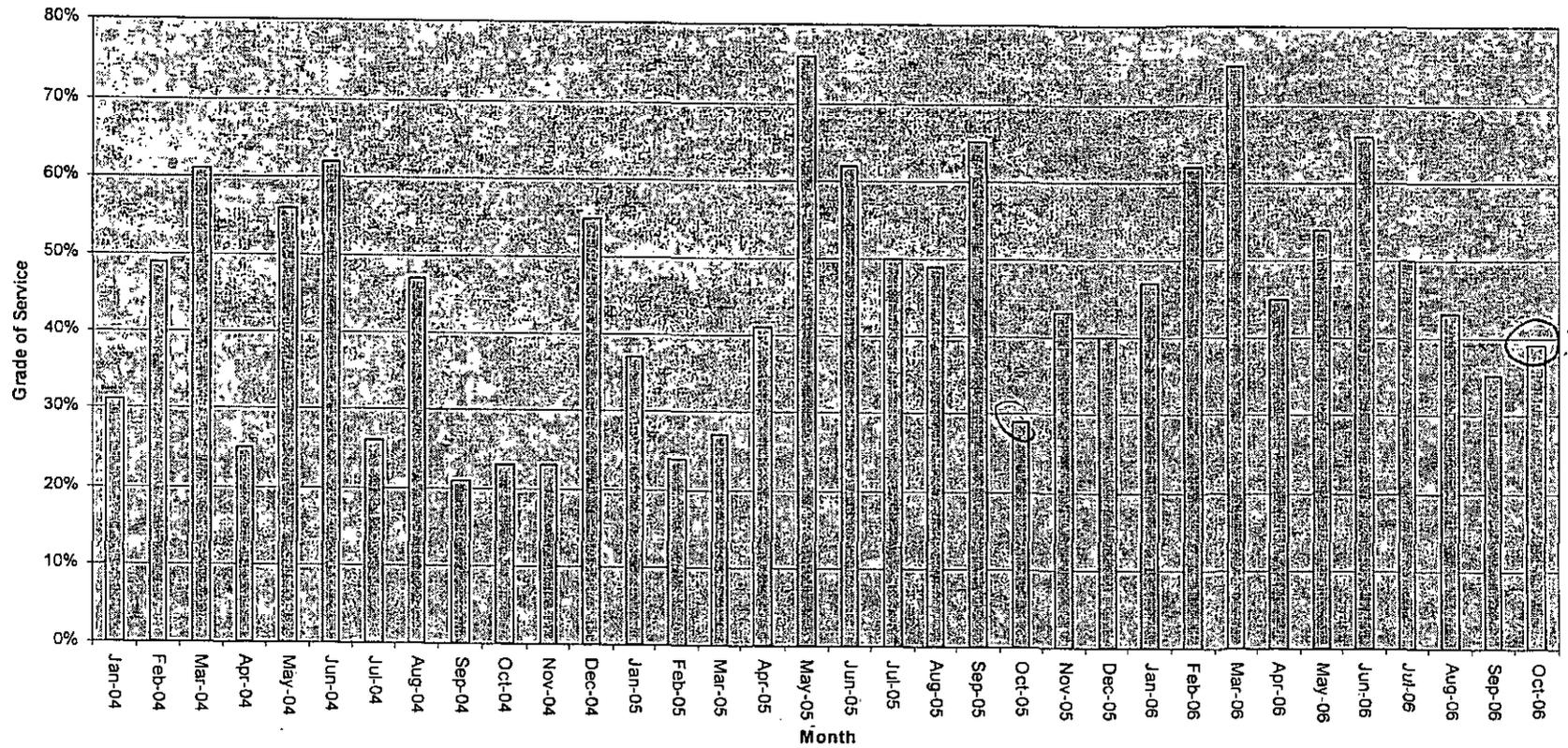
### > Current Grade of Service Levels

- Grade of Service averaged 24% in February
- Grade of Service averaged 27% in March
- Grade of Service averaged 41% in April
- Grade of Service averaged 76% in May
- Grade of Service averaged 62% in June
- Grade of Service averaged 50% in July
- Grade of Service averaged 49% in August
- Grade of Service averaged 65% in September
- Grade of Service averaged 29% in October
- Grade of Service averaged 43% in November
- Grade of Service averaged 40% in December
- Grade of Service averaged 47% in January
- Grade of Service averaged 62% in February
- Grade of Service averaged 75% in March
- Grade of Service averaged 45% in April
- Grade of Service averaged 54% in May
- Grade of Service averaged 66% in June
- Grade of Service averaged 50% in July
- Grade of Service averaged 43% in August
- Grade of Service averaged 35% in September
- Grade of Service averaged 39% in October



# Grade of Service

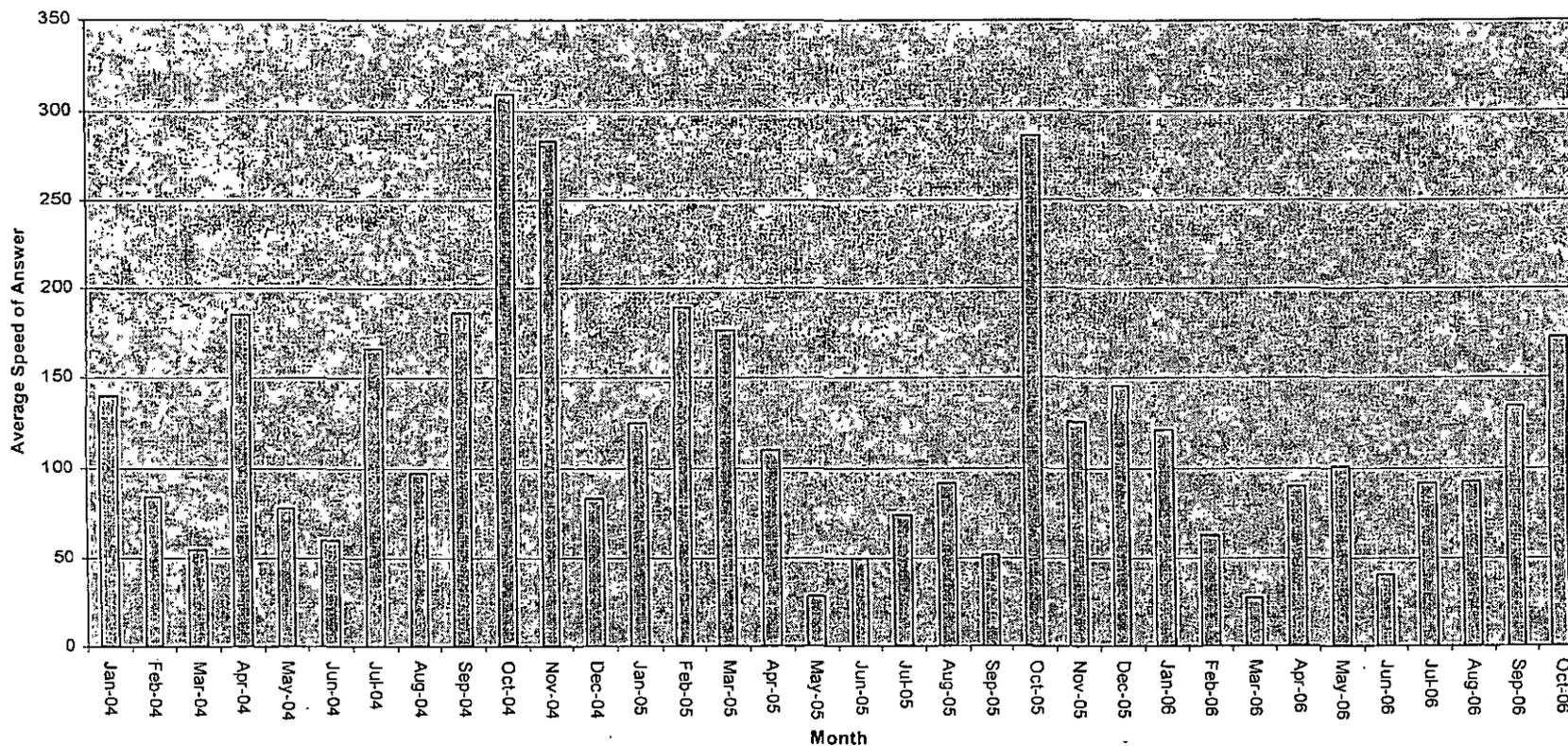
Monthly Grade of Service

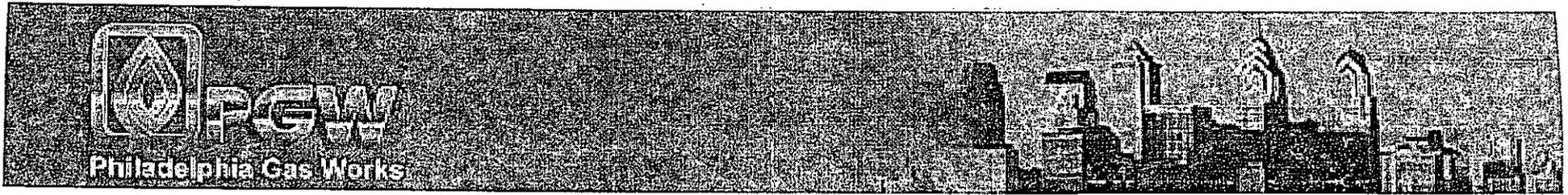




# Average Speed of Answer

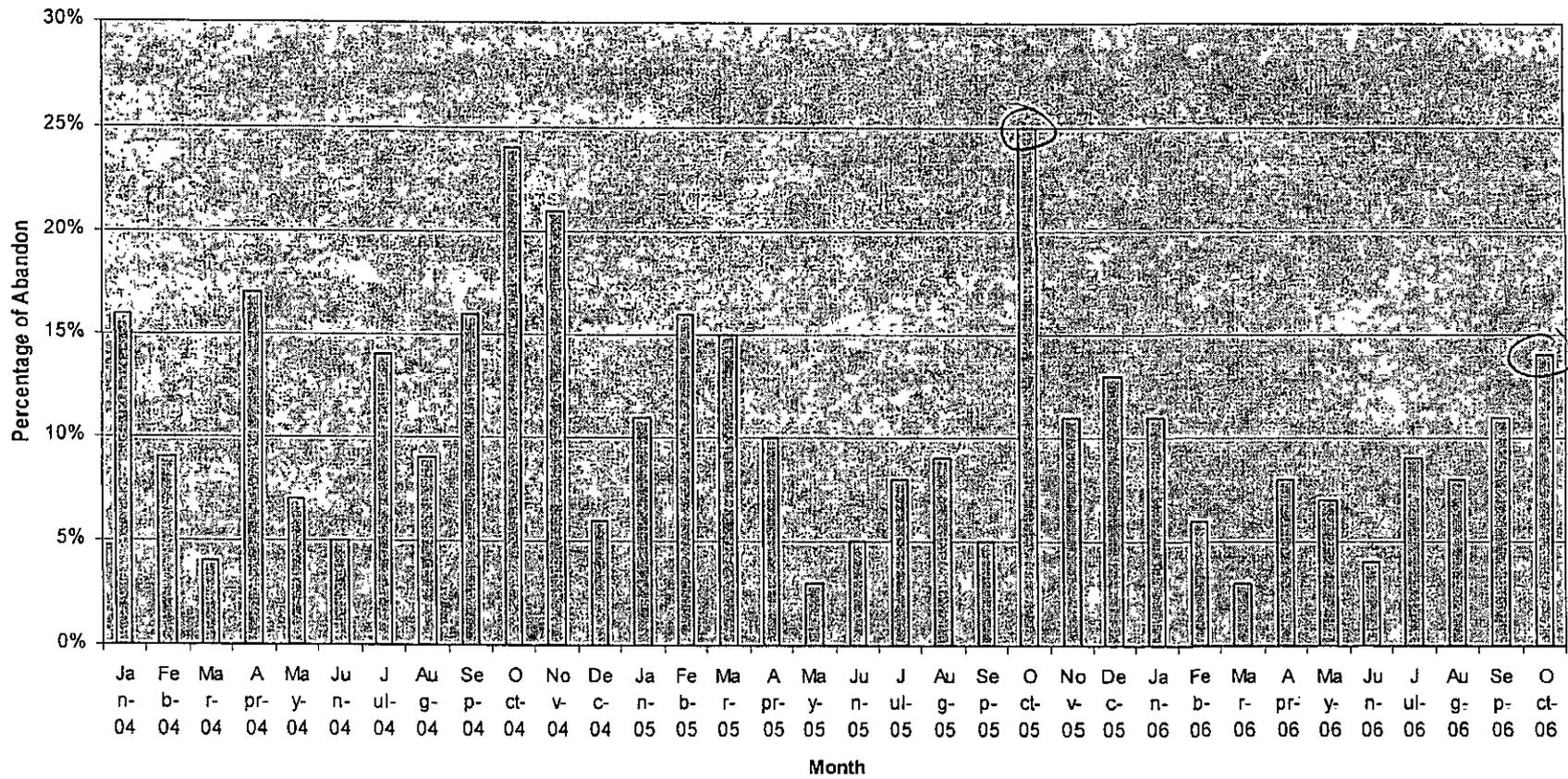
Average Speed of Answer per Month

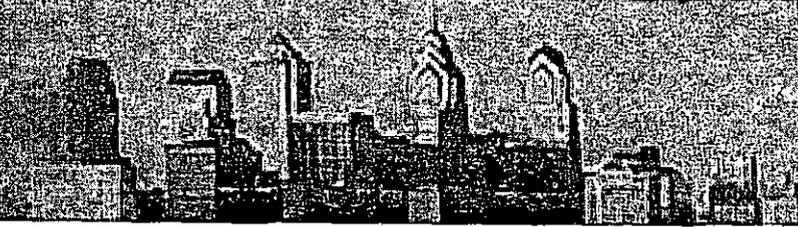




# The Call Center Abandon 14% of the calls in October.

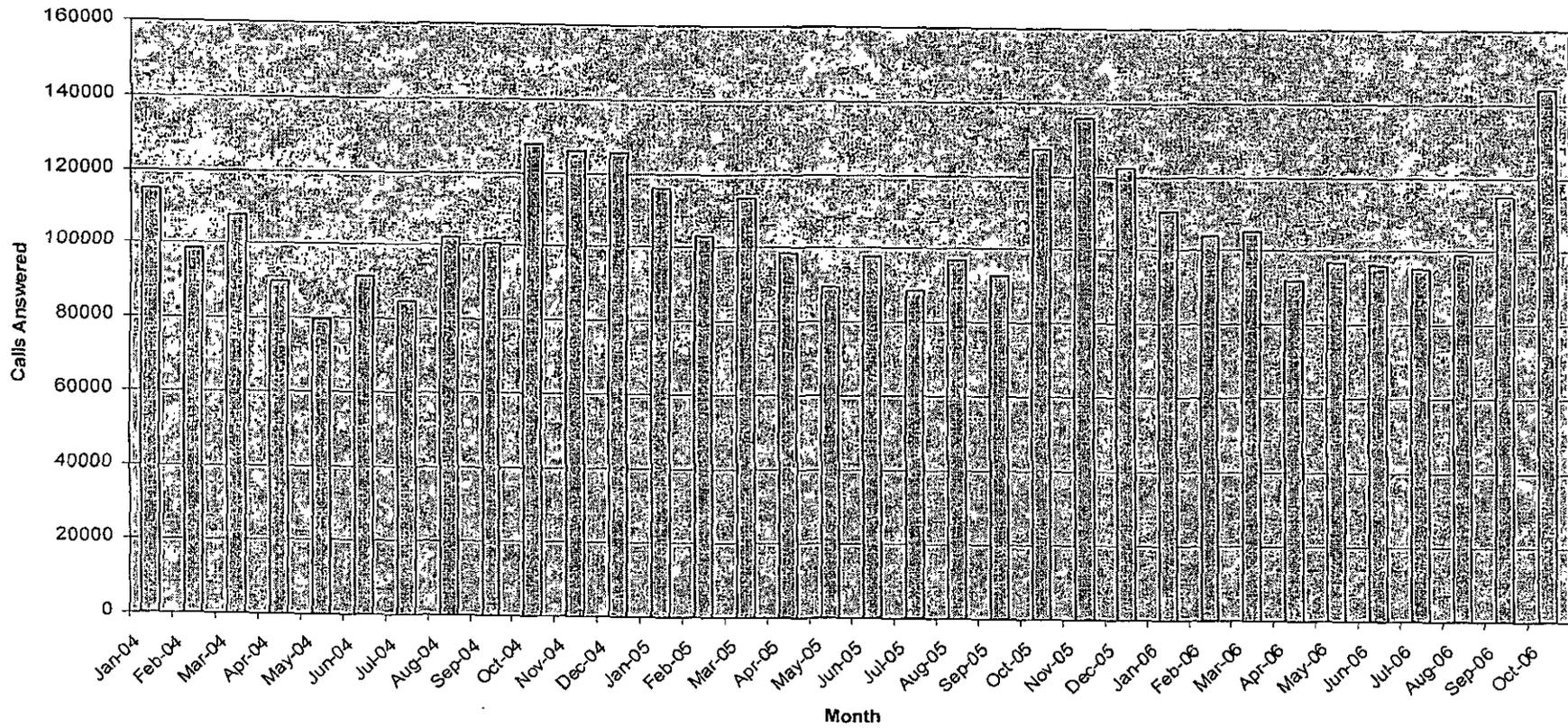
Percentage of Abandon Calls per Month





# Total Calls Answered per Month

Total Calls Answered Per Month



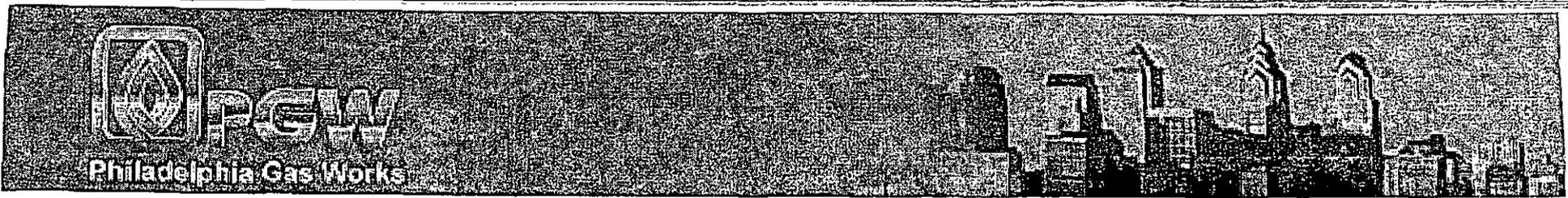
## Comparison of call volumes (October 2005-October 2006)

	<i>October 2005</i>		<i>October 2006</i>	
<i>Calls Answered</i>	<i>153,953</i>	<i>75%</i>	<i>144,135</i>	<i>86%</i>
<i>Calls Abandoned</i>	<i>51,998</i>	<i>25%</i>	<i>22,594</i>	<i>14%</i>
<i>Totals Calls Received</i>	<i>205,951</i>	<i>—</i>	<i>166,729</i>	<i>—</i>
<i>Average Speed to Answer</i>				
<i>Average Speed to Answer</i>	<i>4:40</i>	<i>—</i>	<i>2:52</i>	<i>—</i>
<i>Average Talk Time</i>				
<i>Average Talk Time</i>	<i>3:44</i>	<i>—</i>	<i>3:33</i>	<i>—</i>
<i>Average After Call Work</i>				
<i>Average After Call Work</i>	<i>:50</i>	<i>—</i>	<i>:58</i>	<i>—</i>
<i>Average Calls Per Week</i>				
<i>Average Calls Per Week</i>	<i>51,488</i>	<i>—</i>	<i>41,682</i>	<i>—</i>
<i>Average Calls Answered</i>				
<i>Average Calls Answered</i>	<i>38,488</i>	<i>—</i>	<i>36,034</i>	<i>—</i>
<i>Average Call Abandoned</i>				
<i>Average Call Abandoned</i>	<i>13,000</i>	<i>—</i>	<i>5,648</i>	<i>—</i>



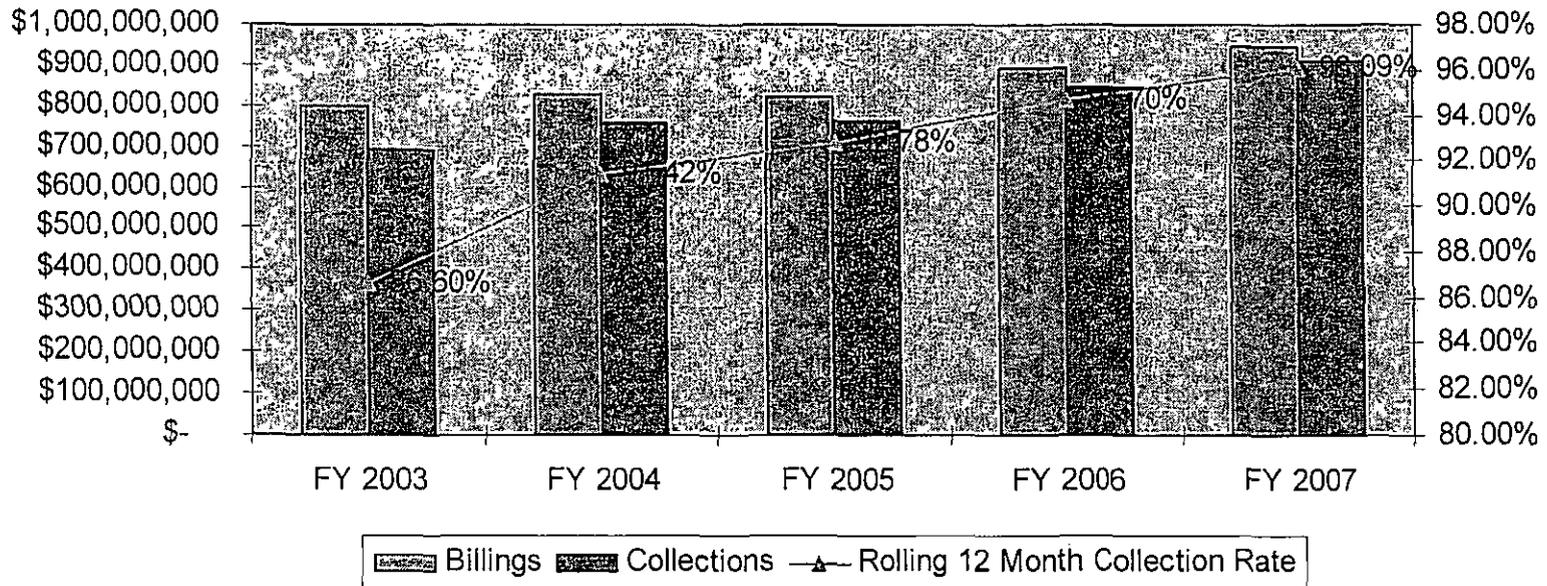
## Report Summary

- *Collections Renewal Initiative Summary (CRI)*
- *Rate of Collection enhancement Summary*
- *Deposits*
- *Campaign Highlights*
- *Next Steps*



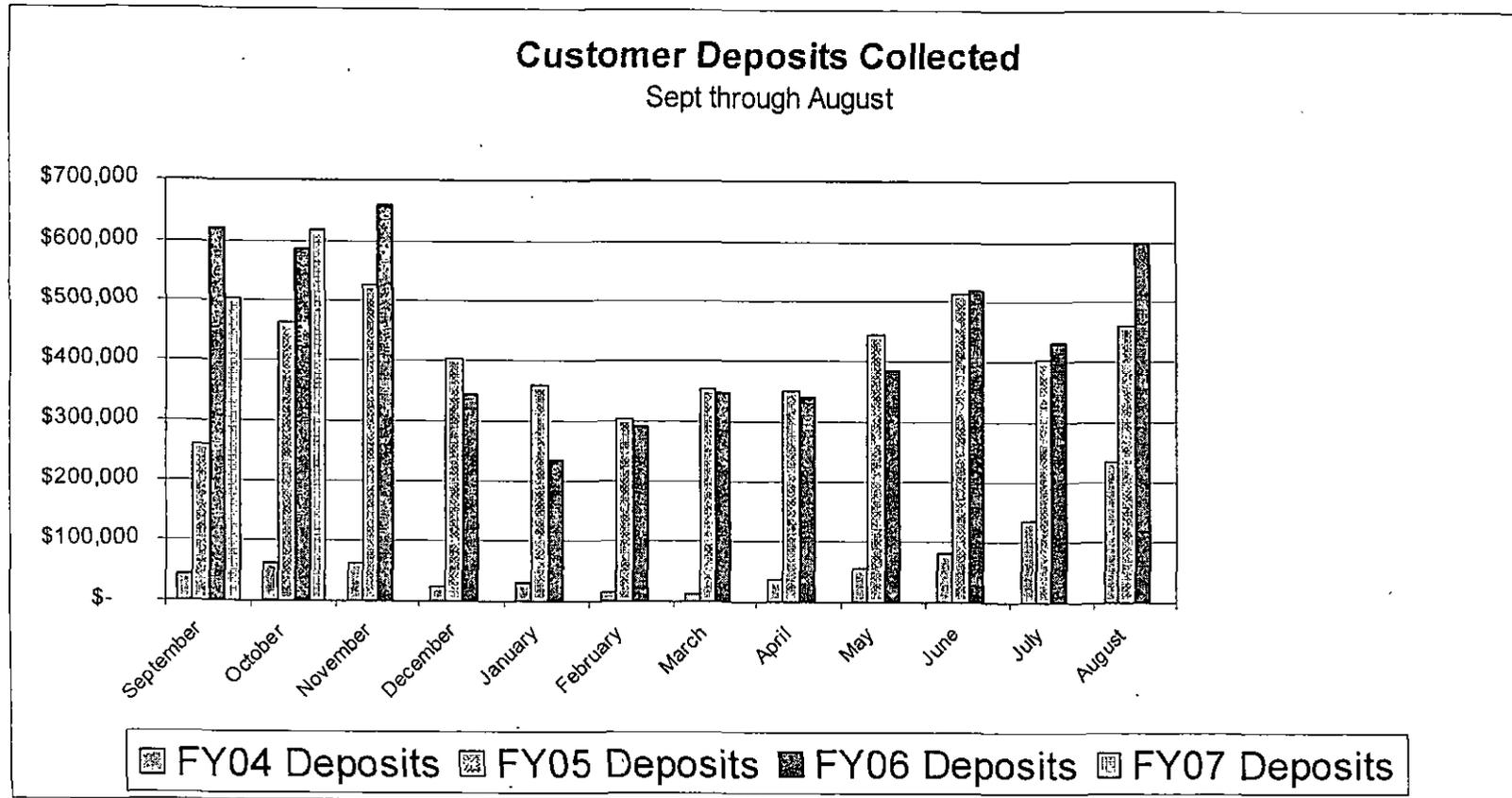
**Twelve month rolling collection rate through October is 96.09% compared to 94.70% last year for the same period. Billings this year are \$53MM greater than the previous year.**

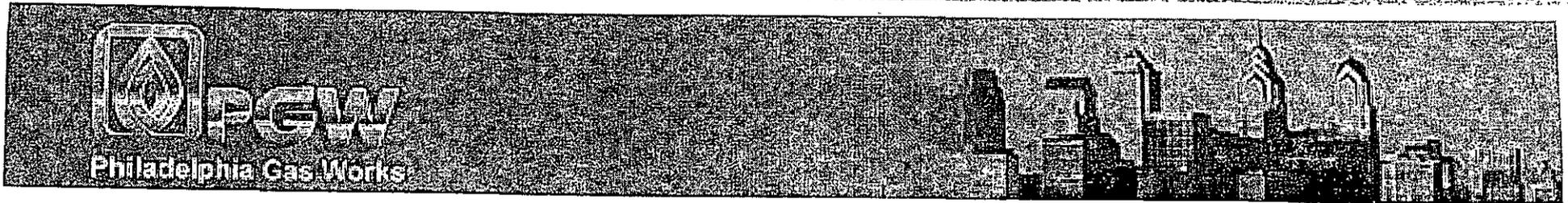
**Yearly Collections Comparisons  
Rolling 12 month average through September 2006**



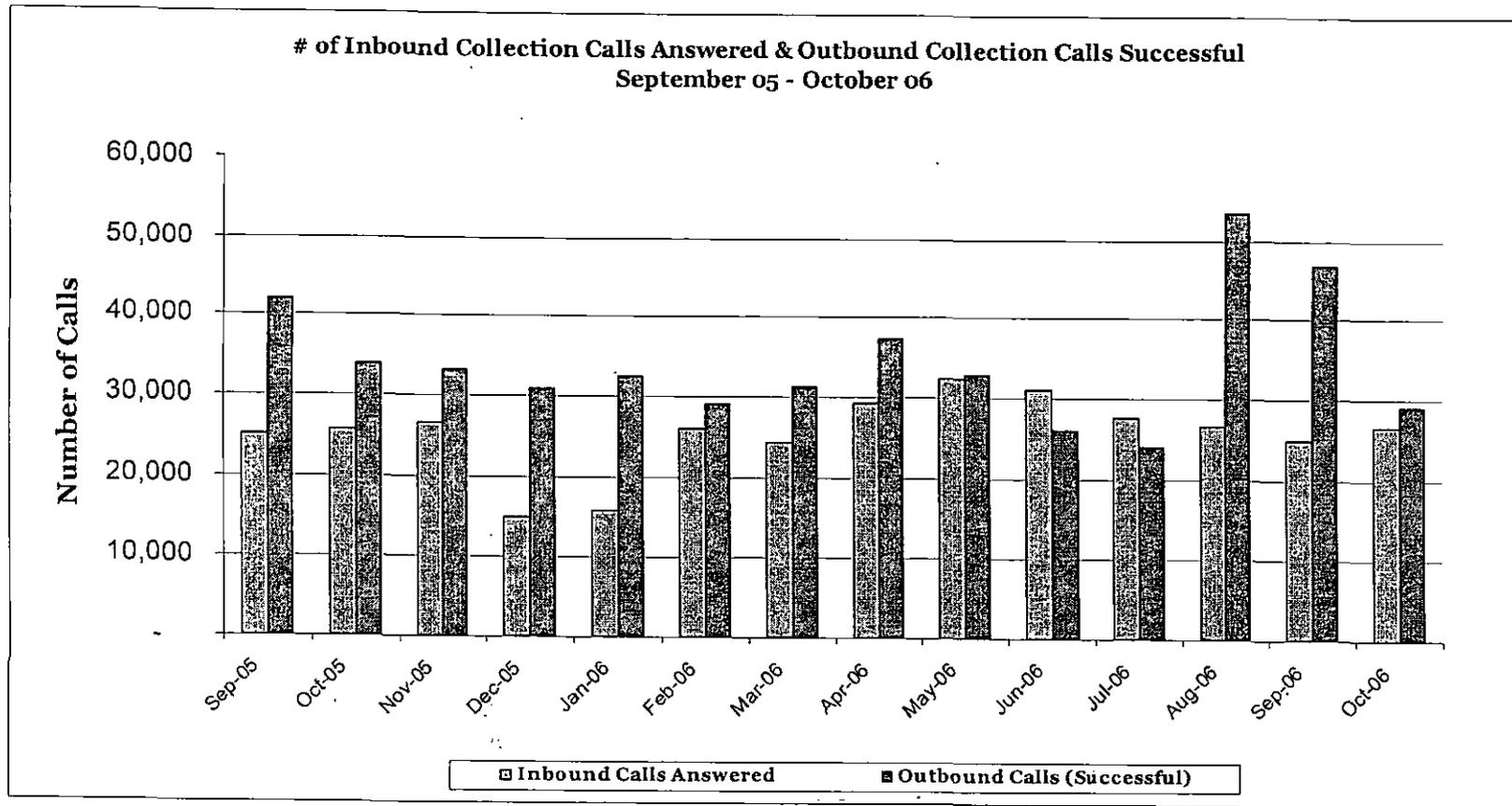


**Customer Deposits collected for October 2006 have increased by 5.8% over October 2005, from \$585,006 to \$618,541.**





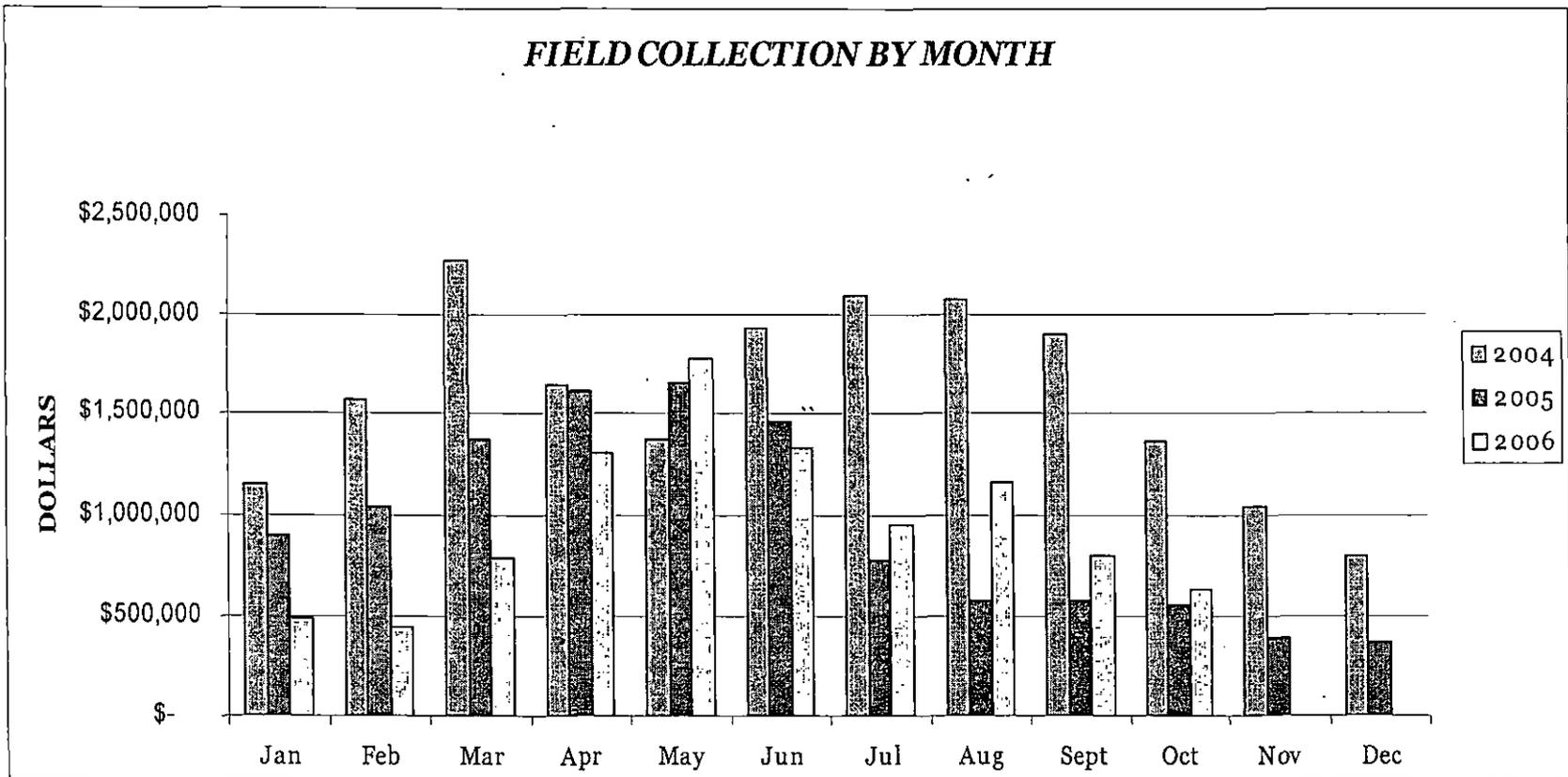
**Collection Call Volume: Successful Inbound Calls for October 2006 increased slightly over the same period last year.**

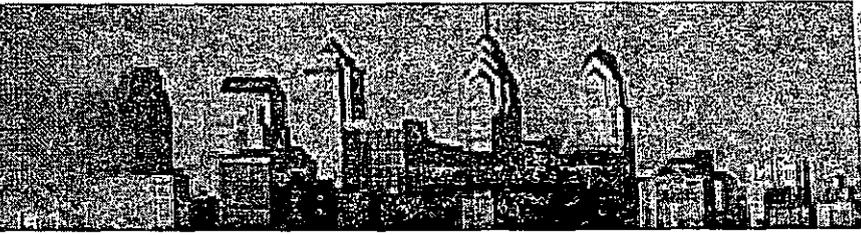




Philadelphia Gas Works

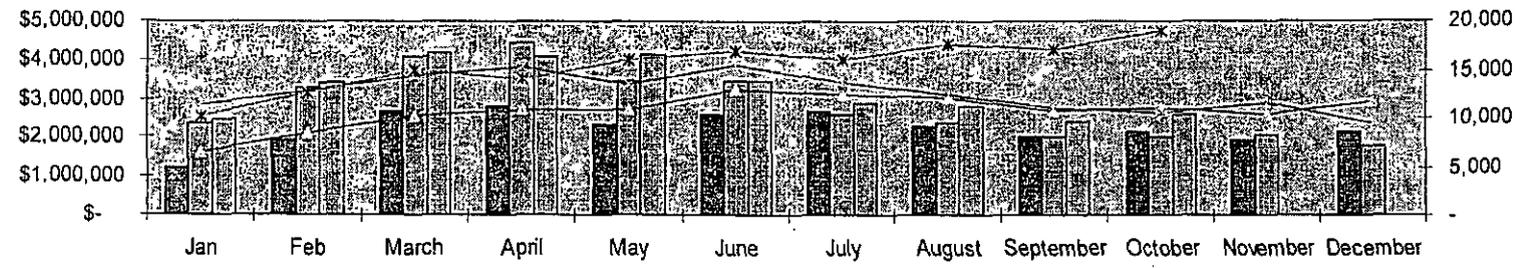
**Field Collections:** Field collectors have collected \$7.96M from April through October of 2006 vs \$7.23M for the same period last year.





**Phone Payment Activity: \$36.2 million for the last 12 months versus \$34.1 million for the previous 12 month period an increase of \$2.1 million or 6%.**

Total Cleartran \$ vs. # Payments Per Month 2004-2006



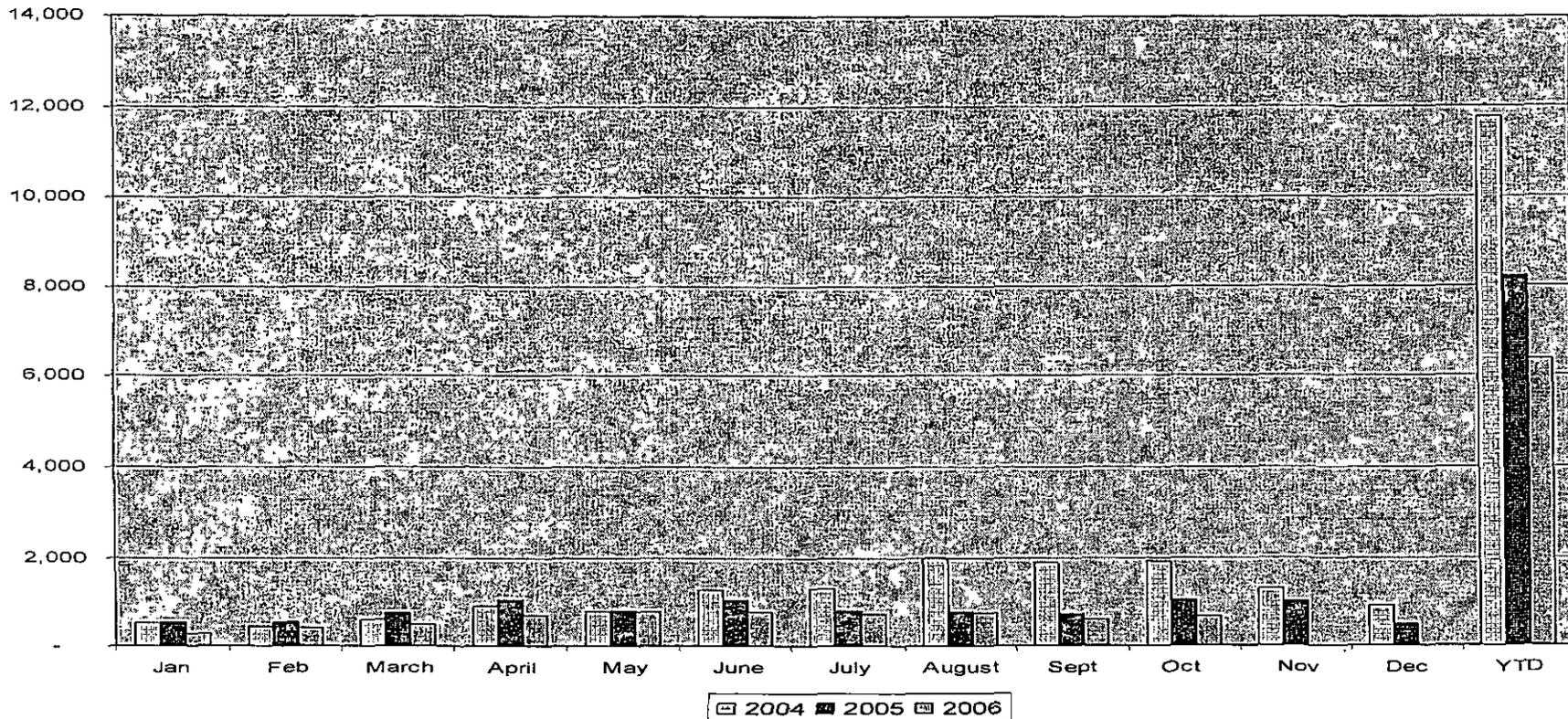
\$ Collected 04   
  \$ Collected 05   
  \$ Collected 06   
  # Payments 04   
  # Payments 05   
  # Payments 06



## Non-Payment Shut Off

		Key Metrics							
		Week of	Week of	%	April 1, 2006	April 1, 2005	%		
		11/06/2006	10/30/2006	Change	Year to Date	Year to Date	Change		
1	Twelve Month Rolling Receipts %	96.09%			96.09%	94.75%	1.41%		
2	Total of Residential NPSO = (7+8+12)	329	402	-18%	31,324	31,390	-0.2%		
3	Total Distribution Digs = (8 through 11)	18	38	-53%	1,634	3,640	-55%		
4	Total Shutoffs (All Reasons) = (7 through 16)	414	486	-15%	37,682	43,320	-13%		
5	% of Residential Premises Shutoff for non-pay not Restored	17,012		-200%	-152%	-48%	54.31%	52%	3%
6	# of 10 Day Notices Issued	4920	3622	36%	234,129	247,470	-5%		
7	# of Residential NPSO	288	347	-17%	28,353	29,148	-3%		
8	# of Distribution Digs NPSO	18	38	-53%	1,539	2,242	-31%		
9	# of Distribution Digs UWAC	0	0	n/a	1	267	-100%		
10	# of Distribution Digs MIU	0	0	400%	94	599	-84%		
11	# of Distribution Digs AMR	0	0	n/a	-	532	-100%		
12	# of Distribution NPSO at Meter or Curb	23	17	35%	1,432	382	275%		
13	# of Distribution Digs Soft Offs	0	0	n/a	-	340	-100%		
14	# of Commercial Accts NPSO	11	15	-27%	850	669	27%		
15	# of Unauthd Usage Shut Offs (RPU) CY	63	52	21%	4,673	8,650	-46%		
16	# of Bypass Shut Offs (RPU) Calendar Year	11	17	-35%	740	491	51%		

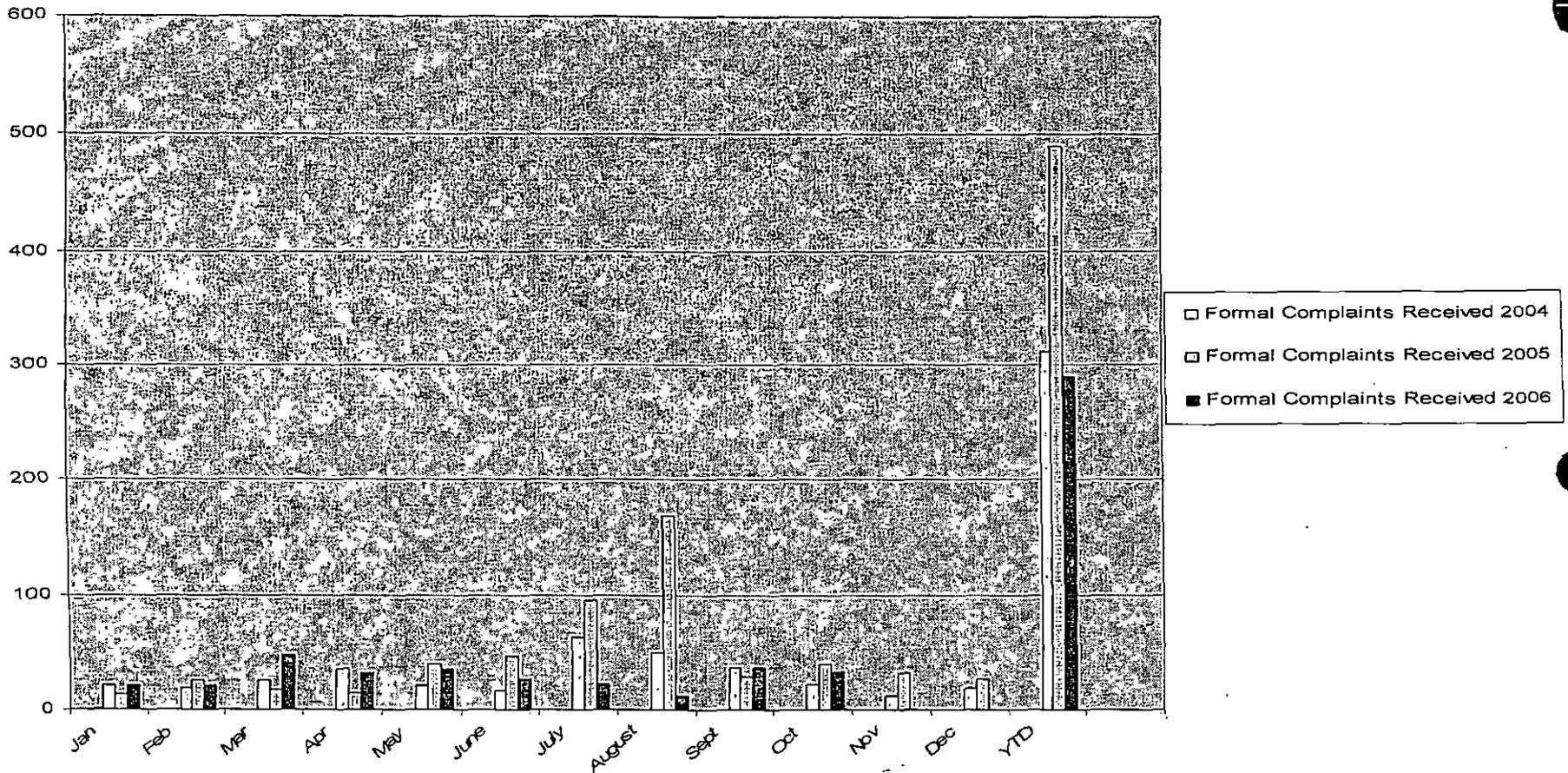
The number of informal complaints received October 2006 were 684 compared to same period last year there were 1,042. This is a decrease of 34% for the month of October. The number of informal complaints this year is 6,342 compared to 8,199 last year. This is a decrease of 23% for the year.





# Customer Review Unit

The number of formal complaints received October 2006 were 33 compared to 40 for the same period last year. This is a decrease of 17% for the month of October. The number of formal complaints this year is 289 compared to 490 last year. This is a decrease of 41%.



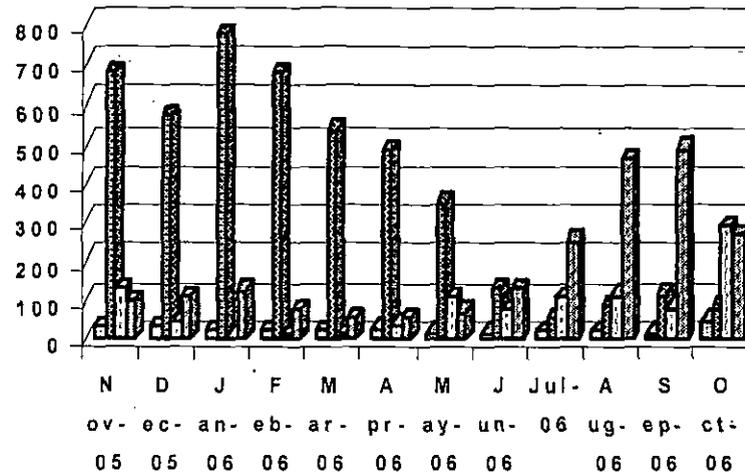


Philadelphia Gas Works

# Customer Review Unit

*The average number of complaints over 30 days has decreased 43% due to the Backlog Project.*

Status of Pending Complaints - Monthly Average



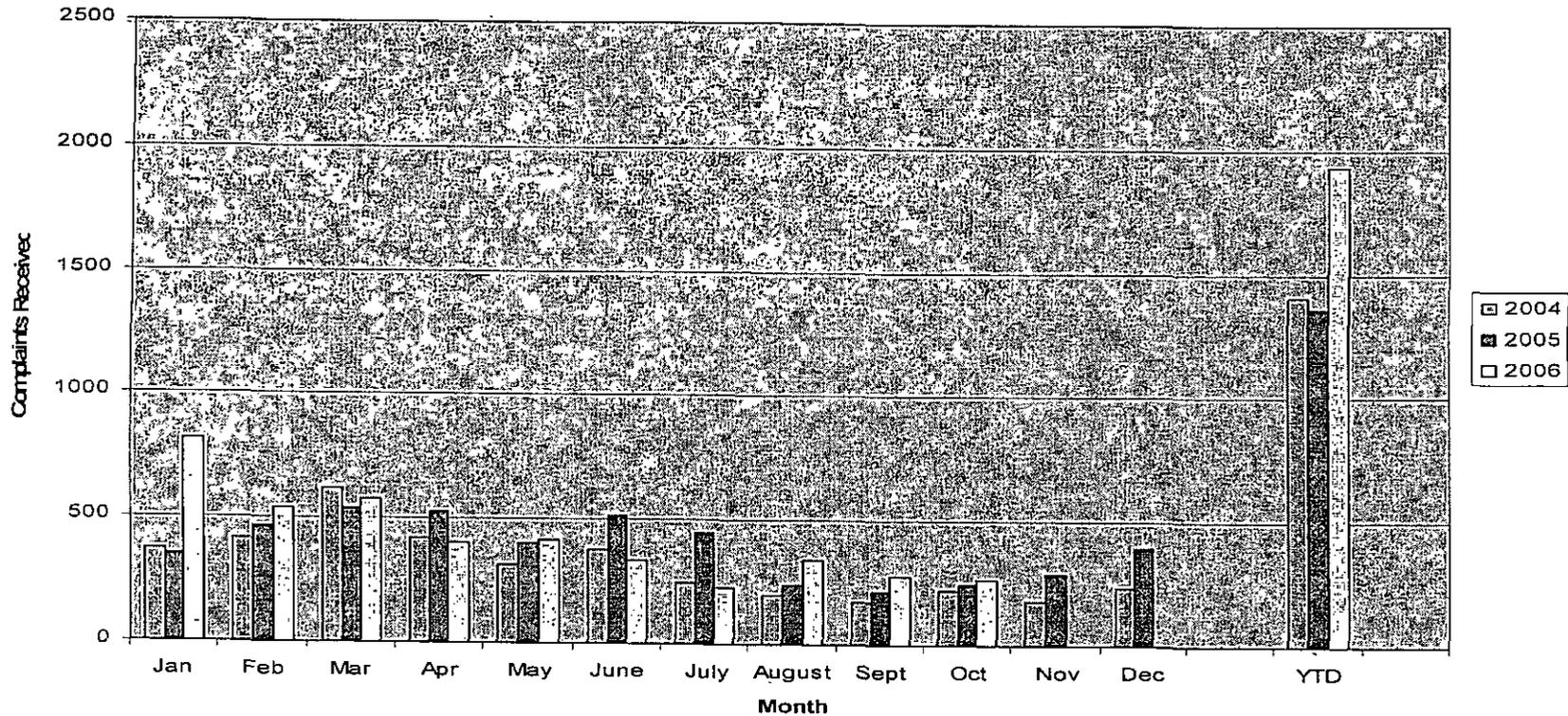
	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06
■ Informal Complaints under 30 days	31	33	20	22	23	28	14	14	19	21	15	50
■ Informal Complaints over 30 days	682	576	779	682	536	489	352	130	56	88	115	80
■ PAR under 30 days	131	43	6	12	12	37	110	78	109	115	80	293
■ PAR over 30 days	100	108	126	76	53	55	71	129	256	466	494	270



# Dispute Resolution Unit

The number of high bill complaints received October 2006 were 266 compared to the same period last year there were 247. This is an increase of 8% for the month of October.

High Bill Complaints Received

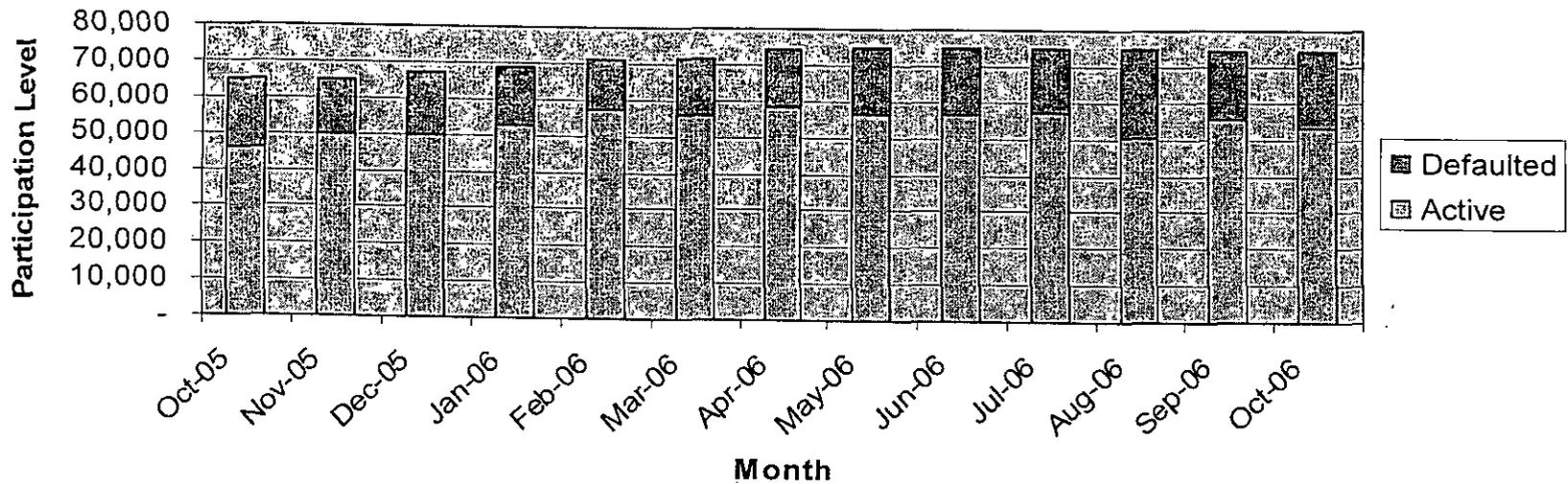


# Universal Services Program Activity:

## CRP:

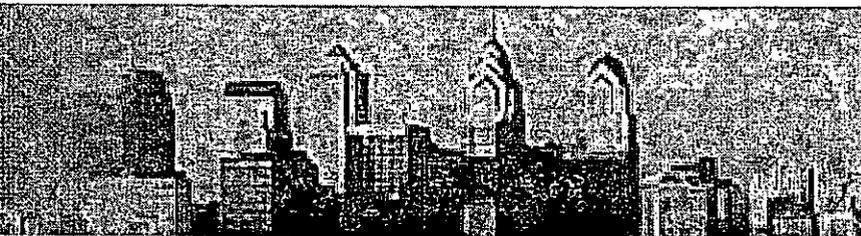
- As of October 31st, there were 74,641 CRP agreements
  - = 71% (52,901) of the agreements are Active
  - = 29% (21,740) of the agreements are Defaulted

CRP Participations by Active and Defaulted Statuses



*Active: Current with their payments, less than one full CRP bill behind*

*Defaulted: Behind on their payments, more than one full CRP bill behind*



## **Achievements Since Our Last Meeting**

- **Continued Non-CWIP Termination Process**
- **Continued Mailing Letters to "Dear Occupant" for Users Without A Contract Campaign**
- **Completed Training 11 Customer Service Representatives**
- **Completed Interviews for 10 additional Customer Service Representatives**



## Next Steps

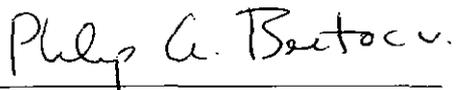
- **Complete CRU/DRU Unit Document Management Project**
- **Begin IVR Upgrade Project**
- **Continue Cold Weather Survey**
- **Continue LIHEAP Outreach**
- **Award Agency Collection Contracts**
- **New Training Class will begin December 4<sup>th</sup>**

*Focus: Customers First*

## VERIFICATION

I, Philip A. Bertocci, Esquire hereby state that the facts contained in the foregoing Answer are true and correct to the best of my knowledge, information and belief, that I am authorized to make this verification, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).

Date: November 30, 2006

  
\_\_\_\_\_  
PHILIP A. BERTOCCI

## CERTIFICATE OF SERVICE

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

### VIA FIRST CLASS MAIL

Tanya McCloskey, Esquire  
James Mullins, Esquire  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921

Johnnie Simms, Esquire  
Richard A. Kanaskie, Esquire  
Office of Trial Staff  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Steven Gray, Esquire  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2<sup>nd</sup> Street  
Harrisburg, PA 17101

Bohdan Pankiw, Esquire  
PA Public Utility Commission  
Commonwealth Keystone Bldg., 3<sup>rd</sup> Fl. W  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Charis Mincavage, Esquire  
McNees, Wallace, Nurick  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

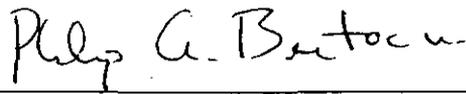
Daniel Clearfield, Esquire  
Deanne M. O'Dell, Esquire  
Wolf, Block, Schorr and Solis-Cohen, LLP  
213 Market Street, 9<sup>th</sup> Fl.  
P.O. Box 865  
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Renardo L. Hicks, Esquire  
Anderson Gulotta & Hicks, PC  
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Harrisburg, PA 17112

Ward Smith, Esquire  
Exelon Business Services Company  
2301 Market Street, S23-1  
Philadelphia, PA 19103

Philip L. Hinerman, Esquire  
A. Wesley Bridges, Esquire  
Fox Rothschild LLP  
2000 Market Street, 10<sup>th</sup> Fl.  
Philadelphia, PA 19103-3291

Date: November 30, 2006

  
Philip A. Bertocci, Esquire



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

December 1, 2006

James J. McNulty, Jr., Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pa 17105-3265

ORIGINAL

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

Dear : Mr. McNulty:

Enclosed for filing are an original and three (3) copies of the Law Bureau  
Prosecutory Staff Answer to Petition for Rescission and Amendment of Prior Order in the  
above-referenced case. Copies have been served on the parties of record in accordance  
with the Certificate of Service.

Sincerely,

Terrence J. Buda  
Assistant Counsel  
Attorney ID No. 33477

DOCUMENT  
FOLDER

cc.: As per Certificate of Service  
Robert F. Young, DCC  
Joseph R. Farley, BCS

SECRETARY'S BUREAU  
NOV 27 2006  
KJR

## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true and correct copy of the foregoing Answer to Petition for Rescission and Amendment of Prior Order, upon the persons listed and in the manner indicated below, which service satisfies the requirements of Pa. R.A.P. 121:

### Notification by first class mail addressed as follows:

Tanya McCloskey Esq.  
James Mullins, Esq.  
Office of Consumer Advocate  
5<sup>th</sup> Floor Forum Place Bldg.  
555 Walnut Street  
Harrisburg, Pa. 17107-1921

Johnnie Simms, Esq.  
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Office of Trial Staff  
Pa. Public Utility Commission  
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Harrisburg, Pa. 17112

Charis Mincavage Esq.  
Mcnees Wallace Nurick  
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Edward A McCool, Esq.  
Community Legal Services  
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Philadelphia, Pa. 19103

Steven Gray, Esq.  
Office of Small Business Advocate  
Commerce Building Suite 1102  
300 North Second Street  
Harrisburg, Pa. 17101

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SEP 11 2008

Deanne M. O'Dell, Esq.  
Wolf Block Schorr & Solis-Cohen LLP  
213 Market Street 9<sup>th</sup> Floor  
Harrisburg, Pa. 17108-0865



Terrence J. Buda  
Assistant Counsel  
Attorney ID # 33477  
(Counsel for Pennsylvania  
Public Utility Commission)

P.O. Box 3265  
Harrisburg, PA 17105-3265  
(717) 787-5000

Dated: December 1, 2006

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED  
GENERAL COUNSEL  
DEC 06 2006

<b>Re: Investigation into Financial</b>	:	<b>Docket Nos.</b>	<b>P-00042090</b>
<b>Collection Issues Regarding the</b>	:		<b>R-00049157</b>
<b>Philadelphia Gas Works</b>	:		<b>M-00021612</b>
	:		<b>P-00032061</b>

**LAW BUREAU PROSECUTORY STAFF'S  
ANSWER TO PETITION FOR RESCISSION  
AND AMENDMENT OF PRIOR ORDER**

Law Bureau Prosecutory Staff ("LBPS") hereby answers the Petition for Rescission and Amendment of Prior Order ("Petition") filed by Philadelphia Gas Works ("PGW" or "the Company"),<sup>1</sup> which seeks to partially rescind or amend the Commission Order entered October 27, 2004 ("Commission Order"), in the proceeding titled as *Investigation into Financial and Collections Issues Regarding the Philadelphia Gas Works ("Investigation")*. PGW requests the elimination of the ordering paragraph in the Commission Order which requires PGW to meet monthly with the Commission's Bureau of Consumer Services ("BCS"), Community Legal Services ("CLS") and the Office of the Consumer Advocate ("OCA"). However, in the event that the Commission determines that the continuation of such meetings are currently necessary, PGW requests that the Commission issue an order which: (i) reaffirms or establishes that the purpose of these meetings is to discuss PGW's efforts to improve its collections practices and to monitor PGW's progress in making such improvements; (ii) modifies the meeting

<sup>1</sup> LBPS files its pleading pursuant to 52 Pa. Code §§ 5.61 and 5.572.

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DEC 06 2006

schedule to once every three months; (iii) direct that only those deemed to be required by the Commission shall attend; and (iv) establishes that the meetings will continue for only 12 more months, absent a subsequent order from the Commission otherwise.

On October 27, 2004, the Commission issued an *Opinion and Order* in the above-captioned *Investigation* proceeding that addressed, *inter alia*, PGWs' financial issues, collection practices, Universal Service Program, and waiver of certain Chapter 56 provisions. The Petition recently filed by PGW addresses ordering paragraph No. 17 which imposes a requirement upon PGW to meet on a monthly basis with BCS, the OCA and CLS. Specifically, this provision provides as follows:

That Philadelphia Gas Works shall continue to meet on a monthly basis with the Bureau of Consumer Services, the Office of Consumer Advocate and Philadelphia Community Legal Services for the purpose of providing progress reports and other data and answering questions about its collection practices.

The ALJ in the *Investigation* proceeding recognized in the Recommended Decision (pages 51-52) that PGW meets monthly with BCS, OCA and CLS to provide progress reports and other data and to answer questions about its collection practices.<sup>2</sup> PGW St. CP-1 at 10. The ALJ acknowledged that the monthly meetings appear useful, and recommended that PGW continue with them. The Commission accepted this

---

<sup>2</sup> BCS and PGW have been meeting since July 1, 2000 with respect to issues that involve bringing PGW's practices into compliance with Chapter 56. See e.g., *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, M-00021612 *et. seq.*, issued March 31, 2003, page 38.

recommendation in the Opinion and Order (pages 19 and 63) by requiring that these meetings continue on a monthly basis.

We believe the important aspect of the Commission's action was the requirement that these parties meet on a regular basis but that meeting on a monthly basis was not essential for the purpose of providing reports. Therefore, we do not oppose modifying ordering paragraph No. 17 to require the parties, including the OCA and CLS, to meet on a quarterly basis, as alternatively proposed by PGW. However, as will be discussed herein, BCS must have the final say over the agenda to be discussed at these meetings.

In addition to expressing our opinion on how the Commission should rule on the Petition, we believe it essential to set the record straight on a number of points raised by PGW in the Petition so that the Commission can make an informed decision. In particular, LBPS, with the assistance of BCS, will respond to the following issues raised by PGW in support of its Petition:

1. PGW claims that the current meetings have frequently strayed outside of the collections area (Petition, page 2 line 6). While this is an accurate statement, it ignores the fact that these meetings had been taking place since 2001. The format of the meetings had been set prior to the Commission's October 27, 2004 Order and had always included subjects beyond the area of collections.
2. PGW notes that it had initiated the monthly meetings and modified the meetings to focus on collections when the collections crisis arose (Petition, page 3 line 6). Although we agree that PGW requested the meetings, it is disagreed that PGW made any substantive changes to the agenda based on the "collections crisis". PGW certainly never notified the other parties that it was modifying the meetings in this manner. In addition, a comparison of meeting agendas prior to and after the Commission Order does not support PGW's assertion that the meetings were modified to focus on collections. For example, the most recent agenda (November) includes trends in the call

center, the number of informal and formal complaints filed against PGW, the number of informal complaints over 30 days old where PGW has yet to respond to the BCS, the number of high bill complaints, a report on universal services activity, a listing of achievements since the last meeting and the next steps planned by PGW relative to activities of interest to the BCS. Irrespective of the issue of what is a "collections issue", we submit that there has not been a substantive change to the agenda.

3. PGW states that it appears to be the view of the BCS, OCA, and CLS that PGW's business practices are somehow connected to PGW's collection practices (Petition, page 5 line 4). This argument continues on line 11 giving examples that the Company apparently feels are not collection related. First, we do not share the view that all of PGW's business practices are related to its collection practices. However, some business practices are related to collections, including some of the examples cited in the Petition; for example, billing issues impact collections. As the Commission may recall, PGW's failure to bill customers was a billing issue that certainly impacted collections.<sup>3</sup> Other examples used by the Company that we see as impacting collections include, but are not limited to, deposit policies, termination notices and policies, medical certifications, user without contract, PGW's Customer Responsibility program, PGW's Senior Citizen Discount Program, which was part of the collections investigation to begin with, PGW's installation of curb boxes and PGW's restoration policies. Indeed, Call Center access also impacts collections.
4. PGW states that when, what in their view are non-collection issues are discussed, the meetings resemble informal hearings or open discovery sessions (Petition, page 10 line 14). The Company explains further that it has discussed these matters even though it has expressed its view that they shouldn't be discussed at these meetings. Frankly, we would not describe these meetings in this fashion. In addition, when the BCS adds items to the agenda PGW is always given advance notice and on multiple occasions the BCS and PGW have had separate meetings after the regular meeting to discuss these issues. This occurs when PGW objects to the presence of the other parties and the BCS agrees that the matter is clearly not a collections issue.
5. PGW states that the meetings are held to improve PGW collection efforts and that the parties have raised issues that would have the opposite results (Petition, page 11 line 13). Here, incredibly, PGW seems to argue that

---

<sup>3</sup> When the Commission asserted regulatory authority it was discovered that the Company had failed to issue monthly bills to thousands of customers for a period of a year or more.

even if the BCS becomes aware that one or more of the Company's collection practices may be in violation of statute or regulation, the matter should be ignored because to do otherwise might harm, rather than improve, PGW collections. This troubling perspective should be ignored by the Commission.

6. Finally, PGW states that there is no reason to continue meeting now since more than two years has elapsed since the collection crisis (Petition, page 12 line 1). Although BCS was the first party to suggest going to quarterly rather than monthly meetings, we believe that there are still issues that exist that require Commission attention. In fact, PGW's Call Center performance, a collection issue, clearly remains a concern. In October, the Company's grade of service was 39%. The average speed of answer was 2 minutes and 52 seconds. The Commission, at Docket No. M-00011464, has determined that PGW should meet the industry standard of answering 80% of its calls in 30 seconds. As shown above, in October PGW met this standard 39% of the time.

In conclusion, LBPS does not oppose the Commission granting PGW's request for alternative relief. However, given PGW's propensity to view an issue as unrelated to collections, as discussed above, the Commission should make it clear that in the event of any dispute as to what constitutes a collection issue, the BCS will make the final determination. This delegation authority is entirely consistent with the Commission's powers under §§ 504, 505 and 506 of the Public Utility Code,<sup>4</sup> and PGW's obligation to comply with these statutory provisions by submitting reports, furnishing information, and allowing the inspection of records.

---

<sup>4</sup> 66 Pa.C.S. §§ 504, 505, and 506.

WHEREFORE, the LBPS requests that the Commission deny PGW's request to rescind ordering paragraph 17 but grant the alternative relief requested in the Petition subject to BCS' authority referred to above.

Respectfully submitted,



Terrence J. Buda  
Law Bureau Prosecutory Staff  
Attorney ID No. 33477

Pennsylvania Public Utility Commission

P.O. Box 3265  
Harrisburg PA 17105-3265

E-mail: [tbuda@state.pa.us](mailto:tbuda@state.pa.us)  
Phone: (717) 783-3459  
Fax: (717) 783-3458

Dated: December 1, 2006

VERIFICATION

I, Joseph Farley, Consumer Services Policy Analyst Supervisor, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 30, 2006

  
\_\_\_\_\_  
Joseph Farley  
Consumer Services Policy Analyst Supervisor  
Bureau of Consumer Services



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

December 1, 2006

James J. McNulty, Jr., Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pa 17105-3265

ORIGINAL

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

Dear : Mr. McNulty:

Enclosed for filing are an original and three (3) copies of the Entry of Appearance on behalf of the Law Bureau Prosecutory of the Pennsylvania Public Utility Commission in the above-referenced case. Copies have been served on the parties of record in accordance with the Certificate of Service.

Sincerely,

DOCUMENT  
FOLDER

Terrence J. Buda  
Assistant Counsel  
Attorney ID No. 33477

KJR

cc.: As per Certificate of Service  
Robert F. Young, DCC  
Joseph R. Farley, BCS

SECRETARY'S BUREAU

2006-12-01 PM 1:02

37

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

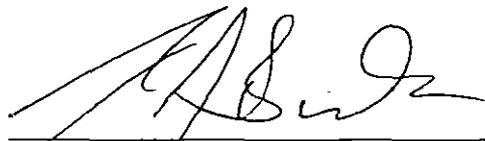
**ENTRY OF APPEARANCE**

Please enter my appearance as counsel for the Law Bureau Proecutory Staff of the Pennsylvania Public Utility Commission.

All service on and communications to the Law Bureau Proecutory Staff in this proceeding should be addressed to:

Terrence J. Buda  
Assistant Counsel  
Pennsylvania Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265  
Phone: 717-787-5000

**DOCUMENT  
FOLDER**



Terrence J. Buda  
Assistant Counsel  
Attorney ID #33477

P.O. Box 3265  
Harrisburg, PA 17105-3265  
Phone: 717-787-5000

Dated: December 1, 2006

**DOCKETED**  
DEC 06 2006

SECRETARY'S BUREAU

2006-12-01 11:02

## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true and correct copy of the foregoing Entry of Appearance, upon the persons listed and in the manner indicated below, which service satisfies the requirements of Pa. R.A.P. 121:

**Notification by first class mail addressed as follows:**

Tanya McCloskey Esq.  
James Mullins, Esq.  
Office of Consumer Advocate  
5<sup>th</sup> Floor Forum Place Bldg.  
555 Walnut Street  
Harrisburg, Pa. 17107-1921

Johnnie Simms, Esq.  
Richard A Kanaskie, Esq.  
Office of Trial Staff  
Pa. Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pa. 17105-3265

Renardo L. Hicks, Esq.  
Anderson Gulotta & Hicks PC  
1110 N. Mountain Rd.  
Harrisburg, Pa. 17112

Charis Mincavage Esq.  
Mcnees Wallace Nurick  
100 Pine Street  
P.O. Box 1166  
Harrisburg, Pa. 17108-1166

Philip Bertocci, Esq.  
Edward A McCool, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, Pa. 17102

Philip L. Hinerman, Esq.  
A Wesley Bridges, Esq.  
Fox Rothschild LLP  
2000 Market Street 10<sup>th</sup> Fl.  
Philadelphia, Pa. 19103-3291

Ward Smith, Esq.  
Exelon Business Services Co.  
2301 Market St. S23-1  
Philadelphia, Pa. 19103

Steven Gray, Esq.  
Office of Small Business Advocate  
Commerce Building Suite 1102  
300 North Second Street  
Harrisburg, Pa. 17101

Deanne M. O'Dell, Esq.

Deanne M. O'Dell, Esq.  
Wolf Block Schorr & Solis-Cohen LLP  
213 Market Street 9<sup>th</sup> Floor  
Harrisburg, Pa. 17108-0865



---

Terrence J. Buda  
Assistant Counsel  
Attorney ID # 33477  
(Counsel for Pennsylvania  
Public Utility Commission)

P.O. Box 3265  
Harrisburg, PA 17105-3265  
(717) 787-5000

Dated: December 1, 2006

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560 (in PA only)

IRWIN A. POPOWSKY  
Consumer Advocate

FAX (717) 783-7152  
consumer@paoca.org

December 4, 2006

ORIGINAL

James J. McNulty, Secretary  
PA Public Utility Commission  
400 North Street  
Keystone Building  
Harrisburg, PA 17105-3265

RE: Investigation into Financial and Collections  
Issues Regarding the Philadelphia Gas  
Works

Docket Nos. P-00042090  
R-00049157  
~~M-0001612~~ M-00021612  
P-00032061

Dear Secretary McNulty:

Enclosed are an original and three (3) copies of the Answer of the Office of  
Consumer Advocate, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the enclosed  
Certificate of Service.

Sincerely,

*Christy M. Appleby*

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824

KJR

DOCUMENT  
FOLDER

Enclosures  
cc: All Parties of Record

00091755.DOC

SECRETARY'S BUREAU  
2006 DEC -4 PM 4:13

61

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

---

ANSWER OF THE  
OFFICE OF CONSUMER ADVOCATE  
TO PGW'S PETITION FOR RESCISSION OR  
AMENDMENT OF PRIOR ORDER

---

SECRETARY'S BUREAU

2006 DEC -6 PM 4:13

RECEIVED

On November 20, 2006, Philadelphia Gas Works (PGW) filed its Petition for Rescission and Amendment of Prior Order (Petition). PGW's Petition seeks to rescind or amend the Commission's Order of October 27, 2004 in Investigation into Financial and Collections Issues Regarding the Philadelphia Gas Works at Docket Nos. P-00042090, R-00049157, M-00021612, P-00032061, and P-00042117 (Order entered October 27, 2004)(Investigation Order). In the Investigation Order, the Commission directed PGW to continue to meet on a monthly basis with the Bureau of Consumer Services (BCS), the Office of Consumer Advocate (OCA), and Community Legal Services (CLS) for the purpose of providing progress reports and other data and answering questions about its collection practices. Investigation Order at 63. PGW now seeks to eliminate this requirement, and the Customer Service Initiative (CSI) meetings, in their entirety. In the alternative, PGW seeks to reduce the number of meetings to quarterly meetings; limit the scope of the meetings to encompass collection practices only; and limit the meetings to a one year period. PGW specifically requests that discussion of PGW's Chapter 56

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procedures, Chapter 14 implementation, and other customer service related practices be prohibited at the Customer Service Initiative meetings. Petition at 15.

The OCA submits that the CSI meetings have provided important information to all participants that has facilitated understanding of customer service related issues and resulted in improvements in customer service. The OCA has found the meetings to be valuable and submits that the CSI meetings should be continued. PGW staff at the meetings have been very helpful with responses to the OCA, and the OCA submits that the CSI meetings have been a valuable tool that routinely allows PGW to be aware of questions that have arisen from the consumer perspective. The meetings also facilitate an understanding of PGW's practices and procedures by those who also work directly with consumers so that more effective communication with consumers can occur. The OCA would not oppose moving to a quarterly meeting schedule, but would object to eliminating these meetings, establishing a specific end date for the meetings, or limiting the scope of discussions.

In 2000, PGW came under the jurisdiction of the Pennsylvania Public Utility Commission. 66 Pa.C.S. § 2212 (b). Even in the first request by PGW for interim rate relief from the Commission in 2000, PGW's customer service was of concern to the Commission. See, e.g., Pa. PUC v. Philadelphia Gas Works, Docket No. R-0005654 (Order entered November 22, 2000)(Commission ordered numerous conditions to interim rate relief, including that PGW show improvement in its customer service functions and provide reports on its progress). In 2001, BCS, OCA, and CLS began meeting with PGW on a monthly basis to discuss customer service in what are now known as the Customer Service Initiative (CSI) meetings.<sup>1</sup> Also in 2001, the Commission reviewed the Stratified

---

<sup>1</sup> PGW's Customer Service Initiative meetings commenced in 2001, not two years ago as stated in PGW's Petition. Petition at 1-2.

Management and Operations Audit of Philadelphia Gas Works that had identified numerous quality of service issues, including Call Center and customer service performance.

Philadelphia Gas Works' Implementation Plan for the Stratified Management and Operations Audit- Outsourcing Call Center Outflow, Docket No. M-00011464 (June 13, 2002).<sup>2</sup> In 2002, the CSI meetings continued. The Commission's Utility Consumer Activities Report for 2002 recognized these meetings and summarized as follows:

The Bureau continues to meet with PGW officials on a monthly basis to monitor the company's progress with its customer service initiative. In addition, these meetings are used to track PGW's Chapter 56 transition efforts, and to discuss and resolve various customer service issues as appropriate.

*2002 Utility Consumer Activities Report at 36.*<sup>3</sup>

PGW next filed a Petition seeking to amend the reporting requirements that the Commission established in its Order of November 22, 2000 in Docket No. R-00005654. By Order entered January 13, 2003 in Docket Nos. R-0005619, R-00005654 and R-00006042, the Commission directed PGW to file all information concerning customer service issues in the monthly CSI meetings and to post the information on its website. Order of January 16, 2003, Ordering ¶13.

Next, on October 27, 2004, the Commission issued its Order in the Investigation into Financial and Collections Issues Regarding the Philadelphia Gas Works at Docket Nos. P-00042090, R-00049157, M-00021612, P-00032061, and P-00042117 (Order entered October 27, 2004)(Investigation Order). This is the Order that PGW argues controls the CSI

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<sup>2</sup> The outsourcing of Call Center outflow was rescinded after improvements to Call Center performance.

<sup>3</sup> PGW was subject to the customer service, billing and collection policies and procedures under the Philadelphia Gas Commission and was required to transition to the requirements of Chapter 56 under the Pennsylvania Public Utility Commission. The PGW CSI group discussed many customer service aspects of this transition as indicated in the BCS Report.

meetings and the Order it seeks to have rescinded. The Investigation Order acknowledges that the CSI meetings were on-going and useful. The Order states: "ALJ also found that PGW's monthly meetings with the Commission's Bureau of Consumer Services (BCS), the OCA and Philadelphia Community Legal Services have proved useful and recommended that the meetings continue." Order at 19. The Ordering paragraph then provides:

That Philadelphia Gas Works shall continue to meet on a monthly basis with the Bureau of Consumer Services, the Office of Consumer Advocate and Philadelphia Community Legal Services for the purpose of providing progress reports and other data and answering questions about its collection practices.

Investigation Order at 63.

As can be seen from this history, the CSI meetings have been ongoing for several years and have discussed a variety of topics related to PGW's customer service. PGW now seeks to end these meetings, arguing that the Commission's Investigation Order had narrowed the scope of the meetings to collections only, that no other aspect of customer service is related to collections, and that the narrow purpose of the meetings was no longer necessary. PGW is incorrect.

First, the OCA submits that there is nothing in the Commission's Investigation Order that suggests that the historic purpose of the CSI meetings, established over several years and several cases, cease with its Investigation Order. The Commission's Investigation Order continues the progress reports, which included a variety of topics and adds a specific purpose to the CSI meetings of addressing collections practices.

Second, even assuming *arguendo* that the purpose of the CSI meetings is to discuss collections practices, PGW's argument that topics such as its customer service, and its practices and procedures regarding Chapter 56 of the Commission's regulations and Chapter

14 of the Public Utility Code are not related to collections activity is without foundation. The OCA would note that the Investigation Order which PGW relies upon to argue for a narrow scope of the meetings included discussions of numerous issues including PGW's customer service and Customer Responsibility Program (CRP) as well as its collection practices. As the Order recognizes, PGW's customer service, CRP, and collection practices are all integrally related to one another. Indeed, placing customers in CRP as an alternative to collections to provide the customer affordable bills, or establishing practices to negotiate payment arrangements to facilitate payment of outstanding bills, all add to the Company's collections and its revenues.

Third, PGW's contention that regular meetings are no longer necessary since its collection rate has improved ignores the other fundamental aspects of its service necessary for timely collections. For example, one of the first issues dealt with by the group was PGW's Call Center performance and its inability to meet the industry standard of 80 percent of calls answered within 30 seconds.<sup>4</sup> If consumers cannot get responses from the Call Center in a timely fashion, then they cannot get disputes or questions related to their bills resolved, negotiate payment arrangements, or otherwise address issues necessary to timely bill payment. The CSI meetings have revealed that PGW's Call Center performance continues to present challenges. Continued monitoring and meetings regarding this aspect of service, as well as all aspects of service, are necessary to ensure that progress continues.

The OCA submits that the PGW CSI meetings have been a valuable forum for discussion of issues relating to consumers, customer service, and collection activities. The CSI meetings have facilitated an understanding of PGW's consumer policies and procedures

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<sup>4</sup> Philadelphia Gas Works' Implementation Plan for the Stratified Management and Operations Audit-Outsourcing Call Center Outflow, Docket No. M-00011464 (June 13, 2002) (The outsourcing of Call Center outflow was rescinded after improvements to Call Center performance.)

by consumer representatives. Meeting topics have included the customer call line, billing issues, deposit policies, termination notices and policies, CRP, Chapter 14 implementation, service provided at PGW's District Offices, PGW's Senior Citizen Discount program, and PGW's restoration policies. These discussions have assisted consumer representatives' understanding to better assist consumers and can also aid PGW in understanding problems encountered by consumers related to its practices.<sup>5</sup> The OCA submits that the information provided at the meetings assists consumers, limits unnecessary litigation and quickly resolves misunderstandings about PGW's practices and policies.

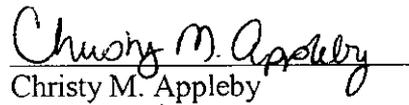
PGW has proposed that, in the alternative, meetings be continued for a one-year period, on a quarterly basis, including discussion of only collection activity information. The OCA has no objection to meetings being held on a quarterly rather than monthly basis. However, the OCA submits that there is no basis to limit the discussions at the CSI meetings which have historically addressed many aspects of customer service. Nor should the duration of the CSI meeting requirement be limited to one year.

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<sup>5</sup> The OCA notes that the minutes attached for the months of January 2005- July 2006 have been significantly redacted to only reference the issue identified at PGW Petition at 5-6. Numerous other issues were discussed at these meetings and those issues were included in full in the original minutes for these meetings.

WHEREFORE, the Office of Consumer Advocate respectfully requests that PGW's Petition for Rescission and Amendment of Prior Order be denied, and that PGW's Customer Service Initiative Meetings be continued. The OCA would not object to the meetings being held on a quarterly basis but submits that the topics addressed at future meetings should not be restricted in the manner proposed by PGW and that no definitive end date should be established at this time.

Respectfully submitted,



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DATED: December 4, 2006  
91751.doc

CERTIFICATE OF SERVICE

2006 DEC 4 PM 4:13  
SECRETARY'S BUREAU

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

I hereby certify that I have this day served a true copy of the foregoing document, Answer of the Office Of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 4<sup>th</sup> day of December 2006.

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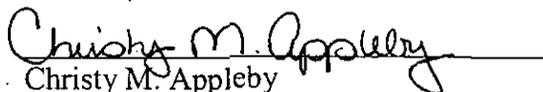
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