



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

IN REPLY PLEASE
REFER TO OUR FILE

March 19, 2015

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

Re: Pennsylvania Public Utility Commission v.
Philadelphia Gas Works - 1307(f)
Docket No. R-2015-2465656

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at (717) 783-6184.

Sincerely,

Richard A. Kanaskie
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #80409

RAK/sea
Enclosure

cc: Certificate of Service
ALJ Marta Guhl
ALJ Christopher P. Pell

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2015-2465656
 :
 Philadelphia Gas Works 1307(f) :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 19, 2015, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

via Electronic Mail and First Class Mail

Gregory J. Stunder, Esquire
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Richard A. Kanaskie
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #80409

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO.
	:	R-2015-2465656
PHILADELPHIA GAS WORKS	:	
	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**TO ADMINISTRATIVE LAW JUDGES CHRISTOPHER P. PELL AND
MARTA GUHL:**

In response to the Notice of Prehearing Conference issued by the Office of Administrative Law Judge (“OALJ”), the Prehearing Order issued on March 12, 2015 and in accordance with 66 Pa. C.S. §1307(f) and 52 Pa. Code §5.224, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E Prosecutor assigned to this proceeding is Richard A. Kanaskie. Contact information is as follows:

By Mail: Richard A. Kanaskie
Deputy Chief Prosecutor
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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By Telephone: (717) 787-1976
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I. BACKGROUND

On February 26, 2015, Philadelphia Gas Works (“PGW” or “Company”) made its definitive Purchased Gas Cost (“PGC”) filing with the Pennsylvania Public Utility Commission (“Commission”). This filing was made pursuant to Title 66 Pa. C.S. §1307(f) which establishes a procedure for recovery of prudently incurred purchased gas costs by certain public utilities. The Company’s pre-filing was submitted on January 30, 2015.

The Company’s proposed rates are offered to produce sufficient revenue to recover gas costs based on its projections through August 31, 2016. Also included are any reconciliation costs or credits from the prior period.

The filing was assigned to the OALJ for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the PGC rates the Company seeks to recover from its customers.

I&E filed its Notice of Appearance on February 11, 2015. This Notice was followed by the Petition to Intervene of the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”). The Complaint and Public Statement of the Office of Small Business Advocate (“OSBA”) was filed on February 13, 2015. In addition, the Formal Complaint of the Office of Consumer Advocate (“OCA”) was filed on February 18, 2015.

A Prehearing Conference has been scheduled for March 24, 2015 at 10:00 a.m. in Philadelphia with the Harrisburg parties participating telephonically from Hearing Room 3 in the Commonwealth Keystone Building.

II. ISSUES

Based upon a preliminary view of the filing, I&E has determined certain areas of inquiry. The following statement of these areas of inquiry represents the potential issues I&E has identified in this proceeding at this time. However, as Discovery progresses, I&E specifically reserves the right to address additional issues as they arise. Issues preliminarily identified include:

1. Capacity Release and Capacity Requirements,
2. Peak Day Forecasts,
3. Lost and Unaccounted For Gas and Company Use Gas,
4. Retainage Level for Transportation Customers,
5. Analysis and determination of the C-factor and E-factor,
6. Sales Volume Projections,
7. Proposed Tariff Language Changes and
8. Interest on Over/Undercollections.

Most of the issues raised by I&E will be supported by direct testimony of an I&E witness in his area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in brief.

III. WITNESSES

It is currently expected that I&E may call any or all of the following witnesses without being limited thereto:

Lisa Boyd, Fixed Utility Valuation Engineer,

Ethan Cline, Fixed Utility Valuation Engineer.¹

The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of complete discovery. As such, I&E reserves the right to call additional witnesses and/or delete witnesses listed above as circumstances dictate.

IV. SCHEDULE

The Bureau of Investigation and Enforcement is prepared to adopt a mutually agreeable schedule as determined by the active parties. I&E is of the opinion that a maximum of two days of Evidentiary Hearings will be necessary to complete the record in this year's proceeding. In all likelihood, I&E opines that any outstanding matters can be litigated in one day.

I&E is willing to discuss settlement of any and all issues at the appropriate time. No settlement discussions have commenced as of this point.

¹ The I&E witnesses may be reached at the same mailing and telephone locations as those provided earlier in this Prehearing Memorandum for Mr. Kanaskie.

V. DISCOVERY

The Bureau of Investigation and Enforcement has propounded Discovery in this proceeding and had received timely responses from the Company. I&E does not offer any changes to the Commission's accepted Discovery Regulations. However, I&E is aware of proposed modifications by the parties and offers no objection.

Respectfully submitted,



Richard A. Kanaskie
Deputy Chief Prosecutor
PA Attorney No. 80409

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: March 19, 2015