



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office Of Administrative Law Judge
P.O. Box 3265, Harrisburg, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 17, 2000

In Re: R-00005654

(See attached list)

Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works

Philadelphia Gas Works (PGW) Interim Rate Increase Request

NOTICE

This is to inform you that a prehearing conference on the above-captioned case will be held as follows:

Type: Initial Prehearing Conference

Date: Friday, August 25, 2000

Time: 1:00 p.m.

Location: in an available hearing room
Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, Pennsylvania

Presiding: Administrative Law Judge Marlane R. Chestnut
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
Telephone: (215) 560-2105
Fax: (215) 560-3133
Email - chestnut@puc.state.pa.us

Harrisburg parties may participate by telephone from an available hearing room, Ground Floor, North Office Building, North Street and Commonwealth Avenue, Harrisburg, Pennsylvania

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If you are a person with a disability, and you wish to attend the hearing, you may be able to make arrangements for your special needs. Please call Norma Lewis at the Public Utility Commission:

- Scheduling Office: 717-787-1399
- AT&T Relay Service number for persons who are deaf or hearing impaired: 1-800-654-5988.

pc: Judge Chestnut
June Perry - BPL 111
Eric Levis - BPL 101
Office of Trial Staff (2)
Consumer Advocate
Small Business Advocate
Bill Barrett - FUS
Judy Weaver
Beth Plantz
Docket Section
Calendar File

Philadelphia Gas Works (PGW) Interim Rate Increase Request.

JUDITH MONDRE PRESIDENT
MONDRE ENERGY INC
1601 MARKET STREET SUITE 1750
PHILADELPHIA PA 19103

JACKIE SPARKMAN ESQUIRE
SCHOOL DISTRICT OF PHILADELPHIA
OFFICE OF GENERAL COUNSEL
2130 ARCH STREET 5TH FLOOR
PHILADELPHIA PA 19103

CHARIS M BURAK ESQUIRE
DAVID M KLEPPINGER ESQUIRE
MCNEES WALLACE AND NURICK
100 PINE STREET
PO BOX 1166
HARRISBURG PA 17108-1166

JOSEPH G GIVEN PRESIDENT
7526 FRANKFORD AVENUE
PHILADELPHIA PA 19136

JAMES F RUNCKEL ESQUIRE
SPEAR WILDERMAN BORISH ENDY SPEAR
& RUNCKEL
230 SOUTH BROAD STREET SUITE 1400
PHILADELPHIA PA 19102

LANCE HAVER
6048 OGONTZ AVENUE
PHILADELPHIA PA 19141

DAVID E LODER ESQUIRE
DUANE MORRIS & HECKSCHER
ONE LIBERTY PLACE
PHILADELPHIA PA 19103-7396

JANET PARRISH ESQUIRE
PHILADELPHIA GAS COMMISSION
1515 ARCH STREET 9TH FLOOR
PHILADELPHIA PA 19102

DANIEL CLEARFIELD ESQUIRE
WOLF BLOCK SCHORR & SOLIS-COHEN
LOCUST COURT BUILDING SUITE 300
212 LOCUST STREET
HARRISBURG PA 17101

JOHNNIE SIMMS ESQUIRE
PA PUBLIC UTILITY COMMISSION
OFFICE OF TRIAL STAFF
PO BOX 3265
HARRISBURG PA 17105-3265

TANYA J MCCLOSKEY ESQUIRE
OFFICE OF CONSUMER ADVOCATE
FORUM PLACE 5TH FLOOR
555 WALNUT STREET
HARRISBURG PA 17101

BERNARD A RYAN, JR ESQUIRE
OFFICE OF SMALL BUSINESS ADVOCATE
DEPT OF COMMERCE SUITE 1102
COMMERCE BUILDING
300 NORTH 2ND STREET
HARRISBURG PA 17101

PHILIP BERTOCCI ESQUIRE
COMMUNITY LEGAL SERVICES
1424 CHESTNUT STREET
PHILADELPHIA PA 19102

CRAIG A. DOLL

ORIGINAL

ATTORNEY AT LAW

25 NORTH FRONT STREET • SECOND FLOOR
HARRISBURG, PENNSYLVANIA 17101-1606

DOCUMENT
FOLDER

717/230-9555

FAX 717/230-9750

E-MAIL CDoll76342@aol.com

August 18, 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20
North Street and Commonwealth Avenue
P.O. Box 3265
Harrisburg, PA 17105-3265

724823

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Commission Docket Number R-00005654

Dear Secretary McNulty:

Enclosed please find an original and three (3) copies of the Petition to Intervene of the Apartment Association of Greater Philadelphia. By copy of this letter I am serving a copy of this document upon all parties of record as well as the presiding Administrative Law Judge.

RECEIVED
SECRETARY
AUG 21 11 51 AM '00

Please time stamp the enclosed extra copies and return them in the enclosed stamped envelope. Thank you for your cooperation.

If you have any questions, please feel free to call. Thank you for your cooperation.

Very truly yours,

Craig A. Doll
Craig A. Doll

cc: Per Certificate of Service
Honorable Marlane R. Chestnut
P. Bennett

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility
Commission

R-00005654

v.

Philadelphia Gas Works

DOCKETED
AUG 23 2000

724824

DOCUMENT
FOLDER

PETITION TO INTERVENE
OF
THE APARTMENT ASSOCIATION
OF
GREATER PHILADELPHIA

RECEIVED
SECRETARY'S BUREAU

00 AUG 21 AM 9:18

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE MARLANE R. CHESTNUT:

NOW COMES the Apartment Association of Greater Philadelphia (hereinafter "AAGP"), pursuant to the provisions of 52 Pa. Code §5.71, by and through its undersigned attorney, and hereby files this Petition to Intervene in the above captioned proceeding, requesting that Your Honor grant this Petition thereby conferring upon AAGP "Intervenor" status in the above captioned proceeding. In support of this Petition, AAGP states as follows:

1. AAGP is a non-profit organization representing multi-family developers, owners and managers in the Greater Philadelphia area, with its offices at 3901A Main Street, Philadelphia, Pennsylvania 19127.

2. AAGP has 110 members that collectively represent approximately 90,000 housing units. A significant number of AAGP's members are customers of Philadelphia Gas Works (hereinafter "PGW"), and the rates charged and to be charged by PGW necessarily are reflected in charges to AAGP members.

3. AAGP will be represented in this proceeding by the following counsel who should be placed on the Commission's service list and receive copies of all correspondence and other documents:

Craig A. Doll, Esquire
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606

(717) 230-9555
(717) 230-9750 (FAX)
CDoll76342@aol.com (E-Mail)

4. On June 22, 1999, Governor Tom Ridge signed into law the Natural Gas Choice and Competition Act (the "Act"), which Act, *inter alia*, subjects PGW, as a city natural gas distribution operation, to "regulation and control by the commission with the same force as if service was rendered by a public utility." 66 Pa. C.S. §2212(b).

5. On or about August 8, 2000, PGW filed with this Commission a Petition for the Establishment of Interim Rate Procedures and for a Declaratory Order. AAGP

was not served with a copy of this Petition or the Commission's Secretarial letter which set forth the date by which an answer to the Petition was due.

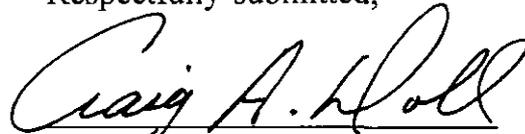
6. By Order entered August 17, 2000, the Commission approved an expedited hearing schedule to examine an interim rate increase request of PGW. Pursuant to that Order, the Office of Administrative Law Judge has scheduled a Prehearing Conference for August 25, 2000.

7. AAGP has a direct interest in this proceeding as customers of PGW and will be directly affected by the resolution of issues in this proceeding. No other party, other than AAGP can adequately represent their unique position or protect their interests in this proceeding.

8. Permitting the intervention of AAGP in this proceeding will not delay any on-going proceedings nor prejudice any existing party or the public interest. AAGP states that the public interest is best served by permitting the intervention of AAGP.

WHEREFORE, the Apartment Association of Greater Philadelphia respectfully requests that Your Honor grant this Petition for Intervention.

Respectfully submitted,

A handwritten signature in cursive script that reads "Craig A. Doll". The signature is written in black ink and is positioned above the printed name and address.

Craig A. Doll, Esquire
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606

(717) 230-9555

Attorney I.D. #22814

Attorney for the Apartment Association
of Greater Philadelphia

Dated: August 18, 2000

Pennsylvania Public Utility
Commission

v.

Philadelphia Gas Works

:
:
:
: R-00005654
:
:
:

CERTIFICATE OF SERVICE

I, Craig A. Doll, Esquire, do hereby certify that I have this day served a true and correct copy of the foregoing document 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:

SERVICE BY FIRST CLASS MAIL - POSTAGE PREPAID

Daniel Clearfield, Esq.
Wolf, Block, Schorr and Solis-Cohen, LLP
212 Locust Street, Suite 300 Harrisburg,
PA 17101

Joseph G. Given, President
7526 Frankford Avenue
Philadelphia, PA 19136

Judith Mondre, President
Mondre Energy, Incorporated
1601 Market Street, Suite 1750
Philadelphia, PA 19103

James F. Runckel, Esq.
Spear, Wilderman, Borish, Endy, Spear &
Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102

Jackie Sparkman, Esq.
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
Philadelphia, PA 19103

Lance Haver
6048 Ogontz Avenue
Philadelphia, PA 19141

Charis M. Burak, Esq.
David M. Kleppinger, Esq.
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108-1166

David E. Loder, Esq.
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103-7396

Philadelphia Gas Commission
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

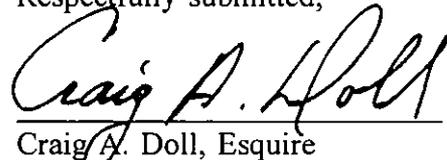
Johnnie Simms
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Tanya J. McCloskey, Esq.
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Phillip A. Bertocci, Esq.
Community Legal Services, Inc.
1414 Chestnut Street
Philadelphia, PA 19102

Bernard Ryan Jr., Esq.
Office of Small Business Advocate
300 North Third Street
Harrisburg, PA. 17101

Respectfully submitted,



Craig A. Doll, Esquire
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606

(717) 230-9555

Attorney I.D. #22814

Attorney for Apartment Association of
Greater Philadelphia

Dated: August 18, 2000



ORIGINAL

OFFICE OF SMALL BUSINESS ADVOCATE

Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

DOCUMENT
FOLDER

Bernard A. Ryan, Jr
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

August 22, 2000

HAND DELIVERED

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
P. O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED
00 AUG 22 PM 3:55
PA.P.U.C.
SECRETARY'S BUREAU

Re: Pennsylvania Public Utility Commission v.
Philadelphia Gas Works (Interim Rate Increase Request)
Docket No. R-00005654

Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the:

1. Notice of Intervention of the Small Business Advocate in the above captioned matter; and
2. Public Statement of the Small Business Advocate relating to the filing of that Notice of Intervention.

Copies of each of the documents listed above are being served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

Sincerely,

Bernard A. Ryan, Jr.
Bernard A. Ryan, Jr.
Small Business Advocate

Enclosures

cc: Hon. Marlane R. Chestnut
Administrative Law Judge

Parties of Record

Brian Kalcic

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

PENNSYLVANIA PUBLIC UTILITY COMMISSION :

v. :

DOCKET NO. R-00005654

PHILADELPHIA GAS WORKS :

Office of
Small Business Advocate
Notice of Intervention

The Office of Small Business Advocate, an agency of the Commonwealth authorized by the Small Business Advocate Act (Act 181 of 1988, 73. P.S. §§399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission, files this Notice of Intervention in this proceeding pursuant to the provisions of 52 Pa. Code §5.71(a)(1).

Representing the Office of Small Business Advocate in this proceeding are:

Bernard A. Ryan, Jr.
Angela T. Jones
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831

DOCUMENT
FOLDER

Bernard A. Ryan, Jr.
Bernard A. Ryan, Jr.
Small Business Advocate

Dated: August 22, 2000

DOCKETED
AUG 23 2000

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P.U.C. SECRETARY'S BUREAU

PUBLIC STATEMENT OF
SMALL BUSINESS ADVOCATE
CONCERNING THE INTEREST
OF SMALL BUSINESS CONSUMERS
TO BE PROTECTED BY THE FILING OF A
NOTICE OF INTERVENTION
IN THE INTERIM RATE REQUEST PROCEEDING
FOR PHILADELPHIA GAS WORKS
AT DOCKET NO. R-00005654

RECEIVED
00 AUG 22 PM 3:55
P.A.P.U.C. BUREAU
SECRETARY'S BUREAU

The Small Business Advocate is authorized and directed to represent the interest of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§399.41 - 399.50 (the "Act"). The Act further provides that the Small Business Advocate is to issue publicly a written statement setting forth the specific interest of small business consumers to be protected by the intervention in any proceeding involving those interests before the Public Utility Commission ("PUC" or "Commission"). This public statement relates to the filing today by the Small Business Advocate of a notice of intervention in the Interim Rate Request Proceeding for Philadelphia Gas Works ("PGW" or "Company") at Docket No. R-00005654.

The Office of Small Business Advocate ("OSBA") has intervened in this case to assure that the interests of PGW's small business customers are adequately represented and protected as the Company is restructured pursuant to the Gas Choice Act. While the OSBA intends to review all aspects of PGW's filing, the OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers is significantly or unjustifiably different from the impact on other classes of customers.

In order to represent and protect the interests of PGW's small business customers, the OSBA intends to participate actively in this proceeding. In particular, the OSBA will consider the reasonableness of the Company's contention that interim rate relief is needed by mid-November 2000 to allow PGW "... to maintain a minimal, adequate level of financial health required to fund operations and meet debt service requirements through the winter heating season."

The OSBA will evaluate all other aspects of PGW's request for interim rates to ensure that the needs and interests of small business customers are fully protected. To the extent that any features of PGW's proposal would adversely affect small businesses, the OSBA intends to raise such issues.

Finally, the OSBA will review all items submitted by other parties to this proceeding. As necessary to protect the interests of small businesses, the OSBA also will respond to or endorse the positions of other parties.

Date: August 22, 2000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : Docket No. R-00005654
 :
PHILADELPHIA GAS WORKS :

Certificate of Service

I certify that I am serving a copy of the Notice of Intervention and Public Statement on behalf of the Office of Small Business Advocate in the manner indicated upon the persons addressed below:

Hon. Marlane R. Chestnut
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Bldg.
Broad and Spring Garden Streets
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 - Fax
(overnight mail)

Daniel Clearfield, Esquire
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Locust Court Building, Suite 300
212 Locust Street
Harrisburg, PA 17101
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(717) 237-7160
(717) 237-7161 (fax)
(hand delivered)

Johnnie E. Simms, Esquire
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Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
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Duane Morris & Heckscher
One Liberty Place
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(overnight mail)

Tanya J. McCloskey, Esquire
Office of Consumer Advocate
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(717) 783-5048
(717) 783-7152
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David M. Kleppinger, Esquire
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(215) 981-0434 (fax)
(overnight mail)

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Mondre Energy Inc
1601 Market Street, Suite 1750
Philadelphia, PA 19103
(overnight mail)

Joseph G. Given, President
Gas Works Employees' Union Local 686
7526 Frankford Avenue
Philadelphia, PA 19136
(overnight mail)

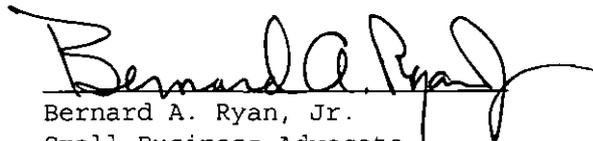
James F. Runckel, Esquire
Spear Wilderman Borish Endy
Spear & Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102
(Gas Works Employees' Union)
(overnight mail)

Jackie Sparkman, Esquire
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
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(overnight mail)

Craig A. Doll, Esquire
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Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102
(overnight mail)

Mr. Lance Haver
6048 Ogontz Avenue
Philadelphia, PA 19141
(overnight mail)


Bernard A. Ryan, Jr.
Small Business Advocate

Date: August 22, 2000

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00 AUG 22 PM 3:55
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SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION :

v. :

DOCKET NO. R-00005654

PHILADELPHIA GAS WORKS :

OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM

RECEIVED
00 AUG 30 PM 1:44
PA:U.C.
SECRETARY'S BUREAU

I. INTRODUCTION

The Office of Small Business Advocate (OSBA) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§399.41 - 399.50 ("the Act"). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter are Small Business Advocate Bernard A. Ryan, Jr. and Assistant Small Business Advocate Angela T. Jones. Please address all correspondence as follows:

Bernard A. Ryan, Jr., Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831 (fax)

DOCUMENT
FOLDER

DOCKETED
AUG 30 2000

II. FILING BACKGROUND

On June 22, 1999, Governor Tom Ridge signed into law the Natural Gas Choice and Competition Act (Act). The Act revised the Public Utility Code, 66 Pa.C.S. §§101, et seq., by inter alia adding Chapter 22, relating to restructuring of the natural gas utility industry. Section 2212(b) of the Act provides that public utility service being furnished or rendered by a city natural gas distribution operation within its municipal limits will be subject to regulation and control by the Commission as of July 1, 2000. The Philadelphia Gas Works falls under the definition of a "natural gas distribution company." 66 Pa.C.S. §2202.

On July 3, 2000, Philadelphia Gas Works ("PGW" or "Company") filed "Tariff Filing in Accordance with §2212(d) of the Public Utility Code" Also, on August 8, 2000, PGW filed a Petition for Establishment of Interim Rate Procedures and for a Declaratory Order ("Petition").

At Public Meeting of August 17, 2000, the Pennsylvania Public Utility Commission (PUC) granted PGW's request for an expedited hearing and review of its request for interim rates to become effective November 15, 2000. The OSBA filed a Notice of Intervention in this proceeding on August 22, 2000.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA's case in this proceeding will be:

Mr. Brian Kalcic
Excel Consulting
Suite 720-T
225 S. Meramec Avenue
St. Louis, MO 63105
(314) 725-2511
(314) 725-2022 - Fax

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected in this investigation of PGW's request for an interim rate increase to become effective before this winter's heating season. At this early stage of this proceeding the OSBA has not yet identified specific issues it intends to pursue here.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties, setting forth the OSBA's positions through the presentation of testimony by its expert witness and via the cross-examination of witnesses appearing for other parties and briefing of the issues that arise in this proceeding. The OSBA will particularly focus on any issue where the impact on the interests of PGW's small business consumers would be unjustifiably different than or disproportionate to the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

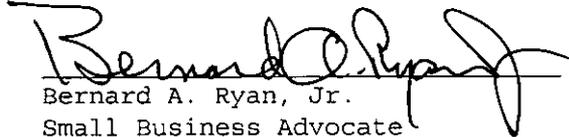
IV. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

V. HEARING AND BRIEFING SCHEDULE

The OSBA will cooperate with the other parties to develop a procedural schedule.

Respectfully submitted,


Bernard A. Ryan, Jr.
Small Business Advocate

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525

Dated: August 22, 2000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : Docket No. R-00005654
 :
PHILADELPHIA GAS WORKS :

Certificate of Service

I certify that I am serving a copy of the Prehearing Memorandum on behalf of the Office of Small Business Advocate in the manner indicated upon the persons addressed below:

Hon. Marlane R. Chestnut
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Bldg.
Broad and Spring Garden Streets
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 - Fax
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Daniel Clearfield, Esquire
Wolf, Block, Schorr & Solis-Cohen
Locust Court Building, Suite 300
212 Locust Street
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(Philadelphia Gas Works)
(717) 237-7160
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(hand delivered)

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Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
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(717) 787-1976
(717) 772-2677 (fax)
(hand delivered)

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555 Walnut Street 5th FL Forum Place
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David M. Kleppinger, Esquire
McNees, Wallace & Nurick
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(717) 236-2665 (fax)
(hand delivered)

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Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102-2505
(215) 981-3700
(215) 981-0434 (fax)
(overnight mail)

Judith Mondre, President
Mondre Energy Inc
1601 Market Street, Suite 1750
Philadelphia, PA 19103
(overnight mail)

Joseph G. Given, President
Gas Works Employees' Union Local 686
7526 Frankford Avenue
Philadelphia, PA 19136
(overnight mail)

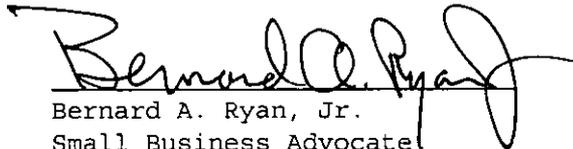
James F. Runckel, Esquire
Spear Wilderman Borish Endy
Spear & Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102
(Gas Works Employees' Union)
(overnight mail)

Jackie Sparkman, Esquire
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
Philadelphia, PA 19103
(overnight mail)

Craig A. Doll, Esquire
25 North Front Street, 2nd Floor
Harrisburg, PA 17101-1606
(hand delivered)

Janet Parrish, Esquire
Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102
(overnight mail)

Mr. Lance Haver
6048 Ogontz Avenue
Philadelphia, PA 19141
(overnight mail)


Bernard A. Ryan, Jr.
Small Business Advocate

Date: August 22, 2000

DATE: August 22, 2000

SUBJECT: R-00005654

TO: Office of Administrative Law Judge

FROM: James J. McNulty, Secretary

LAF

DOCUMENT
FOLDER

DOCKETED
AUG 23 2000

Pennsylvania Public Utility Commission v. Philadelphia Gas Works

Attached is copy of a Petition to Intervene filed by the Apartment Association of Greater Philadelphia, in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: OTS

laf

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-00005654
 :
 Philadelphia Gas Works :

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

RECEIVED
00 AUG 30 PM 1:44
PA.P.U.C.
SECRETARY'S BUREAU

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. §333, and in response to the prehearing conference notice issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. BACKGROUND

On July 1, 2000, the Pennsylvania Public Utility Commission assumed jurisdiction over the public utility service furnished or rendered by PGW pursuant to Section 2212 of the recently enacted Natural Gas Choice and Competition Act.

On August 8, 2000, the Philadelphia Gas Works (PGW) filed a Petition for establishment of interim rate procedures and a declaratory order. The purpose of the Petition

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was to establish a procedure for the consideration of an interim base rate increase request by PGW of \$52 million. PGW seeks to have the Commission rule on its request and set interim base rates by November 15, 2000. The OCA filed an Answer to this Petition on August 14, 2000.

Previously, on August 2, 2000, PGW filed its 2000-2001 GCR with the Commission and a Petition, on August 3, 2000 requesting expedited treatment of the GCR request. In its GCR filing, PGW proposed an increase in its GCR factor of \$1.6959 per Mcf, from a present level of \$1.0982 per Mcf to \$2.7941 per Mcf. Based on PGW's applicable sales volume of 57,221,459 Mcf, PGW is proposing approximately a \$95.5 million increase in its GCR. PGW states in its filing that the significant increase in its GCR reflects the effect of a highly volatile natural gas market, increased fuel expense, increases in the revenue level of the discounts that also rise as gas prices rise, and an undercollection due to rising gas costs during fiscal year 1999-2000. The OCA filed an Answer to the Petition for expedited consideration on August 10, 2000 and a Formal Complaint against the proposed increase in the GCR on August 22, 2000.

On August 17, 2000, the Commission ruled on both of PGW's Petitions. Specifically with regard to PGW's Petition for establishment of interim base rate procedures, the Commission granted PGW's request subject to certain conditions. The Commission is requiring PGW to present "substantial evidence" in support of its interim rate increase request to show that it is necessary to maintain a "minimal, adequate level of financial health required to fund operations and meet debt service requirements during the pendency of a full base rate proceeding." Order at 7. In particular, the Commission is requiring PGW to

“present substantial evidence to support its assertion that an interim rate increase is necessary for PGW to comply with its covenants to the holders of any approved bonds.” Order at 7-8.

On August 17, 2000, the Commission issued a notice of prehearing conference in PGW’s interim base rate increase proceeding for August 25, 2000.

The OCA submits this Prehearing Memorandum for consideration at the prehearing conference.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of Philadelphia Gas Work’s Petition for Expedited consideration of interim base rate relief, OCA has compiled a list of issues and sub-issues which it anticipates will be included in the consideration of PGW’s request. It is anticipated that other issues may arise and may be pursued once the answers to all of OCA’s interrogatories have been received and analyzed.

The following list sets forth the issues at this time that OCA anticipates it may raise in this interim proceeding.

1. What level of interim rate increase, if any, is necessary to allow the Company to continue to fund its operations; comply with the covenants to the holders of any approved bonds; and provide safe, adequate and reliable service during the pendency of the full base rate proceeding?
2. Is the level of interim rates found to be necessary just, reasonable and affordable?

3. Are there conditions or requirements that the Commission should impose to assure that the Company's actions are moving toward restoring the financial integrity of the Company?
4. What steps or alternatives should the Company be required to pursue to mitigate the impact of any interim rate increase on ratepayers and to assure that the financial integrity of the Company is restored?

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of the following witness in this proceeding:

Richard W. LeLash
18 Seventy Acre Road
Redding, Connecticut 06896

(203) 438-4659
(203) 431-9625 (fax)
lelash@sprintmail.com

The witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the OCA's expert witness, as well as mailing a copy to counsel for the OCA.

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. DISCOVERY AND RELATED MATTERS

The OCA requests that the ALJ direct that the time period for response to discovery be modified as was done by the ALJ in Prehearing Order #1 in the accompanying PGW GCR filing. The OCA supports modifications to the discovery regulations given the expedited nature of this proceeding. The OCA would also request that to expedite the process, the Company should provide its base rate filing before the Philadelphia Gas Commission and responses to all interrogatories before the Philadelphia Gas Commission to the parties in this proceeding and agree that those interrogatory responses can be utilized in this proceeding. The OCA submits that this procedure may aid in expediting the proceeding and the discovery process.

V. SERVICE ON OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Tanya J. McCloskey and Assistant Consumer Advocates Stephen J. Keene and James A. Mullins. Two copies of all documents should be served on the OCA as follows:

Tanya J. McCloskey
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923

Telephone: (717) 783-5048
Telecopier: (717) 783-7152
E-mail: tmccloskey@paoca.org

VI. PUBLIC INPUT HEARINGS

The OCA requests that public input hearings be held in the Company's service territory.

VII. SCHEDULE

The OCA is willing to work with all parties to develop a reasonable schedule to expedite the consideration of this interim rate request.

Respectfully submitted,



Tanya J. McCloskey
Senior Assistant Consumer Advocate
Stephen J. Keene
James A. Mullins
Assistant Consumer Advocate

For:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

DATED: August 23, 2000
59701

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket No. R-00005654

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum, 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 23rd day of August, 2000.

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Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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Philadelphia, PA 19122

Marvin W. Silverstein
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Philadelphia, PA 19141

David E. Loder, Esq.
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103-7396

Philadelphia Gas Commission
9th Floor,
1515 Arch Street
Philadelphia, PA 19102



Tanya J. McCloskey
Senior Assistant Consumer Advocate
Stephen J. Keene
Assistant Consumer Advocate

Counsel for
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MCNEES, WALLACE & NURICK
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CHARIS M. BURAK

DIRECT DIAL: (717) 237-5437

E-MAIL ADDRESS: CBURAK@MWN.COM

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00 AUG 24 PM 2:31
P.A.P.U.C.
SECRETARY'S BUREAU

August 24, 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

ORIGINAL VIA HAND DELIVERY

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00005654**

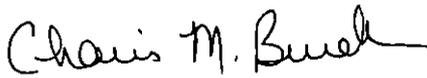
Dear Secretary McNulty:

Please find enclosed the original and three (3) copies of the Prehearing Memorandum of the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") in the above-referenced matter.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document. Please date stamp the extra copy of this transmittal letter and kindly return it to our messenger for our filing purposes. Thank you.

Very truly yours,

MCNEES, WALLACE & NURICK

By 
Charis M. Burak

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

CMB/lhe

c: Administrative Law Judge Marlane Chestnut (via facsimile and federal express)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below.

VIA HAND DELIVERY

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555 Walnut Street, Forum Place - 5th Fl.
Harrisburg, PA 17120

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Bernard Ryan, Esq.
Office of Small Business Advocate
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Harrisburg, PA 17101

Charles Hoffman, Esq.
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

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SECRETARY

VIA FACSIMILE AND FIRST CLASS MAIL

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Philadelphia Gas Commission
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Consumers Education & Protective
Association
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One Liberty Place
Philadelphia, PA 19103-7396

Joseph G. Given, President
Gas Works' Employees Union
Local 686-SEIU, AFL-CIO/CLC
7526 Frankford Avenue
Philadelphia, PA 19136

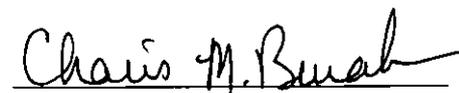
CERTIFICATE OF SERVICE

August 24, 2000

Page 2

Jackie Sparkman, Esq.
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
Philadelphia, PA 19103

James F. Runckel, Esq.
Spear, Wilderman, Borish, Endy, Spear
& Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102



Charis M. Burak

Dated this 24th day of August, 2000, in Harrisburg, Pennsylvania.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

v.

PHILADELPHIA GAS WORKS

Docket No. R-00005654

**PREHEARING MEMORANDUM OF THE PHILADELPHIA INDUSTRIAL
AND COMMERCIAL GAS USERS GROUP**

As requested by Administrative Law Judge Marlane Chestnut in her Prehearing Order No. 1 of August 17, 2000, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On August 8, 2000, Philadelphia Gas Works ("PGW" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition for Establishment of Interim Rate Procedures and for a Declaratory Order. This filing indicates that PGW is facing a financial crisis, the result of which will prevent PGW from meeting monthly operating expense and other bond covenants starting in January 1, 2001. On August 17, 2000, the PUC granted PGW's request for the establishment of an expedited hearing schedule. On August 24, 2000, PICGUG filed a Complaint in this proceeding. PICGUG is also a party to PGW's consolidated proceeding currently ongoing before the Philadelphia Gas Commission. A description of PICGUG is set forth in Paragraph 5 of PICGUG's Complaint. PICGUG's Complaint is outstanding and awaits ALJ disposition.

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II. ANTICIPATED ISSUES AND SUB-ISSUES

PICGUG is concerned with (1) the appropriateness of PGW's request for interim rates; (2) the effective date for any approved interim rates to go into effect; (3) the appropriate ratemaking methodology to be used to determine any permitted interim rates; (4) the appropriate allocation for any approved interim rates; and (5) the justness and reasonableness of the rate level requested by PGW. PICGUG anticipates pursuing these issues during this proceeding, and PICGUG also reserves the right to raise further issues and to respond to issues raised by other parties.

III. PROPOSED WITNESSES

PICGUG is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PICGUG decides to sponsor testimony, it will inform the parties and the ALJ as soon as possible of the intended witness and topics of testimony. PICGUG also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witness, and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

PICGUG will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

V. **POSSIBILITY OF SETTLEMENT**

PICGUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES, WALLACE & NURICK

By Charis M. Burak

David M. Kleppinger, Esq.

Charis M. Burak, Esq.

100 Pine Street

P.O. Box 1166

Harrisburg, PA 17108-1166

Phone: (717)232-8000

Fax: (717)237-5300

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

Dated: August 24, 2000

Wolf, Block, Schorr and Solis-Cohen LLP

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212 Locust Street
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www.wolfblock.com

DANIEL CLEARFIELD
DIRECT DIAL: (717) 237-7173
E-MAIL: DCLEARFIELD@WOLFBLOCK.COM

August 24, 2000

VIA HAND DELIVERY

James J. McNulty, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

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PA.P.U.C.
SECRETARY'S BUREAU

00 AUG 24 PM 3:25

RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works, Docket Nos. R-00005654 and P-00001831

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works, enclosed for filing please find an original and three copies of its Prehearing Memorandum with regard to the above referenced matter.

As evidenced on the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document.

Very truly yours,

Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: Hon. Marlane Chestnut w/enc.
Per Attached Certificate of Service w/enc.

DSH:23688.1

ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

SECRETARY'S BUREAU

00 AUG 24 PM 3:25

RECORDED

**In Re: Petition of Philadelphia Gas Works for
Establishment of Interim Rate Procedures and
for a Declaratory Order** :

**Docket Nos. R-0000564
P-0000181**

PHILADELPHIA GAS WORKS' PREHEARING MEMORANDUM

I. INTRODUCTION

Philadelphia Gas Works ("PGW") hereby submits this Prehearing Memorandum pursuant to 66 Pa. C.S. § 333, 52 Pa. Code § 522 and Administrative Law Judge (ALJ) Marlene R. Chestnut's August 2, 2000 Prehearing Order #1.

II. HISTORY

Prior to passage of the Natural Gas Choice and Competition Act ("Act"), PGW — as a municipally owned natural gas operation providing service only within the corporate limits of the City — was exempt from PUC jurisdiction. Pursuant to the Act, 66 Pa. C.S. § 2212(b), PGW became subject to regulation by the Pennsylvania Public Utility Commission ("PUC") on July 1, 2000 under PGW's existing tariff, policies and programs.

On June 19, 2000, PGW filed a base rate case with the Philadelphia Gas Commission, the organization that then had jurisdiction over PGW with the understanding the PGC had authority to decide the pending case. In a Pre-Hearing Memorandum Order, the PGC, through its chief Hearing Examiner, issued an order stating it no longer had authority to make final binding determinations in the pending proceeding. On August 8, 2000, PGW filed this Interim Rate case

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with the PUC, in accordance with PGW's Tariff and a Petition for an expedited proceeding. On August 17, 2000, the PUC granted the request for an expedited hearing and review schedule.

III. ISSUES, WITNESSES AND PROPOSED SCHEDULE

A. Issues

There is only one issue in this proceeding: the level of interim rates necessary to maintain PGW's financial status until the PUC completes a full base rate case and PGW can realize the effects of revised permanent rates. Pursuant to section 2212(d) of the Public Utility Code, and until the completion of PGW's restructuring case, PGW's rates and calculation formula, as well as the procedure for implementing those rates, are controlled by PGW's tariff. PGW is authorized to request modifications in its "prior" tariff from the Commission. Section 2212(e) of the Gas Choice Act further requires the Commission, when determining PGW's "revenue requirement" and "approving overall rates and charges," to "follow the same ratemaking methodology and requirements that were applicable to [PGW]" prior to the Commission's assumption of jurisdiction over PGW until all "approved bonds" have been "retired, redeemed, advance refunded or otherwise defeased." 66 Pa. C.S. § 2212(e). All "approved bonds" have not been "retired, redeemed, advance refunded or otherwise defeased" as of this date and will not be "retired, redeemed, advance refunded or otherwise defeased" prior to December 31, 2001.

The ratemaking methodology applicable to PGW prior to the Commission's assumption of jurisdiction over PGW is the "cash flow method."¹ As set forth in Section VII, ¶ 1 of the

¹ Action Alliance v. Philadelphia Gas Com'n, 406 A.2d 1155, 1158 (Pa.Cmwlth. 1979).

Management Agreement,² the “cash flow method” mandates that the PGC,³ at a minimum, shall fix and regulate rates and charges for supplying gas to customers . . . which . . . will, in each fiscal year produce revenues, at a minimum:

- (a) Sufficient to pay all of the operation and maintenance costs and expenses of conducting the Gas Works enterprise and to pay the interest and amortization becoming due in such fiscal year on debt incurred for the Gas Works . . .

including: (1) a minimum payment of \$18 million to the City; (2) approved payment of debt and capital additions; and (3) an allowance for cash for working capital.⁴

Today, PGW has submitted testimony and supporting information setting forth the justification for its position that an interim \$52 million base rate increase is necessary to maintain its financial position, satisfy its bond covenants and have the cash necessary to fund its operations until the completion of a full base rate case.

² The applicable sections of the Management Agreement are set forth as Exhibit B to PGW’s *Petition For Establishment of Interim Rate Procedures and For a Declaratory Order* (P-00001831).

³ Under the third sentence of § 2212(d) of the Gas Choice Act, this mandate is applicable to the Commission.

⁴ The Management Agreement also obligates the Company to “observe and comply with “the covenants of its bonds issued in accordance with the First Class City Revenue Bond Act.” The bond covenants not only require PGW to maintain debt service coverages at 150%, but also to provide for “all Net Operating Expenses payable during such Fiscal Year.” Relevant portions of the Bond Covenants are set forth as Exhibit “C” to PGW’s *Petition For Establishment of Interim Rate Procedures and For a Declaratory Order* (P-00001831).

B. Proposed Schedule

Based on consultation with and agreement among all the major parties of which PGW is aware, the following schedule is proposed to comply with the Commission's Order approving an expedited proceeding:

PGW Direct Testimony	8/25/2000
Intervenor's Direct Testimony	9/18/2000
Rebuttal Testimony (in response to any party)	9/25/2000
Hearings (with opportunity for brief oral sur-rebuttal in response to rebuttal)	9/27 through 9/29/2000
Main Briefs Due	10/13/2000
Reply Briefs Due	10/20/2000

C. Witnesses

PGW anticipates calling the following witnesses:

- (a) Craig White
- (b) Thomas E. Knudsen
- (c) Barbara Bisgaier

PGW reserves the right to submit additional witnesses after the submission of the direct testimony of other parties.

IV. SETTLEMENT

PGW is willing to discuss settlement of its claims and will be initiating such discussions as soon as the parties indicate that they have had sufficient time to review PGW's direct case.

Respectfully submitted,

BY: 

Daniel Clearfield, Esquire
Blake J. Nelson, Esquire
WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP
212 Locust Street, Suite 300
Harrisburg, PA 17101

Dated: August 24, 2000

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CERTIFICATE OF SERVICE

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

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Philadelphia Gas Commission
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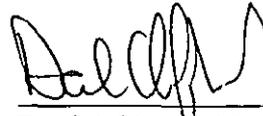
Lance Haver
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Hon. Marlane Chestnut
Administrative Law Judge
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Brian Kalcic
Excel Consulting
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Daniel Clearfield, Esq.

PA.P.U.C.
SECRETARY'S BUREAU

00 AUG 24 PM 3:25

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Dated: August 24, 2000

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AUG 24 2000

August 24, 2000

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
North Office Building, Room B-20
Harrisburg, PA 17105

By Federal Express

DOCUMENT
FOLDER

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
(Interim Rate Increase Request), R-00005654**

Dear Mr. McNulty:

Enclosed please find an original and three (3) copies of the Petition to Intervene of Consumers Education and Protective Association, Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and Tenants' Action Group in the above-captioned matter.

Copies of this filing have been sent this date to parties listed on the Certificate of Service by First Class Mail, postage prepaid.

Very truly yours,



PHILIP A. BERTOCCI

69

cc: Service List
Administrative Law Judge Marlane R. Chestnut

Enclosures

ORIGINAL
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

AUG 24 2000

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works
Interim Rate Increase Request

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R-00005654

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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**Petition to Intervene of Consumers Education and Protective Association,
Association of Community Organizations for Reform Now, Action Alliance
of Senior Citizens of Greater Philadelphia and Tenants' Action Group**

The Consumers Education and Protective Association, the Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and Tenants' Action Group (hereinafter "CEPA et al."), through counsel, pursuant to 52 Pa. Code § 5.71, hereby file this Petition to Intervene in the above-captioned proceeding, and in support thereof aver as follows:

1. The Consumers Education and Protective Association ("CEPA") is a non-profit advocacy organization based in Philadelphia, Pennsylvania. CEPA is a membership organization composed of eastern Pennsylvania moderate and low income

residents, many of whom are residential Philadelphia Gas Works (hereinafter "PGW") customers. In those capacities, CEPA and its members have a direct, immediate, substantial and distinct interest in the proposed interim rate increase. Such proposed rates, if approved, would increase residential rates in Philadelphia by 10% in FY 2001 (*in addition* to a projected 20% increase associated with the FY 2001 gas cost rate), impose severe hardship for many low and moderate income households, and force thousands of customers to become delinquent on their gas bills. CEPA is located at 6048 Ogontz Avenue, Philadelphia, PA 19141.

2. The Association of Community Organizations for Reform Now ("ACORN") is a non profit membership organization which advocates on behalf of low income persons concerning consumer and community economic development issues. Many of ACORN's members are PGW residential customers. In those capacities, ACORN and its members have a direct, immediate, substantial and distinct interest in the proposed rate increase. Such proposed rates, if approved, would increase residential rates in Philadelphia by 10% in FY 2001 (*in addition* to a projected 20% increase associated with the FY 2001 gas cost rate), impose severe hardship on many low and moderate income households, and force thousands of customers to become delinquent on their gas bills. ACORN is located at 846 N. Broad Street, Philadelphia, PA 19130.

3. The Action Alliance of Senior Citizens of Greater Philadelphia ("Action

Alliance”) is a non-profit membership organization of senior citizens, many of whom are residential customers of PGW on whom they rely for their heating, cooking and hot water needs. In those capacities, Action Alliance and its members have a direct, immediate, substantial and distinct interest in the proposed rate increase. Such proposed rates, if approved, would increase residential rates in Philadelphia by 10% in FY 2001 (*in addition* to a projected 20% increase associated with the FY 2001 gas cost rate), impose severe hardship on many low and moderate income senior citizens, and force thousands to become delinquent on their gas bills. Action Alliance is located at 1201 Chestnut Street, 5th Floor, Philadelphia, PA 19107.

4. The Tenants’ Action Group (“TAG”) is a non-profit advocacy organization composed of moderate and low income tenants, all either PGW residential customers or dependent on PGW gas service, and all residing in Philadelphia, PA. In those capacities, TAG and its members have a direct, immediate, substantial and distinct interest in the proposed proposed rate increase. Such proposed rates, if approved, would increase residential rates in Philadelphia by 10% in FY 2001 (*in addition* to a projected 20% increase associated with the FY 2001 gas cost rate), would impose severe hardship on many low and moderate income tenants, and force thousands to become delinquent on their gas bills. TAG is located at 21 S. 12th Street, 12th Floor, Philadelphia, PA 19107.

5. The aforementioned consumer organizations will be represented in this

proceeding by the following counsel, who should be placed on the Commission's service list and receive copies of all correspondence and other documents:

Philip A. Bertocci, Esquire
Edward A. McCool, Esquire
Community Legal Services, Inc.
1424 Chestnut Street, 4th Floor
Philadelphia, PA 19102

(215) 981-3702
(215) 981-0435 (FAX)
pbertocci@clsphila.org (E-mail)

6. The Natural Gas Choice and Competition Act (the "Act") provides, inter alia, that PGW shall be subject to the "regulation and control by the commission with the same force as if service was rendered by a public utility," subject however to a provision which requires that the commission utilize the "same ratemaking methodology and requirements" that were applicable prior to assumption of commission jurisdiction, and further subject to the provision that the Act should not be construed "to abrogate or limit the executive or legislative powers" of the City of Philadelphia "to legislate or otherwise determine the powers, functions, budgets, activities and mission of the city natural gas distribution operation...." 66 Pa.C.S. §§ 2212(c), 2212(e), 2212(s) and passim.

7. On or about August 8, 2000, PGW filed with this Commission a Petition for the Establishment of Interim Rate Procedures and for a Declaratory Order.

8. By Order entered August 17, 2000, the Commission approved an expedited hearing schedule to examine an interim rate request of PGW. Pursuant to that Order, the Office of Administrative Law Judge has scheduled a Prehearing Conference for August 25, 2000.

9. CEPA et al. have conducted an initial review of PGW's Petition for Establishment of Interim Rate Procedures, which requests interim rate relief in the amount of \$52 million. CEPA et al. intend to oppose this request for base relief on the grounds, inter alia, that: the requested rate relief would in effect require customers to bear the sole burden of gross mismanagement by the City of Philadelphia; the requested rate relief is impermissible because at the present time, due to such mismanagement, PGW is not capable of providing adequate customer service to provide timely and accurate bills, process billing disputes and other complaints, respond to requests for service, or provide for payment arrangements in conformity with the Tariff and applicable Philadelphia Gas Commission orders ; that the rate relief requested is neither just nor reasonable because it includes provision for payment of \$18 million to the City of Philadelphia without reference to past mismanagement and continued failure to provide adequate service.

10. CEPA et al. have a direct interest in this proceeding as representatives of low and moderate customers of PGW and will be directly affected by the resolution of issues

in this proceeding. No other party, other than CEPA et al., can adequately represent their unique position or protect their interest in this proceeding.

11. Permitting the intervention of CEPA et al. in this proceeding will not delay any on-going proceedings nor prejudice any existing party or the public interest. The public interest is best served by permitting the intervention of CEPA et al.

WHEREFORE, CEPA et al. respectfully request that this Petition to Intervene be granted.

Respectfully submitted,



PHILIP A. BERTOCCHI, ESQUIRE

Attorney No. 32329

EDWARD A. MCCOOL, ESQUIRE

Attorney No. 81860

Attorneys for CEPA et al.

COMMUNITY LEGAL SERVICES, INC.

1424 Chestnut Street, 4th Floor

Philadelphia, Pa 19102

Date: August 24, 2000

(215) 981-3702

**Pennsylvania Public Utility
Commission**

v.

Philadelphia Gas Works

:
:
:
:
:
:

R-00005654

CERTIFICATE OF SERVICE

I, Philip A. Bertocci, Esquire, do hereby certify that I have this day served a true and correct copy of the foregoing document 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:

SERVICE BY FIRST CLASS MAIL - POSTAGE PREPAID

Daniel Clearfield, Esquire
Wolf, Block, Schorr and Solis-Cohen, LLP
212 Locust Street, Suite 300
Harrisburg, PA 17101

Joseph G. Given, President
7526 Frankford Avenue
Philadelphia, PA 19136

Judith Mondre, President
Mondre Energy, Incorporated
1601 Market Street, Suite 1750
Philadelphia, PA 19103

James F. Runckel, Esquire
Spear, Wilderman, Borish, Endy,
Spear & Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102

Jackie Sparkman, Esquire
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
Philadelphia, PA 19103

Lance Haver
6048 Ogontz Avenue
Philadelphia, PA 19141

Charis M. Burak, Esquire
David M. Kleppinger, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108-1166

David E. Loder, Esquire
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103-7396

Philadelphia Gas Commission
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Johnnie Simms
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Tanya J. McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Craig A. Doll, Esquire
25 North Front Street
Harrisburg, PA 17101-1606

Bernard A. Ryan, Jr., Esquire
Office of Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Philip A. Bertocci

Philip A. Bertocci, Esquire
Attorney for CEPA et al.

Community Legal Services, Inc.
1424 Chestnut Street, 4th Floor
Philadelphia, PA 19102
Tele: (215) 981-3702

Dated: 8/24/00

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

726693

00 SEP -1 PM 12:54

Pennsylvania Public Utility Commission :

RECEIVED
SECRETARY'S BUREAU

v. :

Docket No. R-00005654

Philadelphia Gas Works :

NOTICE OF APPEARANCE

ORIGINAL

TO THE SECRETARY:

Please enter the appearance of the Office of Trial Staff of the
Pennsylvania Public Utility Commission in the above-captioned proceeding.

Prosecutor(s) for the Office of Trial Staff, in addition to the undersigned
will be:

JOHNNIE E. SIMMS

All service on and communications to the Office of Trial Staff in this
proceeding should be addressed:

49

DOCKETED
SEP 5 2000

Johnnie E. Simms, Esquire
Pa. Public Utility Commission
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-1976

**DOCUMENT
FOLDER**


Charles F. Hoffman
Chief Prosecutor

Dated: August 24, 2000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

726694

00 SEP -1 PM 12: 54

Philadelphia Gas Works

: Docket No. R-00005654

:

RECEIVED

SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

ORIGINAL

I hereby certify that I am serving the foregoing **Notice of Appearance** of the Office of Trial Staff, dated August 24, 2000, either personally, by first class mail, electronic mail, or by fax upon the persons listed below:

Daniel Clearfield, Esquire
Wolf, Block, Schorr and Solis-Cohen LLP
212 Locust Street, Suite 300
Harrisburg, PA 17101

Bernard A. Ryan, Jr., Esquire
Angela T. Jones, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Tanya J. McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Craig A. Doll, Esquire
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606

Mr. Brian Kalcic
Excel Consulting
Suite 720-T
225 Meramec Avenue
St. Louis, MO 63105

Judith Mondre, President
Mondre Energy, Inc.
1601 Market Street, Suite 1750
Philadelphia, PA 19103

Jackie Sparkman, Esquire
School District of Philadelphia
Office of General Counsel
2130 Arch Street, 5th Floor
Philadelphia, PA 19103

Charis M. Burak, Esquire
David M. Kleppinger, Esquire
McNees Wallace and Nurick
100 Pine Street
P.O. Box 1156
Harrisburg, PA 17108-1166

Joseph G. Given, President
7526 Frankford Avenue
Philadelphia, PA 19136

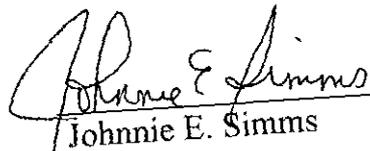
James F. Runckel, Esquire
Spear Wilderman Borish Endy
Spear & Runckel
230 South Broad Street, Suite 1400
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Lance Haver
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Philadelphia, PA 19141

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Duane Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103-7396

Janet Parrish, Esquire
Philadelphia Gas Commission
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Philip Bertocci, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102


Johnnie E. Simms
Senior Prosecutor
Office of Trial Staff

Dated: August 24, 2000
Docket No. R-00005654



ORIGINAL

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AUG 25 2000

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

1601 MARKET STREET, SUITE 1750
PHILADELPHIA, PA 19103
PHONE (215) 988-0577
FAX (215) 988-0579
WWW.MONDREENERGY.COM

DOCUMENT
FOLDER

August 25, 2000

VIA FACSIMILE & REGULAR MAIL
James McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket # R-00005654

Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of The School District of Philadelphia's Pre-Hearing Memorandum in the above-referenced matter.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document.

Very Truly Yours,

Bradford Stern

cc: Administrative Law Judge Marlane Chestnut (via facsimile and hand delivery)
Service List

Energy Consulting and Conservation Services

RECEIVED
AUG 25 2000

Certificate of Service

PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below via facsimile and U.S. Mail:

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street, Forum Place, 5th Floor
Harrisburg, PA 17120

Bernard Ryan, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Daniel Clearfield, Esq.
Wolf, Block, Schorr & Solis-Cohen, LLP
212 Locust Street, Suite 300
Harrisburg, PA 17101

Charles Hoffman, Esq.
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

Josephine Hayes, Manager
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122

Janet Parrish, Esq.
Philadelphia Gas Commission
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Lance Haver, Board Member
Consumers Education & Protective
Association
6048 Ogontz Avenue
Philadelphia, PA 19141

Andre C. Dasent, Esq.
785 The Bourse Building
21 South 5th Street
Philadelphia, PA 19106

Philip A. Bertocci, Esq.
Community Legal Services, Inc.
1424 Chestnut Street, 3rd Floor
Philadelphia, PA 19102

Joseph G. Given, President
Gas Work's Employees Union
Local 686-SEIU, AFL-CIO/CLC
7526 Frankford Avenue
Philadelphia, PA 19136

James F. Runckel, Esq.
Spear, Wilderman, Borish, Endy,
Spear & Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102

Craig A. Doll, Esq.
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606



Bradford M. Stern

Date: August 25, 2000

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AUG 25 2000

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

Docket Number:
R-00005654

**SCHOOL DISTRICT OF PHILADELPHIA'S
PRE-HEARING MEMORANDUM**

In compliance with Prehearing Order #1, and without waiver of its right to supplement, and/or revise, The School District of Philadelphia, (the "School District") by and through its counsel, hereby submits the following Pre-Hearing Memorandum in the above captioned matter:

Procedural Background and Facts

On August 8, 2000, the Philadelphia Gas Works ("PGW") filed a Petition for the establishment of interim rate procedures and a declaratory order with the Public Utility Commission ("PUC"). The petition requested an expedited procedure for the consideration of an interim base rate request by PGW of \$52 million. PGW seeks to have the PUC rule on its request and set interim base rates by November 15, 2000. Prior to the instant filing, on August 2, 2000, PGW filed its 2000-2001 GCR filing with the PUC, assigned Docket Number R-00005619. A Pre-Hearing Memorandum is being filed by the School District in compliance with Administrative Law Judge Chestnut's Orders in both of PGW's filings, Docket Number R-00005619 and the instant case. The School District respectfully refers this Court to its Pre-Hearing Memorandum in the GCR filing for a full delineation of the procedural background of this matter.

Issues:

Without waiver of its right to supplement this statement, and take positions with respect to particular issues, the School District wants to ensure that PGW's interim and permanent rate increase contains only what is reasonable and necessary to provide reasonable and reliable service.

DOCUMENT
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AUG 29 2000

Witnesses:

The School District reserves the right to designate an expert witness if necessary. The School District reserves the right to call witnesses listed by other parties in this proceeding.

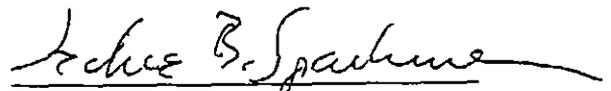
Discovery and Related Matters

In Pre-Hearing Conference Order #1 a discovery schedule has been outlined. The School District is intervening as an active party in this proceeding. Please enter the School District on the service list as follows:

Jackie Sparkman, Esq.
c/o Mondre Energy, Inc
1601 Market Street, Suite 1750
Philadelphia, Pa. 19103
215-988-0579 fax jmondre@mondreenergy.com

The School District would appreciate service of two copies of documents in this proceeding.

Respectfully Submitted,


Jackie Sparkman
The School District of Philadelphia

DATE: August 25, 2000
SUBJECT: R-00005654
TO: Office of Administrative Law Judge
FROM: James J. McNulty, Secretary

DOCUMENT
FOLDER

DOCKETED
AUG 28 2000

LAF

Pennsylvania Public Utility Commission v. Philadelphia Gas Works

Attached is copy of a Petition to Intervene filed by Consumers Education and Protective Association, Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and Tenants' Action Group, in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: OTS

laf

OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	R-00005654	YES	NO
Case Name:	Pennsylvania Public Utility Commission v. Philadelphia Gas Works	Prehearing Held:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
		Hearing Held:	<input type="checkbox"/> YES <input type="checkbox"/> NO
		Testimony Taken:	<input type="checkbox"/> YES <input type="checkbox"/> NO
		Transcript Due:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
		Hearing Concluded:	<input type="checkbox"/> YES <input type="checkbox"/> NO
Location:	Philadelphia, PA	Further Hearing Needed:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Date:	August 25, 2000	Estimated Add'l Days:	
ALJ:	Marlane R. Chestnut	RECORD CLOSED:	<input type="checkbox"/> YES <input type="checkbox"/> NO
Reporting Firm:	Commonwealth Reporting	DATE:	
		Briefs to be Filed:	<input type="checkbox"/> YES <input type="checkbox"/> NO
		DATE:	
		Bench Decision:	<input type="checkbox"/> YES <input type="checkbox"/> NO
		REMARKS:	

726524

00 AUG 31 AM 10:00

DOCUMENT FOLDER

DOCKETED
AUG 31 2000
PA PUC

Please schedule hearings (here):
9/27, 9/28, 9/29
(10:00) (9:00) (9:00)
Public inputs (here)
9/26 afternoon 9/27 evening

PLEASE PRINT CLEARLY - Incomplete information may result in delay of processing.

Name and Telephone Number	Address	Who are you representing?
Stephen J. Keene Telephone: 717-783-5048	555 Walnut St. 5th Floor Harrisburg PA 17101	Office of Consumer Advocate
Bernard A. Ryan, Jr. Angela T. Jones Telephone: (717) 783-2525	1102 COMMERCE BLDG. 300 N. 2ND ST. Hbg PA 17101	OSBA
Daniel Clearfield Wolf, Block Telephone: (717) 237-7173	212 Locust St. Suite 300 Hbg PA 17101	PGW

Check this box if additional parties or attendees appear on back of form.

Robert J. Storm

Reporter's Signature

Note: Completion of this form does not constitute an entry of appearance, see 52 Pa. Code §§1.24 and 1.25.

Name and Telephone Number	Address			Who are you representing?
Charis M. Burak	100 Pine St.			Philadelphia Industrial and Commercial Gas Users Group (PICGUG)
	City Harrisburg	State PA	Zip 17108	
Telephone: 717-237-5437	E-mail Address: cburak@mwn.com		Fax Number: 717-237-5300	
CHARLES F. HOFFMAN	PA PUC OFFICE OF TRIM STAFF			OTS
	City HARRISBURG	State PA	Zip 17105	
Telephone: (717) 787-7304	E-mail Address: HOFFMANC@puc.state.pa.us		Fax Number: (717) 772-2677	
Philip A. Bertocci	Common-ty Legal Services, Inc 1424 Chestnut St. 4th Fl.			CEPA, ACORN, TAG, Action Alliance
	City Philadelphia	State PA	Zip 19102	
Telephone: 215 981-3702	E-mail Address: pbertocci@clsphila.org		Fax Number: 215 981-0435	
	City	State	Zip	
Telephone:	E-mail Address:		Fax Number:	
	City	State	Zip	
Telephone:	E-mail Address:		Fax Number:	
	City	State	Zip	
Telephone:	E-mail Address:		Fax Number:	
	City	State	Zip	
Telephone:	E-mail Address:		Fax Number:	



MONDRE ENERGY

ORIGINAL RECEIVED

AUG 28 2000

1601 MARKET STREET, SUITE 1750

PHILADELPHIA, PA 19103

PHONE (215) 988-0577

FAX (215) 988-0579

WWW.MONDREENERGY.COM

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

August 28, 2000

VIA Federal Express

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
North Street & Commonwealth Avenue
Room B-20, North Office Building
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket # R-00005654

Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of The School District of Philadelphia's Petition to Intervene in the above-referenced matter.

As evidenced by the attached Certificate of Service, parties to the proceeding are being served with a copy of this document.

Very Truly Yours,

Bradford Stern

cc: Administrative Law Judge Marlane Chestnut (via U.S. Mail)
Service List (via U.S. Mail)

70

Energy Consulting and Conservation Services

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AUG 28 2000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pennsylvania Public Utility
Commission

v.

Philadelphia Gas Works

Docket R-00005654

ORIGINAL

PETITION TO INTERVENE
OF
THE SCHOOL DISTRICT OF PHILADELPHIA

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE
MARLANE R. CHESTNUT:

NOW COMES the School District of Philadelphia (the "School District"), pursuant to the provisions of 52 Pa. Code. §5.71, by and through its undersigned attorney, ands hereby files this Petition to Intervene in the above-captioned proceeding, requesting Your Honor grant this Petition and confer upon the School District active "Intervenor" status herein. In support of this Petition, the School District states as follows:

1. The School District is a corporate body politic, duly organized and constituted in accordance with the laws of the Commonwealth of Pennsylvania and the City of Philadelphia Home Rule Charter.

2. The School District's mission is to provide quality education and related services for the children residing in the City of Philadelphia (the "City").

3. The School District's budget and operations are largely funded by the Commonwealth of Pennsylvania and the City. The School District has no substantive opportunity to charge users of the School District's facilities and programs directly.

DOCUMENT
FOLDER

DOCKETED
AUG 30 2000

4. The School District receives firm natural gas service from the Philadelphia Gas Works ("PGW") under the Municipal Service ("MS") Rate Schedule of PGW's Tariff. The School District also receives gas service under one or more interruptible rate schedules contained in the Tariff.

5. As a large customer of PGW with many facilities receiving service, the School District is directly and substantially affected by PGW's requested relief in this proceeding and ultimately the relief granted by the Commission. No other party in this proceeding can represent the School District or protect its interests herein.

6. The School District will be represented in this proceeding by the following counsel, who should be placed on the service list and receive copies of all correspondence and other documents, care of the person, organization and address listed below:

Jackie Sparkman, Esq.
c/o Mondre Energy, Inc.
1601 Market Street, Suite 1750
Philadelphia, Pennsylvania 19103
Attn: Judith L. Mondre

(215) 988-0577
(215) 988-0579 telecopy
jmondre@mondreenergy.com (e-mail)

7. Permitting the School District to intervene in this proceeding will not prejudice any party or delay the proceedings. The public interest is supported by the School District's intervention in this proceeding.

WHEREFORE, the School District of Philadelphia respectfully requests that Your Honor grant this Petition to Intervene and provide such further relief as Your Honor deems just.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jackie Sparkman". The signature is written in black ink and is positioned above the printed name and title.

Jackie Sparkman, Esq.
School District of Philadelphia
General Counsel

DATED: August 25, 2000

Certificate of Service

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below U.S. Mail:

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street, Forum Place, 5th Floor
Harrisburg, PA 17120

Bernard Ryan, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Daniel Clearfield, Esq.
Wolf, Block, Schorr & Solis-Cohen, LLP
212 Locust Street, Suite 300
Harrisburg, PA 17101

Charles Hoffman, Esq. &
Johnnie Simms, Esq.
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

Josephine Hayes, Manager
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122

Janet Parrish, Esq.
Philadelphia Gas Commission
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Lance Haver, Board Member
Consumers Education & Protective
Association
6048 Ogontz Avenue
Philadelphia, PA 19141

Andre C. Dasent, Esq.
785 The Bourse Building
21 South 5th Street
Philadelphia, PA 19106

Philip A. Bertocci, Esq.
Community Legal Services, Inc.
1424 Chestnut Street, 3rd Floor
Philadelphia, PA 19102

Joseph G. Given, President
Gas Work's Employees Union
Local 686-SEIU, AFL-CIO/CLC
7526 Frankford Avenue
Philadelphia, PA 19136

James F. Runckel, Esq.
Spear, Wilderman, Borish, Endy,
Spear & Runckel
230 South Broad Street, Suite 1400
Philadelphia, PA 19102

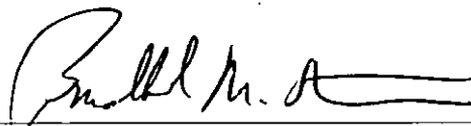
Craig A. Doll, Esq.
25 North Front Street
Second Floor
Harrisburg, PA 17101-1606

Charis M. Burak, Esq. &
David M. Kleppinger, Esq.
McNees, Wallace, Nurick
100 Pine Street, P.O. Box 3265
Harrisburg, PA 17108-1166

Brian Kalcic
Excel Consulting
Suite 720-T
225 S. Meramec Avenue
St. Louis, MO 63105

Honorable Marlane Chestnut
Administrative Law Judge
1400 W. Spring Garden Street
Room 1302
Philadelphia, PA 19103

Walter Cohen, Esq.
Obermayer, Rebmann, Maxwell & Hippel
204 State Street
Harrisburg, PA 17101



Bradford M. Stern

Date: August 28, 2000

1424 Chestnut Street, Philadelphia, PA 19102-2505
Phone: 215.981.3700, Fax: 215.981.0434
Web Address: www.clsphila.org

August 24, 2000

00 AUG 31 AM 8:30

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
North Office Building, Room B-20
Commonwealth & North Streets
Harrisburg, PA 17105

RECEIVED
SECRETARY'S BUREAU

ORIGINAL

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Interim Rate Request, R-00005654**

**Pennsylvania Public Utility Commission v. Philadelphia Gas Works
2000-2001 Gas Cost Rate Filing, R-00005619**

Dear Secretary McNulty:

Enclosed please find for filing an original and three copies of CEPA et al.'s Prehearing Memorandum in each of the two above-captioned matters.

Copies of these Prehearing Memorandums were provided to Administrative Law Judge Marlane R. Chestnut prior to the August 25 Prehearing Conferences. As indicated on the Certificate of Service attached to these documents, they were also served by First Class U.S. Mail on the service list on August 24, 2000.

Very truly yours,



PHILIP A. BERTOCCI

cc: Service List w/out enclosures

Enclosures

DOCUMENT
FOLDER

28

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

726440

00 AUG 31 AM 8:31

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works
Interim Rate Increase Request

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R-00005654

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Pre-Hearing Memorandum

of Consumers Education and Protective Association,
Association of Community Organizations for Reform Now, Action Alliance
of Senior Citizens of Greater Philadelphia and Tenants' Action Group

DOCUMENT
FOLDER

The Consumers Education and Protective Association, the Association of
Community Organizations for Reform Now, Action Alliance of Senior Citizens of
Greater Philadelphia and Tenants' Action Group (hereinafter "CEPA et al."), through
counsel, pursuant to Pre-Hearing Conference Order #1 issued on August 17, 2000,
hereby submit this Pre-Hearing Memorandum.

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AUG 31 2000

I. Procedural History

On June 22, 1999, the Natural Gas Choice and Competition Act (Gas Choice Act)
was signed into law. The Gas Choice Act constituted a revision to the Public Utility
Code, 66 Pa.C.S. §§101 et seq., by adding Chapter 22, relating to restructuring of the

natural gas utility industry. Section 2212 of the Gas Choice, as well as other provisions, extend Pennsylvania Public Utility Commission (hereinafter "PUC" or "Commission") jurisdiction over the Philadelphia Gas Works' (PGW) rates and tariff, subject however to provisions which require that the Commission utilize the "same ratemaking methodology and requirements" that were applicable prior to assumption of commission jurisdiction, and further subject to the provision that the Act should not be construed "to abrogate or limit the executive or legislative powers" of the City of Philadelphia "to legislate or otherwise determine the powers, functions, budgets, activities and mission of the city natural gas distribution operation..." 66 Pa.C.S. §§ 2212(c), 2212(e), 2212(s) and *passim*.

The ratemaking methodology applicable to PGW required by the Philadelphia Home Rule Charter, 351 Pa.Code § 5.5-901, the Management Agreement, Sections IV, VII, *passim* (Philadelphia Ordinances, 1972, Bill No. 455) and the Gas Choice Act is the not the "fair value, fair return" method but the cash flow method.

On June 19, 2000, PGW commenced a proceeding before the Philadelphia Gas Commission (hereinafter "PGC") which has been captioned In the Matter of: Philadelphia Gas Works' Proposed \$52 Million Rate Increase (Amendments to Rates GS, MS & PHA)/Proposed Amendment to Tariff Regulation 12.1 (Senior Citizen Discount)/ Proposed Fiscal Year 2001 Operating and Capital Budgets and Forecasts for Outyears FY 2002-2006/ Proposed Fiscal Year 2001 Gas Cost Rate/ Request for Reconciliation Fiscal Year 1997-1999 Capital Budgets v Spending. In that proceeding, PGW proposed Operating and Capital Budgets which presupposed a \$52 million base rate increase, and

an increase in the gas cost rate of \$97 million, combined increases which would represent a 30% increase on the average heating customer's annual bill. The PGC has conducted three and a half days of hearings which have focused primarily on the Operating and Capital Budgets and Forecasts, which necessarily serve as the base for rate determinations made according to the "cash flow" method. Public Advocate v. Philadelphia Gas Commission, – Pa. –, 674 A.2d 1056 (1996); Action Alliance, etc. v. Philadelphia Gas Commission, 45 Pa.Cmwlth. 234, 406 A.2d 1155 (1979).

On August 8, 2000, PGW filed a Petition for Establishment of Interim Rate Procedures and for a Declaratory Order. On August 14, 2000, CEPA et al. filed an Answer to that Petition not opposing the request for establishment of interim rate procedures, but opposing the issuance of a Declaratory Order.

On August 17, 2000, the PUC granted PGW's request for expedited hearing and review of its request for interim rates to become effective November 15, 2000. This order was subject to certain conditions, including but not limited to the condition that PGW demonstrate throughout the interim rate period that it is providing "safe and adequate service."

On August 24, 2000, CEPA et al. filed a Petition to Intervene in this proceeding.

II. Issues

For CEPA et al. the paramount issue in this case is whether ratepayers may be required to fund an interim base rate increase when the need for the increase arises from

gross mismanagement by the owner, the City of Philadelphia, which at the same time, even while admitting that such mismanagement has occurred, insists upon an annual payment of \$18 million from PGW.

Against this background, CEPA et al. identify the following issues that they may raise in this proceeding:

1. Whether a base rate increase, which is implicit in PGW's filed Operating and Capital Budgets and forecasts, is necessary at this time in order to assure that PGW maintains adequate cash flows and complies with bond coverage requirements?
2. Whether the City of Philadelphia, as the owner of PGW, has resources identified in the Management Agreement such as waiver, on a one time basis or as necessary, of the \$18 million annual payment, and the provision of a \$20 million dollar loan repayable within twenty four months, which should be devoted to resolving PGW's interim needs before any base rate increase may be granted?
3. Whether the cash flow method of ratemaking requires that PGW make an \$18 million payment to the City owner even when, as here, the Company's cash flow problems are the result of mismanagement?
4. Whether under the common law, the PGC ratemaking methodology existing prior to the assumption of PUC jurisdiction over PGW's rates, and the Public Utility Code, an interim rate increase may be granted when PGW is not providing adequate service?

5. Whether, as a matter of law, the Commission may grant interim base rate relief upon the basis of an Operating Budget in which the revenue requirement presupposes weather 3% warmer than normal?

6. Whether there are conditions or requirements that the Commission should impose to assure that PGW's owner the City of Philadelphia applies the highest standards of management practice and diligence to the operation of the Gas Works, as required by municipal ordinance?

CEPA et al. anticipate and reserve their right to pursue other issues that may arise during the course of this proceeding.

III. Witnesses

CEPA et al., have not at this early stage identified witnesses that may be called in this proceeding. They reserve the right to present direct, rebuttal and surrebuttal testimony, as may be necessary, and will notify the presiding Judge and the parties as soon as such witness(es) may be identified.

IV. Public Input Hearings

CEPA et al. request that public input hearings be held in PGW's service territory in order that ratepayers will have the opportunity to address issues related to the fairness, reasonableness and affordability of the proposed base rate increase. These public input

hearings could be held in conjunction with public input hearings concerning PGW's pending gas cost rate increase. CEPA et al. further request that the PUC use the public input hearings to publicize the availability of the Commission's Bureau of Consumer Services to assist PGW customers, including specific information concerning the hours and location of the PUC offices located in the State Office Building at Broad and Spring Garden Streets in Philadelphia.

Respectfully submitted,

Philip C Bertocci ^{PAB}

PHILIP A. BERTOCCI, ESQUIRE
EDWARD A. MCCOOL, ESQUIRE

Attorneys for CEPA et al.

COMMUNITY LEGAL SERVICES, INC.
1424 Chestnut Street, 4th Floor
Philadelphia, PA 19102
(215) 981-3702

August 24, 2000

Pennsylvania Public Utility :
Commission :
v. : R-00005654
Philadelphia Gas Works :

CERTIFICATE OF SERVICE

I, Philip A. Bertocci, Esquire, do hereby certify that I have this day served a true and correct copy of the foregoing document 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:

SERVICE BY FIRST CLASS MAIL - POSTAGE PREPAID

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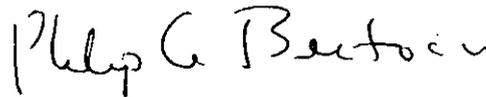
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Dated:

8/24/00



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office Of Administrative Law Judge
P.O. Box 3265, Harrisburg, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 30, 2000

In Re: R-00005654
R-00005654C0001-C0002

(See letter dated 08/17/00)

Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works

Philadelphia Gas Works (PGW) Interim Rate Increase Request.

Hearing Notice

This is to inform you that the hearings on the above-captioned case will be held as follows:

Type: Initial and Further Hearings
Date: Wednesday, September 27, 2000 - Initial
Thursday, September 28, 2000 - Further
Friday, September 29, 2000 - Further
Time: 10:00 a.m. - Initial Hearing
9:00 a.m. - Further Hearings - both days
Location: In an available hearing room
Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, Pennsylvania
Presiding: Administrative Law Judge Marlane R. Chestnut
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
Telephone: (215) 560-2105
Fax: (215) 560-3133

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SECRETARY'S BUREAU

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Attention: You will lose the case if you do not come to this hearing and present facts on the issues raised.

If you intend to file exhibits, 2 copies of all hearing exhibits to be presented into evidence must be submitted to the reporter. An additional copy must be furnished to the Presiding Officer. A copy must also be provided to each party of record.

Except for those individuals representing themselves, the Commission's rules require that all parties have an attorney; therefore, you should have an attorney of your choice file an entry of appearance before the scheduled hearing.

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call Norma Lewis at the Public Utility Commission:

- Scheduling Office: 717-787-1399
- AT&T Relay Service number for persons who are deaf or hearing impaired: 1-800-654-5988.

pc: Judge Chestnut
June Perry - BPL 111
Eric Levis - BPL 101
Office of Trial Staff (2)
Consumer Advocate
Small Business Advocate
Bill Barrett - FUS
Judy Weaver
Beth Plantz
Docket Section
Calendar File

DATE: August 30, 2000

SUBJECT: R-00005654

TO: Office of Administrative Law Judge

FROM: James J. McNulty, Secretary

LAF

Pennsylvania Public Utility Commission v. Philadelphia Gas Works

Attached is copy of a Petition to Intervene filed by The School District of Philadelphia, in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: OTS

laf

DOCKETED
AUG 30 2000