

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility
Commission, et al.

v.

Philadelphia Gas Works

:
: Docket Number
:
: R-00005654
: R-00005654C0001-C0004

DOCUMENT
FOLDER

ORDER CERTIFYING THE RECORD

DOCKETED

OCT 12 2000

On August 8, 2000, the Philadelphia Gas Works (PGW) filed a Petition for Establishment of Interim Rate Procedures and for a Declaratory Order (Petition) with the Pennsylvania Public Utility Commission (Commission) at Docket No. P-00001831. In this Petition, PGW requested that the Commission order an expedited hearing and review schedule that would result in a Commission decision establishing interim rates for PGW no later than November 15, 2000. This represents an increase of approximately \$52 million which would be put in effect on an interim basis, pending the Commission's consideration of the full base rate case which the company will file later. The company alleged that this rate relief is needed by early November in order to allow the company to "maintain a minimal, adequate level of financial health required to fund operations and meet debt service requirements through the winter heating season." The company also requested that the Commission issue a declaratory order in limine addressing the ratemaking methodology to be used by the Commission in its consideration of the company's proposed interim rates.¹

¹ Separately, at Docket No. P-00001828, PGW filed a Petition seeking similar expedited treatment of its proposed 2000-2001 Gas Cost Rate. By Order entered August 17, 2000 the Commission directed that an expedited proceeding be conducted. This proceeding, at Docket No. R-00005619, has been conducted concurrently with the proceeding at Docket No. R-00005654, but the two cases have not been consolidated.

Separate Answers to the Petition were filed on August 14, 2000 by the Office of Consumer Advocate (OCA) and a coalition consisting of the Consumers Education and Protective Association, the Association of Community Organizations for Reform Now, the Action Alliance of Senior Citizens of Greater Philadelphia and the Tenants' Action Group (CEPA et al.).

By Order entered August 17, 2000, the Commission granted the request for an expedited proceeding in order for any rate decision to be put into effect prior to the winter heating season and denied the request for a declaratory order. The scope of this expedited proceeding was set out in the Order at 7-8:

. . . PGW must present substantial evidence to support its assertion that an interim rate increase is necessary to maintain a minimal, adequate, level of financial health required to fund operations and meet debt service requirements through the winter heating season until the Commission can conduct and rule upon a full base rate proceeding. In particular, PGW must 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.

The Commission's approval of the expedited schedule was subject to certain conditions: (1) PGW must file a comprehensive base rate case no later than January 1, 2001; (2) PGW must firmly commit that any interim rates are subject to refund at the conclusion of the base rate case if the Commission determines that a lower level of rates is just and reasonable; (3) PGW must firmly commit that it will not seek to recoup additional revenues from its customers if the Commission ultimately determines that a higher level of permanent rates should be granted; and (4) PGW must commit to its implementing its "Transition to Excellence Plan" and must demonstrate throughout the interim period that it is

providing safe and adequate service. The company agreed to each of these conditions.²

Pursuant to the Commission's August 17, 2000 Order at Docket No. No. P-00001831, the instant rate proceeding was conducted at Docket No. R-00005654. Notice of the proceeding was provided to customers via bill inserts and served on the parties to the PGW proceedings currently pending before the Philadelphia Gas Commission.

By hearing notice dated August 17, 2000, a prehearing conference was scheduled for August 25, 2000 and the proceeding was assigned to me. I issued Prehearing Order #1, which set out certain procedural requirements, on August 17, 2000.

The prehearing conference was held as scheduled on August 25, 2000 in Philadelphia. Present, in addition to PGW, were the Office of Small Business Advocate (OSBA); the Office of Consumer Advocate (OCA); the Office of Trial Staff (OTS); the Philadelphia Industrial and Commercial Gas Users Group (PICGUG); and the Consumers Education & Protective Association, Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and Tenants Action Group (CEPA et al). A schedule was adopted and various procedural items were addressed, as set forth in Prehearing Order #2, dated August 31, 2000.

In addition to the above active parties, the Apartment Association of Greater Philadelphia (AAGP) participated actively. Inactive parties included the School District of Philadelphia and several individuals (Thomas Smith and Eugene

² See, PGW IR-St. 1 at 4, 15; PGW Exh. 1.4.

Malin, Sr.). See, Prehearing Orders #2 (dated August 21, 2000) and #3 (dated September 20, 2000). Numerous “rate protests” (letters objecting to the proposed rate increase) were received by the Commission.

PGW submitted the direct testimony in the form of statements and supporting documents of its three witnesses at the August 25, 2000 prehearing conference. Pursuant to the litigation schedule contained in Prehearing Order #2, on September 18, 2000, statements and exhibits were submitted by OTS (three witnesses), OCA (one witness), OSBA (one witness) and PICGUG (one witness). On September 25, 2000, rebuttal testimony was submitted by PGW (one witness). A listing of the parties’ statements and exhibits is attached.³

By hearing notice dated August 30, 2000, evidentiary hearings were scheduled to be held in Philadelphia on September 27 – 29, 2000. In addition, by hearing notice dated September 1, 2000, public input hearings were scheduled to be held in Philadelphia on September 26 and 29, 2000.

On September 26, 2000 I issued separate orders, “Order Denying CEPA et al.’s Motion to Compel” and “Order Denying PGW’s Motion to Strike Portions of OCA Testimony.”

The evidentiary hearings were held as scheduled on September 27 and 28, 2000. Witnesses were presented by PGW, OCA, OTS, OSBA and PICGUG. All parties had the opportunity to conduct cross-examination of these witnesses.

³ Although this listing is intended to be as complete and accurate as possible and was circulated to the parties for review, it may not include late-filed exhibits or testimony and is not intended to represent a definitive list of the actual statements and exhibits. The record speaks for itself in terms of what is included.

The public input hearings were held in Philadelphia as scheduled. At the first session, held at 6:00 p.m. on September 26, 2000, 20 people provided sworn testimony. At the second session, held on September 29, 2000 at 11:00 a.m., 15 people provided sworn testimony. Among the speakers at the September 29, 2000 session were House Majority Speaker John Perzel and Representative Curtis Thomas. Representative Perzel presented a petition containing approximately 6,000 signatures.

The record consists of the transcript of 402 pages relating to the above hearings, as well as the statements and exhibits listed on the attached appendix. The record is ready for Commission review.

As previously set out in Prehearing Order #2, dated August 31, 2000, main briefs must be filed with the Secretary, in accordance with 52 Pa. Code §5.502(a), and received in-hand by me and all parties no later than 4:30 p.m., October 13, 2000. Similarly, reply briefs must be filed and received no later than 4:30 p.m., October 20, 2000. In addition, each party is directed to include a copy on disk (in Word 97 or a compatible format) with the briefs filed with the Secretary and served on me.

In addition, as also set out in Prehearing Order #2, each main and reply brief must contain a table of contents. In addition, each main brief must contain proposed findings of fact (with specific references to transcript pages or statements and/or exhibits), conclusions of law (with references to supporting statutes or regulations or supporting case law citations) and proposed ordering paragraphs specifically identifying the relief sought and a discussion.

THEREFORE,

IT IS ORDERED:

1. That the record at Docket No. R-00005654 (including C0001 through C0004) is certified to the Commission for its consideration.

Date: October 3, 2000



MARLANE R. CHESTNUT
Administrative Law Judge

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