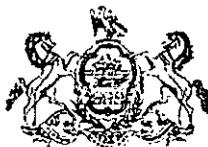


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE

728928
Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

00 SEP 19 AM 8:11

RECEIVED
SECRETARY'S BUREAU

Bernard A. Ryan, Jr
Small Business Advocate

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

September 18, 2000

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

DOCUMENT
FOLDER

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

Dear Mr. McNulty:

Enclosed is a certificate of service pursuant to 52 Pa. Code §5.412(f) for filing the direct testimony of Brian Kalcic in the above docket labeled OSBA Statement No. 1.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Angela T. Jones".

Angela T. Jones
Assistant Small Business Advocate

Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

728930

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v.

Docket No. R-00005654

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PHILADELPHIA GAS WORKS

R-00005654

Certificate of Service

I certify that I am serving a copy of the Direct Testimony of Brian Kalcic, labeled OSBA Statement No. 1, 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
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(215) 560-3133 - Fax
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Joseph G. Given, President
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(overnight mail 9/15)

Janet Parrish, Esquire
Philadelphia Gas Commission
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1515 Arch Street, 9th Floor
Philadelphia, PA 19102
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SEP 19 2000

DOCUMENT
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(hand delivered 9/18)


Angela T. Jones
Assistant Small Business Advocate

Date: September 18, 2000

MCNEES, WALLACE & NURICK
ATTORNEYS AT LAW

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CHARIS M. BURAK

DIRECT DIAL: (717) 237-5437

E-MAIL ADDRESS: CBURAK@MWN.COM

September 18, 2000

VIA FEDERAL EXPRESS

Honorable Marlane R. Chestnut
Administrative Law Judge
Pennsylvania Public Utility Commission
Broad & Spring Garden Streets
1302 Philadelphia State Office Building
Philadelphia, PA 19130

DOCUMENT
FOLDER

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

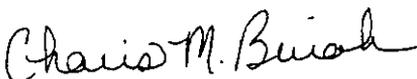
Dear Judge Chestnut:

Enclosed please find two copies of the Direct Testimony of Richard A. Baudino on behalf of the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") in the above-captioned proceeding.

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,

MCNEES, WALLACE & NURICK

By 
Charis M. Burak

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

CMB/lhe

c: James J. McNulty, Secretary (Transmittal Letter and Certificate of Service only - via Hand Delivery)
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

Daniel Clearfield, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
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Stephen Keene, Esq.
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Harrisburg, PA 17120

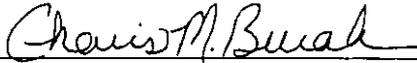
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SECRETARY'S BUREAU

VIA FEDERAL EXPRESS

Jackie Sparkman, Esq.
School District of Philadelphia
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Philadelphia, PA 19103

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


Charis M. Burak

Dated this 18th day of September, 2000, in Harrisburg, Pennsylvania.

Wolf, Block, Schorr and Solis-Cohen LLP

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~~ORIGINAL~~

DOCUMENT
FOLDER

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

September 19, 2000

VIA HAND DELIVERY

James McNulty, Secretary
PA Public Utility Commission
North Office Bldg., Rm. B-20
Harrisburg, PA 17105

P-00001831
R-00005654

RECEIVED
00 SEP 19 PM 3:40
PA.P.U.C.
SECRETARY'S BUREAU

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

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works, enclosed for filing please find an original and three copies of its Objections to Consumer Education and Protective Association, et al's First Set of Interrogatories and Request for Production of Documents and Request for Admissions with regard to the above referenced matter. As indicated by the attached certificate of service, all parties of record have been served with a copy of this filing.

Please contact me if you have any questions with respect to the enclosed.

Very truly yours,

Daniel Clearfield
For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: All Parties of Record w/enc.
Hon. Marlane Chestnut w/enc.

DSH:23980.1

419

~~ORIGINAL~~

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

Docket No. P-00001831

Pennsylvania Public Utility Commission

Docket No. R-00005654

DOCKETED
SEP 25 2000

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

v.

Philadelphia Gas Works

**PHILADELPHIA GAS WORKS' OBJECTIONS TO
CONSUMER EDUCATION AND PROTECTIVE
ASSOCIATION, ET AL.'S FIRST SET OF INTERROGATORIES
AND REQUEST FOR PRODUCTION OF DOCUMENTS
AND REQUEST FOR ADMISSIONS**

Philadelphia Gas Works ("PGW"), pursuant to 52 Pa. Code §§ 5.342, 5.349 and 5.350, hereby objects to the First Set of Interrogatories and Request for Production of Documents, Nos. 1-4 and 6-11, and Request for Admissions Nos. 5-9, which were served on PGW by Consumers Education and Protective Association, et al. ("CEPA") on September 12, 2000. PGW's objections to the above-identified discovery are as follows:

DOCUMENT
FOLDER

GENERAL OBJECTION

The purpose of this proceeding, for which an expedited hearing has been scheduled by the Commission, is to "establish interim rates for Philadelphia Gas Works." Order Establishing Interim Rate Procedures (entered August 17, 2000) at 11, ordering paragraph 1. The Commission further acknowledged in its Order that PGW's purpose in seeking such interim rates is "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 on a full base rate proceeding." *Id.* at 7.

PGW therefore objects to any discovery to the extent that it is not relevant to the need for, or the appropriate level of, interim rates, or is not reasonably calculated to lead to the discovery of relevant admissible evidence, but is rather directed to issues that could only be relevant in a request for an increase in permanent base rates.

SPECIFIC OBJECTIONS TO INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

CEPA-1: Please provide a copy of the draft report dated May 26, 2000 by the Andersen Consulting Group entitled "BCCS Organization Evaluation Executive Summary" and all other reports made by Andersen Consulting Group in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

Objection 1: *PGW incorporates by reference its General Objection. This request for production seeks a copy of a report from a management consultant concerning PGW's billing systems and other IT issues, but which is not relevant to PGW's need for interim rate relief. Although PGW, in its pre-filed testimony, presented a brief background regarding its efforts to improve service and increase efficiency as part of its "Transition to Excellence" plan and the Commission made PGW's commitment to that plan a condition to its Order Establishing Interim Rate Procedures, that effort is not an issue in this proceeding, nor is it relevant to the issue of PGW's need for, or the appropriate level of, interim rate relief. PGW witness Mr. Knudsen acknowledged in his testimony that PGW is "firmly committed to carrying through with our Transition to Excellence plan," but stressed that in this proceeding, PGW is seeking only to deal with the financial health of PGW. PGW-1R St. 1.0 at 15. Accordingly, the issues covered by any such reports are not issues in this proceeding and PGW objects to such discovery.*

CEPA-2: Please provide a copy of the draft report dated June 12, 2000 entitled "Draft Report on the Assessment of the Human Resources Function" and all other reports made by Hay Group in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

Objection 2: PGW incorporates by reference its General Objection and its objection to CEPA-1 as to the documents sought by this request for production.

CEPA-3. Please provide a copy of the draft report dated June 5, 2000 entitled "Philadelphia Gas Works Call Center Assessment" and all other reports made by Vanguard Communications in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

Objection 3: PGW incorporates by reference its General Objections and objection to CEPA-1 as to the documents sought by this request for production.

CEPA-4: Over the period from September, 1999 to spring of 2000, approximately 19,000 PGW's approximately 75,000 residential customers who had budget billing ceased receiving budget bills due to inadequate design, programming and/or implementation of modules of the BCCS system:

- (a) Have all those customers been identified and restored to budget billing at this time?
- (b) If some customers have not yet been restored to budget billing, state the number of customers who have not yet been restored.
- (c) For those customers who have not yet been restored to budget billing, state when PGW expects that these customers will be restored to budget billing.

Objection 4: PGW incorporates by reference its General Objection. PGW further objects to this interrogatory since it seeks information regarding billing issues that are not relevant or germane to PGW's need for interim rate relief, nor are they likely to lead to the discovery of any relevant admissible evidence.

CEPA-6: In August 2000, did PGW actually bill all its customers?

- (a) If the answer is no, please state how many customers in each customer class were not billed in that month.
- (b) If the answer is no, please state the percentage of customers in each customer class who were not billed in that month.

Objection 6: PGW incorporates by reference its objection to CEPA-4. Notwithstanding this objection and without a waiver thereof, PGW will respond to this interrogatory.

CEPA-7: When will the PUC Management Audit performed by Barrington Wellesley be completed?

Objection 7: PGW incorporates by reference its General Objection and its objection to CEPA-1 with respect to this interrogatory.

CEPA-8: In connection with this audit, has Barrington Wellesley produced any preliminary reports, findings or recommendations? If the answer is affirmative, please provide copies of such documents.

Objection 8: PGW incorporates by reference its General Objection and its objection to CEPA-1 with respect to this interrogatory and request for production.

CEPA-9: Between July 1, 2000 and September 9, 2000, how many informal complaints have been filed by PGW residential customers with the PUC?

Objection 9: PGW incorporates by reference its General Objection. PGW further objects on the ground that this interrogatory, which seeks information regarding informal complaints against PGW before the PUC, is not relevant to PGW's need for interim rate relief, nor is it likely to lead to the discovery of any relevant admissible evidence.

CEPA-10: Between July 1, 2000 and September 9, 2000, how many Company Reports did PGW provide to the PUC with respect to the informal complaints referenced in CEPA-9?

Objection 10: PGW incorporates by reference its General Objection and its objections to CEPA-9.

CEPA-11: Between July 1, 2000 and September 9, 2000 how many Company Reports did PGW provide to the PUC with respect to informal complaints referenced in CEPA-9 within thirty (30) days of notification by the PUC that an informal complaint had been filed.

Objection 11: PGW incorporates by reference its General Objection and its objections to CEPA-9.

CEPA-Ad. 5: If Janice Davis was to provide testimony in this proceeding, she would provide the same pre-filed testimony and the same oral testimony that she provided in the Philadelphia Gas Commission Consolidated Proceedings.

Objection

Ad.5:

PGW incorporates by reference its General Objection. PGW further objects to this request since it deals with testimony given by Janice Davis before the Philadelphia Gas Commission that dealt with issues pertinent to PGW's operating and capital budgets and other issues not relevant to the issues in this case. Notwithstanding this objection, to the extent that any portion of that testimony is arguably relevant in this matter, PGW will stipulate with CEPA to its authenticity.

CEPA-Ad.6: At a Special Public Meeting on June 27, 2000, the Philadelphia Gas Commission issued the order (hereinafter "PGC" Order) which is attached hereto as Exhibit A.

Objection

Ad.6:

PGW incorporates by reference its General Objection and its objections to CEPA-4.

CEPA-Ad.7: PGW has not complied with Paragraph 3 of the PGC Order.

Objection

Ad.7:

PGW incorporates by reference its General Objection and its objections to CEPA-4.

CEPA-Ad.8: PGW will not have the technical ability to comply with Paragraph 3 of the PGC Order until mid-October or November, 2000.

Objection

Ad.8:

PGW incorporates by reference its General Objection and its objections to CEPA-4.

CEPA-Ad.9: As a result of this failure to comply with the PGC Order, over 20,000 participants in the PGW customer assistance program, the Customer Responsibility Program, have been receiving bills requesting that they pay an amount which PGW actually is not requiring them to pay at this time.

Objection
Ad.9:

PGW incorporates by reference its General Objection and its objections to CEPA-4.



Daniel Clearfield
Gerald Gornish
Kevin J. Moody
Attorneys for Philadelphia Gas Works

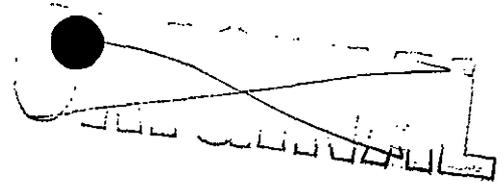
OF COUNSEL:

WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP
The Locust Court Building
212 Locust Street
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(717) 237-7160

Dated: September 19, 2000

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00 SEP 19 PM 3:41
P.A.P.U.C.
SECRETARY'S BUREAU

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).

VIA HAND DELIVERY, E-MAIL AND/OR FIRST CLASS MAIL

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Dated: September 19, 2000


Daniel Clearfield, Esq.

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September 22, 2000

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00 SEP 22 AM 9:33
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Via Hand Delivery

James J. McNulty, Secretary
PA Public Utility Commission
North Office Bldg., Rm. B-20
Harrisburg, PA 17105

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

Dear Secretary McNulty:

Enclosed please find for Filing an original and three copies of CEPA et al.'s Motion to Compel Responses to Interrogatories and Admissions in the above-captioned matter.

As indicated by the certificate of service attached to the Motion, all parties of record have been served with a copy of this filing.

Very truly yours,

Philip A. Bertocci

Philip A. Bertocci

DOCUMENT
FOLDER

Enclosures

cc: Service List w/enc.

Hon. Marlane Chestnut w/enc. (Hand Delivered)

ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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Pennsylvania Public Utility Commission

v.

**Philadelphia Gas Works
Interim Rate Increase Request**

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R-00005654

CEPA et al.'s Motion to Compel Responses to Interrogatories and Admissions

1. PGW has objected to CEPA et al.'s First Set of Interrogatories and Requests for Production of Documents, Nos. 1-4 and 6-11, and Request for Admissions Nos. 5-9. CEPA-1 through 3 involve requests for reports drafted in the May-June 2000 time period by three consulting companies concerning various aspects of PGW operations directly related to customer service—the Andersen Consulting Group Report, addressing the status of the new information system, BCCS (Billing, Collections and Customer Service system); the Vanguard Communications assessment of the PGW Call Center; and the HayGroup report on the Human Resources Function” (hereinafter “Reports”). CEPA- 7 and CEPA-8 request information concerning the Barrington Wellesley audit which will shed direct light upon customer service functions at PGW. CEPA-6, CEPA 9, CEPA-10, CEPA-11, CEPA-Ad. 6, CEPA-Ad. 7, CEPA-Ad. 8, and CEPA-Ad.9 all request specific information concerning PGW’s present customer service performance in the area of budget billing, the level of

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customer complaints to BCS, the processing of customer complaints, and the present status of billings for PGW's low income program, the Customer Responsibility Program. Copies of CEPA et al.'s First Set of Interrogatories and Requests for Production of Documents and CEPA et al.'s Request for Admissions are attached hereto as Exhibits A and B respectively.

2. PGW has lodged a "general objection" to these discovery requests. The Company contends that CEPA et al.'s interrogatories and requests for admissions regarding the "Reports," Management Audit, and the current levels of customer service are not relevant to the issue before the Commission, which is to "establish interim rates for Philadelphia Gas Works."

PGW has also lodged specific objections to the aforementioned discovery requests which incorporate the "General Objection" but do not raise any additional bases for objection.

CEPA et al.'s Response to Both the General and Specific Objections to CEPA-1 through 4 and 6 through 11, and CEPA-Ad. 6 through 9.

a. As a matter of common law and statutory law, the level of customer service that a public utility is providing to customers is always relevant to determining its base rates, whether interim or permanent. Under Section 526 of the Public Utility Code, the commission may reject, in whole or in part, a public utility's request to increase its rates where the commission concludes, after hearing, that the service rendered by

the public utility is inadequate in that it fails to meet quantity or quality for the type of service provided.

66 Pa.C.S. §526. Like the Public Utility Code, the Management Agreement, the City Ordinance defining how the City shall manage PGW, also links service and rates. The Agreement begins with a preamble stating, “WHEREAS, the City desires to provide quality gas services to its citizens at reasonable rates.” It also requires PGW’s management corporation to “apply the highest standards of management practice and diligence to the operation of the Gas Works.” Management Agreement, Article I, Section 5 (Philadelphia Ordinance No. 455, 1972).

b. PGW also argues that the PUC Order Establishing Interim Rate Procedures (entered August 17, 2000) precluded consideration of customer service issues concerning PGW when it “acknowledged” that PGW’s purpose in seeking interim rates is “to maintain a minimal, adequate level of financial health required to fund operations and debt service requirements through the winter heating season until the Commission can conduct and rule on a full base rate proceeding.” However, this statement by the Commission does not mean that in order to succeed in obtaining a certain level of interim rate increase, PGW need *only* demonstrate its basic financial needs. In fact, the Order specifically rejected PGW’s request for an order in limine stating that only financial need was a proper subject for hearings on the interim rate increase request. Order, Paragraph 3.

Furthermore, the Commission itself indicated that the level of service was a valid issue for inquiry, when it stated that it was ordering an expedited hearing schedule to determine interim rates on the express condition that PGW commit to its “Transitioning to Excellence” plan for improvement and to a “demonstration throughout the interim rate period that it is providing safe and adequate service.” CEPA et al. contest that PGW is capable of demonstrating that it can provide adequate service in the interim period. In order to make such an assessment, it is necessary to understand the general conditions in which customer service is being rendered at PGW as set forth in the Reports, to understand whether PGW has been able to meet recent past commitments and Gas Commission orders concerning customer service, and what its current capabilities are.

c. PGW has itself made customer service an issue which militates in favor of its requested level of interim rate relief. In its Petition ... for Establishment of Interim Rate Procedures and for a Declaratory Order, PGW declared that it was in the “midst of a full scale ‘refurbishment’ with new management and a new directions, dedicated to returning the Gas Works to ... increased efficiency and superior customer service.” Petition, p.2 In Paragraph 18, the Petition once more gives verbal assurances of PGW management’s intention to “improve customer service and billing.” Petition, ¶ 18. In his pre-filed testimony, Mr. Knudsen cites a list of consultants who have reviewed various aspects of PGW’s situation as “initiatives” which have been undertaken to improve customer service. PGW-IR St. 1.0. The Reports listed include those which CEPA et al. seek here. These

Reports are evidence of what the customer service problems are and provide some basis for the Commission to judge what level of service PGW might be capable of providing in a period of interim rates.

The thrust of PGW's testimony is to suggest that the initiatives taken to engage consulting firms to assess PGW's customer service related problems should be taken as evidence of PGW's present commitments and near present capacities to achieve levels of service which would support, rather than undermine its request for interim rate relief. By the same token, CEPA et al. should be allowed to contest such inferences based on evidence contained in the Reports which would provide a basis for judgment of what the level of service has been, and the likelihood and scale of possible improvements over the next eleven to twelve months.

3. PGW has also objected to CEPA-Ad.5 citing its General Objection and the additional ground that Janice Davis' testimony dealt with issues related to PGW's capital and operating budgets, which is alleged not to be relevant to the establishment of interim rates.

CEPA et al.'s Response to the General and Specific Objection.

a. The main subject of Director of Finance Janice Davis's testimony was the \$18 million City Payment which has been made annually by PGW to the City of Philadelphia. As the chief financial officer of the City of Philadelphia, which owns PGW, she discusses

the City's justifications for requiring that the City payment be made even in a time when PGW is seeking interim rate relief. Her testimony is relevant to this proceeding, because it provides evidence which permits a finder of fact to reach a judgment concerning whether interim relief should be based upon an assumption that the City payment must be made. Such a judgment will impact on and is clearly relevant to determining the level of interim rates necessary "to maintain a minimal, adequate level of financial health required to fund operations and meet debt service requirements...." The Commission should therefore reject PGW's General Objection.

b To the extent that Janice Davis's testimony touches on PGW's Operating Budget, it is relevant to these proceedings, since one of the standards to be applied involves the amounts necessary from rates to meet PGW's operating needs in the interim period. To the extent that the testimony touches on the Capital Budget, CEPA et al. would agree that her testimony is not relevant to this proceeding, and would agree to strike those parts of her testimony.

Wherefore, CEPA et al. respectfully request that the Commission deny PGW's Objections, and order PGW to respond to all CEPA et al.'s interrogatories and admissions

to which objection has been made.

Respectfully submitted,

Philip A Bertocci

PHILIP A. BERTOCCI
EDWARD A. MCCOOL

Attorneys for CEPA et al.

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

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	R-00005654
Philadelphia Gas Works	:	
(Interim Rate Increase Request)	:	
Office of Consumer Advocate	:	
v.	:	R-00005654C0001
Philadelphia Gas Works	:	
Philadelphia Industrial and Commercial	:	
Gas Users Group	:	
v.	:	R-00005654C0002
Philadelphia Gas Works	:	

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**FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS OF CONSUMERS EDUCATION AND PROTECTIVE
ASSOCIATION ET AL.**

The Consumers Education and Protective Association, the Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and the Tenants' Action Group ("CEPA et al.") hereby propound the following interrogatories and requests for production of documents to the Philadelphia Gas Works ("PGW"), to be answered by those employees, consultants or agents who may be cognizant of the requested facts and documents and who are authorized to respond on behalf of PGW.

Dated: 9/11/00

EXHIBIT "A"

INSTRUCTIONS

- (a) As used herein, "PGW" shall mean Philadelphia Gas Works;
- (b) These interrogatories and requests for production of documents shall be deemed to be continuing. PGW must amend, supplement, and correct all answers to interrogatories to conform to available information, including such information as first becomes available to PGW after the initial answers hereto are provided.
- (c) The answers provided should first restate the question asked and also identify the person(s) supplying the information. Each response should begin on a separate sheet of paper.
- (d) All information is to be divulged that is within the knowledge, possession, control, or custody of PGW, its employees or its witnesses or may be reasonably ascertained thereby.
- (e) As used herein, the words "documents," "materials," "studies," and "analyses" shall include, but are not limited to, the original and all copies of workpapers, memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, summaries, correspondence and enclosures, circulars, opinions, studies, investigations, questionnaires and surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes amendments, and written comments concerning the foregoing.
- (f) If PGW believes that any of the items set forth in these interrogatories and requests for production of documents are ambiguous or unclear in any way, please notify CEPA et al's attorney as soon as possible so that the item(s) may be properly clarified prior to the preparation of a written response.

CEPA-1. Please provide a copy of the draft report dated May 26, 2000 by the Andersen Consulting Group entitled "BCCS Organization Evaluation Executive Summary" and all other reports made by Andersen Consulting Group in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

CEPA-2. Please provide a copy of the draft report dated June 12, 2000 entitled "Draft Report on the Assessment of the Human Resources Function" and all other reports made by HayGroup in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

CEPA-3. Please provide a copy of the draft report dated June 5, 2000 entitled "Philadelphia Gas Works Call Center Assessment" and all other reports made by Vanguard Communications in the course of providing the services referred to in PGW-IR ST. 1.0 APPENDIX C, PAGE 1 OF 2.

CEPA-4. Over the period from September, 1999 to spring of 2000, approximately 19,000 PGW's approximately 75,000 residential customers who had budget billing ceased receiving budget bills due to inadequate design, programming and/or implementation of modules of the BCCS system:

- (a) Have all those customers been identified and restored to budget billing at this time?
- (b) If some customers have not yet been restored to budget billing, state the number of customers who have not yet been restored.
- (c) For those customers who have not yet been restored to budget billing, state when PGW expects that these customers will be restored to budget billing.

CEPA-5. Section 3.35 of the PGW Tariff provides that: "PGW shall offer a budget billing plan to residential Customers averaging the cost of utility services over a 12-month period. Adjustments to the monthly budget amount may be made in the four, eight and twelfth months of the plan and at the time of a rate change, if necessary to keep monthly payments in line with actual and/or projected charges....":

- (a) Does PGW presently have the capability through the BCCS system to make adjustments in budget bills that would be necessitated by any increase in the Gas Cost Rate and in base rates that might be granted by the Commission?
- (b) Does PGW presently have the capability through the BCCS system to make quarterly adjustments in budget bills as authorized by Tariff Section 3.35?
- (c) If the answer to (a) and/or (b) is negative, state when PGW anticipates that it will have such capability or capabilities.

CEPA-6. In August, 2000, did PGW actually bill all its customers?

- (a) If the answer is no, please state how many customers in each customer class were not billed in that month.
- (b) If the answer is no, please state the percentage of customers in each customer class who were not billed in that month.

CEPA-7. When will the PUC Management Audit performed by Barrington Wellesley be completed?

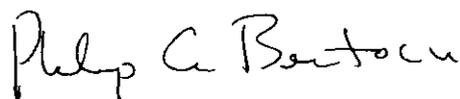
CEPA-8. In connection with this audit, has Barrington Wellesley produced any preliminary reports, findings or recommendations? If the answer is affirmative, please provide copies of such documents.

CEPA-9. Between July 1, 2000 and September 9, 2000, how many informal complaints have been filed by PGW residential customers with the PUC?

CEPA-10. Between July 1, 2000 and September 9, 2000, how many Company Reports did PGW provide to the PUC with respect to the informal complaints referenced in CEPA-9?

CEPA-11 Between July 1, 2000 and September 9, 2000, how many Company Reports did PGW provide to the PUC with respect to informal complaints referenced in CEPA-9 within thirty (30) days of notification by the PUC that an informal complaint had been filed.

PGW is directed to respond to these discovery requests within ten (10) days pursuant to Paragraph 6 of Amended Prehearing Order # 2.



PHILIP A. BERTOCC, 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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	R-00005654
Philadelphia Gas Works	:	
(Interim Rate Increase Request)	:	
Office of Consumer Advocate	:	
v.	:	R-00005654C0001
Philadelphia Gas Works	:	
Philadelphia Industrial and Commercial	:	
Gas Users Group	:	
v.	:	R-00005654C0002
Philadelphia Gas Works	:	

**REQUEST FOR ADMISSIONS OF CONSUMERS EDUCATION AND
PROTECTIVE ASSOCIATION ET AL.**

The Consumers Education and Protective Association, the Association of Community Organizations for Reform Now, Action Alliance of Senior Citizens of Greater Philadelphia and the Tenants' Action Group (CEPA et al.) hereby make the following request for admissions pursuant to 52 Pa.Code §5.350 to the Philadelphia Gas Works:

The Philadelphia Gas Works is hereby requested to admit for the purposes of this proceeding only that:

CEPA-Ad. 1. Janice Davis is the Director of Finance of the City of Philadelphia and a member of the Board of Directors of the Philadelphia Facilities Management Corporation.

CEPA-Ad. 2. The City of Philadelphia is the owner of the Philadelphia Gas Works.

CEPA-AD. 33. The Director of Finance of the City of Philadelphia has a statutory duty to review and approve PGW's proposed Capital and Operating Budgets before they are filed for review by the Philadelphia Gas Commission.

CEPA-Ad.4. Janice Davis was acting as Director of Finance of the City of Philadelphia when she submitted prefiled testimony on July 21, 2000 in support of her approval of PGW's filed proposed FY 2001 Capital and Operating Budgets and when she testified under oath concerning that testimony on August 21, 2000 in the Philadelphia Gas Commission proceeding titled In the Matter of the Fiscal Year 2001 Consolidated Budget/Oversight Review of PGW's Proposed FY 2001 Operating and Capital Budgets and Outyear Forecasts; PGW's Proposed FY 1997-1999 Capital Budget Reconciliation; PGW's Proposed \$52 million Base Rate Increase; PGW's Proposed Amendment to Regulation 12.1 of Tariff; PGW's Proposed FY 2001 Gas Cost Rate (hereinafter "PGC Consolidated Proceedings").

CEPA-Ad. 5. If Janice Davis was to provide testimony in this proceeding, she would provide the same pre-filed testimony and the same oral testimony that she provided in the Philadelphia Gas Commission Consolidated Proceedings.

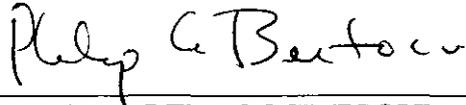
CEPA-Ad. 6. At a Special Public Meeting on June 27, 2000, the Philadelphia Gas Commission issued the order (hereinafter "PGC" Order) which is attached hereto as Exhibit A.

CEPA-Ad. 7. PGW has not complied with Paragraph 3 of the PGC Order.

CEPA-Ad. 8. PGW will not have the technical ability to comply with Paragraph 3 of the PGC Order until mid-October or November, 2000.

CEPA-Ad. 9. As a result of this failure to comply with the PGC Order, over 20,000 participants in the PGW customer assistance program, the Customer Responsibility Program, have been receiving bills requesting that they pay an amount which PGW actually is not requiring them to pay at this time.

PGW is directed to respond to this Request for Admissions within ten (10) days as required by Paragraph 6 of Amended Prehearing Order # 2.



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

**BEFORE
THE
CITY OF PHILADELPHIA - GAS COMMISSION**

SPECIAL PUBLIC MEETING HELD: 27 June 2000

In Re: Final Action on the Public Advocate's Request For A Gas Commission Order Requiring Philadelphia Gas Works To Stay Issuance Of Customer Responsibility Program Default Notices

ORDER

On 21 January 2000, the Public Advocate filed with the Gas Commission a petition requesting that the Philadelphia Gas Works ("PGW") be ordered to stay the issuance of default notices to customers in the Customer Responsibility Program ("CRP") until such time as PGW researched and developed a plan to address problems resulting from CRP billing errors caused by PGW's troubled Billing, Collections and Customer Service ("BCCS") system.

At a scheduled meeting held 1 February 2000, the Gas Commission asked the parties to attempt to reach a resolution of this matter. PGW was also directed to file a response to the Public Advocate's petition.¹ Status updates were given to the Gas Commission at scheduled meetings held 11 April 2000 and 2 May 2000.²

On 2 June 2000, PGW and the Public Advocate jointly submitted a proposed settlement agreement for Gas Commission approval. On 5 June 2000, the parties submitted a Page 6 of the proposed settlement agreement which bore

¹ In Re: Public Advocate's Request For A Gas Commission Order Requiring PGW To Stay Issuance Of Customer Responsibility Program Default Notices, Meeting Transcript (1 February 2000), at 6 (lines 2 - 13) (remarks of Marian B. Tasco).

² See In Re: A Status Update On Public Advocate's Petition For A Gas Commission Order Requiring Philadelphia Gas Works To Stay Issuance Of Customer Responsibility Program Default Notices, Meeting Transcript (11 April 2000). See *id.*, Meeting Transcript (2 May 2000).

Exhibit "A"

the original signatures of the attorneys Laureto A. Farinas (representing PGW) and Philip A. Bertocci (as Public Advocate). The Gas Commission acknowledged the filing of the proposed settlement agreement at its scheduled meeting held 6 June 2000 but wished to review it further before taking action.³ On 27 June 2000, the Gas Commission held a special meeting at which a quorum was present. At the special meeting, this matter was before the Gas Commission for deliberation and decision. Alternate Commissioner John R. Foulkes presented a recommendation to the Gas Commission for its consideration. Having considered this matter and the recommendation of Alternate Commissioner Foulkes, good cause has been shown to take action as follows.

IT IS HEREBY ORDERED THAT:

1. The Joint Settlement Proposal submitted by PGW and the Public Advocate is rejected insofar as it requires a waiver of the net accumulated unpaid bill for the affected CRP customers and proposes to add this waived amount to the FY 2000 CRP revenue shortfall amount.

2. Paragraphs (a), (b) and (f) of the Joint Settlement Proposal are approved insofar as they require PGW to accurately re-bill affected CRP customers in July 2000, but no later than August 2000, including applying any 1999-2000 Crisis grant received to their respective accounts, and to take no action to resume the delinquency notification process for these customers until re-billing has been accomplished.

3. In the next month's bills following the re-billing required by paragraph 2 of this Order, PGW shall commence billing to each affected customer the net accumulated unpaid bill amount (as defined in the Joint Settlement Proposal), in accordance with the following terms:
 - A. customers who were not billed for one through six months shall have this amount billed to them in 12 equal monthly installments;
 - B. customers who were not billed for seven through nine months shall have this amount billed to them in 18 equal monthly installments;

³ See In Re: Final Action On Public Advocate's Petition For A Gas Commission Order Requiring Philadelphia Gas Works To Stay Issuance Of Customer Responsibility Program Default Notices, Meeting Transcript (6 June 2000).

- C. customers who were not billed for ten through twelve months shall have this amount billed to them in 24 equal monthly installments.

These installment amounts will be regarded as part of the Customer Responsibility Cash Payment which must be made in order to maintain active status on the program. A default in these payments may be treated in accordance with applicable provisions of PGW Gas Service Tariff No. 10.

4. PGW shall carefully review and offer maximum flexibility with regard to requests by affected CRP customers for exceptions to be made to the foregoing payment terms, in accordance with Regulation 5.6 of PGW Gas Service Tariff No. 10.
5. Public Advocate's Petition in this matter is rejected to the extent that it requests relief beyond what is approved in this Order.

By: Marian B. Tasco
Marian B. Tasco (Chairwoman)

Date: 21 JULY 2000

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SECRETARY'S BUREAU

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).

VIA HAND DELIVERY AND/OR FIRST CLASS MAIL, POSTAGE PRE-PAID

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Charis M. Burak, Esq.
David M. Kleppinger, Esq.
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(PICGUG)

Craig A. Doll, Esq.
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Cdoll76342@aol.com
(AAGP)

PA P.U.C.
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00 SEP 22 AM 9:34

RECEIVED

Philip A Bertocci

PHILIP A. BERTOCCHI

Date: September 22, 2000

Wolf, Block, Schorr and Solis-Cohen LLP

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

DOCUMENT
FOLDER

September 25, 2000

VIA HAND DELIVERY

James McNulty, Secretary
PA Public Utility Commission
North Office Bldg., Rm. B-20
Harrisburg, PA 17105

ORIGINAL

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

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

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works, enclosed for filing please find an original and three copies of its Answer to Consumers Education and Protective Association, et al.'s ("CEPA") Motion to Compel with regard to the above referenced matter. As indicated by the attached certificate of service, all parties of record have been served with a copy of this filing.

Please contact me if you have any questions with respect to the enclosed.

Very truly yours,



Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/jlg
Enclosure

cc: All Parties of Record w/enc.
Hon. Marlane Chestnut w/enc.

DSH:24100.1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

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Pennsylvania Public Utility Commission :
 :
 v. :
 :
 Philadelphia Gas Works :

Docket No. R-0000569

ANSWER OF PHILADELPHIA GAS WORKS TO CONSUMERS
EDUCATION AND PROTECTIVE ASSOCIATION, ET AL.'S ("CEPA")
MOTION TO COMPEL

DOCUMENT
FOLDER

DOCKETED
SEP 28 2000

The Philadelphia Gas Works ("PGW") hereby responds to the Motion to Compel submitted by Consumers Education and Protective Association, et al ("CEPA") requesting an order requiring PGW to respond to certain interrogatories and produce certain documents seeking information which, by CEPA's own admission, have nothing to do with the sole issue to be considered here: the appropriate level of interim rates necessary to maintain PGW's financial condition at minimally adequate levels, and states as follows:

Answer to Motion to Compel-Discovery Related to Service Adequacy

1. PGW objected to CEPA's discovery because it seeks irrelevant information outside the scope of the issues to be decided in this proceeding. PGW's objections are attached hereto as Exhibit "A". The PUC, in its August 17, 2000 order, acknowledged that the purpose of the interim rate proceeding was the level of interim rates necessary "to maintain a minimal, adequate level of financial health required to fund operations and debt service requirements through the winter heating season until the Commission can conduct and rule upon a full base

rate proceeding.” To the extent that parties wish to raise arguments about service adequacy, etc., the Commission clearly contemplated that those arguments should be raised in the base rate proceeding that it ordered be initiated no later January 1, 2001.

2. The extremely compressed trial time frame, proposed by PGW and adopted by the PUC, simply makes it impossible to deal with these issues at this time. To the extent that CEPA (as OCA witness LeLash has also attempted to do) plans simply to refer to draft consultant studies or some vague impression of customers’ views, PGW will not be afforded an adequate opportunity in the interim rate proceeding to respond. PGW had only one week to prepare its rebuttal and there are only three (3) days of hearings scheduled immediately thereafter. It would be grossly unfair to permit any party to assert these allegations as facts — and have the PUC consider them as such — while PGW will be precluded from any meaningful response opportunity.

3. While the PUC declined to rule on the specific scope and extent of the evidence or issues that could be raised at this state of the proceeding, this reservation clearly was to give parties the opportunity to make arguments about what was and was not required under the applicable standard for any PGW rate request: “the ratemaking methodologies and requirements” of the PGW’s previous regulatory agency — the Philadelphia Gas Commission (“PGC”). CEPA does not allege that the PGC’s ratemaking methodology included determinations of service adequacy. Instead, and notwithstanding the PUC’s clear statement to the contrary, CEPA suggests that PGW’s rate request must be considered under other provisions of the Public Utility Code — such as 66 Pa.C.S. § 526. This is patently false. But, neither the ALJ nor the PUC has to rule definitively on these legal questions at this time. It may defer them to the base rate

proceeding when both the Commission and the parties will have adequate the time to address them in detail.

4. CEPA claims that PGW itself has made customer service an issue because in its interim rate proceeding petition it alleged that it was "in the midst of a full scale refurbishment with new management" and that it was taking initiatives designed to improve customer service. All of that is true, but that statement was for the purpose of making clear to the PUC that PGW's request for an interim rate proceeding was reasonable and justified; not as a justification for awarding a particular interim rate level.

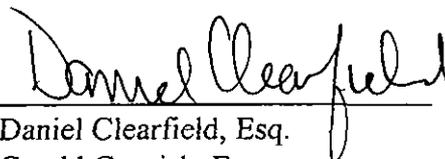
5. It is clear that CEPA intends to attempt to claim that PGW's service is inadequate merely on the basis of certain unsupported draft internal reports and other data which would be inadmissible in the record as hearsay in any event.

Answer to CEPA Motion to Compel — Testimony of Janis Davis

6. CEPA's Motion seeks to require PGW to authenticate and admit to the testimony of City of Philadelphia Finance Director Janice Davis presumably for the purpose of seeking to enter it in its entirety into the record. PGW refused to make that admission for two reasons. First, the testimony was submitted to the PGC with respect to PGW's operating and capital budget and, therefore has many aspects which are clearly not relevant to this proceeding. Second, PGW does not contemplate presenting Ms. Davis, and therefore to the extent that CEPA is seeking to enter her testimony into the record at the PUC Ms. Davis' testimony would be inadmissible as hearsay. PGW is willing to consider stipulating to the admission of portions of Ms. Davis' testimony to the extent that CEPA proposes to introduce portions that are relevant to the present proceeding.

WHEREFORE, PGW requests the ALJ to deny CEPA's Motion to Compel.

Respectfully submitted,



Daniel Clearfield, Esq.

Gerald Gornish, Esq.

Wolf, Block, Schorr and Solis-Cohen LLP

212 Locust Street, Suite 300

Harrisburg, PA 17101

(717) 237-7173

Dated: September 25, 2000

RECEIVED
00 SEP 25 PM 3:27
P.A.P.U.C. BUREAU
SECRETARY'S BUREAU

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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SECRETARY'S

Dated: September 25, 2000


Daniel Clearfield, Esq.

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ATTORNEYS AT LAW

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September 25, 2000

VIA FEDERAL EXPRESS

Honorable Marlane R. Chestnut
Administrative Law Judge
Pennsylvania Public Utility Commission
Broad & Spring Garden Streets
1302 Philadelphia State Office Building
Philadelphia, PA 19130

DOCKETED
SEP 29 2000

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

DOCUMENT
FOLDER

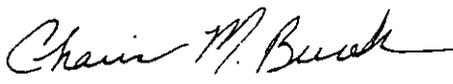
Dear Judge Chestnut:

In accordance with the procedural schedule, please be advised that the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") will not be filing rebuttal testimony in the above-referenced proceeding. PICGUG reserves the right, however, to participate in hearings and submit briefs, exceptions and other pleadings, as appropriate.

As evidenced by the attached Certificate of Service, all parties in this proceeding are being duly served with a copy of this letter. If you have any questions please contact the undersigned.

Very truly yours,

MCNEES, WALLACE & NURICK

By 
Charis M. Burak

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

CMB/lhe

c: James J. McNulty, Secretary (via Hand Delivery)
Certificate of Service

CERTIFICATE OF SERVICE

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

VIA HAND DELIVERY

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


Charis M. Burak

Dated this 25th day of September, 2000, in Harrisburg, Pennsylvania.

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DANIEL CLEARFIELD
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E-MAIL: DCLEARFIELD@WOLFBLOCK.COM

September 25,, 2000

VIA E-MAIL and FEDERAL EXPRESS

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

RE: Pa PUC v. PGW, Docket No. R-00005654

Dear Phil:

On behalf of Philadelphia Gas Works, enclosed please find its response to Consumers Education and Protective Association's et al. ("CEPA") Interrogatory No. 5 with regard to the above referenced matter.

Very truly yours,



Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: All Parties of Record w/enc.
James McNulty, Secretary Certificate of Service only

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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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Dated: September 25, 2000


Daniel Clearfield, Esq.