



OFFICE OF CONSUMER ADVOCATE

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ORIGINAL

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Consumer Advocate

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DOCUMENT
FOLDER

September 26, 2000

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

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SECRETARY'S BUREAU

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

Dear Secretary McNulty:

Enclosed for filing please find an original and three copies of the Answer to PGW's Motion to Strike of the Office of Consumer Advocate in the above-referenced proceeding.

Copies of this document have been served upon all parties as evidenced by the attached Certificate of Service:

Sincerely yours,

Tanya J. McCloskey
Senior Assistant Consumer Advocate

Enclosure

cc: All parties of record
Hon. Marlane Chestnut, Administrative Law Judge

39

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Pennsylvania Public Utility Commission :

v. :

Docket No. R-00005654

Philadelphia Gas Works

DOCKETED

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ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE
TO PGW'S MOTION TO STRIKE

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The Office of Consumer Advocate (OCA) is in receipt of the Motion of Philadelphia Gas Works (PGW) to Strike Portions of the Direct Testimony of OCA Witness Richard LeLash, OCA Statement No. 1. PGW seeks to strike those portions of OCA St. No. 1 that address the adequacy of PGW's service in several critical areas, including the area of safety as it regards its gas distribution mains and the mains replacement program. PGW argues that this interim proceeding must be limited to only a consideration of the level of interim rates that PGW wishes to put into effect. PGW also argues that the Reports relied upon are hearsay and that there is insufficient time to consider quality of service in this expedited case.

The OCA submits that PGW's Motion must be denied. Importantly, the OCA submits that this Commission is always obligated to consider the question of service when considering any rate increase request, whether interim, emergency or a regular base rate case.

Indeed, the D.C. Circuit Court in considering an argument that rates could be increased without a consideration of service, perhaps captured it best when it stated:

If [the utility] is correct, it may disregard its public responsibilities at will ... and yet insist that the public respond to its demands for higher rates. We cannot accept that position. We do not believe that the Constitution left the Commission impotent to deal with the situation confronting it in a sensible manner.

D.C. Transit System, Inc. v. Washington Metropolitan Area Transit Commission, 466 F.2d 394, 422 (D.C. Cir. 1972), *cert. denied*, 409 U.S. 1086.

Every public utility must provide safe, adequate, efficient and reasonable service. 66 Pa.C.S. §1501. In addition, all rates, be they interim rates or not, must be just and reasonable. 66 Pa.C.S. §1301. It is axiomatic that one of the key considerations in determining whether rates are just and reasonable is whether customers are receiving safe and adequate service. The Public Utility Code embodies this principle in Sections 523 and 526.

Section 523, in relevant part provides:

The commission shall consider, in addition to all other relevant evidence of record, the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates under this title. On the basis of the Commission's consideration of such evidence, it shall give effect to this section by making such adjustments to specific components of the utility's claimed cost of service as it may determine to be proper and appropriate.

66 Pa.C.S. §523. Section 526 provides:

The commission may reject, in whole or in part, a public utility's request to increase its rates where the commission concluded, 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.

The Commission, itself, has acknowledged and acted upon these principles in many cases, including a case involving Pennsylvania Gas & Water Company where the Commission concluded that no rate increase could be justified based on the quality of the service. Pa. P.U.C. v. Pennsylvania Gas and Water Co., 68 Pa.PUC 191, 197 (1988). See also, Pa. PUC v. Pennsylvania American Water Co., 71 Pa. PUC 210, 219 (1989)(PUC disallows a requested rate increase for one district finding that the company failed to provide adequate service and thus is not entitled to receive full price for such inadequate service). The Commission has also used its authority under Sections 523 and 526 to provide a utility with the option of accepting no rate increase or a rate increase that was dedicated entirely to distribution system improvements to accelerate progress toward providing safe and adequate service. Pa. PUC v. Pennsylvania Gas & Water Co., 79 Pa. PUC 349, 359 (1993).

The OCA submits that given this background, PGW's Motion to Strike must fail. First and foremost, as set forth above, the issue of rates and service cannot be broken apart as PGW seeks to do here. Second, in its Order establishing this proceeding, the Commission specifically declined to accept PGW's request to waive the Public Utility Code in the consideration of this matter. The Commission specifically stated:

[T]he Commission will not limit the scope of the hearing process nor will we foreclose parties from raising relevant issues during the expedited review process.

Order of Aug. 17, 2000 at 10. As set forth above, the question of service is always relevant to the consideration of just and reasonable rates.

Third, the Company itself has testified as to its Transition to Excellence Plan and placed that Plan into the record of this proceeding. The Commission specifically conditioned the establishment of this interim rate proceeding on PGW's commitment to its Transition To Excellence Plan and "a demonstration throughout the interim rate period that it is providing safe and adequate service." Order of Aug. 17, 2000. Additionally, in an Order entered on September 13, 2000 addressing an issue of safe service, the Commission required PGW to increase its pipeline safety measures immediately. Gas Safety Plan For Philadelphia Gas Works, Docket No. A-125042 (Order entered Sept. 13, 2000). The OCA submits that it is vital to consider PGW's current service, and any steps or conditions that would be necessary to ensure safe and adequate service, to meet this condition as established by the Commission.

As noted above, the Commission may wish to consider conditions to ensure safe and adequate service for any rate relief that it may determine is necessary to ensure that such relief is just and reasonable. As such, the OCA's testimony is directly relevant to the Commission's consideration of whether any additional conditions are warranted. The Commission's consideration should not be limited to only a consideration of the conditions which the Company puts on the record through its Transition to Excellence Plan. This is particularly true as it regards issues of safety for this winter heating season and the adequacy of customer service as customers are faced with this extraordinary rate increase request.

Finally, the Company objects to any reference in the OCA's testimony to several studies that were conducted on behalf of the Company, arguing that the studies are not part of the record and are hearsay. Initially, the OCA is willing to make these Reports

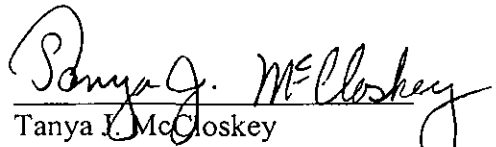
available for the record as hearing exhibits or cross examination exhibits if necessary. More importantly, in the testimony of PGW witness Knudsen, Mr. Knudsen testifies as to the initiatives that the Company has undertaken to improve customer service and stabilize the financial condition of the company. PGW IR-1 at 14. In Appendix C, Mr. Knudsen lists these Reports and testifies that these initiatives and reports form the detail of the Transition to Excellence Plan. PGW St. IR-1 at 14-15. The OCA submits that these Reports and the OCA testimony are relevant evidence that the Commission can and should properly weigh in determining whether the Company's Transition to Excellence Plan is adequate and whether the Company will meet the Commission's condition that it provide safe and adequate service through the interim rate period. Additionally, as discussed above, the OCA's testimony is relevant to the question of whether the Commission should establish conditions beyond those contained in the Transition to Excellence Plan that the Company has presented.

As to whether they constitute hearsay, the OCA submits that the Commission is able to give the Reports whatever weight that the Commission believes is appropriate. Expert witnesses often rely upon Reports and the Commission has in many cases evaluated testimony that relies upon such Reports. What the Commission should not do is limit its consideration of these important issues, particularly issues regarding the provision of safe service to the residents of Philadelphia.¹

¹ PGW also argues that the testimony on service should be stricken because PGW has not had adequate time to respond in this expedited proceeding. It was not the ratepayers or the Commission who sought expedited treatment, however, it was PGW. The OCA attempted to limit its presentation here and did not conduct a full quality of service case
(continued...)

WHEREFORE, for the reasons set forth above, the OCA submits that PGW's Motion should be denied. The Commission should not accept PGW's premise that rates and service can be severed, particularly in this first and critical case involving this Company.

Respectfully submitted,



Tanya J. McCloskey
Senior Assistant Consumer Advocate
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James A. Mullins
Assistant Consumer Advocates

Counsel for:
Irwin A. Popowsky
Consumer Advocate

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Dated: September 26, 2000
60184

¹(...continued)
due to the expedited nature of the proceeding. The OCA submits, however, that the information provided in its testimony on service is relevant to a full consideration of the Company's request.

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, Answer to PGW's Motion to Strike, 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 26th day of September, 2000.

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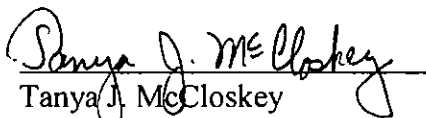
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OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	R-00005654, R-00005654C0001-C0002	YES	NO
Case Name:	Pennsylvania Public Utility Commission v. Philadelphia Gas Works	Prehearing Held:	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Location:	Philadelphia, PA	Hearing Held:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Date:	September 26, 2000	Testimony Taken:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
ALJ:	Marlane R. Chestnut Hilison Turner	Transcript Due:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Reporting Firm:	Commonwealth Reporting	Hearing Concluded:	<input type="checkbox"/> YES <input type="checkbox"/> NO
		Further Hearing Needed:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
		Estimated Add'l Days:	As scheduled
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		Bench Decision:	<input type="checkbox"/> YES <input type="checkbox"/> NO
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Philip A. Bertocci	1424 Chestnut St City: Philadelphia State: PA Zip: 19102	CEPA, TAG, ACOEM and Action Alliance
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Robert G. Stonaker

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

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	City	State	Zip	
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OALJ Hearing Report

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Docket No.:	R-00005654, R-00005654C0001-C0002	YES	NO
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Date:	September 27, 2000	Testimony Taken:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
ALJ:	Marlane R. Chestnut	Transcript Due:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Reporting Firm:	Commonwealth Reporting	Hearing Concluded:	<input type="checkbox"/> YES <input type="checkbox"/> NO
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BRIEF TO BE FILED:		<input type="checkbox"/> YES <input type="checkbox"/> NO	DATE:
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Craig Doll Telephone: 717-230-9555	25 N. Front St. Hbg PA 17101	Apartment Association of Greater Phila

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

Robert A. Stoner

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

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	City: State: Zip:	

OALJ Hearing Report

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Docket No.:	R-00005654, R-00005654C0001-C0002		YES	NO
Case Name:	Pennsylvania Public Utility Commission v. Philadelphia Gas Works	Prehearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
ALJ:	Marlane R. Chestnut	Hearing Held:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	Testimony Taken:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date:	September 28, 2000	Transcript Due:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Location:	Philadelphia, PA	Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>
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Charis M. Burak Telephone: 717-237-5437	100 Pine St. City: Hbg. State: PA Zip: 17108	PIC 6 UG

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Robert J. Storath

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Location:	Philadelphia, PA	Testimony Taken:	<input checked="" type="checkbox"/>		
Date:	September 29, 2000	Transcript Due:	<input checked="" type="checkbox"/>		
ALJ:	Marlane R. Chestnut	Hearing Concluded:	<input type="checkbox"/>		
Reporting Firm:	Commonwealth Reporting	Further Hearing Needed:	<input type="checkbox"/>		
		Estimated Add'l Days:			
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		Briefs to be Filed:	<input type="checkbox"/>		
		Bench Decision:	<input type="checkbox"/>		
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Robert J. Stonaker

Reporter's Signature

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

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Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
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September 29, 2000

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Philadelphia, PA 19130

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PA.P.U.C.
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#1

Re: Philadelphia Gas Works
Docket No. R-00005654

Dear Judge Chestnut:

Enclosed please find the Office of Consumer Advocate's Schedules 2.1 and 3.1 which provide updates to the Schedules contained in OCA St. 1 for inclusion in the record. These additional schedules are being provided for the record to show the impact of a \$25 million rate increase, an increase in bad debt expense of \$12.54 million, and a reduction in the Company's projected productivity savings of \$5 million. Page 1 of each schedule reflects the assumptions used in the schedule.

Copies of these additional schedules have been sent by e-mail and hard copy to the parties. I have also sent two copies to the court reporter by fax and by mail. If you have any questions, please feel free to contact me or Stephen Keene.

Sincerely,

Tanya J. McCloskey
Senior Assistant Consumer Advocate

cc: All Parties of Record
Secretary James McNulty
Robert Stonaker, Court Reporter (fax & mail)

Philadelphia Gas Works
Alternative One

DUCKETED
OCT 30 2000

<u>Assumptions:</u>	Rate Increase of \$25 million:	Yes
	\$18 million Payment to City:	Yes
	\$20 million Temporary Advance:	Yes
	Project Revenues From City:	No
	Revenue Reduction - 2.7% Warmer Weather	No
	Senior Citizen Moratorium	No
	\$5 million Productivity Savings	Yes
	GCR Costs of \$97 million	Yes
	Increase in Bad Debt Expense--\$12.54 million	Yes

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Philadelphia Gas Works
FY2001 Cash Flows and Balances
Alternative 1- \$millions

	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>TOTAL</u>
Opening Balance- cash includes 97.0 TXCP	2.0	0.7	1.1	19.3	23.8	9.8	20.4	48.8	-70.5	81.6	59.8	30.3	2.0
Receipts													
Gas	25.8	27.2	37.0	48.2	59.6	68.8	76.8	72.6	60.1	44.2	38.3	35.5	594.1
Marginal Revenue-Weather @ \$4,000,000	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.4	0.3	0.3	0.2	4.0
Senior Citizens Discount @ \$1,500,000	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-1.5
Other	6.7	8.7	1.4	1.0	1.3	1.4	1.4	1.6	1.6	1.6	1.5	3.9	32.1
Drawn from Capital Funds-Principal \$34.8	12.6	14.6	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.8
Drawn from Capital Funds-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Drawn from Lease Funds-Principal \$10.3	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
Drawn from Lease Funds-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advance (Repayment) of Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Withdrawal	0.6	3.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.0	22.7
Temporary Advance from City \$20,000,000	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Rate Increase @ \$25,000,000	0.0	0.0	0.0	0.0	2.4	2.8	3.1	2.9	2.5	1.9	1.6	1.6	18.8
TOTAL RECEIPTS	45.9	53.6	66.2	54.9	69.6	73.3	81.5	77.4	64.4	47.8	55.1	41.1	731.0
TOTAL	47.9	54.3	67.3	74.2	93.3	83.1	101.9	126.2	135.0	129.4	114.9	71.5	733.0
Disbursements													
Labor	11.5	12.0	13.1	13.2	10.8	10.7	11.2	10.1	11.3	11.0	10.6	11.3	136.8
Natural Gas	25.8	27.2	24.7	26.6	34.9	37.6	30.8	30.6	29.7	28.7	25.8	25.4	347.8
Debt Service	0.0	3.9	0.0	0.1	25.9	2.7	0.0	4.0	1.7	1.4	37.9	13.3	90.9
TXCP Interest	0.0	0.1	0.0	0.1	0.2	0.4	0.2	0.6	0.4	0.2	0.0	0.0	2.2
City Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	0.0	0.0	18.2
Other Disburse:Prod Savings @ \$5,000,000	9.9	10.0	10.2	10.5	11.8	11.3	10.9	10.4	10.3	10.2	10.3	10.3	125.9
TOTAL DISBURSEMENTS	47.2	53.2	48.0	50.5	83.6	62.7	53.1	55.7	53.4	69.7	84.6	60.3	721.8
Monthly Cash Flow	-1.3	0.4	18.2	4.5	-14.0	10.6	28.4	21.7	11.0	-21.8	-29.4	-19.2	9.2
Cumulative Cash Flow	-1.3	-0.9	17.3	21.8	7.8	18.4	46.8	68.5	79.6	57.8	28.3	9.2	
Opening TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
TXCP Issued During Month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TXCP Issued Paid Down During Month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Opening Balance-Cash	2.0	0.7	1.1	19.3	23.8	9.8	20.4	48.8	70.5	81.6	59.8	30.3	2.0
Monthly Cash Flow	-1.3	0.4	18.2	4.5	-14.0	10.6	28.4	21.7	11.0	-21.8	-29.4	-19.2	9.2
Net TXCP Activity Monthly	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending Balance-Cash	0.7	1.1	19.3	23.8	9.8	20.4	48.8	70.5	81.6	59.8	30.3	11.2	11.2
Cash Position Net of TXCP	-96.3	-95.9	-77.7	-73.2	-87.2	-76.6	-48.2	-26.5	-15.4	-37.2	-66.7	-85.8	-85.8

PHILADELPHIA GAS WORKS
DEBT SERVICE COVERAGE
ALTERNATIVE 1- \$000's

		<u>BASE</u>	<u>+/-</u>	<u>ALTERNATIVE 1</u>
	<u>FUNDS PROVIDED</u>	<u>CASE</u>		
1	Operating Revenues	\$644,876	\$25,000	\$669,876
2	Other Income	4,524	0	4,524
3	City Operating Grant	0	0	0
4	AFUDC (Interest)	355	0	355
5	1 thru 4 TOTAL FUNDS PROVIDED	649,755	25,000	674,755
	<u>FUNDS APPLIED</u>			
6	Operating Expenses	591,022	0	591,022
7	Decrease in Productivity Savings		5,000	5,000
8	Increase in Bad Debt Expense		12,540	12,540
9	\$20.1M Capital Lease Cost	3,980	0	3,980
10	\$23M Capital Lease Cost	3,997	0	3,997
11	Less: Non-Cash Expenses	37,569	0	37,569
12	6 thru 11 TOTAL FUNDS APPLIED	561,430	17,540	578,970
	<u>FUNDS AVAILABLE TO COVER</u>			
13	5-12 Revenue Bond Funds Available	88,325	7,460	95,785
14	9+10 Add-Back Lease Costs	7,977	0	7,977
15	13+14 FUNDS AVAILABLE EXCLUDING LEASE COSTS	96,302	7,460	103,762
	<u>FUNDS APPLIED TO DEBT SERV</u>			
16	1975 Ordinance Bonds Debt Service	\$51,611	\$0	\$51,611
17	15/16 Debt Service Coverage 1975 Bonds	1.87	0.14	2.01
18	15-16 Net Available After Prior Debt Service	\$44,691	\$7,460	\$52,151
19	9+10 PMA & Other Capital Leases	7,977	0	7,977
20	18-19 Net Available After Prior Capital Leases	\$36,714	\$7,460	\$44,174
21	1998 Ordinance Bonds Debt Service	\$29,449	\$0	\$29,449
22	20/21 Debt Service Coverage 1998 Bonds	1.25	0.25	1.50
23	20-21 Net Available After 1998 Debt Service	\$7,265	\$7,460	\$14,725
24	1998 Ordinance Subordinate Bond Debt Service	\$1,990	\$0	\$1,990
25	23/24 Debt Service Coverage Subordinate Bond	3.65	3.75	7.40

Philadelphia Gas Works
Alternative Two

<u>Assumptions:</u>	Rate Increase of \$25 million:	Yes
	\$18 million Payment to City:	Yes
	\$20 million Temporary Advance:	Yes
	Project Revenues From City:	Yes
	Revenue Reduction - 2.7% Warmer Weather	No
	Senior Citizen Moratorium	No
	\$5 million Productivity Savings	Yes
	GCR Costs of \$97 million	Yes
	Increase In Bad Debt Expense--\$12.54 million	Yes

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OCT 30 2000

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Philadelphia Gas Works
FY2001 Cash Flows and Balances
Alternative 2- \$millions

	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>TOTAL</u>
Opening Balance- cash includes 97.0 TXCP	2.0	0.7	1.1	19.3	23.8	9.8	20.4	48.8	70.5	81.6	78.0	48.5	2.0
Receipts													
Gas	25.8	27.2	37.0	48.2	59.6	68.8	76.8	72.6	60.1	44.2	38.3	35.5	594.1
Marginal Revenue-Weather @ \$4,000,000	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.4	0.3	0.3	0.2	4.0
Senior Citizens Discount @ \$1,500,000	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-1.5
Other	6.7	8.7	1.4	1.0	1.3	1.4	1.4	1.6	1.6	1.6	1.5	3.9	32.1
Drawn from Capital Funds-Principal \$34.8	12.6	14.6	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.8
Drawn from Capital Funds-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Drawn from Lease Funds-Principal \$10.3	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
Drawn from Lease Funds-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advance (Repayment) of Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Withdrawal	0.6	3.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.0	22.7
Temporary Advance from City \$20,000,000	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Rate Increase @ \$25,000,000	0.0	0.0	0.0	0.0	2.4	2.8	3.1	2.9	2.5	1.9	1.6	1.6	18.8
TOTAL RECEIPTS	45.9	53.6	66.2	54.9	69.6	73.3	81.5	77.4	64.4	47.8	55.1	41.1	731.0
TOTAL	47.9	54.3	67.3	74.2	93.3	83.1	101.9	126.2	135.0	129.4	133.1	89.7	733.0
Disbursements													
Labor	11.5	12.0	13.1	13.2	10.8	10.7	11.2	10.1	11.3	11.0	10.6	11.3	136.8
Natural Gas	25.8	27.2	24.7	26.6	34.9	37.6	30.8	30.6	29.7	28.7	25.8	25.4	347.8
Debt Service	0.0	3.9	0.0	0.1	25.9	2.7	0.0	4.0	1.7	1.4	37.9	13.3	90.9
TXCP Interest	0.0	0.1	0.0	0.1	0.2	0.4	0.2	0.6	0.4	0.2	0.0	0.0	2.2
City Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oth Disburse:Prod Savings @ \$5,000,000	9.9	10.0	10.2	10.5	11.8	11.3	10.9	10.4	10.3	10.2	10.3	10.3	125.9
TOTAL DISBURSEMENTS	47.2	53.2	48.0	50.5	83.6	62.7	53.1	55.7	53.4	51.5	84.6	60.3	703.6
Monthly Cash Flow	-1.3	0.4	18.2	4.5	-14.0	10.6	28.4	21.7	11.0	-3.6	-29.4	-19.2	27.4
Cumulative Cash Flow	-1.3	-0.9	17.3	21.8	7.8	18.4	46.8	68.5	79.6	76.0	46.5	27.4	
Opening TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
TXCP Issued During Month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TXCP Issued Paid Down During Month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Opening Balance-Cash	2.0	0.7	1.1	19.3	23.8	9.8	20.4	48.8	70.5	81.6	78.0	48.5	2.0
Monthly Cash Flow	-1.3	0.4	18.2	4.5	-14.0	10.6	28.4	21.7	11.0	-3.6	-29.4	-19.2	27.4
Net TXCP Activity Monthly	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending Balance-Cash	0.7	1.1	19.3	23.8	9.8	20.4	48.8	70.5	81.6	78.0	48.5	29.4	29.4
Cash Position Net of TXCP	-96.3	-95.9	-77.7	-73.2	-87.2	-76.6	-48.2	-26.5	-15.4	-19.0	-48.5	-67.6	-67.6

PHILADELPHIA GAS WORKS
DEBT SERVICE COVERAGE
ALTERNATIVE 2- \$000's

		<u>ALTERNATIVE 1</u>	<u>+/-</u>	<u>ALTERNATIVE 2</u>
	<u>FUNDS PROVIDED</u>			
1	Operating Revenues	\$669,876	\$0	\$669,876
2	Other Income	4,524	0	4,524
3	City Operating Grant	0	18,000	18,000
4	AFUDC (Interest)	355	0	355
5	1 thru 4 TOTAL FUNDS PROVIDED	674,755	18,000	692,755
	<u>FUNDS APPLIED</u>			
6	Operating Expenses	591,022	0	591,022
7	Decrease in Productivity Savings	5,000	0	5,000
8	Increase in Bad Debt Expense	12,540	0	12,540
9	\$20.1M Capital Lease Cost	3,980	0	3,980
10	\$23M Capital Lease Cost	3,997	0	3,997
11	Less: Non-Cash Expenses	37,569	0	37,569
12	6 thru 11 TOTAL FUNDS APPLIED	578,970	0	578,970
	<u>FUNDS AVAILABLE TO COVER</u>			
13	5-12 Revenue Bond Funds Available	95,785	18,000	113,785
14	9+10 Add-Back Lease Costs	7,977	0	7,977
15	13+14 FUNDS AVAILABLE EXCLUDING LEASE COSTS	103,762	18,000	121,762
	<u>FUNDS APPLIED TO DEBT SERV</u>			
16	1975 Ordinance Bonds Debt Service	\$51,611	\$0	\$51,611
17	15/16 Debt Service Coverage 1975 Bonds	2.01	0.35	2.36
18	15-16 Net Available After Prior Debt Service	\$52,151	\$18,000	\$70,151
19	9+10 PMA & Other Capital Leases	7,977	0	7,977
20	18-19 Net Available After Prior Capital Leases	\$44,174	\$18,000	\$62,174
21	1998 Ordinance Bonds Debt Service	\$29,449	\$0	\$29,449
22	20/21 Debt Service Coverage 1998 Bonds	1.50	0.61	2.11
23	20-21 Net Available After 1998 Debt Service	\$14,725	\$18,000	\$32,725
24	1998 Ordinance Subordinate Bond Debt Service	\$1,990	\$0	\$1,990
25	23/24 Debt Service Coverage Subordinate Bond	7.40	9.05	16.44

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, Office of Consumer Advocate's Schedules 2.1 and 3.1, 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 29th day of September, 2000.

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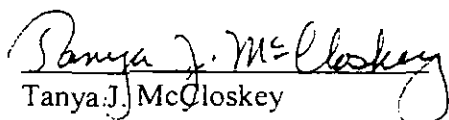
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