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WITNESS INDEX

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
(None.)				

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EXHIBIT INDEX

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
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(None.)

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## P R O C E E D I N G S

1  
2 JUDGE CHESTNUT: This is the prehearing conference  
3 scheduled at Docket No. R-00005654.

4 For the record let me state that I am  
5 Administrative Law Judge Marlane R. Chestnut.

6 I do have the appearance sheet which I assume has  
7 been signed by all Counsel present. I would like to  
8 recognize the Counsel and their clients.

9 We will start with Mr. Keene. You are here for the  
10 OCA.

11 MR. KEENE: Yes, Your Honor.

12 JUDGE CHESTNUT: Mr. Ryan and Ms. Jones for the  
13 OSBA.

14 MR. RYAN: Yes, Your Honor.

15 MS. JONES: Yes, Your Honor.

16 JUDGE CHESTNUT: Mr. Clearfield for PGW.

17 MR. CLEARFIELD: Yes, Your Honor.

18 JUDGE CHESTNUT: And Ms. Burak for the PICGUG.

19 MS. BURAK: Yes, Your Honor.

20 JUDGE CHESTNUT: Mr. Hoffman for OTS.

21 MR. HOFFMAN: Yes, Your Honor.

22 JUDGE CHESTNUT: And Mr. Bertocci for the consumer  
23 groups, CEPA, ACORN, TAG and Action Alliance.

24 MR. BERTOCCI: Yes, Your Honor.

25 JUDGE CHESTNUT: We will go through basically the

1 same issues in the same order that we did this morning.

2 I did get a call from Mr. Doll, who was going to  
3 try to make it to this prehearing conference but he had a  
4 family emergency.

5 I received prehearing memoranda for OSBA, OCA,  
6 PICGUG, OTS, CEPA et al., PGW and the school district,  
7 but since the school district is not present and a party  
8 we are going to disregard it.

9 Let me go through the parties in the Commission's  
10 docketing system as of this morning. The Apartment  
11 Association of Greater Philadelphia filed a petition to  
12 intervene on August 21.

13 Any objection?

14 (No audible response.)

15 JUDGE CHESTNUT: It is granted. I will put in a  
16 requirement that it provide a list of its members,  
17 though.

18 The OSBA filed a notice of intervention and public  
19 statement on August 22.

20 The OCA filed a formal complaint and public  
21 statement. It is not yet docketed.

22 The OTS has not filed anything. But I assume it  
23 will file a notice of appearance.

24 MR. HOFFMAN: Your Honor, we will be filing a  
25 notice of appearance listing myself and Johnnie Simms as

1 attorneys of record and he will be in charge of the case.

2 JUDGE CHESTNUT: Thank you.

3 The Philadelphia Industrial and Commercial Gas  
4 Users Group, I did receive a complaint dated August 24.  
5 That also has not yet been docketed.

6 And the various consumer groups, CEPA et al., also  
7 filed a petition to intervene dated August 24, which  
8 Mr. Bertocci gave me. That has not been docketed.

9 Is there any objection to granting that petition?

10 (No audible response.)

11 JUDGE CHESTNUT: The petition is granted.

12 And that is the entities that I do have.

13 My E-mail distribution list I assume will be the  
14 same as we talked about this morning. Does anybody have  
15 anything different?

16 MR. CLEARFIELD: Your Honor, only that --

17 JUDGE CHESTNUT: Mr. Cohen is not here.

18 MR. CLEARFIELD: Could we include Mr. Cohen? For  
19 symmetry, Your Honor.

20 JUDGE CHESTNUT: Okay.

21 Procedural requirements, we went over them this  
22 morning. They are also contained in my prehearing order.  
23 They will be contained in Prehearing Order No. 2 which  
24 will be issued next week. So unless there is something  
25 that somebody really wants to say about them I will just

1 briefly mention them and then go on.

2           The petitions to intervene and motions for  
3 admission pro hac vice will be deemed granted if not  
4 objected to. No answer is required for complaints that  
5 are docketed with this proceeding. Each party is limited  
6 to one entry on the service list.

7           We don't have to designate active or inactive here.  
8 Let me add, I put this in my order. I changed my mind  
9 about this morning when I was going through it. I  
10 realized is really not a good idea to have everybody  
11 listed as active, specifically Mr. Silverstein. So I  
12 made him inactive since he did not appear at the  
13 prehearing. Everybody else is active. I thought it  
14 might be a complicating factor if you're going to settle  
15 in terms of being able to say that all active parties  
16 have either agreed or do not object. I thought it would  
17 be easier that way. But this this case I think everybody  
18 does intend to be active, at least from what I have seen.

19           I talked about discovery. We are going to adopt  
20 the same process that we used this morning if that is  
21 okay with everybody. Answers are due within ten calendar  
22 days. Objections orally within three business days and  
23 in writing within five business days. Motions to dismiss  
24 and compel filed with me within three business days of  
25 the receipt of the objections; answers three days after

1 that and then we will try to work it out.

2 Again, I am going to state this because I can't  
3 stress it enough. Do not file interrogatories or answers  
4 with the secretary or serve them on me.

5 Settlement. Do you have a settlement?

6 MR. CLEARFIELD: Not at the moment, Your Honor.

7 But we are --

8 JUDGE CHESTNUT: Is that a possibility? Are you  
9 going to try to do that?

10 MR. CLEARFIELD: We are going to actively pursue  
11 that potential.

12 JUDGE CHESTNUT: Mr. Doll indicated an interest in  
13 also being involved in that.

14 The scope of the proceeding. As you know, this is  
15 an expedited proceeding to consider the issue of interim  
16 rate relief. I am not going to repeat the Commission's  
17 order but it addressed what the issue is in this case. I  
18 would like the parties to keep in mind this is not the  
19 base rate proceeding that will be filed in which all  
20 issues can be thoroughly addressed. This is an expedited  
21 proceeding.

22 The schedule, I guess it is contained in PGW's  
23 prehearing memorandum.

24 MR. CLEARFIELD: Yes, Your Honor.

25 JUDGE CHESTNUT: And OTS also had one that was the

1 same, I think.

2 MR. CLEARFIELD: Your Honor, we endeavored to  
3 obtain an informal consensus on the schedule before the  
4 prehearing and that is shown on page four and I believe  
5 it is acceptable to all the parties.

6 JUDGE CHESTNUT: That calls for Intervenor  
7 testimony September 18, rebuttal testimony September 25,  
8 hearings September the 27th through the 29th, main briefs  
9 October 13, reply briefs October 20.

10 MR. CLEARFIELD: Correct.

11 JUDGE CHESTNUT: Any changes to that? Any  
12 comments.

13 MS. BURAK: Your Honor, I would just ask that  
14 similar to the previous proceeding that rebuttal  
15 testimony be available to all parties, not just PGW.

16 JUDGE CHESTNUT: Yes. That is all rebuttal, with  
17 the possibility of oral surrebuttal -- brief, brief,  
18 brief oral surrebuttal.

19 I would like to do the same thing we did this  
20 morning in terms of the first day starting at ten, the  
21 second day starting at nine, if that's okay with  
22 everybody.

23 And I had another idea after this morning's  
24 prehearing, which is that a technique that I have been  
25 using lately is instead of having individual witnesses

1 presented and cross-examined, to present them in panels  
2 either by party or by issue. So think about that in this  
3 case once everybody has filed their testimony. I find  
4 that it is more time saving because it makes it easier to  
5 do cross because you have everybody there who can answer  
6 it instead of deferring questions to another witness. So  
7 think about that. I don't think a lot of parties are  
8 going to have a lot of witnesses here but maybe do  
9 company, non-company. But it's something to keep in mind  
10 when we formalize the hearings.

11           Again, you are going to be getting a witness grid.  
12 Make sure you fill it out and return it so we can  
13 organize the hearing.

14           All hearings will be in Philadelphia, of course.

15           These dates are dates of receipt for testimony and  
16 for the briefs. Testimony is not filed, it is served.  
17 Don't send copies to the secretary but do send me a copy.  
18 I will not accept faxed or E-mailed testimony. We talked  
19 about this before. You can make arrangements among  
20 yourselves, though, for other types of service.

21           Testimony should be premarked with numerical  
22 sequential statement numbers and must list on the cover  
23 sheet the issues that are addressed.

24           Any motions or objections that are raised to the  
25 prefiled direct or rebuttal testimony must be served in

1 writing no later than the day prior to the day the  
2 witness is scheduled to testify. If he is scheduled to  
3 testify September 27, your motion has to be in obviously  
4 by September 26. In fact, we usually say noon, but I  
5 will just say prior to the day. Oral motions other than  
6 for good cause will not be accepted.

7 Anything about the hearings or testimony that  
8 anybody wants to talk about?

9 MR. CLEARFIELD: Your Honor, I would like to state  
10 for the record that today PGW has distributed to the  
11 parties who are at the prehearing its direct testimony in  
12 the interim case consisting of the testimony of Thomas E.  
13 Knudsen, Barbara Bisgaier, who is an investment advisor,  
14 and Craig White, who is their director of gas rates and  
15 gas procurement.

16 JUDGE CHESTNUT: Thank you.

17 Let's talk about briefs. We have the briefing  
18 dates. They are in-hand dates. Also supply a copy of a  
19 disk of your brief one the copies that you fill with the  
20 Commission and send to me.

21 Each brief regardless of length must contain a  
22 table of contents, proposed findings of fact, discussion  
23 and proposed conclusions of law and proposed ordering  
24 paragraphs. I will attach to my prehearing order the  
25 required formatting, which I think you all should be

1 familiar with by now.

2 Other miscellaneous kinds of issues. Do not fax or  
3 E-mail me your testimony or your briefs. In fact, if you  
4 fax me something you don't have to follow up and send it  
5 by Fed Ex or by mail. Fax going sufficient. A lot of  
6 times, though, our E-mail system is down -- I think we  
7 are all aware of that -- both through the Commonwealth's  
8 but also we have a WIN frame relay here and any time Bell  
9 does any work, which is more frequently that you might  
10 think, it seems to go out. So please be aware of that.  
11 But generally if you want to contact me do it by E-mail  
12 or call my secretary, Kathy Niesborella. I think I gave  
13 you her E-mail address and phone number this morning.

14 That's it. Does anybody have something else to  
15 say?

16 MR. KEENE: Your Honor, the OCA in its prehearing  
17 memo had requested that public inputs be held in this  
18 proceeding. This is the first case involving this  
19 company since it came under the jurisdiction of the  
20 Public Utility Commission and it is seeking a rather  
21 significant rate increase and we believe that would be  
22 helpful to the Commission to allow consumers to come out  
23 and testify at public inputs.

24 JUDGE CHESTNUT: When do you propose that be done?

25 MR. KEENE: Perhaps for convenience of the parties

1 and Your Honor it would be best done the week that we are  
2 holding the hearings. And I know the scheduling office  
3 will need some lead time to set this up.

4 JUDGE CHESTNUT: Well, do you have a specific date?

5 MR. KEENE: Perhaps the Tuesday --

6 JUDGE CHESTNUT: The night before the hearing --  
7 well, actually, it would be a daytime thing, right?

8 MR. KEENE: We think it would be helpful to have an  
9 afternoon and evening on Tuesday, the 26th.

10 JUDGE CHESTNUT: Do you really think it is  
11 necessary? It seems that people have had a full  
12 opportunity to express their concerns in the proceeding  
13 before the Gas Commission and they are going to have it  
14 in the context of the full base rate case that the  
15 company is going to file.

16 MR. BERTOCCI: Your Honor, if interim rates are put  
17 into effect it is going to hit people way before the base  
18 rates go into effect.

19 JUDGE CHESTNUT: Can't you just stipulate that  
20 rates are high and people don't want to pay higher rates?

21 MR. BERTOCCI: Yes, but at this particular point  
22 the PUC is assuming jurisdiction over PGW and that is  
23 something that the public should know and they should be  
24 comfortable with that idea. I think it is important from  
25 the outset that they know now who to turn to when it

1 comes to the matter of rates.

2 JUDGE CHESTNUT: But that is not the purpose of a  
3 public input hearing.

4 MR. BERTOCCI: Well, sure it is.

5 JUDGE CHESTNUT: The purpose is to solicit input  
6 from the public, not to tell them things about it, which  
7 is certainly valid and has, I think, been done.

8 MR. BERTOCCI: With all due respect, Your Honor, I  
9 don't think it has been done in a way that gets the  
10 message out. There have been a few bill stuffers. Most  
11 people don't read bill stuffers.

12 JUDGE CHESTNUT: Well, isn't that their problem?

13 MR. BERTOCCI: Well, I understand. But  
14 nevertheless the Commission does have now jurisdiction  
15 over the company and it seems if a major rate increase is  
16 going to be put into place on an interim basis or is  
17 proposed to be put in place on an interim basis the  
18 Commission should have public input on that.

19 JUDGE CHESTNUT: You know, Mr. Bertocci, I agree  
20 with you 100 percent. I really do. I am concerned about  
21 two things. One, that it is a very expedited case here  
22 and I'm really not sure of the value or how much that  
23 testimony would be able to be considered. And I don't  
24 think it is really fair to people to give them a public  
25 input hearing if it's not going to result in something

1 useful.

2 But, yes, I don't have a problem with it. Unless  
3 the company objects to it.

4 MR. CLEARFIELD: I was going to say that we do not  
5 object.

6 MR. HOFFMAN: OTS would concur, by the way, in the  
7 request.

8 JUDGE CHESTNUT: I think the 26th is fine -- or is  
9 it. I can't do it in the evening of the 26th, but maybe  
10 somebody else can. Don't you think an afternoon one is  
11 sufficient?

12 MEMBER OF AUDIENCE: Evening. People work. People  
13 need to come out.

14 JUDGE CHESTNUT: Excuse me.

15 MR. KEENE: Your Honor, if we can't do it in the  
16 evening of the 26th, perhaps we could do it during one of  
17 the evening during the hearing dates.

18 JUDGE CHESTNUT: Why don't we do the afternoon of  
19 the 26th and the evening of the 27th.

20 MR. CLEARFIELD: Wait a minute.

21 JUDGE CHESTNUT: Is that a problem?

22 MR. CLEARFIELD: Well, the hearing days become --  
23 we can accommodate that if that is the need. But what  
24 about the evening of the 25th?

25 JUDGE CHESTNUT: Well, people won't be here for the

1 25th.

2 MR. CLEARFIELD: That's true.

3 JUDGE CHESTNUT: I am thinking about the people  
4 from Harrisburg.

5 MR. CLEARFIELD: So the afternoon of the 26th and  
6 the evening of the 27th?

7 JUDGE CHESTNUT: Is that a problem?

8 MR. CLEARFIELD: No. We will accommodate that.

9 JUDGE CHESTNUT: It is going to be hard to schedule  
10 it on such short notice. We will do what we can. If we  
11 have it here then we don't have to find a place. That  
12 will shorten it.

13 MR. BERTOCCI: Your Honor, I also think there would  
14 be an advantage just from the Commission's point of view  
15 of in giving notice of a public input hearing of also  
16 making some statement that gives people the knowledge  
17 that customer affairs issues are now being addressed by  
18 the PUC in this building.

19 JUDGE CHESTNUT: That has already been a subject of  
20 a number of notifications.

21 MR. BERTOCCI: I know.

22 JUDGE CHESTNUT: The same people who would read the  
23 notice are the people who I assume would read the paper.

24 MR. BERTOCCI: Well, their attention will be called  
25 to that.

1 JUDGE CHESTNUT: I don't want to get into a big  
2 discussion about an appropriate notice to be put in the  
3 papers. That is going to hold things up. I would really  
4 rather that we just have the usual kind of notice. Of  
5 course you are free to say that when you give your  
6 opening statement.

7 Mr. Clearfield, did you want to say something?

8 MR. CLEARFIELD: No, Your Honor. We are talking  
9 about newspaper notice of a public input hearing?

10 JUDGE CHESTNUT: Yes.

11 MR. CLEARFIELD: Because I don't believe we would  
12 be able to get a bill stuffer notice into the bills in a  
13 sufficient time.

14 JUDGE CHESTNUT: That is not how public inputs are  
15 usually noticed anyway. It would be nice if you could.

16 MR. CLEARFIELD: That's fine. I just wanted to  
17 make sure that was on the record.

18 JUDGE CHESTNUT: If you could it would be great.

19 Mr. Hoffman?

20 MR. HOFFMAN: Your Honor, as you will recall this  
21 morning in the PGC prehearing conference, as we did in  
22 this case OTS requested an abbreviated interrogatory  
23 response period of seven days. The company indicated  
24 that they would make their best efforts to respond to all  
25 interrogatories in seven days.

1 JUDGE CHESTNUT: Are you on a different subject  
2 than the public input hearings?

3 MR. HOFFMAN: Well, we were on the subject of did  
4 we have anything else that we wanted to bring up.

5 JUDGE CHESTNUT: Okay. I just wanted to make sure  
6 that nobody had anything else on that issue.

7 MR. HOFFMAN: No.

8 MR. CLEARFIELD: Just real quickly, Your Honor, I  
9 would want to inform Your Honor and for the record that  
10 with respect to the transfer of jurisdiction to the PUC,  
11 PGW is in the process of sending out bill stuffers that  
12 do indicate the transfer and do indicate the consumer  
13 complaints now can be lodged with the PUC Bureau of  
14 Consumer Services. And the bill stuffer also indicates  
15 the fact that we have filed this case and that there are  
16 public hearings being held this this case.

17 MR. KEENE: Your Honor, I have one other question  
18 about notice. That is what notice did the company  
19 provide of the rate increase before the PUC?

20 MR. CLEARFIELD: We provided the notice about the  
21 GCR and about the interim rate filing in a bill stuffer  
22 that is in the billing cycles now. We can provide you  
23 with a copy. It was prepared in consultation with the  
24 PUC and the Philadelphia Gas Commission. We will provide  
25 you a copy of that.

1 MR. KEENE: But did that notify the public of the  
2 proceedings before the Public Utility Commission or just  
3 the gas commission.

4 MR. CLEARFIELD: Yes. There was a new notice that  
5 was prepared and placed into the bills and it is in the  
6 process of being circulated that does notify customers of  
7 these proceedings. I will provide a copy to you.

8 MR. KEENE: Thank you.

9 JUDGE CHESTNUT: Anything else, then, on this  
10 issue?

11 (No audible response.)

12 JUDGE CHESTNUT: Did you want to go back to the  
13 discovery I aspect, Mr. Hoffman?

14 MR. HOFFMAN: Yes, Your Honor.

15 I won't repeat myself other than to say  
16 Mr. Clearfield agreed to make best efforts to provide us  
17 responses in seven days and under those circumstances you  
18 approved no change from the ten day period. A few  
19 minutes ago you said we will essentially do it like we  
20 said we would this morning.

21 So I take it that, Mr. Clearfield, we have your  
22 representation that you will make your best efforts to  
23 respond in seven days to our interrogatories?

24 MR. CLEARFIELD: Yes, .

25 MR. HOFFMAN: Thank you.

1           That's all, Your Honor. Thanks.

2           JUDGE CHESTNUT: Anything else?

3           (No audible response.)

4           JUDGE CHESTNUT: Thank you very much. This  
5 prehearing conference is adjourned.

6           MS. JONES: Thank you, Your Honor.

7           MR. KEENE: Thank you, Your Honor.

8           (Whereupon, at 1:20 p.m., the prehearing conference  
9 was concluded.)

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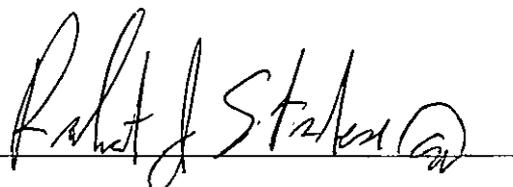
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