

# Philadelphia Gas Works

Thomas E. Knudsen  
Interim President and Chief Executive Officer



PGW ORIGINAL  
800 West Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 684-6051 - Fax: (215) 684-6997  
Email: Thomas.Knudsen@pgworks.com  
JAN 09 2002

January 9, 2002

## HAND DELIVERY

James McNulty, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg., 2nd Fl.  
Harrisburg, PA 17120

DOCUMENT  
FOLDED

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

Dear Secretary McNulty,

In accordance with the PUC's February 22, 2001 Order approving the Joint Petition for Full Settlement in the above-referenced proceeding,<sup>1</sup> enclosed is PGW's "Monthly Progress Report" for October, November, and December 2001 concerning implementation of the unmodified conditions imposed by the Commission in PGW's Interim Rates proceeding. This report includes quarterly data (October - December 2001) concerning commitments #3 and #5 as well as six-month data for commitment #5. The report is being served on all parties of record.

If the Commission requires further clarification on this report, please contact me immediately or contact PGW counsel Margaret Flores.

Very truly yours,

Thomas E. Knudsen

cc: As per Certificate of Service  
Veronica Smith, Esq., Deputy Executive Director  
Karen Moury, Esq., Law Bureau  
Robert Rosenthal, Bureau of Fixed Utility Services  
Mitch Miller, Bureau of Consumer Services  
Glenn Bartron, Bureau of Audits  
Joe Farley, Bureau of Consumer Services

KCR

<sup>1</sup> "[T]he Commission's approval of the terms and conditions set forth in the Joint Petition is expressly conditioned upon PGW's acceptance of the unmodified conditions in the November 22, 2000 Order." February 22, 2001 Order at Ordering ¶1.

58

**ORIGINAL**

**Philadelphia Gas Works**

RECEIVED

JAN 09 2002

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**DOCKETED**

JAN 16 2002

**Monthly Progress Report to the  
Pennsylvania Public Utility Commission**

DOCUMENT  
FOLDER

**Docket No. R-00005654**

**JANUARY 9, 2002**

**PGW Commitment #1**<sup>1</sup>

“PGW will commit to its "Transition to Excellence" plan for improvement and make a demonstration throughout the interim rate period that it is providing safe and adequate service.”

**RESPONSE:**

**December 2001**

The “Transition to Excellence” program has elements that have been completed as set forth in the prior reports. Other ongoing elements are described below:

**Regulatory**

On November 30, 2001, PGW filed its First Quarterly Gas Cost Rate filing which became effective December 1, 2001. The filing decreased the GCR from \$4.3724 per Mcf to \$3.1307 per Mcf.

At the December 5, 2001 Public Meeting, the PUC adopted the Final Opinion and Order entered December 6, 2001 at Docket No. R-00006042. The December 6, 2001 Order granted a total allowable annual revenue increase in the amount of \$22,558,000 in addition to the \$11,000,000 interim increase granted in February 2001. The Final Order also approved the Joint Settlement Stipulation of PGW and the Philadelphia Industrial and Commercial User's Group that allows PGW to institute a gas transportation Pilot Program in 2002.

Customer Service Oversight is ongoing with a comprehensive Customer Service Initiative (CSI) Program that began on June 25, 2001. PGW last met with the PUC's Bureau of Consumer Services staff on December 4, 2001, and provided an update on its efforts. Also, on December 4, 2001, PGW filed with the Commission a Petition For Reconsideration Pending Consideration on the Merits regarding outsourcing call center overflow. On December 20, 2001, the PUC granted the petition and amended the Order to allow PGW to seek rescission of the Commission's August 9, 2001, Final Order by March 15, 2002, or complete the outsourcing process.

---

<sup>1</sup> Unmodified condition of Ordering Paragraph #4, 11/22/00 Order.

## Regulatory (continued)

Nearly 360 interrogatories have been received from the hearing examiner and the Philadelphia Public Advocate concerning PGW's FY 2002 Operating Budget filed with the Philadelphia Gas Commission. PGW has responded to these data requests. The Philadelphia Gas Commission held hearings on PGW's Operating and Capital Budgets on November 8, 9, 14, and 15. Briefs by the parties were filed and recommended decisions by the Hearing Examiners on PGW's FY 2002 Operating & Capital Budgets were issued on December 18, 2001. Exceptions by the parties were filed on January 3, 2002. A final decision by the Philadelphia Gas Commission is expected at its January 15, 2002 scheduled meeting.

## Strategy and Planning

PGW filed its updated Strategic Plan & Financial Forecast with the Philadelphia Gas Commission in September 2001 as required. In November 2001, public hearings were held before the Philadelphia Gas Commission. Final disposition by the Philadelphia Gas Commission on both the combined budgets and the Strategic Plan is expected on January 15, 2002.

## Stabilization

Programming changes have been implemented or are currently in testing for all the improvements previously identified in the Billing System stabilization project plan. PGW expects that implementation of the new Payment Arrangement module will be completed in February 2002.. Additionally, PGW continues to review business processes to identify system and training issues that must be addressed to realize additional efficiencies. Any system issues identified are reviewed and, if viable, are scheduled for future implementation.

## Call Center

PGW has made major strides in improving the productivity and efficiency in its Call Center. PGW has been consistently meeting the 80/30 standard on a daily basis for the last month and has met the standard three of the last four months. Every week at the PGW website ([www.pgworks.com](http://www.pgworks.com)) new information will be posted on the number of calls received, the number of calls answered, and the average waiting time. These numbers will be displayed on graphs which will also show the goals that have been set by PGW and the PUC so that visitors to the site can easily see what's being done to make dealing with PGW a fast and more pleasant experience.

**PGW Commitment #2<sup>2</sup>**

“PGW must achieve a 1% replacement rate in its mains replacement program, as provided for in the Company’s base case capital budget.”

**Response:**

**December 2001**

PGW is proceeding with the above project and is on schedule to reduce its inventory of cast iron pipe by the 1% rate. The Distribution Department continues to develop and review a list of prioritized targeted main replacements based on the determinants of the Navigant Study. With the assistance of the Engineering Department, appropriate designs are being completed and construction plans drawn.

To date, PGW and Outside Contractor crews have replaced, abandoned or rehabilitated approximately seven (7) miles of cast iron main. Forty percent (40%) of the total project is complete. PGW anticipates successful project completion by the end of Fiscal Year 2002.

---

<sup>2</sup> Unmodified condition of Ordering Paragraph #5, 11/22/00 Order.

**PGW Commitment #3<sup>3</sup>**

“PGW must commit to correcting the problems with its BCCS system, particularly the need to rectify the budget billing problems, providing quarterly reports to the PUC's Bureau of Consumer Services, on the progress it is making in correcting its BCCS problems.”

**Response:**

**December 2001**

PGW continues daily monitoring of the Billing Credit Collection System. Any anomalies are immediately investigated to insure system integrity. Changes to the Payment Arrangement module are underway. The new Payment Arrangement module is scheduled to go into production in February 2002.

---

<sup>3</sup> Unmodified condition of Ordering Paragraph #6, 11/22/00 Order.

**PGW Commitment #4<sup>4</sup>**

"PGW must proceed with its LNG Liquefaction Replacement Program to ensure supply and reliability are maintained."

**Response:**

**December 2001**

Concrete supports are now complete along with the majority of the grouting. The Motor Control Center Building was delivered and placed on its foundation. The compander skid and the valve skid for the water and CO2 removal system have been delivered and positioned. Installation of pipe racks has continued and cable tray installation has commenced. The fire water piping loop has been completed with the connections to the existing fire water system to be completed in the near future. Total project is approximately 77% complete, with plant construction approximately 57% complete. Plant start-up is scheduled for Spring 2002.

---

<sup>4</sup> Unmodified condition of Ordering Paragraph #7, 11/22/00 Order.

**PGW Commitment #5<sup>5</sup>**

"PGW must show improvements in its customer service functions and report on its progress to the Commission on a quarterly basis. Such reports should include: monthly call center access reports for customer service and collection call centers (to include average speed of answer, average abandonment time, number of abandoned calls, average delay in queue and the percentage of calls answered); monthly consumer dispute reports (to include number of customer disputes filed, number and percentage of disputes responded to in under thirty days, and the average response time), the number and percentage of residential bills which PGW failed to render during the relevant billing cycles; the number and percentage of residential meters for which PGW has failed to obtain actual or customer supplied readings during the prior six months; and monthly reports showing the number and percentage of missed customer service appointments.

**Response:**

**December 2001**

Please see the attached reports: Monthly Call Center Access Reports; Monthly Consumer Dispute Reports; Billing Exceptions By Cycle; Residential Meters - Estimated and Non-Estimated Billing; and Missed Customer Service Appointments.

---

<sup>5</sup> Unmodified condition of Ordering Paragraph #8, 11/22/00 Order.

**Monthly Call Center Access Reports for Customer Service and Collection Call Centers**

Philadelphia Gas Works			
Customer Service Department			
Call Center Statistics			
Monthly Call Volume- October-December 2001			
	October	November	December
Calls Received	137,636	113,100	105,910
Calls Answered	129,282	109,795	104,250
Calls Abandoned	8,354	3,305	1,660
% of Calls Answered	94%	97%	98%
% of Abandoned Calls	6%	3%	2%
Average CTR'S* per Day	56	52	48
Average Speed of Answer	:54	:17	:10
Average Abandon Time	2:06	2:33	1:10
Average Talk Time in Minutes	2:58	2:54	2:48
Legend			
*	Customer Telephone Representatives		

**Monthly Consumer Dispute Reports**

PGW												
Dispute Resolution Completed Jobs Statistics												
	<u>High Bills</u>				<u>Correspondence</u>				<u>Statements</u>			
<u>Year</u>	<u>Received</u>	<u>Completed</u>			<u>Received</u>	<u>Completed</u>			<u>Received</u>	<u>Completed</u>		
2001		Within	%	Average		Within	%	Average		Within	%	Average
		<=30		#		<=30		#		<=30		# Of
		Days		Of Days		Days		Of Days		Days		Days
Oct.	414	146	35.3%	1.50	1530	863	56.4%	1.00	133	123	92.4%	1.00
Nov	245	162	66.1%	2.80	1583	932	58.8%	1.00	146	126	86.3%	1.00
Dec	185	123	66.4%	1.49	1008	813	80.6%	1.00	57	54	94.7%	1.00

**Number and Percentage of Residential Bills Not Rendered During Relevant Billing Cycles**

<b>PHILADELPHIA GAS WORKS</b>						
<b>BILLING EXCEPTIONS BY CYCLE</b>						
<b>2001</b>	<b>Total bills</b>		<b>% of bills</b>		<b>Average/Cycle (22)</b>	
	<b>not issued</b>	<b>issued</b>	<b>not issued</b>	<b>issued</b>	<b>not issued</b>	<b>issued</b>
<b>October</b>	4,944	527,337	0.93%	99.07%	225	23,970
<b>November</b>	3,105	523,501	0.59%	99.41%	141	23,795
<b>December</b>	2,971	522,473	0.57%	99.43%	135	23,749

Billing Exceptions: Number of bills, which failed to issue during the relevant, billing cycle.  
 Manual issuance occurred in most cases approximately 3 to 5 days after report of the exception.

Total bills issued includes Commercial and Industrial Accounts.

**Number and Percentage of Residential Meters Without Actual or Customer Supplied Readings - Prior Six Months**

<b>PHILADELPHIA GAS WORKS</b>						
<b>RESIDENTIAL METERS</b>						
<b>ESTIMATED AND NON ESTIMATED MONTHLY BILLING</b>						
<b>2001</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Total Accounts Billed</b>	491,016	492,491	491,556	497,490	492,890	492,479
<b>Non Estimated Bills</b>	454,088	457,465	457,522	464,808	460,770	459,697
<b>Estimated Bills</b>	36,928	35,026	34,034	32,682	32,120	32,782
<b>% Estimated Bills</b>	7.52%	7.11%	6.92%	6.57%	6.52%	6.66%

Note:

Estimated and Non-Estimated Billing is the first time the system produces a combination of all meter reads obtained including customer-supplied readings.

Number and Percentage of Missed Customer Service Appointments.

<b>Philadelphia Gas Works</b>					
<b>Missed Customer Service Appointments</b>					
<b>October - December 2001</b>					
	A	B	C	D=B+C	E=(D/A)*100
<b>Month</b>	<b>All Orders</b>	<b>CGI Orders</b>	<b>Appointments Missed</b>	<b>Total Missed Orders</b>	<b>% Missed</b>
October	30,363	3,486	4,405	7,891	26
November	27,339	3,318	3,359	6,677	24
December	27,434	3,022	2,824	5,846	21

## PGW Commitment #6<sup>1</sup>

“In addition to the management arrangements referred to above, PGW shall convene a "best practices" working group. The purpose of the working group is to solicit cost cutting steps from other entities such as natural gas distribution companies (NGDCs), industry associations and comparable municipal organizations. ”

### Response:

#### December 2001

PGW is moving to structure a “best practices” working group by department. To date the following groups have been assembled and are collecting data or have association relationships as follows:

Customer Affairs: PGW has received the final report of the PA Benchmarking™ 2001 "Customer Services Best Practices Survey". We have been reviewing the report and will be utilizing the report to determine where our performance falls short of meeting industry standard. The report will also be used to review areas that PGW was unable to provide statistical analysis and determine if statistical measurement in those areas would be useful in providing information that would enable PGW to provide improved customer service in a more cost effective manner.

Distribution: Various Distribution Department employees are active members of the following industry related organizations to keep informed of current industry standards and best practices:  
AGA – Distribution Best Practices Group  
AGA - Plastics Material Committee - Currently serve as 1st Vice Chairman  
AGA - Corrosion Control Committee  
AGA - Distribution & Transmission Engineering Committee  
National Association of Corrosion Engineers (NACE)  
Pennsylvania One Call System, Inc

Fleet Operations: Chatham Consulting Group Benchmarking Survey - triennial. A PGW working group consisting of six (6) people who visited Washington Gas Company on December 7, 2001 to view the fleet management operating system and work processes at a similar NGDC. Information gathered during this visit will be utilized in launching a new fleet operations work management operating system at PGW in 2002.

For the latter three groups -- Distribution, and Fleet Operations -- PGW reviews all the recommendations provided and implement those that improve productivity, efficiency, and cost control. PGW also evaluates newly introduced products and services to ascertain their applicability to PGW's operations.

---

<sup>1</sup> Unmodified condition of Ordering Paragraph #11, 11/22/00 Order.

**PGW Commitment #7<sup>2</sup>**

“In addition to the management arrangements referred to above, PGW must commit to address and implement the management, operational, service and other improvement measures ultimately recommended in the management audit, unless otherwise directed by the Commission.”

**Response:**

**December 2001**

The Progress Report on the Stratified Management and Operations Audit was filed with the PUC. The updated plans are in the process of implementation by the pertinent PGW departments as detailed in the Progress Report.

---

<sup>2</sup> Unmodified condition of Ordering Paragraph #12, 11/22/00 Order.

**CERTIFICATE OF SERVICE**

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

**VIA FIRST CLASS MAIL**

Tanya McCloskey, Esq.  
Steve Keene, Esq.  
Office of Consumer Advocate  
5th Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921

Steven Gray, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2nd Street  
Harrisburg, PA 17101

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

Charis M. Burak, Esquire  
McNEES, WALLACE, NURICK  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

Kevin Moody  
Wolf, Block, Schorr and Solis-Cohen LLP  
212 Locust St., Suite 200  
Harrisburg, PA 17101

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

Craig A. Doll, Esq.  
25 North Front St., 2nd Floor  
Harrisburg, PA 17101-1606

Angela Jones, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2nd Street  
Harrisburg, PA 17101

JAN 09 2002  
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dated: January 9, 2002

---

Margaret Flores, Esquire