

**Philadelphia Gas Works**



800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 236-0500

August 30, 2002

**DOCUMENT RECEIVED**

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

AUG 30 2002

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

RE: Philadelphia Gas Works v. Pennsylvania  
Public Utility Commission,  
September 1, 2002 Forth Quarterly GCR  
Filing Docket No. R-00016378;  
Compliance Filing 2002-2003 Annual GCR  
Proceeding R-00027133; and  
Update on Commodity Charge Credit  
Docket No. R-00006042

Dear Secretary McNulty,

Enclosed for filing is PGW's September 1, 2002 Forth Quarterly Gas Cost Rate (GCR) update as well as its compliance filing for the 2002-2003 Annual GCR Proceeding. As stated in the Joint Petition for Settlement of PGW's 2002-2003 GCR Proceeding and the Commission's July 11, 2002 Order approving the same, the GCR to be effective September 1, 2002 is to be subject to quarterly adjustments as permitted by Commission regulations, including a quarterly adjustment to be effective on September 1, 2002, to reflect actual experience and changes in forecasted natural gas prices.

Tariff Supplement No. 28, to be effective September 1, 2002 is enclosed reflecting such actual experience and changes in forecasted natural gas prices. The GCR for September 1, 2002 is an increase over PGW's current June 1, 2002 GCR from \$2.7932 per Mcf to \$3.0385 per Mcf.

This information and the supporting schedules are filed pursuant to 52 Pa. Code § 53.64. PGW calculated the GCR using the agreed upon methodology as established in the Settlement as well as a \$2.2 million credit for capacity release and off system sales (Schedule 13). In its June 1, 2002 Quarterly GCR adjustment, PGW had forecasted that the refund from the pending settlement proceeding in Transcontinental Gas Pipeline Corporation at Docket No. RP01-25 would be effective at the end of August 2002. Since

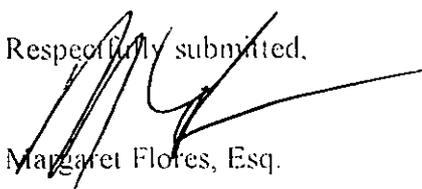
95

the settlement has still not been finalized, the Company is now anticipating that the settlement will be complete November 2002 (Schedule 5).

Also effecting residential customer's bills for September 1, 2002 is the removal of the commodity charge credit that the Company began refunding March 1, 2002 pursuant to the Commission's Order entered February 21, 2002 at Docket No. R-00006042. The Commission in an April 11, 2002 Order instructed that this commodity charge credit shall be in effect for six months. At the end of the six months PGW shall stop this refund to its customers and reconcile the credit with PGW's actual overcollection experience, since Supplement No. 20 (which implemented the credit) only included actual data through January 2002. Included with this filing is PGW's actual overcollection data through March 2002. In accordance with the Commission's April 11, 2002 Order, PGW will make a subsequent filing reconciling this overcollection amount with the amount refunded to its customers through the credit.

PGW will notify its customers of both the GCR increase as well as the cessation of the commodity charge credit with a message on their bills. Please contact me if you have any questions regarding this filing at 215-684-6631.

Respectfully submitted,



Margaret Flores, Esq.

cc: All Parties of Record  
Karen Moury, Esq. w/enc.  
Veronica Smith, Executive Director w/enc.  
Robert Rosenthal, Bureau of Fixed Utility Services w/enc.

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF

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Issued by: Les A. Fyock  
Vice President  
Regulatory Affairs  
PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

NOTICE

*This Tariff Supplement Makes an Increase in the Gas Cost Rate and Change in Existing Rate*

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

**THE GAS COST RATE CLAUSE - Section 11.2 - (Tenth Revised Page No. 71)**

Increases the current effective Gas Cost Rate effective September 1, 2002.

**GENERAL SERVICE - RATE GS - COMMODITY CHARGE - (Seventh Revised Page No. 83)**

Eliminates Commodity Charge Credit for Residential Customers served by this rate as ordered in Docket R-00006042 entered February 21, 2002.

TABLE OF CONTENTS

	Page Number
List of Changes Made In This Tariff	Twenty-Eight Revised 2
Table of Contents	Twenty-Eight Revised 4
Table of Contents (continued)	Eight Revised 5
Left Blank for Future Use	6-10
<b>RULES and REGULATIONS:</b>	
1. The Gas Service Tariff _____	11
2. Application and Contract for Gas Service _____	Second Revised 13
3. Measurement, Billing and Payment _____	19
4. Termination of Service _____	29
5. Inquiry, Review, Dispute and Appeal Process _____	First Revised 57
6. Customer's Installation _____	61
7. Customer's Responsibility for Company's Property _____	63
8. Adjustment of Meter Error _____	65
9. Discontinuance of Gas Supply _____	Second Revised 67
10. Extensions Or Enlargements of Gas Supply Facilities To Meet New Demands For Gas_	69
11. Gas Cost Rate Clause _____	Tenth Revised 71
12. Senior Citizen Discount _____	73
13. General Provisions _____	Second Revised 75
14. Customer Service Charges and Miscellaneous Fees _____	77
15. Economic Development Discount _____	79
16. Residential Usage Reduction Program _____	81

**RATES:**

<b>General Service - Rate GS</b> _____	<b>Seventh Revised 83</b>
<b>Municipal Service - Rate MS</b> _____	<b>Third Revised 85</b>
<b>Philadelphia Housing Authority Service -Rate PHA</b> _____	<b>Fifth Revised 87</b>
<b>Boiler and Power Plant Service – Small Volume –Rate BPS-S</b> _____	<b>89</b>
<b>Boiler and Power Plant Service – Large Volume -Rate BPS-L</b> _____	<b>93</b>
<b>Boiler and Power Plant Service – Heavy Oil - Rate BPS-H</b> _____	<b>97</b>
<b>Load Balancing Service - Extra-Large Volume - Rate LBS-XL</b> _____	<b>101</b>
<b>Load Balancing Service - Large Volume - Rate LBS-L</b> _____	<b>105</b>
<b>Load Balancing Service - Small Volume - Rate LBS-S</b> _____	<b>109</b>
<b>Gas Transportation Service - Rate GTS Firm Service</b> _____	<b>113</b>
<b>Gas Transportation Service - Rate GTS Interruptible Service</b> _____	<b>121</b>
<b>Cogeneration Service - Rate CG</b> _____	<b>129</b>
<b>Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service</b> _____	<b>133</b>
<b>Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service</b> _____	<b>137</b>
<b>Daily Balancing Service - Pilot - Rate Schedule DB - P</b> _____	<b>141</b>
<b>Interruptible Transportation - Pilot - Rate Schedule IT -P</b> _____	<b>149</b>

## 11. GAS COST RATE CLAUSE

### 11.1 PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) of gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates.

### 11.2 COMPUTATION OF GAS COST RATE

- a. The Gas Cost Rate shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$GCR = ((C - E) / S) - B$$

- b. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September; provided, however, that for the 2001-2002 GCR period, that such rate may be revised on an interim basis subject to the following procedures: If there is known and measurable change in gas cost during the effective period of the Gas Cost Rate and the change would result in an increase or decrease in the Gas Cost Rate of 2% or more, PGW may file a petition with the Commission to implement an update early for a proposed revision to its Gas Cost Rate incorporating the recalculated rate, which revision shall become effective on one's days notice. Such filing shall be made in accordance with applicable provisions of 52 Pa Code § 53.64 (i)(5).

The currently effective Gas Cost Rate is \$ 3.0385 for service on or after September 1, 2002.

(I)

### 11.3 DEFINITIONS

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (0.01¢) to be applied to each Mcf of gas supplied under Rate Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates

C - the current cost of natural gas and other raw materials determined as follows: (a) for all types of gas, project the cost for each purchase (adjusted for net current gas stored) for the computation year plus (b) the arithmetical sum of (1) the projected book value of non-current gas at the beginning of the computation year minus (2) the projected book value of non-current gas at the end of the computation year.

E - experienced net over billings (or under billing) of the cost of natural gas and other raw materials as of the end of the computation year.

Additionally, supplier refunds received prior to the end of the August billing period will be included in the factor "E." Commencing with the Fiscal Year 1991-92 GCR calculation, supplier refunds anticipated to be received within the computation year will be included in Factor "E."

(I) – Increase

**GENERAL SERVICE - RATE GS**

Rate: Applicable to all gas consumed on or after September 1, 2002

(C)

Air Conditioning Provision: Effective July 14, 2000

Compressed Natural Gas Provision: Effective July 14, 2000

**AVAILABILITY**

Available for any purpose where the Company's distribution mains adjacent to the proposed gas service location are, or can economically be made, suitable to supply the quantities of gas required. Gas service is also available under this rate for comfort cooling and/or pilot usage for buildings served under seasonal rates, during those periods of the year when gas service is not ordinarily available under such seasonal rates.

**RATES**

**CUSTOMER CHARGE:** Per Meter (except parallel meters)

\$ 12.00 per month for Residential and Public Housing Authority Customers.

\$ 18.00 per month for Commercial and Municipal Customers

\$ 50.00 per month for Industrial Customers

278  
Plus

**COMMODITY CHARGE** 74.784c per 100 cubic feet for Residential and Public Housing Authority Customers

(C)

**COMMODITY CHARGE** 75.716c per 100 cubic feet for Commercial Customers

**COMMODITY CHARGE** 75.689c per 100 cubic feet for Industrial Customers

**SPECIAL PROVISION – AIR CONDITIONING** – For the billing months May through September, the Commodity Charge shall become 40.00 cents per 100 cubic feet for all gas used for cooling purposes. Provided, however, if one hundred and ten percent (110%) of the incremental gas costs for gas sold under this rate schedule plus an adjustment for all applicable taxes as determined by the Company exceeds 40.00 cents per 100 cubic feet, then the rate under this provision shall be the lesser of one hundred and ten percent (110%) of the incremental gas costs for gas sold under this rate schedule plus an adjustment for all applicable taxes as determined by the Company, or the applicable Commodity Charge set forth above. This rate is applicable for directly and indirectly fired gas cooling equipment of minimum cooling capacity of 3 tons, installed on or after September 1, 1990. Where practicable, such equipment must be separately metered and the cost for any additional metering, related equipment and installation shall be subject to Regulation 10 of the Rules and Regulations of this tariff. Where separate metering is impracticable for directly or indirectly fired gas cooling and heating equipment, one meter shall be installed for the heating/cooling equipment and such gas rendered to the Customer through such meter will be charged the full Rate GS for the billing months October through April. Under no circumstances will Customers be permitted to use gas rendered through such meter for any purpose other than cooling or heating.

(C) - Change

## Statement

Known per dekatherm natural gas prices are used through the month of July, 2002. Where known and quantifiable, actual per dekatherm prices for locked-in quantities of gas are used for all months. Any remaining volumes not locked-in for price for the months of August, 2002 through October, 2002 are based on the NYMEX Futures Closing Prices (7-18-02). For the period November, 2002 through June, 2003, the average price of the NYMEX Futures Closing Prices (7-18-02) and the July, 2002 DRI (Standard and Poors' Fuel Price Service Report) were used. For the period July, 2003 through August, 2003, PGW used DRI pricing. The latest applicable pipeline tariff transportation and fuel charges from specific basin points have been incorporated into these pricing determinants. Forecasted temperatures for the period are assumed to be normal, (i.e., the estimate incorporates the degree-day pattern from the normal 4,555 pattern).

This filing has Net Applicable Raw Material Expenses of \$351,238,460 with Applicable Sales of 56,507,855 Mcf. This calculated GCR factor in this filing is **\$3.0385** per Mcf .

## TABLE OF CONTENTS

Levelized Gas Cost.....	Schedule 1
Applicable Sales.....	Schedule 2
Three Months Actual vs. Estimated Summary of Fuels Purchased.....	Schedule 3
Projected Applicable Fuel Expense.....	Schedule 4
Fiscal Year 2002-2003 Estimated Natural Gas Refunds.....	Schedule 5
GCR Statement of Reconciliation – Sept. 2002 Through August 2003.....	Schedule 6
GCR Statement of Reconciliation –Sept. 2001 Through August 2002.....	Schedule 7
Finalized Statement of Reconciliation - FY2000-01.....	Schedule 8
Calculation of Recovered Charges - 4 <sup>th</sup> Quarter Filing.....	Schedule 9
Proposed Rates.....	Schedule 10
Natural Gas Cost.....	Schedule 11
Actual Natural Gas Cost.....	Schedule 12
Capacity Release Credit and Off System Sales Gross Revenue .....	Schedule 13

## Levelized Gas Cost Rate

Fourth Quarter GCR Filing  
September 1, 2002

## Formula:

$$\text{GCR} = ((\text{C}-\text{E}) / \text{S}) - \text{B}$$

where:

S = Applicable Sales Volume (Mcf)	56,507,855	(Schedule 2)
<i>Fuel</i>		
Net Natural Gas Expense	\$ 313,576,205	
Plus: Purchased Electric Expense	1,040,000	
Total Applicable Fuel Expense	\$ 314,616,205	
<i>Non-Fuel</i>		
Conservation Programs	2,200,000	
CRP Discounts	35,452,224	
Total Applicable Non-Fuel Expenses	\$ 37,652,224	
C = Applicable Raw Material Expense	\$ 352,268,429	(Schedule 4)
E = Adjustment For: Natural Gas Refunds	6,000,000	(Schedule 5)
Prior Reconciliation	(4,970,031)	
Total Adjustment	\$ 1,029,969	(Schedules 6,7,8)
C-E = Net Applicable Raw Material Expense	\$ 351,238,460	
Total Net Applicable Raw Material Expense	<u>351,238,460</u>	
B = Base Fuel Charge/Mcf	\$ 3.1800	
Projected Unit Cost of Fuel	\$ 6.2157	
Recovery Test on: Applicable Sales Volume of (Mcf)	56,507,855	
@ GCR in effect 9/01/02	\$ 3.0385	(Schedules 9 & 10)
@ Base Fuel Rate Effective 9/1/90	\$ 3.1800	
GCR Charge	\$ 171,543,389	
+ Base Fuel Charge	179,694,979	
= Total Projected Recovery	\$ 351,238,368	
Compared To		
Net Applicable Raw Material Expense	\$ <u>351,238,460</u>	
= Net Over/(Under) Recovery	\$ <u>(93)</u>	
Degree Days	4,555	

**Applicable Sales**  
**September 2002 Through August 2003**  
**GCR Calculations**

<u>MONTH</u>	<u>TOTAL BILLED SALES</u>	<u>LESS LBS &amp; RELATED</u>	<u>LESS SENIOR CITIZENS</u>	<u>TOTAL APPLICABLE SALES</u>
September-02	1,611,492	317,123	24,679	1,269,690
October	2,351,476	431,889	38,836	1,880,752
November	4,584,591	599,628	99,966	3,884,998
December	8,119,905	801,360	203,204	7,115,341
January-03	11,989,715	850,329	324,412	10,814,974
February	10,946,960	731,031	299,180	9,916,749
March	9,266,656	660,979	249,723	8,355,954
April	5,947,820	468,695	156,090	5,323,035
May	3,306,742	314,327	77,517	2,914,899
June	2,274,426	256,335	40,354	1,977,737
July	1,853,653	273,464	29,705	1,550,484
August	1,808,642	276,496	28,903	1,503,243
<b>TOTAL</b>	<u><u>64,062,079</u></u>	<u><u>5,981,655</u></u>	<u><u>1,572,569</u></u>	<u><u>56,507,855</u></u>

Philadelphia Gas Works  
 Summary of Fuels Purchased  
 Three Months Ending June 2002

	Actual				Third Quarter GCR Filing Projection				Actual Over/Under vs Projected			
	Apr-02	May-02	Jun-02	Total	Apr-02	May-02	Jun-02	Total	Apr-02	May-02	Jun-02	Total
<b>Total Natural Gas Billed</b>	\$ 14,998,648	\$ 24,402,654	\$ 24,576,568	\$ 63,977,870	\$ 25,699,641	\$ 23,257,940	\$ 19,721,594	\$ 68,679,175	\$ (10,700,993)	\$ 1,144,714	\$ 4,854,974	\$ (4,701,305)
<b>Less Interruptible Credit</b>	\$ 2,811,113	\$ 1,602,797	\$ 1,561,492	\$ 5,975,402	\$ 2,492,420	\$ 1,971,801	\$ 1,774,654	\$ 6,238,875	\$ 318,693	\$ (369,004)	\$ (213,162)	\$ (263,473)
<b>Pipeline Storages</b>												
(To)	\$ (1,822,962)	\$ (8,183,160)	\$ (10,872,105)	\$ (20,878,227)	\$ (4,361,983)	\$ (7,271,272)	\$ (6,758,778)	\$ (18,392,033)	\$ 2,539,021	\$ (911,888)	\$ (4,113,327)	\$ (2,486,194)
From	\$ 9,181,135	\$ (153,755)	\$ -	\$ 9,027,380	\$ 537,959	\$ 100,705	\$ -	\$ 638,674	\$ 8,643,166	\$ (254,460)	\$ -	\$ 8,388,706
<b>Net Pipeline Storages</b>	\$ 7,358,173	\$ (8,336,915)	\$ (10,872,105)	\$ (11,850,847)	\$ (3,824,014)	\$ (7,170,567)	\$ (6,758,778)	\$ (17,753,359)	\$ 11,182,187	\$ (1,166,348)	\$ (4,113,327)	\$ 5,902,512
<b>LNG Storage</b>												
(To)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From	\$ 364,138	\$ 355,015	\$ 332,836	\$ 1,051,989	\$ 456,861	\$ 472,980	\$ 460,797	\$ 1,390,638	\$ (92,723)	\$ (117,965)	\$ (127,961)	\$ (338,649)
<b>Net LNG Storage</b>	\$ 364,138	\$ 355,015	\$ 332,836	\$ 1,051,989	\$ 456,861	\$ 472,980	\$ 460,797	\$ 1,390,638	\$ (92,723)	\$ (117,965)	\$ (127,961)	\$ (338,649)
<b>NET NATURAL GAS</b>	\$ 19,909,846	\$ 14,817,957	\$ 12,475,807	\$ 47,203,610	\$ 19,840,068	\$ 14,588,552	\$ 11,648,959	\$ 46,077,579	\$ 69,778	\$ 229,405	\$ 826,848	\$ 1,126,031
<b>APPLICABLE GCR EXPENSES</b>												
<b>Net Natural Gas Expense</b>	\$ 19,909,846	\$ 14,817,957	\$ 12,475,807	\$ 47,203,610	\$ 19,840,068	\$ 14,588,552	\$ 11,648,959	\$ 46,077,579	\$ 69,778	\$ 229,405	\$ 826,848	\$ 1,126,031
<b>Electric</b>	\$ 86,699	\$ 74,254	\$ 55,364	\$ 216,317	\$ 72,891	\$ 72,891	\$ 72,891	\$ 218,673	\$ 13,808	\$ 1,363	\$ (17,527)	\$ (2,356)
<b>Non Fuel Expense:</b>												
Conservation Works Program	\$ 231,058	\$ 70,575	\$ 54,075	\$ 355,708	\$ 282,843	\$ 282,843	\$ 282,843	\$ 848,529	\$ (51,785)	\$ (212,288)	\$ (228,768)	\$ (492,821)
Customer Responsibility Program	\$ 2,573,123	\$ (342,418)	\$ (112,315)	\$ 2,118,390	\$ 2,834,972	\$ 1,887,668	\$ (667,282)	\$ 3,635,358	\$ (261,849)	\$ (2,010,086)	\$ 554,967	\$ (1,716,968)
<b>Total GCR Expenses</b>	\$ 22,800,726	\$ 14,820,368	\$ 12,472,931	\$ 49,894,025	\$ 23,030,774	\$ 16,611,954	\$ 11,337,411	\$ 50,980,139	\$ (230,048)	\$ (1,991,586)	\$ 1,135,520	\$ (1,086,114)

## Projected Applicable GCR Expense

	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Total
<b>Natural Gas Billed</b>	\$ 22,410,422	\$ 23,428,043	\$ 30,130,447	\$ 35,634,663	\$ 37,952,747	\$ 35,922,385	\$ 33,826,760	\$ 30,454,799	\$ 28,620,590	\$ 23,077,577	\$ 19,061,013	\$ 18,167,790	\$ 338,687,237
<b>LBS Credit</b>	\$ (1,317,137)	\$ (1,645,789)	\$ (2,386,121)	\$ (3,371,143)	\$ (3,659,095)	\$ (3,121,889)	\$ (2,744,468)	\$ (1,841,317)	\$ (1,214,110)	\$ (987,089)	\$ (1,011,901)	\$ (1,023,632)	\$ (24,333,689)
<b>Sendout Volume in MCF</b>	\$ 329,086	\$ 448,106	\$ 622,128	\$ 831,411	\$ 882,325	\$ 758,545	\$ 685,899	\$ 486,403	\$ 326,363	\$ 266,181	\$ 283,973	\$ 287,123	\$ 6,207,543
<b>LBS and Related</b>	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	1,0340	
<b>Price \$/Dkt</b>	\$ 3.8708	\$ 3.5520	\$ 3.7093	\$ 3.9214	\$ 4.0217	\$ 3.9803	\$ 3.8697	\$ 3.6611	\$ 3.5978	\$ 3.5864	\$ 3.4462	\$ 3.4479	
<b>Natural Gas</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
<b>To Storage</b>	\$ 7,278,781	\$ 2,685,077	\$ 85,123	\$ -	\$ -	\$ -	\$ -	\$ 6,356,644	\$ 11,377,953	\$ 9,739,356	\$ 7,064,778	\$ 6,130,146	\$ 50,717,858
<b>From Storage</b>	\$ -	\$ -	\$ 2,426,631	\$ 10,685,839	\$ 17,439,222	\$ 11,236,534	\$ 6,845,004	\$ 216,114	\$ 218,096	\$ -	\$ -	\$ -	\$ 49,067,440
<b>Net Natural Gas Storage</b>	\$ (7,278,781)	\$ (2,685,077)	\$ 2,341,508	\$ 10,685,839	\$ 17,439,222	\$ 11,236,534	\$ 6,845,004	\$ (6,140,530)	\$ (11,159,857)	\$ (9,739,356)	\$ (7,064,778)	\$ (6,130,146)	\$ (1,650,418)
<b>LNG</b>													
<b>To Storage</b>	\$ 1,987,131	\$ 1,427,324	\$ 540,777	\$ -	\$ -	\$ -	\$ -	\$ 975,701	\$ 1,757,069	\$ 1,248,400	\$ -	\$ -	\$ 7,936,402
<b>From Storage</b>	\$ 470,510	\$ 453,175	\$ 420,687	\$ 757,629	\$ 2,530,455	\$ 1,640,444	\$ 494,651	\$ 416,875	\$ 422,424	\$ 396,704	\$ 402,941	\$ 402,982	\$ 8,809,477
<b>Net LNG Storage</b>	\$ (1,516,621)	\$ (974,150)	\$ (120,090)	\$ 757,629	\$ 2,530,455	\$ 1,640,444	\$ 494,651	\$ (558,826)	\$ (1,334,645)	\$ (851,696)	\$ 402,941	\$ 402,982	\$ 873,075
<b>Net N. G. Expense</b>	\$ 12,297,882	\$ 18,123,028	\$ 29,965,745	\$ 43,706,987	\$ 54,253,329	\$ 45,677,475	\$ 38,421,948	\$ 21,914,126	\$ 14,911,978	\$ 11,499,436	\$ 11,387,276	\$ 11,416,993	\$ 313,576,205
<b>Applicable GCR Expense</b>													
<b>Net N.G. Expense</b>	\$ 12,297,882	\$ 18,123,028	\$ 29,965,745	\$ 43,706,987	\$ 54,253,329	\$ 45,677,475	\$ 38,421,948	\$ 21,914,126	\$ 14,911,978	\$ 11,499,436	\$ 11,387,276	\$ 11,416,993	\$ 313,576,205
<b>Purch Electric</b>	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,666	\$ 86,666	\$ 86,666	\$ 86,666	\$ 1,040,000
<b>Non-Fuel Expenses</b>													
<b>Conservation Works</b>	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,334	\$ 183,334	\$ 183,334	\$ 183,334	\$ 2,200,000
<b>Customer Responsibility Program</b>	\$ (1,173,997)	\$ (570,947)	\$ 968,201	\$ 5,429,199	\$ 10,578,324	\$ 9,569,826	\$ 7,949,517	\$ 3,967,896	\$ 1,001,521	\$ (372,193)	\$ (927,243)	\$ (965,680)	\$ 35,452,224
<b>Total Applicable GCR Expense</b>	11,393,885	17,822,081	31,203,946	49,406,186	65,099,653	55,517,101	46,641,465	26,152,022	16,183,499	11,397,243	10,730,033	10,721,313	352,268,429
<b>Total Applicable Sales</b>	1,269,690	1,880,752	3,884,998	7,115,341	10,814,974	9,816,749	8,355,954	5,323,035	2,914,899	1,977,737	1,550,484	1,503,243	56,507,855

PGW  
NATURAL GAS REFUNDS  
FY 2002-03

<u>Month</u>		<u>Pipeline</u>	<u>Amount</u>
November 2002	(Estimated)	Transco	\$6,000,000

FUEL ADJUSTMENT  
STATEMENT OF RECONCILIATION  
FOURTH QUARTER GCR FILING  
Forecast

NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2001-2002 OVER/(UNDER) RECOVERY	CARRYOVER DISTRIBUTED ON GCR BUDGET VOLUME	NET OVER/(UNDER) RECOVERY	
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9	
\$	(Mcf\$)	\$	\$	\$	\$	\$	\$	\$	\$	
<b>PRIOR CARRYOVER:</b>								(4,970,031)		
OVER/(UNDER) BILLING AS OF August 31, 2002								6,000,000		
NATURAL GAS REFUNDS										
TOTAL "E" FACTOR								1,029,969		
<b>2002-2003</b>										
SEPTEMBER	11,393,885	1,269,690	3.1800	4,037,615	7,356,271	2.9158	3,702,226	(3,654,045)	32,675	(3,621,370)
OCTOBER	17,822,081	1,880,752	3.1800	5,980,790	11,841,292	3.0385	5,714,664	(6,126,628)	41,771	(6,084,857)
NOVEMBER	31,203,946	3,884,998	3.1800	12,354,294	18,849,652	3.0385	11,804,566	(7,045,086)	74,363	(6,970,722)
DECEMBER	49,406,186	7,115,341	3.1800	22,626,785	26,779,402	3.0385	21,619,964	(5,159,438)	100,408	(5,059,030)
JANUARY	65,099,653	10,814,974	3.1800	34,391,619	30,708,035	3.0385	32,861,300	2,153,265	193,168	2,346,433
FEBRUARY	65,617,101	9,916,749	3.1800	31,535,261	23,981,840	3.0385	30,132,041	6,150,201	163,991	6,314,192
MARCH	46,641,465	8,355,954	3.1800	26,571,932	20,069,533	3.0385	25,389,565	5,320,032	145,248	5,465,280
APRIL	26,152,022	5,323,035	3.1800	16,927,252	9,224,770	3.0385	16,174,043	6,949,272	112,602	7,061,874
MAY	16,183,499	2,914,899	3.1800	9,269,377	6,914,122	3.0385	8,856,919	1,942,797	58,878	2,001,675
JUNE	11,397,243	1,977,737	3.1800	6,289,202	5,108,041	3.0385	6,009,353	901,312	41,232	942,544
JULY	10,730,033	1,550,484	3.1800	4,930,538	5,799,495	3.0385	4,711,145	(1,088,350)	33,337	(1,055,013)
AUGUST	10,721,313	1,503,243	3.1800	4,780,314	5,940,999	3.0385	4,567,605	(1,373,395)	32,296	(1,341,098)
<b>TOTAL</b>	<b>352,268,429</b>	<b>56,507,855</b>		<b>179,694,978</b>	<b>172,573,451</b>		<b>171,543,389</b>	<b>(1,030,062)</b>	<b>1,029,969</b>	<b>(93)</b>

FUEL ADJUSTMENT  
STATEMENT OF RECONCILIATION

September 01 Through August 02

									CARRYOVER DISTRIBUTED ON		
NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2001-2002 OVER/(UNDER) RECOVERY	GCR BUDGET VOLUMES	NET OVER/(UNDER) RECOVERY		
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9		
\$	(mcf's)	\$	\$	\$	\$	\$	\$	\$	\$		
<u>PRIOR YEAR'S CARRYOVER:</u>									0		
<u>2001-2002</u>											
SEPTEMBER	Actual	9,810,161	1,482,129	3.1800	4,713,170	5,096,991	5.5341	8,030,309	2,933,318	0	2,933,318
OCTOBER	Actual	17,402,604	1,894,724	3.1800	6,025,222	11,377,382	4.3724	7,771,443	(3,605,939)	0	(3,605,939)
NOVEMBER	Actual	24,062,253	3,373,129	3.1800	10,726,550	13,335,703	4.3724	14,520,916	1,185,213	0	1,185,213
DECEMBER	Actual	40,975,863	4,554,505	3.1800	14,483,326	26,492,537	3.7315	16,804,617	(9,687,920)	0	(9,687,920)
JANUARY	Actual	54,406,349	8,762,126	3.1800	27,863,561	26,542,788	3.1307	27,327,698	784,910	0	784,910
FEBRUARY	Actual	37,406,593	7,438,635	3.1800	23,654,859	13,751,734	3.1307	23,231,325	9,479,591	0	9,479,591
MARCH	Actual	39,099,483	6,588,468	3.1800	20,951,328	18,148,155	2.5576	16,877,458	(1,270,697)	0	(1,270,697)
APRIL	Actual	22,800,726	5,107,623	3.1800	16,242,241	6,568,485	2.0203	10,178,328	3,619,843	0	3,619,843
MAY	Actual	14,620,368	2,670,708	3.1800	8,492,851	6,127,517	2.0203	5,281,592	(845,925)	0	(845,925)
JUNE	Actual	12,472,931	1,670,306	3.1800	5,947,573	6,525,358	2.4067	4,307,654	(2,217,704)	0	(2,217,704)
JULY	Estimated	11,645,922	1,512,176	3.1800	4,808,720	6,837,202	2.7932	4,223,809	(2,613,393)	0	(2,613,394)
AUGUST	Estimated	11,611,736	1,464,963	3.1800	4,658,583	6,953,152	2.7932	4,091,936	(2,861,217)	0	(2,861,217)
<b>TOTAL</b>		<b>296,314,988</b>	<b>46,719,492</b>		<b>148,567,985</b>	<b>147,747,004</b>		<b>142,647,085</b>	<b>(5,099,919)</b>		<b>(5,099,919)</b>

Sept Thru August 2002 OVER/(UNDER) BILLING  
2001-2002 NATURAL GAS REFUNDS  
TOTAL "E" FACTOR

(5,099,919)  
129,888  
(4,970,032)



## CALCULATION OF RECOVERED CHARGES

Schedule 9

### September 1, 2002 Through August 31, 2003

	Usage		Usage		Total	
	MCFs	\$	MCFs	\$	MCFs	\$
Applicable Sales (MCFs)					56,507,855	
50% of September Remainder (11.5 Months)	634,845 <sup>(1)</sup>		55,873,010 <sup>(2)</sup>			
Base Fuel Factor \$/MCF	3.18		3.18			
Base Fuel Charge		2,018,807		177,676,172		179,694,979
GCR Fuel Factor \$/Mcf	2.7932		3.0385			
GCR Fuel Charge		1,773,249		169,770,141		171,543,390
<b>Total Projected Recovery</b>		<u>3,792,056</u>		<u>347,446,313</u>		<u>351,238,369</u>

<sup>(1)</sup> Proper utilization of sales include 15 days of average September billed sales recognizing PGW's cycle billing.

<sup>(2)</sup> Proper utilization of sales include 15 days of average September billed sales and billed sales for the months of October 2002 through August 2003 recognizing PGW's cycle billing.

## Philadelphia Gas Works

PROPOSED GCR RATES  
Effective September 1, 2002 \*

<u>Rate</u>	<u>Current Base Rate**</u> (1)	<u>Current GCR</u> (2)	<u>Current Commodity Rate</u> (3)=(1)+(2)	<u>Proposed GCR</u> (4)	<u>Proposed Commodity Rate</u> (5)=(1)+(4)	<u>Increase</u> (6)=(5)-(3)
Residential GS/PHAGS	\$ 7.4784	\$ 2.7932	\$ 10.2716	\$ 3.0385	\$ 10.5169	\$ 0.2453
Commercial GS/MUNGS	\$ 7.5716	\$ 2.7932	\$ 10.3648	\$ 3.0385	\$ 10.6101	\$ 0.2453
Industrial GS	\$ 7.5689	\$ 2.7932	\$ 10.3621	\$ 3.0385	\$ 10.6074	\$ 0.2453
Phila.Housing Authority (PHA)	\$ 7.5612	\$ 2.7932	\$ 10.3544	\$ 3.0385	\$ 10.5997	\$ 0.2453
Municipal (MS)	\$ 6.4130	\$ 2.7932	\$ 9.2062	\$ 3.0385	\$ 9.4515	\$ 0.2453

\* Excludes customer charges

\*\* Rate in effective as of April 16, 2002

**Natural Gas Prices Used In PGW's Fourth Quarter Filing**  
**Prepared - July 23, 2002**

Schedule 11

	DRI Prices										Basis Differentials										Prices Used For Gas Cost Inputs												
	Transco			TETCO							Hourly Hub	Transco			TETCO							NYMEX Futures 7/18/02 Close	Actual NYMEX	Transco			TETCO						
	Sta. 30	Sta. 45	Sta. 65	FLA	WLA	ETX	STX	Average FLA/ETX	M-I	Sta. 30		Sta. 45	Sta. 65	FLA	WLA	ETX	STX	Average FLA/ETX	M-I	Sta. 30	Sta. 45			Sta. 65	FLA	WLA	ETX	STX	Average FLA/ETX	M-I			
2002:7	3.27	3.31	3.35	3.26	3.28	3.24	3.23	3.25	3.37	3.35	(0.08)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.12)	(0.10)	0.02	2.943		3.15	3.22	3.27	3.19	3.17	3.13	3.13	3.16	3.28			
2002:8	3.23	3.26	3.30	3.21	3.23	3.19	3.19	3.20	3.32	3.30	(0.07)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.11)	(0.10)	0.02	2.943		2.87	2.90	2.94	2.85	2.87	2.83	2.83	2.84	2.96			
2002:9	3.13	3.16	3.20	3.11	3.14	3.10	3.11	3.11	3.21	3.20	(0.07)	(0.04)	0.00	(0.09)	(0.06)	(0.10)	(0.09)	(0.10)	0.01	2.950	NYMEX	2.88	2.91	2.95	2.86	2.89	2.85	2.86	2.86	2.96			
2002:10	3.43	3.45	3.50	3.42	3.43	3.39	3.40	3.41	3.51	3.50	(0.07)	(0.05)	0.00	(0.08)	(0.07)	(0.11)	(0.10)	(0.09)	0.01	2.985	NYMEX	2.92	2.94	2.99	2.91	2.92	2.88	2.89	2.89	3.00			
2002:11	3.46	3.50	3.55	3.46	3.47	3.43	3.42	3.45	3.58	3.55	(0.09)	(0.05)	0.00	(0.09)	(0.08)	(0.12)	(0.13)	(0.11)	0.03	3.309	DRI/Fut.	3.34	3.38	3.43	3.34	3.35	3.31	3.30	3.32	3.39			
2002:12	3.54	3.60	3.65	3.57	3.56	3.50	3.47	3.54	3.71	3.65	(0.11)	(0.05)	0.00	(0.08)	(0.09)	(0.15)	(0.18)	(0.12)	0.06	3.596	DRI/Fut.	3.51	3.57	3.62	3.54	3.53	3.47	3.44	3.51	3.60			
2003:1	3.58	3.64	3.69	3.63	3.60	3.55	3.52	3.59	3.77	3.70	(0.12)	(0.06)	(0.01)	(0.07)	(0.10)	(0.15)	(0.18)	(0.11)	0.07	3.741	DRI/Fut.	3.60	3.66	3.71	3.65	3.62	3.57	3.54	3.61	3.70			
2003:2	3.48	3.54	3.59	3.55	3.50	3.45	3.43	3.50	3.66	3.60	(0.12)	(0.06)	(0.01)	(0.05)	(0.10)	(0.15)	(0.17)	(0.10)	0.06	3.716	DRI/Fut.	3.54	3.60	3.65	3.61	3.56	3.51	3.49	3.56	3.64			
2003:3	3.38	3.42	3.47	3.42	3.39	3.35	3.35	3.39	3.52	3.48	(0.10)	(0.06)	(0.01)	(0.06)	(0.09)	(0.13)	(0.13)	(0.10)	0.04	3.676	DRI/Fut.	3.48	3.52	3.57	3.52	3.49	3.45	3.45	3.48	3.55			
2003:4	3.22	3.24	3.29	3.24	3.23	3.18	3.20	3.21	3.32	3.30	(0.08)	(0.06)	(0.01)	(0.06)	(0.07)	(0.12)	(0.10)	(0.09)	0.02	3.624	DRI/Fut.	3.38	3.40	3.45	3.40	3.39	3.34	3.36	3.37	3.43			
2003:5	3.20	3.22	3.27	3.20	3.20	3.16	3.18	3.18	3.28	3.27	(0.07)	(0.05)	0.00	(0.07)	(0.07)	(0.11)	(0.09)	(0.09)	0.01	3.639	DRI/Fut.	3.38	3.40	3.45	3.38	3.38	3.34	3.36	3.36	3.41			
2003:6	3.22	3.24	3.29	3.21	3.22	3.18	3.19	3.20	3.30	3.29	(0.07)	(0.05)	0.00	(0.08)	(0.07)	(0.11)	(0.10)	(0.09)	0.01	3.676	DRI/Fut.	3.41	3.43	3.48	3.40	3.41	3.37	3.38	3.39	3.44			
2003:7	3.24	3.28	3.32	3.23	3.25	3.21	3.20	3.22	3.34	3.32	(0.08)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.12)	(0.10)	0.02	3.715	DRI	3.24	3.28	3.32	3.23	3.25	3.21	3.20	3.22	3.34			
2003:8	3.28	3.31	3.35	3.26	3.28	3.24	3.24	3.25	3.37	3.35	(0.07)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.11)	(0.10)	0.02	3.764	DRI	3.28	3.31	3.35	3.26	3.28	3.24	3.24	3.25	3.37			

Actual Gas Cost

	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>
Williams	\$ 2,698,631	\$ 2,619,187	\$ 2,611,299
Texas Eastern	\$ 2,772,229	\$ 2,776,760	\$ 2,455,648
Dominion	\$ 129,909	\$ 131,495	\$ 129,472
Equitrans	\$ 33,558	\$ 34,540	\$ 34,491
ANR	\$ 156,519	\$ 163,660	\$ 163,429
Spot Purchases -TranSCO	\$ 1,052,100	\$ 1,847,385	\$ 2,370,113
Spot Purchases -Tetco	\$ -	\$ 39,112	\$ -
TranSCO Supply1	\$ 551,690	\$ 5,787,627	\$ 1,996,639
TranSCO Supply2	\$ -	\$ -	\$ -
TranSCO Supply3	\$ -	\$ 795,720	\$ 80,250
TranSCO Supply4	\$ -	\$ -	\$ -
TranSCO Supply5	\$ -	\$ -	\$ 45,122
TranSCO Supply6	\$ -	\$ 291,160	\$ 220,399
TranSCO Supply7	\$ -	\$ -	\$ 1,076,921
TranSCO Supply8	\$ 2,569,750	\$ 1,033,650	\$ 3,079,350
TranSCO Supply9	\$ -	\$ -	\$ -
TranSCO Supply10	\$ 1,052,100	\$ 1,052,250	\$ 2,292,607
TranSCO Supply11	\$ -	\$ -	\$ -
TranSCO Supply12	\$ -	\$ -	\$ -
TranSCO Supply13	\$ -	\$ 580,375	\$ 23,152
TranSCO Supply14	\$ 1,161,360	\$ 1,353,099	\$ 1,233,000
TranSCO Supply15	\$ -	\$ -	\$ -
Tetco Supply1	\$ 49,910	\$ 953,444	\$ 85,585
Tetco Supply2	\$ 1,025,100	\$ 1,011,840	\$ 1,093,500
Tetco Supply3	\$ -	\$ -	\$ -
Tetco Supply4	\$ -	\$ 129,912	\$ 17,626
Tetco Supply5	\$ -	\$ 55,048	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ 507,675	\$ 501,367	\$ 541,875
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ 510,675	\$ 539,753	\$ 544,875
Tetco Supply10	\$ -	\$ -	\$ 1,074,000
Tetco Supply11	\$ 507,300	\$ 500,495	\$ 526,500
Tetco Supply12	\$ 512,925	\$ 506,308	\$ 544,125
<b>Sub Total</b>	<b>\$15,291,432</b>	<b>\$ 22,704,186</b>	<b>\$ 22,239,978</b>
Deferred Gas Payment	\$0	\$2,375,865	\$1,156,000
Off System Sales	\$0	\$0	\$0
Gas Transportation	\$12,867	\$12,867	\$10,843
Adjustment	<u>(\$305,651)</u>	<u>(\$690,264)</u>	<u>\$1,169,747</u>
<b>Total Costs</b>	<b>\$ 14,998,648</b>	<b>\$ 24,402,654</b>	<b>\$ 24,576,568</b>

**Capacity Release Credit and Off System Sales Gross Revenue**  
**September 2002 through August 2003**

	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>TOTAL</u>
Capacity Release Credit													
Tetco	\$60,271	\$58,326	\$90,480	\$50,800	\$42,480	\$0	\$0	\$118,800	\$132,160	\$120,880	\$86,400	\$89,280	\$849,877
Transco	<u>\$121,675</u>	<u>\$69,750</u>	<u>\$66,000</u>	<u>\$49,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,200</u>	<u>\$54,000</u>	<u>\$96,000</u>	<u>\$99,200</u>	<u>\$575,025</u>
Total Release Credit	\$181,946	\$128,076	\$156,480	\$100,000	\$42,480	\$0	\$0	\$118,800	\$151,360	\$174,880	\$182,400	\$188,480	\$1,424,902
Gross OSS Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393,120	\$393,120	\$786,240
Total	\$181,946	\$128,076	\$156,480	\$100,000	\$42,480	\$0	\$0	\$118,800	\$151,360	\$174,880	\$575,520	\$581,600	\$2,211,142

### Reconciliation of Overcollection - 33.5MM Rate Increase

	October 01 (actual)	November 01 (actual)	December 01 (actual)	January 02 (actual)	February 02 (actual)	March 02 (actual)
Residential GS/PHA GS Sales(MCF)	1,453,875	2,548,958	3,491,860	7,037,472	5,883,687	5,222,954
Less-Discounted MCF	49,512	93,308	127,265	254,475	210,235	185,961
Applicable Sales	1,404,363	2,455,650	3,364,595	6,782,997	5,673,452	5,036,993
Overcollection-Cust. Count & Usage (\$/MCF)	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081
" " " -Revenue	\$ 1,468	\$ 19,891	\$ 27,253	\$ 54,942	\$ 45,955	\$ 19,742
" " " -\$39MM vs. \$33.5MM (\$/MCF)			\$ 0.1268	\$ 0.1268	\$ 0.1268	\$ 0.1268
" " " -Revenue			<u>\$ 137,623</u>	<u>\$ 860,084</u>	<u>\$ 719,394</u>	<u>\$ 309,044</u>
Total Overcollection	\$ 1,468	\$ 19,891	\$ 164,876	\$ 915,026	\$ 765,349	\$ 328,786
Cumulative Overcollection	\$ 1,468	\$ 21,359	\$ 186,235	\$ 1,101,261	\$ 1,866,610	\$ 2,195,395

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 EXPRESS MAIL

Stephen J. Keene, Esq.  
Christy M. Appleby, Esq.  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921

Steven C. Grey, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2<sup>nd</sup> Street  
Harrisburg, PA 17101

Craig A. Doll, Esq.  
25 North Front Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17101-1606

Johnnie Simms, Esq.  
Office of Trial Staff  
PA Public Utility Commission  
901 N. 7<sup>th</sup> Street, Rear  
P.O. Box 3265  
Harrisburg, PA 17105-3265

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

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

Richard LeLash  
Financial and Regulatory Consultant  
18 Seventy Acre Road  
Redding, CT 06896

Andrew Rosen, Esq.  
School District of Philadelphia  
Office of General Counsel  
2130 Arch Street, 5<sup>th</sup> Floor  
Philadelphia, PA 19103

Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Ave.  
Cambridge, MA 02140

Daniel Clearfield, Esq.  
Alan Kohler, Esq.  
Kevin J. Moody, Esq.  
Wolf, Block, Schorr and Solis-Cohen LLP  
212 Locust Street  
Suite 300  
Harrisburg, PA 17101

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AUG 30 2002

August 30, 2002  
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

  
Margaret Flores, Esq.

**Philadelphia Gas Works**



**ORIGINAL**

800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 236-0500

September 24, 2002

**RECEIVED**

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

SEP 24 2002

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

RE: Docket No. R-00006042

Dear Secretary McNulty,

On October 4, 2001, the Commission approved a \$28,067,000 rate increase for PGW at Docket No. R-00006042. However, on October 12, 2001, the Commission issued a subsequent Tentative Order stating that there may have been a calculation error in the original order. On the same day, the Company filed Tariff Supplement No. 13 implementing the rates provided for in the October 4, 2001 Order. On December 6, 2001, the Commission issued its final order reducing the permissible rate award to \$22,558,000.

By orders dated February 21, 2002 and April 11, 2002, the Commission decided that the reduced rate award would be effective December 6, 2001; and any rates collected after December 6, 2001 over the \$22,558,000 award would need to be refunded to customers. On March 1, 2002, PGW began refunding the overcollection through a commodity charge credit. The commodity charge credit was calculated using actual data from December 2001 and January 2002 and estimated data from February and March 2002. Total amount of the refund at that time was determined to be \$2,451,661.

The Commission in its February Order (subsequently modified by its April Order) directed the Company to refund the \$2,451,661 over six months. At the end of the six months, the Company was to stop the credit and reconcile the overcollection and refund using the actual numbers from February and March 2002.

By letter dated August 30, 2002, PGW notified the Commission that the commodity charge credit would cease on September 1, 2002, having been in place for six months. PGW is now in the process of reconciling the credit with PGW's actual overcollection experience. Using actual data through March 2002, PGW has calculated that it overcollected \$2,195,395. This information was provided to the Commission in

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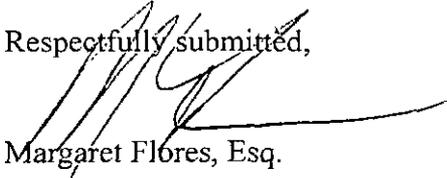
NOV 14 2002

the August 30, 2002 letter. However, the Company is still in the process of determining the amount refunded to customers. Due to PGW's billing cycle, the later number will not be available until the middle of October.

Therefore, the Company is requesting additional time to file the reconciliation statement according to Ordering Paragraph #4 of the April 1, 2002 Order. PGW anticipates that it will have the data finalized and available for filing with the Commission by the week of October 21, 2002.

Please contact PGW's counsel, Alan Kohler at 717-237-7172, if there is any problem with this request or if the Commission needs additional information.

Respectfully submitted,



Margaret Flores, Esq.

cc: Karen Moury, Esq.  
Veronica Smith, Executive Director  
Robert Rosenthal, Bureau of Fixed Utility Services  
Stephen Keene, Esq., Office of Consumer Advocate  
Johnnie Simms, Esq., Office of Trial Staff  
Steven Grey, Esq., Office of Small Business Advocate  
Phillip Bertocci, Esq., Community Legal Services  
Charis Burak, Esq., McNees, Wallace, Nurick  
Daniel Clearfield, Esq., Wolf, Block, Schorr and Solis-Cohen, LLP  
Alan Kohler, Esq., Wolf, Block, Schorr and Solis-Cohen, LLP

212 Locust Street, Suite 300, Harrisburg, Pennsylvania 17101  
Tel: (717) 237-7160 ■ Fax: (717) 237-7161 ■ www.WolfBlock.com

Kevin J. Moody  
Direct Dial: (717) 237-7187  
Direct Fax: (717) 237-2767  
E-mail: kmoody@wolfblock.com

November 1, 2002

VIA HAND DELIVERY

James J. McNulty, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street, 2nd Floor  
P.O. Box 3265  
Harrisburg, PA 17102

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SECRETARY'S BUREAU

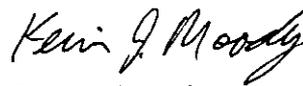
RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works  
Docket Nos. R-00005619, R-00005654, R-00006042, et al.

Dear Secretary McNulty:

Enclosed for filing, in the above-referenced matters, are the original and three copies of Philadelphia Gas Work's Petition for Amendment of Orders Requiring Monthly Reports. As evidenced by the Certificate of Service, all parties have been served in the manner indicated.

If you have any questions regarding this filing, please contact me.

Sincerely,



Kevin J. Moody

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

KJM/jlg  
Enclosures

cc: Certificate of Service (w/enc)  
Robert Young, Esq. (w/enc)  
Karen Moury, Esq. (w/enc)

DSH:34321.1/PHI211-156208

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY  
COMMISSION, ET AL.  
v.  
PHILADELPHIA GAS WORKS  
(Petition for an Expedited Proceeding to  
Consider Philadelphia Gas Works 2000-2001  
Gas Cost Rate Filing)

Docket No. R-00005619  
P.U.C.  
SECRETARY'S BUREAU

**DOCKETED**  
NOV 12 2002

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION, ET AL.  
v.  
PHILADELPHIA GAS WORKS  
(Petition for Establishment of Interim Rate  
Procedures and for a Declaratory Order)

Docket No. R-00005654

**DOCUMENT**

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION

R-00006042  
R-00006042C0001 *et al.*  
C-00014826 – C-00014828  
C-00014843  
C-00014910  
C-00015037  
C-00015044 – C-00015048  
C-00015050  
C-00015098

v.  
PHILADELPHIA GAS WORKS  
(Permanent Base Rate Increase)

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**PETITION FOR AMENDMENT OF ORDERS  
REQUIRING MONTHLY REPORTS**

---

**I. INTRODUCTION**

Philadelphia Gas Works ("PGW" or "Company") hereby respectfully requests that the PUC orders requiring PGW to file certain monthly reports (the "GCR Monthly Reports" and the "Monthly Progress Reports") be amended to authorize PGW to discontinue filing these reports and, in lieu thereof, to submit the information with continued relevance in reports that PGW continues to be obligated to file. This proposal is acceptable to all of the formal parties in PGW's most recent GCR and base rate cases.

PGW believes that these specific reports, detailing PGW's progress on past conditions and commitments by the Company, have served their purpose and are no longer necessary. PGW is preparing for the restructured regulatory environment as shown by its Restructuring filing on July 1, 2002, and it needs to direct its resources to this task. Moreover, the quality of PGW's service during the interim period has improved and continues to be monitored and addressed by the PUC and interested parties through PGW's Restructuring proceeding, as well as through monthly meetings with the Commission's Bureau of Consumer Services ("BCS") and public advocate representatives. In addition, nearly all the information required in the GCR Monthly Reports will be provided to the Commission and interested parties in PGW's annual Section 1307(f) proceedings.

As indicated, none of the parties that has been receiving copies of the GCR Monthly Reports and Monthly Progress Reports objects to PGW's request to discontinue filing these reports, although the OCA and CEPA conditioned their position on PGW continuing to make gas procurement data available in PGW's annual Section 1307(f) proceedings and continuing to provide certain information in BCS monthly meetings and in other reports and sources.<sup>1</sup>

Accordingly, PGW respectfully requests that the orders requiring PGW to file the GCR Monthly Reports and Monthly Progress Reports be amended to authorize PGW to discontinue

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<sup>1</sup> To accommodate the OCA's and CEPA's concerns, PGW proposes to continue to provide certain customer service improvement information in the monthly meetings with Commission staff (which will be available to the OCA and CEPA) and on PGW's website as well as in quarterly reports, which would also include information concerning PGW's cast iron main replacement program. PGW also proposes to include in its semi-annual management audit Progress Reports the information required by Commitment #1 concerning PGW's Billing System stabilization project plan, as well as information concerning PGW's "Transition to Excellence" plan and "best practices" working group – information that is not otherwise provided to the Commission. These proposals are acceptable to the OCA and CEPA.

filing these reports and, in lieu thereof, to authorize PGW to submit the following information and reports:

Quarterly Progress Report (beginning January 2003)

- Cast iron main replacement program (in lieu of Monthly Progress Report Commitment #2)
- Improvements in PGW's customer service functions ( in lieu of Monthly Progress Report Commitment #3 and Commitment #5)
- LNG Liquefaction Replacement Program (in lieu of GCR Monthly Report Ordering Paragraph No. 5 and Monthly Progress Report Commitment #4)

Management Audit Progress Report (due April /October)

- PGW's "Transition to Excellence" plan (in lieu of Monthly Progress Report Commitment #1 - "Regulatory" category)
- Billing System stabilization project plan (in lieu of Monthly Progress Report Commitment #1 - "Stabilization" category)
- "Best Practices" working group (in lieu of Monthly Progress Report Commitment #6)
- Implementation of management audit (In lieu of Commitment #7)

In support of this request, PGW states as follows:

**II. BACKGROUND**

1. On November 22, 2000, the Commission resolved two filings by PGW – a GCR proceeding and a request for an interim rate increase – by entering separate but related orders.

2. The November 22, 2000 Order at Docket No. R-00005619 ("GCR Order") approved an increase in PGW's 2000-2001 GCR contingent upon PGW's acceptance of the following conditions:

[Ordering Paragraphs]

2. That PGW define its objectives and procedures for its on-going gas price hedging, including the scope, control, and financial exposure aspects of its prospective hedging initiatives.
3. That PGW review storage management transactions to lower costs and working capital requirements.
4. Reexamine its pipeline capacity contracts and seek to eliminate as many fixed demand charges as possible

5. Proceed with the first phase of its planned Liquefied Natural Gas (LNG) Liquefaction Replacement Program and affirm that the project will not violate any federal regulations or jeopardize the facility's exempt status under 49 C.F.R. Section 193.
6. Seek to determine why the level of unaccounted for gas losses continue to rise.
7. Attempt to gain flexibility by shortening the duration of its supply and capacity contracts and by staggering contract expirations to best match supply and demand in the unbundled gas market.

Order at 21-22. The PUC's Order also stated that the "Commission expects PGW to report on the status of these activities to the Commission via monthly reports which will allow the Commission to monitor PGW's progress." Order at 20. Since that Order, PGW has filed GCR Monthly Reports at Docket No. R-00005619 in compliance with the Commission's directives.

3. The November 22, 2000 at Order Docket No. R-00005654 ("Interim Base Rate Order") granted PGW interim base rate relief contingent upon PGW's acceptance of various conditions. Those conditions and reporting requirements were subsequently modified by a February 22, 2001 PUC order which approved a PUC Law Bureau-PGW settlement ("Joint Petition"). The reporting requirements that continued to be applicable are as follows:

[Ordering Paragraphs]

- ....
4. PGW must 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;
  5. PGW must achieve a 1% replacement rate in its main replacement program, as provided for in the Company's base case capital budget;
  6. 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 correcting its BCCS system problems;
  7. PGW must proceed with its LNG Liquefaction Replacement Program to ensure system supply and reliability are maintained;

8. PGW must show improvement 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 customer dispute reports (to include the number of customer disputes filed, the 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.

11. 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.

12. 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.

Order at 28-30. Since that time, PGW has filed Monthly Progress Reports at Docket No. R-00005654 to report on its progress in complying with the following agreed upon initiatives.

4. On January 5, 2001, PGW requested a permanent base rate increase. The proceeding was docketed at No. R-00006042. In its Order entered October 4, 2001 approving an increase in PGW's base rates, the Commission ordered that PGW "continue to monitor and address its quality of service issues. Specifically, that the Philadelphia Gas Works continue to adhere to the commitments and the ongoing implementation of the various conditions outlined in the Management Audit process, as well as the Interim Rate Settlement proceeding and the 2000-2001 GCR proceeding." October 4, 2001 Order at 110.

## II. GCR MONTHLY REPORT

5. PGW respectfully submits that the GCR Monthly Report required by the Commission's Order at Docket No. R-00005619 is no longer necessary because the vast majority of the information contained in the report will be provided annually in PGW's 1307(f) proceedings as required by Section 1317 of the Public Utility Code and Section 53.64(c) of the Commission's regulations, 52 Pa. Code § 53.64(c). The rest of the information concerns PGW's Liquefied Natural Gas ("LNG") Liquefaction Replacement Program, which is 99% complete, and customer service improvement information that is currently provided to the PUC and public advocate representatives through monthly meetings with Commission staff, on PGW's website, and in a quarterly reporting format which PGW proposes to continue.

6. The information required by Ordering Paragraph Nos. 2-7 in the GCR Order will be provided in PGW's annual Section 1307(f) proceedings in accordance with Section 1317 of the Public Utility Code and the Commission's regulations at 52 Pa. Code § 53.64(c), as follows:

- Ordering Paragraph No. 2 – §§ 1317(a)(3) and 1317(d); 52 Pa. Code § 53.64(c)(6).
- Ordering Paragraph No. 3 – §§ 1317(a)(2), (3); 1317(c)(2) and 1317(d); 52 Pa. Code § 53.64(c)(1), (3), (5)-(7).
- Ordering Paragraph No. 4 – §§ 1317(a)(1)-(3) and 1317(d); 52 Pa. Code § 53.64(c)(1), (3), (4), (6).
- Ordering Paragraph No. 5 – § 1317(a)(3); 52 Pa. Code § 53.64(c)(1), (5), (6), (10).
- Ordering Paragraph No. 6 – § 1317(d); 52 Pa. Code § 53.64(c)(5), (6).
- Ordering Paragraph No. 7 – §§ 1317(a)(2), (3); 1317(c)(2) and 1317(d); 52 Pa. Code § 53.64(c)(1), (3), (5)-(7).

In addition, the information required by Ordering Paragraph No. 5 pertains specifically to PGW's Liquefied Natural Gas ("LNG") Liquefaction Replacement Program which is nearly complete. PGW has been reporting the progress of this project in its GCR Monthly Report as

well as the Monthly Progress Report (PGW Commitment #4), and PGW proposes to continue including this information in quarterly reports until project completion.

7. The customer service improvement information required by Ordering Paragraph No. 1 in the GCR Order is provided to the PUC via monthly Customer Service Initiative (“CSI”) meetings with staff of the Commission’s Bureau of Consumer Services as well as representatives of CEPA and the OCA, and is also published on PGW’s website ([www.pgworks.com](http://www.pgworks.com)).

8. PGW has discussed discontinuing the filing of the GCR Monthly Reports with the parties that have been receiving these reports and no party objects to PGW’s request to discontinue filing this report, although the OCA and CEPA conditioned their position on PGW’s assurances that the information required by Ordering Paragraph Nos. 2-7 will be provided in PGW’s annual Section 1307(f) proceedings, and that the customer service improvement information required by Ordering Paragraph No. 1 will continue to be provided in some manner. To provide these assurances, in Paragraph 6 above PGW has referenced the specific Public Utility Code and regulatory provisions which require the Ordering Paragraph Nos. 2-7 information to be provided in PGW’s annual Section 1307(f) proceedings, and PGW also proposes to continue providing the Ordering Paragraph No. 1 customer service information in the monthly CSI meetings and on its website.

### **III. MONTHLY PROGRESS REPORT**

9. PGW respectfully submits that the Monthly Progress Report required by the Commission’s Order at Docket No. R-00005654 is no longer necessary because the information required is either already available to the PUC and interested parties, included within the management audit Progress Reports, or currently provided in a quarterly format which PGW proposes to continue.

10. Much of the information required by Commitment #1 ("Transition to Excellence" plan) arising from Interim Base Rate Order is already available to the PUC and interested parties through copies of the regulatory filings ("Regulatory" category) and through monthly CSI meetings and on PGW's website ("Regulatory" and "Call Center" categories), or is included within the management audit Progress Reports and is being addressed in PGW's Restructuring proceeding ("Stabilization" category re Billing System project).

11. PGW acknowledges the OCA's concerns that some of the information required by Commitment #1 is not otherwise provided in a similar format and that the Progress Reports addressing implementation of the management audit recommendations include many aspects of Commitment #1, #6 and #7. Accordingly, in lieu of the Monthly Progress Report, PGW proposes to streamline and include within its semi-annual management audit Progress Reports the information included within the "Regulatory" category of Commitment #1 concerning the regulatory filings and actions thereon at the Philadelphia Gas Commission, as well as the information pertaining to Commitment #6 ("best practices" working group) and Commitment #7 ("implementation of management audit").

12. Commitment #2 pertains to PGW's ongoing, annual obligation to achieve a 1% replacement rate for cast iron pipe as provided for in PGW's capital budget. Since this information is not otherwise provided to the PUC or interested parties, PGW proposes to continue providing the information on a quarterly basis rather than a monthly basis.

13. Commitment #3 and Commitment #5 pertain to customer service improvement issues which PGW proposes to continue reporting on a quarterly basis.

14. Commitment #4 concerns PGW's LNG project which is nearly complete (and which is also addressed in the GCR Monthly Report in response to Ordering Paragraph No. 5 in

the GCR Order). As stated above with respect to the GCR Monthly report, PGW proposes to continue reporting this information on a quarterly basis until project completion.

15. PGW has discussed discontinuing the filing of the Monthly Progress Reports with the parties that have been receiving these reports and no party objects to PGW's request to discontinue filing this report, although the OCA and CEPA conditioned their position on PGW's assurances that the information concerning PGW's filings at the Philadelphia Gas Commission ("Commitment # 1), PGW's "Best Practices" working group ("Commitment # 6) and the implementation of the management audit ("Commitment # 7) be included within PGW's management audit Progress Report, and that the customer service improvement issues continue to be provided in quarterly reports. As stated above, PGW's proposals accept the OCA's and CEPA's conditions.

#### **IV. APPROVAL OF PGW'S REQUEST IS IN THE PUBLIC INTEREST**

16. The PUC's orders imposed these conditions and commitments to facilitate PGW's transition to full PUC regulation and to ensure that PGW provided safe and reasonable service during the interim period.<sup>2</sup> PGW's transition to full PUC regulation has begun with the filing of PGW's restructuring proceeding on July 1, 2002.<sup>3</sup> PGW's reports demonstrate that PGW has improved its operations, and the quality of PGW's service is being addressed in PGW's Restructuring proceeding.

17. Neither the Commission nor the parties receiving the GCR Monthly Reports and the Monthly Progress Reports will be disadvantaged if the Commission approves PGW's request to discontinue filing these monthly reports because the customer service information is currently provided to the PUC and public advocate representatives through monthly meetings with

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<sup>2</sup> GCR Order at 20; Interim Base Rate Order at 24.

<sup>3</sup> PGW's Restructuring proceeding is docketed at M-00021612.

Commission staff, on PGW's website, and in a quarterly reporting format which PGW proposes to continue. In addition, PGW proposes to include in its semi-annual management audit Progress Reports the other information that is not otherwise provided to the Commission.

18. Granting PGW's request will permit PGW to utilize staff more efficiently by allocating and assigning staff to the many tasks that must be addressed in PGW's Restructuring proceeding while continuing to provide the Commission and interested parties with the required information.

19. Except for the concerns noted by OCA and CEPA, the parties receiving these monthly reports do not object to PGW's request to discontinue filing the monthly reports. PGW's proposal addresses the OCA's and CEPA's concerns and PGW has been authorized to state that PGW's proposal is acceptable to the OCA and CEPA.

## V. CONCLUSION

WHEREFORE, PGW respectfully requests that the Commission approve this petition and amend the Orders entered November 22, 2000 and February 22, 2001 at Docket Nos. R-00005619 and R-00005654, and the Order entered October 4, 2001 at Docket Nos. R-00006042, *et al.*, to provide as follows:

1. That PGW discontinue filing the GCR Monthly Reports and Monthly Progress Reports.
2. That in lieu of the Monthly Progress Reports, PGW shall submit the following information and reports to the Commission:

Quarterly Progress Report at Docket No. R-00005654, beginning January 2003

- PGW's cast iron main replacement program (Monthly Progress Report Commitment #2)
- Improvements in PGW's customer service functions (Monthly Progress Report Commitment #3 and Commitment #5)

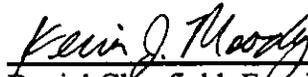
- LNG Liquefaction Replacement Program, until completion (GCR Monthly Report Ordering Paragraph No. 5 and Monthly Progress Report Commitment #4)

Management Audit Progress Report (due April /October)

- PGW's "Transition to Excellence" plan (Monthly Progress Report Commitment #1 - "Regulatory" category)
- Billing System stabilization project plan (Monthly Progress Report Commitment #1 - "Stabilization" category)
- "Best Practices" working group (Monthly Progress Report Commitment #6)
- Implementation of management audit (Monthly Progress Report Commitment #7)

3. That PGW serve copies of the reports upon the OCA, CEPA, the OSBA, the Office of Trail Staff, and other interested parties upon request.

Respectfully submitted,



---

Daniel Clearfield, Esquire  
Kevin J. Moody, Esquire  
Wolf, Block, Schorr and Solis-Cohen LLP  
212 Locust Street, Suite 300  
Harrisburg, PA 17101  
(717) 237-7160

Counsel for Philadelphia Gas Works

Date: November 1, 2002

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 FIRST CLASS MAIL

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

Philip Bertocci, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102  
Fax: 215-981-0434

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

Richard LeLash  
Financial and Regulatory Consultant  
18 Seventy Acre Road  
Redding, CT 06896  
Fax: 203-431-9625

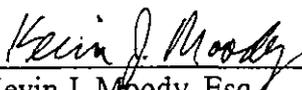
Johnnie Simms, Esq.  
Office of Trial Staff  
PA Public Utility Commission  
Commonwealth Keystone Bldg., 2 West  
400 North Street  
Harrisburg, PA 17120

Andrew Rosen, Esquire  
School District of Philadelphia  
Office of General Counsel  
2130 Arch Street, 5th Floor  
Philadelphia, PA 19103  
Fax: 215-988-0579

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

Brian Kalcic  
Excel Consulting  
Suite 720-T  
225 S. Meramec Avenue  
St. Louis, MO 63105  
Fax: 314-725-2022

Date: November 1, 2002

  
\_\_\_\_\_  
Kevin J. Moody, Esq.

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PENNSYLVANIA  
SECRETARY'S BUREAU

212 Locust Street, Suite 300, Harrisburg, Pennsylvania 17101  
Tel: (717) 237-7160 ■ Fax: (717) 237-7161 □ www.WolfBlock.com

Alan C. Kohler  
Direct Dial: (717) 237-7172  
E-mail: ackohler@wolfblock.com

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PA PUC  
SECRETARY'S BUREAU

November 6, 2002

James McNulty, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

DOCUMENT  
FOLDER

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;  
R-00006042; Reconciliation of Commodity Charge Credit

Dear Secretary McNulty:

On October 4, 2001, October 12, 2001, February 21, 2002 and April 11, 2002, the Commission issued a series of Orders at the above referenced docket addressing the implementation of a base rate increase for Philadelphia Gas Works ("PGW"). The net effect of these Orders, as relevant here, was to require PGW to implement a Commodity Charge Credit ("CCC") to base rates for a six month period and then to reconcile the amounts credited through the CCC to match any actual overcollections above the Commission's base rate award. The Commission's April 11, 2002 Order indicated that the final reconciliation should be implemented through a base rate adjustment.

On September 24, 2002, PGW submitted a letter to the Commission informing the Commission and the parties that the final reconciliation would not be completed until the end of October and that the final calculations would be submitted to the Commission as soon as they were completed. Attached for your review is the final reconciliation statement for the CCC. Note that the result of the final reconciliation is an over-refund of \$59,304.

Because of the relatively small amount of the over-refund, it would be impractical and unreasonable to account for the reconciliation through a base rate adjustment. Accordingly, PGW plans to comply with the Commission's requirements by accounting for the \$59,304 over-refund through its December quarterly GCR filing.

DSH:34360.1/PHI211-156924

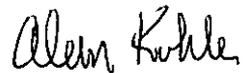
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November 6, 2002

Page 2

If you have any questions or concerns regarding this matter, feel free to contact me. Otherwise, PGW will proceed to finalize this matter as indicated above.

Respectfully submitted,



Alan C. Kohler

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

AK/lww  
Enclosure

cc: All Parties of Record w/enc.

## 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 FIRST CLASS MAIL

Johnnie Simms, Esq.  
Office of Trial Staff  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
E-mail: [Simmsj@puc.state.pa.us](mailto:Simmsj@puc.state.pa.us)

Charis M. Burak, Esquire  
McNEES, WALLACE, NURICK  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
E-mail: [Cburak@mwn.com](mailto:Cburak@mwn.com)

Stephen Gray, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2nd Street  
Harrisburg, PA 17101  
E-mail: [sgray@state.pa.us](mailto:sgray@state.pa.us)

Tanya McCloskey, Esq.  
James Mullins, Esq.  
Steve Keene, Esq.  
Office of Consumer Advocate  
5th Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921  
E-mail: [TmcCloskey@paoca.org](mailto:TmcCloskey@paoca.org)  
[Skeene@paoca.org](mailto:Skeene@paoca.org)

Lance Haver  
6048 Ogontz Avenue  
Philadelphia, PA 19141  
(CEPA)

Larry Speilvogel  
203 Hughes Road  
King of Prussia, PA 19406  
(PICGUG)  
E-mail: [spielvogel@comcast.net](mailto:spielvogel@comcast.net)

Richard Lelash  
Financial and Regulatory Consultant  
18 Seventy Acre Road  
Redding, CT 06896  
(OCA)  
E-mail: [Lelash@sprintmail.com](mailto:Lelash@sprintmail.com)

Philip Bertocci, Esq.  
Edward A. McCool, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102  
Fax: (215) 981-0434  
E-mail: [pbertocci@clsphila.org](mailto:pbertocci@clsphila.org)

Brian Kalcic  
Excel Consulting  
Suite 720-T  
225 S. Meramec Avenue  
St. Louis, MO 63105  
(OSBA)  
Fax: (314) 725-2022

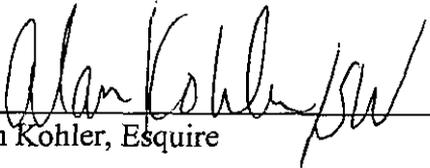
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Richard A. Baudino  
J. Kennedy and Associates  
570 Colonial Park Dr., Suite 305  
Roswell, GA 30075  
E-mail: [Rbaudino@jkenn.com](mailto:Rbaudino@jkenn.com)

Dated: November 6, 2002

  
\_\_\_\_\_  
Alan Kohler, Esquire

**Reconciliation of Overcollection - 33.5MM Rate Increase**

	October 01 (actual)	November 01 (actual)	December 01 (actual)	January 02 (actual)	February 02 (actual)	March 02 (actual)
Residential GS/PHA GS Sales(MCF)	1,453,875	2,548,958	3,491,860	7,037,472	5,883,687	5,222,954
Less-Discounted MCF	49,512	93,308	127,265	254,475	210,235	185,961
Applicable Sales	1,404,363	2,455,650	3,364,595	6,782,997	5,673,452	5,036,993
Overcollection-Cust. Count & Usage (\$/MCF)	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081
"    "    "-Revenue	\$ 1,468	\$ 19,891	\$ 27,253	\$ 54,942	\$ 45,955	\$ 19,742
"    "    "-\$39MM vs. \$33.5MM (\$/MCF)			\$ 0.1268	\$ 0.1268	\$ 0.1268	\$ 0.1268
"    "    "-Revenue			\$ 137,623	\$ 860,084	\$ 719,394	\$ 309,044
<b>Total Overcollection</b>	\$ 1,468	\$ 19,891	\$ 164,876	\$ 915,026	\$ 765,349	\$ 328,786
<b>Cumulative Overcollection</b>	\$ 1,468	\$ 21,359	\$ 186,235	\$ 1,101,261	\$ 1,866,610	\$ 2,195,395

	March 02 (actual)	April 02 (actual)	May 02 (actual)	June 02 (actual)	July 02 (actual)	August 02 (actual)	Sept 02 (actual)
Credit- (\$/MCF)	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185
Total Credit	\$ 435,429	\$ 732,094	\$ 379,054	\$ 263,814	\$ 175,288	\$ 157,774	\$ 111,246
<b>Cumulative Credit</b>	\$ 435,429	\$ 1,167,523	\$ 1,546,577	\$ 1,810,391	\$ 1,985,679	\$ 2,143,453	\$ 2,254,699

Total Over-Refunded

\$ 59,304

**DOCKETED**  
DEC 02 2002

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DATE: November 8, 2002

SUBJECT: R-00005619;R-00006042

TO: Office of Special Assistants

FROM: James J. McNulty, Secretary *J.J.*

**DOCKETED**  
NOV 12 2002

**DOCUMENT**

Pennsylvania Public Utility Commission  
v.  
Philadelphia Gas Works

---

Attached is a copy of a Petition for Amendment of Orders Requiring Monthly Reports, filed by Philadelphia Gas Works in connection with the above docketed proceedings.

This matter is assigned to your Office for appropriate action.

Attachment

cc: FUS  
BCS  
OTS

was

I N T E R  
O F F I C E

MEMO

November 15, 2002

**Subject:** R-00005619; R-00006042; Pa. PUC v. Philadelphia Gas Works  
**To:** James McNulty  
Secretary  
**From:** Cheryl Walker Davis, Director  
Office of Special Assistants *CWD*

On November 12, 2002, the Office of Special Assistants received a Petition for Amendment of Orders Requiring Monthly Reports, filed by Philadelphia Gas Works. Please be advised that, after consultation with Bob Young of the Law Bureau, it has been determined that this matter would more appropriately be assigned to the Law Bureau.

Accordingly, please reassign this matter as indicated. If you have any questions, please contact Teri Mathias at 7-8039.

cc: Law

DOCUMENT  
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DEC 10 2002

*ok to Re-assign  
g 11/29/02*

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NOV 15 2002  
SECRETARY'S BUREAU

COMMONWEALTH OF PENNSYLVANIA

DATE: December 2, 2002  
SUBJECT: R-00005619; R-00006042  
TO: Law Bureau  
FROM: James J. McNulty, Secretary

Philadelphia Gas Works

Per memo dated November 15, 2002, from Cheryl Walker Davis, Director, Office of Special Assistants, the above docketed proceedings are being reassigned to your Office for appropriate action.

was

pc: OSA

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DEC 10 2002