

ORIGINAL

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PHILADELPHIA GAS WORKS

DOCKET No. R-00061931

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DEC 22 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

VOLUME II

Part 2 of 2

TESTIMONY & EXHIBITS

December 2006

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**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TESTIMONY OF

CRAIG WHITE

ON BEHALF OF

PHILADELPHIA GAS WORKS

Docket No. R-00061931

December 2006

1 **I. QUALIFICATIONS AND PURPOSE OF TESTIMONY**

2 **Q. PLEASE STATE YOUR NAME, POSITION WITH THE COMPANY AND**  
3 **BUSINESS ADDRESS.**

4 A. My name is Craig White. My position is Executive Vice President and Acting Chief  
5 Operating Officer. My business address is 800 W. Montgomery Avenue, Philadelphia,  
6 PA.

7 **Q. HOW LONG HAVE YOU HELD THIS POSITION?**

8 A. I assumed the position of Acting Chief Operating Officer on July 26, 2001. My two most  
9 recent positions before Acting Chief Operating Officer were Vice President,  
10 Marketing/Economic and New Business Development (November 1998 to November  
11 1999) and Senior Vice President, Marketing & Supply Services (November 1999 to July  
12 2001).

13 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

14 A. My formal responsibilities include the management of the following areas: Operations,  
15 Customer Service, Sales and Marketing, Gas Management, Human Resources and  
16 Information Technology.

17 **Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.**

18 A. I have held the following positions at PGW: Accounting Specialist, Office of VP,  
19 Finance; Demand Analyst, Energy Planning & Forecasting Department; Planning  
20 Analyst, Corporate Planning & Analysis Department; Federal Regulatory Specialist and  
21 Administrator - Federal Regulatory Affairs, Gas Acquisitions & Federal Regulatory  
22 Affairs Department; Manager – Energy Planning & Federal Regulatory Affairs  
23 Department, Vice President, Marketing/Economic and New Business Development, and  
24 Senior Vice President, Marketing & Supply Services.

1 Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.

2 A. I received a Bachelor's Degree in Business Administration, from Kutztown University in  
3 1978 and a Master's Degree (MBA) Finance/Management from Drexel University in  
4 1986.

5 Q. HAVE YOU EVER PROVIDED TESTIMONY TO THIS COMMISSION  
6 BEFORE?

7 A. Yes. I have provided direct written testimony concerning PGW's Proposed 2000-2001  
8 Gas Cost Rate. I have also submitted testimony in: 1) PGW's interim rate proceeding  
9 (Docket No. R-00005654); 2) its last two base rate proceedings (Docket Nos. R-  
10 00006042 and R-00017034); the Company's Restructuring Proceeding (Docket No. M-  
11 00021612; and 4) the Exelon/PSEG Merger Proceeding (Docket No. A110550F0160).

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. The purpose of my testimony is to describe and support:

- 14 1) the process used to develop the sales forecast for the test year;
- 15 2) PGW's rate methodology for Interruptible Service and Interruptible  
16 Transportation Service; and
- 17 3) the allocation of the proposed \$100 million base rate increase by customer class.

18 I will also explain the Company's Capital Budget constraints.

19 II. SALES FORECAST PROCEDURES

20 Q. WHAT PROCEDURES DID PGW EMPLOY WHEN FORECASTING SALES  
21 FOR THE TEST YEAR?

22 A. The total system-wide demand is a function of the projected gas demand per customer  
23 and the anticipated number of customers in each class. In determining customer demand,  
24 consideration is given to projecting customer usage, augmented by significant gains or  
25 losses in each of 44 homogeneous groups for the period being projected. PGW's Gas

1 Planning Department attempts to determine for each customer class the level of demand  
2 related to experienced temperatures and the level of demand that is not affected by  
3 changes in temperature. Within each class the most recent summer and winter usage  
4 patterns are established from historical records. Summer data provides each class of  
5 customer's non-temperature sensitive load requirements (baseload) which can be  
6 expressed in terms of thousands of cubic feet (Mcf) per day, per customer. Similarly,  
7 winter data, after removal of the daily baseload level, determines the temperature  
8 sensitive load requirements for each class of customer.

9 This temperature sensitive usage primarily reflects space heating, but also  
10 includes such other temperature sensitive usage as water heating attributable to colder  
11 water inlet temperatures due to colder ground temperatures and similar process  
12 variations, as well as supplementary heating. This overall heating requirement can be  
13 expressed in terms of the cubic feet of gas utilized per degree of temperature change on a  
14 per customer basis for each separate customer classification. In addition, consideration is  
15 given to the variation of customer utilization patterns for space heating over the year,  
16 recognizing the transitional fall start-up of heaters, the deep winter period needs and the  
17 tapering off and shut-down which occurs in the spring. These usage patterns, taken in  
18 conjunction with anticipated customer counts and average temperature, form the basis of  
19 determining customer class and total system demands.

20 **Q. WHAT IS A DEGREE DAY?**

21 A. The term "degree days" quantifies the daily average degrees of temperature below a base  
22 level of 65 degrees Fahrenheit and is used as a tool to measure space heating  
23 requirements, i.e., on a day experiencing an average temperature of 40 degrees F., there  
24 would be 25 degree days.

1 **Q. PLEASE EXPLAIN THE USE OF "NORMALIZED" TEMPERATURES.**

2 A. Due to the inconsistencies of weather and weather forecasting techniques, and because  
3 test year data are required to reflect "normal" conditions, no attempt is made to predict  
4 the specific daily temperatures of the projection period. Instead, PGW has developed a  
5 normal monthly temperature pattern by analyzing statistical records of actual temperature  
6 patterns over a 30-year period. This pattern reflects 4,525 degree-days annually.

7 The annual 4,525 degree-days which compose the PGW normal monthly  
8 temperature patterns form the basis of the calculation of the temperature sensitive  
9 component of demand. Exhibit CW-1 documents Philadelphia's 30 year monthly degree  
10 day history. The application of the above-described baseload and space heating factors  
11 and customer counts, when applied to a calendar-based daily temperature pattern,  
12 produces a daily total of customer requirements identified as sendout.

13 **Q. AFTER APPLYING THESE FORECASTING PROCEDURES, WHAT SALES**  
14 **VOLUME DID PGW DETERMINE WAS APPROPRIATE FOR THE TEST**  
15 **YEAR?**

16 A. After considering all relevant factors, it was determined that sales volume would remain  
17 static from FY 2006 to FY 2007 (the test year). Therefore, PGW has modeled test year  
18 sales based on FY 2006 sales experience. PGW's sales data reveal a steady decline in its  
19 firm sales volume, on a normalized basis, during the past four fiscal years. Exhibit CW-2  
20 documents actual sales volumes normalized to 4,525 degree days for the four fiscal years  
21 ending August 31, 2003, 2004, 2005 and 2006. As shown on line 40 of Exhibit CW-2  
22 and in Exhibit CW-3, normalized firm sales have decreased by 1.2 Bcf, 2.7 Bcf and 3.6  
23 Bcf from FY 2003 to 2004, FY 2004 to 2005 and FY 2005 to 2006, respectively, for a  
24 total reduction of 7.5 Bcf. It is clear that firm sales have decreased, in large part, due to  
25 conservation and energy efficiency. This reduction is related both to the increased

1 saturation of energy efficient appliances and more energy efficient buildings, as well as in  
2 response to increased heating bills. Due to the fact that PGW is forecasting natural gas  
3 prices to remain relatively the same in FY 2007 as compared to FY 2006, it does not  
4 reasonably anticipate firm sales to decrease further during FY 2007 due to customer  
5 conservation efforts related to price, nor, conversely, increase for the same reason. This  
6 forecast is conservative because it does not take into account the effect of the continued  
7 penetration of energy efficient appliances.

8 **Q. PLEASE DESCRIBE IN GREATER DETAIL THE FACTORS THAT PGW HAS**  
9 **CONSIDERED IN DETERMINING FORECASTED TEST YEAR SALES?**

10 A. Several other factors have been considered; specifically, PGW's historical firm sales  
11 decline, the advent of energy efficient appliances combined with better insulated homes  
12 and Philadelphia's declining population. As a result of all of these factors, PGW has  
13 experienced a historical decline in firm sales and normalized average annual residential  
14 heating usage. As shown in Exhibit CW-4, normalized average annual residential heating  
15 usage has decreased from 135 Mcf annually during FY 1976 to the present average of 89  
16 Mcf. PGW believes that firm sales decline is based upon two main factors: energy  
17 efficiency/conservation and Philadelphia's declining population.

18 **Energy efficiency/conservation** - a recent American Gas Association report has  
19 found that individual consumer natural gas usage has steadily decreased during the period  
20 of 1980 to 2001 due to conservation efforts. The report states that "[a]lthough the  
21 number of gas customers in the U.S. increased by nearly 33 percent between 1980 and  
22 2001, overall consumption increased very little because of increased energy efficiency.  
23 The average use [nationally] per residential gas customer (weather normalized) was 109  
24 MMBtu per year in 1980, but only 85 MMBtu per year in 2001." According to the AGA,

1 "[o]ver half of this dramatic reduction is attributable to more efficient appliances and  
2 about one-quarter is due to tighter homes. The remainder is due to a variety of  
3 demographic and miscellaneous factors."<sup>1</sup> Additionally, the AGA projects that gas  
4 consumption per customer will continue to fall throughout its most recent forecast period  
5 (i.e. until 2020) but at a slower rate – “roughly 0.5 percent per year versus the 1 percent  
6 annually experienced since 1980.”<sup>2</sup>

7 **Philadelphia’s population and occupied housing unit decline** – According to  
8 U.S. Census Bureau data, the population of Philadelphia has decreased by 122,000 people  
9 and the occupied housing units have decreased by almost 38,000 units during the 15 year  
10 period from 1990 to 2005. During the same 15 year period, the eight counties closest to  
11 Philadelphia in Pennsylvania and New Jersey have experienced population growth by  
12 almost 442,000 people. See Exhibit CW-5. Furthermore, U.S. Census data shows that  
13 from 1970 to 2005, Philadelphia’s population and occupied housing units have decreased  
14 by 486,000 people and 77,000 units, respectively. See Exhibit CW-6.

15 In conclusion, it is apparent that factors will continue to exist in Philadelphia that  
16 erode PGW’s sales. Even if natural gas prices were to remain at current levels or slightly  
17 decrease, national studies show that individual consumer natural gas usage will continue  
18 to drop as the result of the installation of more energy efficient appliances, better  
19 insulated homes and conservation. Beyond that, both Philadelphia’s population and  
20 occupied housing units have been trending downward for the last 35 years.

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<sup>1</sup> American Gas Association and Energy and Environmental Analysis, Inc., *Natural Gas outlook to 2020, The U.S. Natural Gas Market – Outlook and Options for the Future*, February 2005, p. 25.

<sup>2</sup> *Id.*

1 **III. PGW'S RATE METHODOLOGY FOR INTERRUPTIBLE SERVICE AND**  
2 **INTERRUPTIBLE TRANSPORTATION SERVICE**

3 **Q. DID PGW PREPARE AN ANALYSIS OF THE COST OF PROVIDING**  
4 **INTERRUPTIBLE TRANSPORTATION SERVICE?**

5 A. Yes, the Company was directed to present such a cost study by the Commission in its  
6 Restructuring Proceeding (Docket No. M-00021612). The cost study is presented in Mr.  
7 Gorman's testimony (PGW St. 8) as Exhibit HSG-8.

8 **Q. WHAT DOES THE COST STUDY SHOW?**

9 A. The cost study shows that, in total, interruptible transportation margin exceeds the cost of  
10 providing the service to those customers by \$2,070,000.

11 **Q. WHAT DOES THE COST OF SERVICE STUDY SHOW FOR INTERRUPTIBLE**  
12 **SALES CUSTOMERS?**

13 A. The cost study shows that the charges to the interruptible sales class of customers (i.e.,  
14 customers with alternative fuel capability that buy a bundled, natural gas product) are  
15 \$2,735,000 below the cost of providing the service. See Mr. Gorman's testimony (PGW  
16 St. 8) - Exhibit HSG-7C.

17 **Q. WHAT IS PGW'S PROPOSAL FOR SETTING INTERRUPTIBLE**  
18 **TRANSPORTATION AND INTERRUPTIBLE SALES RATES?**

19 A. The Company is not proposing any change to the GTS / IT Rate Classes' maximum rates  
20 because interruptible transportation customer rates are set by contract and reflect market  
21 prices related to the alternative fuel.

22 As for the interruptible sales rate classes, the customer charges were increased by  
23 the system average distribution revenue increase (distribution revenue includes delivery  
24 charge revenue plus customer charge revenue). This worked out to a 23% increase in  
25 customer charges for the interruptible sales rate classes. No other changes were proposed

1 to the interruptible sales rate classes because the rates are set on a market basis in relation  
2 to alternative fuel prices.

3 **Q. PLEASE FURTHER EXPLAIN PGW'S PROPOSAL.**

4 A. The customers in these interruptible transportation and interruptible sales rate classes  
5 have the choice to burn natural gas or their alternative fuel. The market price of the  
6 commodities determines the customer's fuel choice. The rates are set through negotiation  
7 with the alternative fuel price available to the customer as the starting point.

8 The current interruptible transportation service maximum price structure is based  
9 on the average bundled interruptible service margins during the 5 years prior to PGW's  
10 restructuring. If PGW were to adjust the maximum IT rates to reflect the most current  
11 five years average, the IT rate maximums would be increased. Alternatively, if the  
12 maximum IT rates were to be adjusted downward, the burden would fall on the firm  
13 customer to replace these revenues. In other words, the rates of firm customers would  
14 have to be increased to a greater level in order to recover the reduced margin PGW  
15 presently projects it will recover from this customer class. Moreover, the rates that IT  
16 customers now pay are individually negotiated based upon the customer's alternative fuel  
17 opportunities, whether the customer is willing to agree to minimum usage levels and  
18 other factors. Most customers are currently charged a rate that is lower than the  
19 maximum rates.

20 Similarly, the current interruptible sales rates are defined by the tariff and are  
21 based on the price of the competitive fuel source. The tariff provides a price range, and  
22 the rates are set on a monthly basis, giving consideration to the market conditions. The  
23 margin from interruptible sales customers is used to reduce the GCR. Therefore, a  
24 reduction in interruptible sales rates would directly increase the GCR rates for firm sales

1 customers. Therefore, PGW is not proposing any revision of the maximum rates set forth  
2 in the tariff.

3 **IV. ALLOCATION OF PROPOSED RATE INCREASE BY CUSTOMER CLASS**

4 **Q. WHAT WERE THE GOALS OF THE COMPANY'S PROPOSED REVENUE**  
5 **ALLOCATION AND RATE DESIGN?**

6 A. The Company's goals in its proposed revenue allocation and rate design were:

- 7 • To gradually move the Rate Classes closer to their full cost of service;
- 8 • To maintain equal delivery charge rates among Rate Classes where  
9 equality exists today (e.g., among Residential Heat, Residential Non-Heat and  
10 Philadelphia Housing Authority General Service);
- 11 • To minimize the impact on low load factor customers; and
- 12 • To avoid the "rate shock" and cost shifts that would occur if all customers  
13 were moved immediately to their full cost of service.

14 **Q. PLEASE DESCRIBE HOW THE COMPANY IMPLEMENTED THESE GOALS.**

15 A. The Company implemented its revenue allocation goals by directing Mr. Gorman to  
16 adhere to the following general directives:

17 1. Observe the principles of gradualism and avoid rate shock by allocating  
18 the rate increase in such a way that carefully moves the Residential Heating Class's rate  
19 of return at proposed rates closer to the system rate of return, as compared to the Class's  
20 rate of return at present rates.

21 2. Make no changes to GTS/IT Rate Class maximum rates because these  
22 customers' rates are set by contract in relation to alternative fuel prices.

23 3. Make no change to Interruptible Sales volumetric rates, while increasing  
24 the customer charge to cover costs.

1           4.       Allocate the remaining rate increase to the other firm sales Rate Classes,  
2 to produce the needed rate increase in a fair and reasonable manner.

3           Mr. Gorman used these directives to produce the proposed rates that are displayed  
4 in his testimony, as presented on Exhibit HSG-7A.

5 **Q.   HOW DID THE COMPANY USE THIS INFORMATION IN ITS PROPOSED**  
6 **RATE DESIGN?**

7 A.   The Company specified the following for developing proposed rates for firm sales  
8 classes:

9           1.       No changes to Customer charges.

10          2.       Delivery charges rates were set to be the same among Rate Classes where  
11 equality exists today (e.g., Residential Heat, Residential Non-Heat and Philadelphia  
12 Housing Authority General Service).

13          The results of these computations, which also display PGW's Proof of Revenue  
14 are presented on Exhibit CW-7. The proposed rates used to prepare the proof of revenue  
15 at the Company's proposed rates, are displayed in Exhibit HSG-6T.

16 **Q.   DO THE PROPOSED REVENUE ALLOCATION AND RATE DESIGN MEET**  
17 **THE COMPANY'S GOALS AS YOU STATED THEM EARLIER?**

18 A.   Yes, they do.

19          •       To implement a gradual process of moving the Rate Classes closer to  
20 their full cost of service: Exhibit HSG-7C line 23 shows that each Rate Class has made  
21 considerable progress toward unity based on relative rates of return.

22          •       To maintain equal delivery charges rates among Rate Classes where  
23 equality exists today: this has been maintained.

24          •       To minimize the impact on low load factor customers: this was  
25 accomplished by keeping the Customer Charge the same as at present.

1           •       To avoid the “rate shock” and cost shifts that would occur if all customers  
2 were moved immediately to their full cost of service; this has been accomplished. In  
3 other words, PGW applied the principles of gradualism by not attempting to progress  
4 towards unity in one single base rate proceeding, but in accordance with a plan to achieve  
5 this result over the next several years.

6 **V.   CAPITAL BUDGET CONSTRAINTS DUE TO CASH FLOW**

7 **Q.   HAS PGW EXPERIENCED CONSTRAINTS ON ITS CAPITAL SPENDING**  
8 **DURING THE LAST SEVERAL YEARS DUE TO ITS FINANCIAL**  
9 **CONDITION?**

10 **A.**   Yes. During the last several years, the financial condition of the Company has required it  
11 to exclude from its capital budgets many projects that were not directly needed for the  
12 safety and reliability of its system. This “safety and reliability only” approach to capital  
13 improvements has forced the Company to extend the use of various structures, equipment  
14 and facilities well beyond their normal, useful life, thereby increasing maintenance costs  
15 and making them more susceptible to costly failure. Should such equipment fail  
16 suddenly, PGW would have to spend unbudgeted funds for replacement. Customer  
17 service or certain other operations could be affected by such failures.

18 **Q.   WHAT ARE SOME AREAS IN WHICH SPENDING HAS BEEN**  
19 **CONSTRAINED?**

20 **A.**   PGW has delayed projects in the Gas Processing and Facilities departments for projects  
21 totaling \$17 million and \$14 million, respectively. Further, although PGW is currently in  
22 the midst of a safety, reliability and customer service-related fleet revitalization program,  
23 fleet purchases were woefully inadequate during the seven year period from 1999 to  
24 2005.

25 **Q.   WHAT TYPES OF CAPITAL PROJECTS HAVE BEEN DELAYED IN THE GAS**  
26 **PROCESSING AND FACILITIES DEPARTMENTS?**

1 A. The following are examples of delayed Gas Processing projects:

2 • Upgrades/Replacements of Emergency Generating and Switchgear  
3 Equipment (\$5.0 MM) – Emergency electrical generating equipment and switchgear in  
4 some cases are over 35 years old with obsolete and increasingly unreliable components.

5 • Security Enhancements (\$2.5 MM) – Security enhancements have been  
6 made at some locations. Other areas have been deferred as federal funding through the  
7 Department of Homeland Security is pursued.

8 • Replace Station Heaters (\$3.0 MM) – Process heaters at Meter and  
9 Regulatory Stations in some cases date back to the 1950's.

10 • Upgrade LNG Control Room (\$0.5 MM) – The antiquated LNG Control  
11 Room at the Richmond Plant is over 35 years old. Upgrading has been delayed until the  
12 Cascade Liquefier is fully replaced.

13 The following are examples of delayed Facilities projects:

14 • Roofs (\$2.7 MM) – the roofs were evaluated using an Engineering firm  
15 specializing in roof systems.

16 o 1849 N. 9th Street- Originally placed in 1953.

17 o 1800 N. 9th Street – Twenty year old roof with major leaks.

18 o North Philadelphia District Office – Originally placed in 1979.

19 Major active leaks.

20 o 800 North 9th Street – Originally placed in 1988. The overall  
21 condition is poor and has reached its life expectancy. Active leaks.

22 o West Philadelphia District Office – Twenty plus years in poor  
23 condition. Several active roof leaks.

1                   o       Porter Outlying Station – Age of roof unknown. Limited amount  
2 of drainage, several active leaks, and the membrane is in poor condition.

3                   o       Belfield Outlying Station – Twenty five year old roof. The roof is  
4 in poor condition with multiple active leaks.

5                   •       Chillers (\$1.3 MM) – These units have failed due to deferments.

6                   o       800 Building – Originally placed in 1988. This unit has a fifteen  
7 year life expectancy. Fourteen condenser tubes are damaged beyond repair. The second  
8 unit is operating at 50% capacity.

9                   o       1800 N. 9th - Unit is thirty-five years old. This unit has totally  
10 failed. The second unit was placed in 1986 and has exceeded its life expectancy.

11                  o       North Philadelphia District Office – The unit was installed in  
12 1989. This unit has totally failed.

13                  •       Windows (\$5 MM) – The windows in 1800 N. 9th are thirty years old  
14 with major leaks creating damage to offices and furniture.

15                  •       District Office Renovations (\$2.7 MM) – The District Offices have gone  
16 through several alterations, but no renovations since the 1990's. The ceiling tiles, air  
17 packaging units, carpet, wiring, cubicle and office furniture and walls require  
18 replacement. The offices are in poor condition. The offices are our first physical contact  
19 with the customer.

20 **Q.   WHAT HAS BEEN PGW'S HISTORY OF FINANCIAL CONSTRAINTS WITH**  
21 **RESPECT TO VEHICLE REPLACEMENT?**

22 **A.**   From 1999 to 2005, PGW did not consistently fund a vehicle equipment replacement and  
23 preventive maintenance program. In fact, during this seven year period, the annual cost  
24 of recurring annual capital expenditures to keep the fleet on an optimal life cycle is

1 estimated to be \$23MM while PGW only spent \$9MM. This lack of spending drove  
2 operating costs higher, drove vehicle reliability lower, and imposed productivity penalties  
3 on the organization, thereby, affecting customer service. Moreover, vehicles were aging  
4 without replacement; failure rates were up and vehicle availability dropped; vehicles  
5 were pushed into a run to failure mode; and daily operations consisted of handling  
6 breakdowns and other driver/operator reported problems.

7 As noted, PGW adopted a five year fleet revitalization plan in 2005. PGW's  
8 newly initiated program includes all types of vehicles and equipment replacement  
9 including sedans, trucks, compressors, and construction equipment. Without adequate  
10 resources, however, PGW may soon find itself facing the same types of deficiencies as it  
11 experienced in the 1999-2005 period.

12 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

13 **A. Yes.**

Philadelphia Gas Works  
Annual Degree Day History

Exhibit CW-1

YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL	HTG SEASON
1975-76	50	180	369	870	1,104	677	585	301	115	14	0	1	4,266	4,251
1976-77	35	367	713	1,030	1,296	833	517	303	77	31	0	0	5,202	5,171
1977-78	22	304	507	923	1,129	1,053	771	392	171	8	7	0	5,287	5,272
1978-79	51	263	492	809	1,014	1,136	552	398	76	19	7	0	4,817	4,791
1979-80	27	328	435	800	986	991	752	309	64	20	8	8	4,728	4,692
1980-81	12	297	628	973	1,154	702	719	265	97	5	0	0	4,852	4,847
1981-82	38	320	542	896	1,189	837	685	389	49	23	0	0	4,968	4,945
1982-83	23	242	463	682	912	811	631	337	112	2	0	0	4,215	4,213
1983-84	42	241	503	965	1,112	741	858	382	128	0	1	2	4,975	4,972
1984-85	68	100	546	676	1,143	839	644	319	93	20	0	0	4,448	4,428
1985-86	40	186	430	953	972	914	607	352	82	9	0	13	4,558	4,536
1986-87	23	222	575	787	988	860	582	344	117	0	0	0	4,498	4,498
1987-88	19	336	485	767	1,089	855	603	413	109	32	0	0	4,708	4,676
1988-89	28	378	474	868	829	828	684	344	146	1	0	0	4,580	4,579
1989-90	47	210	565	1,187	727	650	578	352	115	5	1	1	4,438	4,431
1990-91	51	159	452	705	908	674	598	308	45	12	0	0	3,912	3,900
1991-92	60	228	504	769	883	787	732	408	171	14	1	3	4,560	4,542
1992-93	64	332	537	816	836	946	786	355	59	12	0	1	4,744	4,731
1993-94	73	281	522	868	1,210	932	721	232	159	2	0	2	5,002	4,998
1994-95	23	242	412	718	835	919	583	353	115	6	0	0	4,206	4,200
1995-96	48	227	685	1,013	1,055	859	783	355	192	6	0	0	5,223	5,217
1996-97	42	258	680	766	1,000	678	661	383	154	40	0	0	4,662	4,622
1997-98	45	274	625	825	727	607	588	241	64	7	1	0	4,004	3,996
1998-99	7	188	441	657	884	700	654	297	58	6	0	0	3,892	3,886
1999-00	25	235	403	725	974	738	456	329	75	19	1	1	3,981	3,960
2000-01	57	197	537	1,011	926	728	700	283	66	1	0	0	4,506	4,505
2001-02	51	193	302	633	723	631	548	273	109	8	0	1	3,472	3,463
2002-03	5	282	541	851	1,081	909	597	361	167	31	0	0	4,825	4,794
2003-04	14	249	395	804	1,149	771	564	303	43	13	0	0	4,305	4,292
2004-05	<u>15</u>	<u>236</u>	<u>448</u>	<u>783</u>	<u>984</u>	<u>746</u>	<u>728</u>	<u>246</u>	<u>141</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>4,333</u>	<u>4,327</u>
30 year average	37	252	507	838	994	812	649	331	106	12	1	1	4,539	4,525
New Temperature Pattern	37	252	507	838	994	812	649	331	105					4,525

**NORMALIZED SALES\***  
**4525 DEGREE DAYS**

Exhibit CW-2

	ACTUAL 2002-03	ACTUAL 2003-04	ACTUAL 2004-05	ACTUAL 2005-06	ESTIMATED 2006-07
1 <b>Non-Heating</b>					
2 Residential	1,852,983	1,824,015	1,786,120	1,476,725	1,301,851
3 CRP	191,811	176,932	214,084	173,417	160,236
4 Commercial	1,830,889	1,829,041	1,780,942	1,746,562	1,705,062
5 Industrial	417,021	398,021	332,006	330,665	345,260
6 Municipal	279,140	278,814	286,266	300,550	262,687
7 Housing Authority	-	-	-	-	-
8 NGV Firm	-	-	-	205	367
9					
10 <b>Total Firm Non-Heating</b>	<b>4,571,845</b>	<b>4,506,822</b>	<b>4,399,416</b>	<b>4,028,124</b>	<b>3,775,463</b>
11					
12 <b>Interruptible</b>					
13 BPS Small	202,045	138,378	205,052	138,990	162,979
14 LBS-L Direct	435,406	261,893	97,363	12,859	20,549
15 LBS-XL Direct	196,520	111,660	10,520	5,530	2,280
16 BPS Large	2,519,029	2,112,027	2,685,780	1,434,847	1,930,440
17 LBS-L Indirect	1,046,910	551,949	390,664	147,920	374,983
18 LBS-S	1,004,609	649,581	787,319	375,222	528,265
19 LBS-XL Indirect	351,858	34,636	62,348	188,569	54,118
20 CO-GEN Indirect	110,392	97,770	46,639	16,741	15,834
21 GTS Sales	8,074	9,819	115,814	12,987	-
22 BPS A/C	219,140	135,711	108,978	92,193	109,062
23 NGV				0	0
24					
25 <b>Total Interruptible</b>	<b>6,093,984</b>	<b>4,103,424</b>	<b>4,510,477</b>	<b>2,425,858</b>	<b>3,198,508</b>
26					
27 <b>Total Non-Heating</b>	<b>10,665,829</b>	<b>8,610,246</b>	<b>8,909,893</b>	<b>6,453,981</b>	<b>6,973,971</b>
28					
29 <b>Heating</b>					
30 Residential	36,532,166	34,327,557	32,460,730	28,261,461	28,330,724
31 CRP	6,426,569	7,750,986	7,604,731	8,717,133	8,676,014
32 Housing Authority - GS	413,485	344,658	288,614	276,313	281,374
33 Commercial	8,868,057	8,929,618	8,605,626	8,394,848	8,498,418
34 Industrial	867,193	764,477	733,705	680,563	734,897
35 Municipal	1,134,763	1,040,093	858,081	997,551	1,006,598
36 Housing Authority - PHA	649,915	605,894	580,196	590,446	548,297
37					
38 <b>Total Heating</b>	<b>54,892,147</b>	<b>53,763,283</b>	<b>51,131,684</b>	<b>47,918,317</b>	<b>48,076,322</b>
39					
40 <b>Total Firm</b>	<b>59,463,992</b>	<b>58,270,105</b>	<b>55,531,100</b>	<b>51,946,441</b>	<b>51,851,785</b>
41					
42 <b>Total Gas Sales</b>	<b>65,557,976</b>	<b>62,373,529</b>	<b>60,041,577</b>	<b>54,372,298</b>	<b>55,050,293</b>
43					
44 GTS Transport	10,827,982	8,946,447	11,624,395	10,727,487	13,323,287
45					
46 <b>Total Gas Sales &amp; Transpor</b>	<b>76,385,958</b>	<b>71,319,976</b>	<b>71,665,972</b>	<b>65,099,785</b>	<b>68,373,580</b>
47					
48 Degree Days (Sept. - May)	4,794	4,292	4,327	3,819	4,525

**Philadelphia Gas Works**

Exhibit CW-3

	<u>2002-3</u>	<u>2003-4</u>	<u>2004-5</u>	<u>2005-6</u>	<u>2006-7</u>
Total Firm Sales - Mcf (Exhibit CW-2)	59,464,000	58,270,000	55,531,000	51,946,441	51,851,785
Annual Firm Sales Decrease		(1,194,000)	(2,739,000)	(3,584,559)	
Cumulative Firm Sales Decrease		(1,194,000)	(3,933,000)	(7,517,559)	
Actual Average Residential Heating Bill	\$ 1,301.00	\$ 1,425.00	\$ 1,572.00	\$ 1,676.00	
Actual Average Annual Residential Usage - Mcf	104	96	97	80	
Heating Degree Days	4,825	4,305	4,394	3,821	

30 Year History of Firm Sendout

Exhibit CW-4

	Degree Days	Actual * Firm Sendout (MCFS)	Actual * Firm Sales (MCFS)	Normalized Avg. usage Residential Heating (Incl CRP & GS PHA)	Normalized Degree Days	
1975-76	4,251	66,636,601	64,263,153	135	4,600	
1976-77	5,171	72,140,440	69,776,021	132	4,600	
1977-78	5,272	73,013,873	70,310,495	131	4,600	
1978-79	4,791	69,857,430	67,271,446	130	4,600	
1979-80	4,692	71,380,450	68,245,364	126	4,600	
1980-81	4,847	77,031,062	73,512,195	129	4,600	
1981-82	4,950	72,864,957	70,570,434	125	4,600	
1982-83	4,253	61,532,199	59,852,766	117	4,600	
1983-84	4,972	67,016,489	65,431,904	116	4,600	
1984-85	4,428	60,479,535	58,478,748	112	4,600	
1985-86	4,536	62,878,074	60,488,488	112	4,600	
1986-87	4,498	63,339,307	61,062,454	114	4,600	
1987-88	4,676	64,442,197	62,857,333	114	4,600	
1988-89	4,579	64,560,074	62,089,829	113	4,600	
1989-90	4,431	63,085,559	61,490,531	113	4,600	
1990-91	3,900	57,514,348	56,429,388	111	4,600	
1991-92	4,542	63,307,894	61,229,637	109	4,600	
1992-93	4,744	65,409,560	63,121,368	109	4,600	
1993-94	4,998	68,562,020	65,447,189	109	4,600	
1994-95	4,200	58,363,993	56,293,911	106	4,600	
1995-96	5,169	68,082,909	65,445,097	107	4,600	
1996-97	4,622	62,311,409	59,750,160	105	4,600	
1997-98	4,004	54,829,411	53,631,087	104	4,600	
1998-99 **	3,886	56,104,064	53,750,575			
1999-00 **	3,960	58,581,424	54,863,781			
2000-01	4,506	62,336,148	60,787,516	103	4,555	
2001-02	3,463	49,562,584	47,689,182	98	4,555	
2002-03	4,794	64,320,834	62,158,347	102	4,555	
2003-04	4,292	58,697,275	56,267,326	100	4,555	
2004-05	4,327	56,113,854	53,902,476	95	4,555	
7 & 5 Act/Est	2005-06	3,982	50,132,597	48,374,214	89	4,525
Budget	2006-07	4,525	54,459,936	52,553,847	89	4,525

\*Includes Utility use

\*\*No data available due to implementation of BCCS

## U.S. Census Bureau Data

	<u>1990</u> <u>Census</u>	<u>2000</u> <u>Census</u>	<u>2005</u> <u>Census Bur.</u> <u>Estimate</u>
<b>Philadelphia - Population</b>	1,585,577	1,517,550	1,463,281
1990 to 2000 decrease	68,027		
2000 to 2005 decrease	54,269		
1990 to 2005 decrease	122,296		
<b>Philadelphia - Occupied Housing Units</b>	603,075	590,071	565,433
1990 to 2000 decrease	13,004		
2000 to 2005 decrease	24,638		
1990 to 2005 decrease	37,642		
	<u>1990</u> <u>Census</u>	<u>2000</u> <u>Census</u>	<u>2005</u> <u>Census Bur.</u> <u>Estimate</u>
<b>Surrounding Counties - Population</b>			
<b>PA Counties</b>			
Bucks	541,174	597,635	621,342
Chester	376,396	433,501	474,027
Delaware	547,651	551,974	555,648
Montgomery	678,193	750,097	775,883
<b>NJ Counties</b>			
Burlington	395,066	423,394	450,743
Camden	502,824	508,932	518,249
Gloucester	230,082	254,673	276,910
Mercer	325,824	350,761	366,256
	3,597,210	3,870,967	4,039,058
1990 to 2000 increase	(273,757)		
2000 to 2005 increase	(168,091)		
1990 to 2005 increase	(441,848)		
<b>Sources:</b>			
<a href="http://quickfacts.census.gov/qfd/states/42/42101.html">http://quickfacts.census.gov/qfd/states/42/42101.html</a>			
<a href="http://factfinder.census.gov/servlet/SAFFPopulation?_submenuId=population_0&amp;_sse=on">http://factfinder.census.gov/servlet/SAFFPopulation?_submenuId=population_0&amp;_sse=on</a>			

U.S. Census Bureau Data

<u>Philadelphia - Population</u>	<u>1970 Census</u>	<u>1980 Census</u>	<u>1990 Census</u>	<u>2000 Census</u>	<u>2005 Census Bur. Estimate</u>
	1,948,609	1,688,210	1,585,577	1,517,550	1,463,281
1970 to 1980 decrease	260,399				
1980 to 1990 decrease	102,633				
1990 to 2000 decrease	68,027				
2000 to 2005 decrease	54,269				
1970 to 2005 decrease	<u>485,328</u>				

<u>Philadelphia - Occupied Housing Units</u>	<u>1970 Census</u>	<u>1980 Census</u>	<u>1990 Census</u>	<u>2000 Census</u>	<u>2005 Census Bur. Estimate</u>
	642,145	619,781	603,075	590,071	565,433
1970 to 1980 decrease	22,364				
1980 to 1990 decrease	16,706				
1990 to 2000 decrease	13,004				
2000 to 2005 decrease	24,638				
1970 to 2005 decrease	<u>76,712</u>				

## Sources:

<http://quickfacts.census.gov/qfd/states/42/42101.html>

[http://factfinder.census.gov/servlet/SAFFPopulation?\\_submenuId=population\\_0&\\_sse=on](http://factfinder.census.gov/servlet/SAFFPopulation?_submenuId=population_0&_sse=on)

U.S. Census Bureau - Philadelphia Office

**Philadelphia Gas Works**  
**Class Cost of Service Study - 2006**  
**Tariff Revenue at Company's Proposed Rates**

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	Test Year 2007			Company's Proposed Tariff Rates				Amounts in \$000s					
	No. of Customers	No. of Annual Bills	Annual Sales (mcf)	Monthly Cust. Charge	GCR Charge	Univ. Service Charge	Delivery Charge	Cust. Charge Revenue	GCR Charge Revenue	Univ. Service Charge Revenue	Delivery Charge Revenue	Total Full Tariff Revenue	
<b>Non-Heating:</b>													
Residential	47,922	575,067	1,387,356	\$12.00	\$10.9709	\$2.5387	\$6.0799	6,901	15,221	3,522	8,435	34,078	
Residential-Senior	3,322	39,868	74,732	\$12.00	\$10.9709	\$2.5387	\$6.0799	478	820	190	454	1,942	
Commercial	5,604	67,247	1,705,062	\$18.00	\$10.9709	\$2.5387	\$6.7944	1,210	18,706	4,329	11,585	35,830	
Industrial	254	3,048	345,261	\$50.00	\$10.9709	\$2.5387	\$6.0749	152	3,788	877	2,097	6,914	
Municipal/MS	335	4,020	262,687	\$18.00	\$10.9709	\$2.5387	\$4.9416	72	2,882	667	1,298	4,919	
NGV	<u>1</u>	<u>12</u>	<u>367</u>	\$35.00	\$10.9709	\$2.5387	\$0.9254	<u>0</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>6</u>	
<b>Total Non-Heat Firm</b>	<b>57,439</b>	<b>689,262</b>	<b>3,775,465</b>					<b>8,815</b>	<b>41,420</b>	<b>9,585</b>	<b>23,870</b>	<b>83,690</b>	
<b>Heating:</b>													
Residential	369,201	4,430,417	32,855,506	\$12.00	\$10.9709	\$2.5387	\$6.0799	53,165	360,455	83,410	199,758	696,788	
Residential-Senior	45,232	542,788	4,151,233	\$12.00	\$10.9709	\$2.5387	\$6.0799	6,513	45,543	10,539	25,239	87,834	
Commercial	19,431	233,177	8,498,417	\$18.00	\$10.9709	\$2.5387	\$6.7944	4,197	93,235	21,575	57,742	176,749	
Industrial	606	7,271	734,898	\$50.00	\$10.9709	\$2.5387	\$6.0749	364	8,063	1,866	4,464	14,756	
Municipal/MS	557	6,682	1,006,599	\$18.00	\$10.9709	\$2.5387	\$4.9416	120	11,043	2,555	4,974	18,693	
PHA Rate 8	780	9,354	548,297	\$18.00	\$10.9709	\$2.5387	\$6.6390	168	6,015	1,392	3,640	11,216	
PHA/GS	2,577	30,924	270,534	\$12.00	\$10.9709	\$2.5387	\$6.0799	371	2,968	687	1,645	5,671	
PHA/GS- Senior	<u>101</u>	<u>1,212</u>	<u>10,840</u>	\$12.00	\$10.9709	\$2.5387	\$6.0799	<u>15</u>	<u>119</u>	<u>28</u>	<u>66</u>	<u>227</u>	
<b>Total HeatiFirm</b>	<b>438,485</b>	<b>5,261,825</b>	<b>48,076,324</b>			34%		<b>64,913</b>	<b>527,441</b>	<b>122,051</b>	<b>297,528</b>	<b>1,011,934</b>	
<b>Total Heating &amp; Non-Heating Firm</b>	<b>495,924</b>	<b>5,951,087</b>	<b>51,851,789</b>					<b>73,728</b>	<b>568,861</b>	<b>131,636</b>	<b>321,399</b>	<b>1,095,624</b>	
<b>Interruptible:</b>													
BPS, SMALL	113	1,354	162,977	\$43.06	\$15.6414			58			2,549	2,607	
BPS, LARGE	162	1,944	1,930,441	\$92.27	\$13.5573			179			26,172	26,351	
BPS, A/C	8	96	109,062	\$43.06	\$10.1585			4			1,108	1,112	
LBS-S, INDIRECT	18	220	528,264	\$123.02	\$11.4126			27			6,029	6,056	
LBS-L, INDIRECT	6	76	374,982	\$215.29	\$10.8689			16			4,076	4,092	
LBS-L, DIRECT	1	12	20,547	\$215.25	\$10.6121			3			218	221	
LBS-XL, DIRECT	2	24	2,281	\$307.54	\$10.4980			7			24	31	
LBS-XL, INDIRECT	4	48	54,119	\$307.56	\$10.8419			15			587	602	
CO-GEN	<u>3</u>	<u>40</u>	<u>15,833</u>	\$307.55	\$10.2449			<u>12</u>			<u>162</u>	<u>175</u>	
<b>Total Interruptible</b>	<b>318</b>	<b>3,814</b>	<b>3,198,506</b>					<b>322</b>			<b>40,924</b>	<b>41,246</b>	
<b>Total PGW</b>	<b>496,242</b>	<b>5,954,901</b>	<b>55,050,295</b>					<b>74,051</b>	<b>568,861</b>	<b>131,636</b>	<b>0</b>	<b>362,323</b>	<b>1,136,871</b>
GTS / IT Revenue												7,256	
<b>Proposed Tariff Revenue at Full Tariff Rates</b>												<b>1,144,126</b>	

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TESTIMONY OF  
RANDALL GYORY

ON BEHALF OF  
PHILADELPHIA GAS WORKS  
DOCKET NOS. R-00061931

December 2006

1 I. **INTRODUCTION AND PURPOSE OF TESTIMONY**

2 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Randall Gyory. My business address is 800 West Montgomery Avenue,  
4 Philadelphia, PA 19122.

5 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by the Philadelphia Gas Works ("PGW" or the "Company") in the  
7 capacity of Vice President – Customer Affairs.

8 Q. **WHAT ARE YOUR PRINCIPAL RESPONSIBILITIES AS VICE PRESIDENT?**

9 A. My principal responsibilities include the oversight of PGW's Call Center Operations,  
10 Credit and Collections, Customer Service Centers, Account Management Department,  
11 Billing System, Bill Preparation & Mail Receipts, Universal Services, Dispute Resolution  
12 and all other customer service activities required by PUC regulations.

13 Q. **PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
14 **PROFESSIONAL EXPERIENCE.**

15 A. I attended the University of Pittsburgh and graduated with a Bachelor of Science degree  
16 in Engineering in 1979. I accepted a job at PGW shortly after graduation as an  
17 Engineering Assistant in the Distribution Department. Since that time, I have held the  
18 following positions: Assistant Supervisor (1981); Staff Engineer (1984); Senior Staff  
19 Engineer (1988); Major Accounts Manager – Marketing Department (1999); and  
20 Manager – Program Management Office (2000). In June of 2001, I was promoted to my  
21 current position as Vice President of Customer Affairs.

22 Q. **HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE**  
23 **PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PUC")?**

24 A. Yes. I submitted testimony in PGW's Restructuring Proceeding (M-00021612). I also  
25 submitted testimony in the Investigation into Financial and Collections Issues Proceeding

1 which was a consolidated proceeding involving PGW's Gas Cost Rate (GCR) filing,  
2 PGW's Petition regarding Cash Receipts Reconciliation Clause (CRRC), PGW's Senior  
3 Citizen Discount Petition, and PGW's request to approve various tariff provisions.  
4 ("Consolidated Proceeding") (P-00042090, et. al.).

5 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

6 A. My testimony will address four issues. First, I will provide a progress report on the  
7 adequacy, cost-effectiveness and management of PGW's collection practices as required  
8 by ordering paragraph 11(a) of the Commission's October 27, 2004 Order in the  
9 Consolidated Proceeding. Second, I will detail PGW's current credit scoring process as  
10 required by paragraph 11(c) of that Order. Third, I will provide discussion of a  
11 mandatory Electronic Funds Transfer (EFT) program as required by paragraph 11(d) of  
12 the Order and describe PGW's current system. Finally, I will introduce and explain  
13 PGW's proposed tariff changes in the area of customer billing and collection rules.

14 **II. COLLECTIONS PRACTICES**

15 **Q. WHAT IS THE STATUS OF PGW'S CURRENT BILLINGS AND**  
16 **COLLECTIONS?**

17 A. Since my testimony in 2004 in the Consolidated Proceeding, PGW's 12-month collection  
18 rate has improved from 91.42% in Fiscal Year 2004 to 96.01% in Fiscal Year 2005 to our  
19 best ever rate of 96.57% in Fiscal Year 2006. As a result of this improvement in  
20 collections, PGW has collected \$36 million more than it would have collected under the  
21 collection rate that was experienced in FY 2004 (91.42%). This improved collection rate  
22 is particularly impressive when considered in light of the fact that between FY 2005 and  
23 FY 2006, PGW experienced a 7% increase in billings (due to the increase in wholesale  
24 natural gas costs, which have been passed through in PGW's Gas Cost Rate). A

1 breakdown of monthly customer billings, and receipts from Fiscal Year 2003 through  
2 Fiscal Year 2006 is attached hereto as Exhibit RG-1.

3 **Q. PLEASE EXPLAIN WHAT STEPS PGW HAS TAKEN TO IMPROVE ITS**  
4 **BILLING AND COLLECTIONS OVER THE LAST TWO YEARS.**

5 A. PGW has been very focused on improving its billings and collections systems and has  
6 devoted substantial time and effort toward achieving this goal. Initially, PGW mapped  
7 all of its existing business processes in extreme detail. These processes were then  
8 reviewed and updated as necessary to ensure that the best processes, checks, and testing  
9 were implemented. This resulted in the automation of many of the processes which  
10 resulted in greater efficiencies. PGW also worked to identify system modifications that  
11 would be cost beneficial to implement. In implementing new processes, care was taken  
12 to ensure that they were implemented pragmatically so that the most significant  
13 improvements would be realized. To ensure adequate follow-through of its new  
14 processes, tracking reports were instituted as were controls to monitor improvements and  
15 business process compliance. The principal components of PGW's collections  
16 improvement efforts are: (1) the full implementation of a Billing, Collections, and  
17 Customer Service ("BCCS") system that was installed in 1999; (2) improvements in  
18 customer service in its Customer Service and Credit Collection Call Centers; and, (3)  
19 implementation of the Collections Renewal Initiative ("CRI") in early fiscal year 2004.  
20 These proactive actions of PGW, in combination with collections enhancements  
21 associated with the enactment of Chapter 14, have resulted in the significant  
22 improvement to PGW's billings and collections results that exist today.

23 **Q. PLEASE EXPLAIN THE STEPS THAT PGW HAS TAKEN TO IMPROVE ITS**  
24 **BILLING AND COLLECTION PERFORMANCE.**

1 A. Since the BCCS system was activated in July 1999, PGW has devoted substantial  
2 resources to continually improving its functionality. In addition, PGW implemented an  
3 aggressive program to eliminate all residential meters without an automatic meter reading  
4 device ("AMR"). Through this program, PGW reduced its rate of estimated billings from  
5 15% in fiscal year 2001 to less than 0.5% in fiscal year 2006. The AMR replacement  
6 program was completed for all residential meters as of August 31, 2005. By producing  
7 bills that accurately reflect actual usage, PGW has experienced a reduction in billing  
8 accuracy complaints and an improved level of customer service which was one of the  
9 factors that has lead to improved collections.

10 Another program launched in January, 2005 is the Unauthorized User program,  
11 which is intended to address theft of service. Through this program, PGW's billing  
12 system is monitored daily and reports are generated to identify present usage for accounts  
13 that had been physically shut-off previously for non-payment and by customer request.  
14 Based on these reports, field personnel are dispatched daily to shut-off the services and  
15 lock them down if at all possible because such usage after physical shut-off indicates not  
16 only unbilled usage of gas, but possible equipment tampering that could create a safety  
17 hazard. In a case where physical shut-off is not possible, Distribution Department forces  
18 are dispatched to effect shut-off through excavation. The program has been a success  
19 with a natural gas cost avoidance of \$4 million in 2006 compared to 2005. Through  
20 August of 2006, vacant account usage has decreased by 3.83M CCFs (82%) over the  
21 same time period in 2005. The results of ensuring that PGW's bills reflect accurate usage  
22 and the aggressive pursuit of theft of service have been a significant improvement to our  
23 collections and safety.

1 **Q. PLEASE SUMMARIZE THE IMPROVEMENTS IN PGW'S CUSTOMER**  
2 **SERVICE AND CREDIT COLLECTION CALL CENTERS.**

3 A. The Call Center handled 1.8 million calls and processed \$35.2 million in payments in  
4 fiscal year 2006 compared to \$34.1 million in fiscal year 2005. This represents a \$1.1  
5 million collection improvement in the course of a year. In August 2006, the Collections  
6 Department was reorganized to further improve collection operations. All inbound and  
7 outbound calling operations were transferred to the Call Center. As a result, collection  
8 operations are now focused on core business practices that also impact PGW's ability to  
9 collect payments related to title agency settlement processes, sheriff sales and  
10 bankruptcies. PGW has a program of placing liens on the property of a customer who  
11 has failed to pay his/her gas bill. We seek to collect on those liens primarily when that  
12 customer seeks to transfer the property by sale, or when the property is sold at sheriff's  
13 sale. Title agency settlement requests exceeded 88,000 in fiscal year 2006, an increase of  
14 50% from fiscal year 2004. Since fiscal year 2004, the total amount collected from  
15 settlements and sheriff sales has increased by 63%. By dedicating resources to all the  
16 various factors that can lead to non-payment, continued improvements to PGW's overall  
17 collection rate has been experienced.

18 **Q. PLEASE EXPLAIN PGW'S COLLECTIONS RENEWAL INITIATIVE AND**  
19 **HOW ITS IMPLEMENTATION IN 2004 HAS CONTRIBUTED TO**  
20 **IMPROVEMENTS IN PGW'S BILLING AND COLLECTIONS.**

21 A. PGW's Collections Renewal Initiative ("CRI") was formalized in early fiscal year 2004  
22 and it covers Customer Service operations involved in the collection of accounts  
23 receivable. PGW's goal for the CRI program is to make substantial and sustainable  
24 improvements in receivable collections. Accounts receivable collection efforts include:  
25 (1) pursuing delinquent accounts pursuant to Commission termination procedures; (2)

1 outbound calling campaigns regarding overdue residential accounts; (3) contacting  
2 customers when they miss their first payment of a payment arrangement; (4) outbound  
3 calling and field collection activity for delinquent commercial and industrial accounts; (5)  
4 submitting credit reports on all residential customers to consumer credit agencies; (6)  
5 notifying delinquent customers by letter that a lien will be placed on their property if  
6 payment is not made; (7) increasing capacity to realize recoveries for properties that are  
7 sold; (8) assigning written-off accounts to outside collection agencies; (9) requiring  
8 customers in our Customer Assistance Program – CRP – to remain current in paying  
9 their bills in order to remain on the program; and (10) accepting credit card payments for  
10 delinquent accounts by telephone and on the web. It is apparent from the improvement in  
11 PGW's collections rate that these programs are effective.

12 **Q. DOES PGW HAVE PLANS TO CONTINUE THE CRI?**

13 A. Yes. PGW is currently working on several new initiatives in fiscal year 2007 which will  
14 provide additional collection tools that we expect to further improve our billing and  
15 collection systems. These include customer segmentation, write off reactivation and  
16 automated outbound calling. Customer segmentation will allow PGW to target specific  
17 collection activity by customer behavior. Write off reactivation will allow PGW to  
18 include written off account balances when entering into payment arrangements to restore  
19 service. Additionally, PGW is continuing the automation of business processes, where  
20 feasible, to insure business process and regulatory compliance. The automation of these  
21 processes have allowed PGW to reduce its Operations and Maintenance budget and to  
22 manage and direct available resources to those projects which are the most cost  
23 beneficial.

1 **III. CREDIT SCORING**

2 **Q. DID THE PUC DIRECT PGW TO INVESTIGATE THE USE OF "CREDIT**  
3 **SCORING" TO DETERMINE WHETHER AN APPLICANT WILL BE**  
4 **REQUIRED TO PROVIDE A DEPOSIT BEFORE RECEIVING SERVICE?**

5 A. Yes. One of PGW's requests during the 2004 Consolidated Proceeding was that all new  
6 applicants for service and all customers seeking to have service restored should be  
7 required to pay a flat rate security deposit as a condition of service. While the  
8 Commission denied this request with respect to new applicants, it did encourage PGW to  
9 implement a credit scoring tool, such as the ERAM, that had been approved for use by  
10 other electric and gas utilities. The Commission directed PGW to provide a cost-benefit  
11 analysis in its next base rate case filing assessing the implementation of a credit scoring  
12 model such as ERAM.

13 **Q. WHAT HAS PGW DONE IN RESPONSE TO THE PUC'S DIRECTIVE?**

14 A. Since the PUC's Order, PGW has implemented a credit scoring process which it utilizes  
15 to identify those applicants who will be asked to provide a deposit as a condition for  
16 receiving service. PGW implemented this program pursuant to the authority in Act 201.

17 **Q. PLEASE DESCRIBE THE CREDIT SCORING MECHANISM THAT PGW IS**  
18 **CURRENTLY EMPLOYING.**

19 A. PGW employs Experian's Telecommunications, Energy and Cable Risk Model.<sup>SM</sup> This  
20 model has a proven track record of predicting delinquent payment behavior on utility  
21 related accounts and provides a variety of other tools including account management and  
22 monitoring of subscriber payment patterns. The model uses multiple scorecard  
23 technology to score each consumer against subscribers with similar credit characteristics.  
24 It predicts the likelihood of future seriously delinquent payment behavior, including 90  
25 days or more past due, charge-offs, collections and bankruptcies. Using this model,

1 PGW has implemented a highly successful deposit payment program. In FY 2006, PGW  
2 collected \$5.35 million in deposits from those who were identified as higher credit risk  
3 based on the information we received from our credit scoring service. Notably, even  
4 though Act 201 gave PGW the authority to demand a deposit from all applicants  
5 regardless of creditworthiness,<sup>1</sup> the Company elected to request a deposit (in the amount  
6 of 1/6th of the applicant's projected annual bill), only from those who receive a failing  
7 credit score. Also, applicants who qualify for and enroll in PGW's CAP program are not  
8 required to remit a deposit.

9 **IV. ELECTRONIC FUNDS TRANSFER (EFT)**

10 **Q. IN ITS CONSOLIDATED PROCEEDING ORDER, DID THE COMMISSION**  
11 **DIRECT PGW TO CONDUCT ANY OTHER COST/BENEFIT ANALYSES?**

12 A. Yes. PGW was directed to provide a cost-benefit analysis of requiring customers with  
13 incomes above 250% of the federal poverty level to agree to EFT as a precondition to  
14 entering into a payment arrangement

15 **Q. PLEASE EXPLAIN WHY PGW WAS DIRECTED BY THE COMMISSION TO**  
16 **PROVIDE SUCH A COST-BENEFIT ANALYSIS.**

17 A. During the Commission's 2004 Consolidated Proceeding, various proposals were offered  
18 with the intent of helping PGW improve its collections, particularly among those  
19 customers whose income indicates that they were likely able to pay their bills without  
20 financial hardship. The Office of Consumer Advocate (OCA) offered a proposal to  
21 require those with incomes above 250% of the Federal Poverty Level to agree to EFT as a  
22 precondition to entering into a payment arrangement. According to the witness testimony  
23 provided by OCA, other states using similar proposals experienced faster revenue

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<sup>1</sup> 66 Pa. C. S. § 1404(f).

1 collections. Since not enough evidence was available to ascertain whether a proposal  
2 such as this would benefit PGW, PGW was directed to provide a cost-benefit analysis in  
3 its next base rate case. Set forth below is our analysis.

4 **Q. DOES PGW PROVIDE CUSTOMERS WITH AN OPTION TO HAVE THEIR**  
5 **PAYMENTS AUTOMATICALLY DEDUCTED FROM THEIR BANK**  
6 **ACCOUNT?**

7 A. Yes. Since the 2004 Consolidated Proceeding, PGW has added to its traditional methods  
8 of payment various electronic options for customers to pay their bill. Currently, PGW  
9 customers have the option to view their bills online and to pay them in accordance with  
10 the following options: (1) "Pay Your Bill" allows customers to use a credit card, bank  
11 check, or debit card to pay their bill via a customer service representative through an  
12 automated phone system or on-line; (2) "Express Bill" allows customers to sign up for  
13 paperless billing and receive a monthly bill notification by e-mail instead of receiving a  
14 bill by regular mail; and, (3) "Auto-Pay" allows customers to have their PGW bill paid  
15 automatically each month from their bank checking account.

16 **Q. HAVE PGW CUSTOMERS CHOSEN TO UTILIZE THESE ELECTRONIC**  
17 **PAYMENT OPTIONS?**

18 A. Yes. During FY 2006, over 77,000 payments were received by check and 280,000 by  
19 credit or debit card either through the web, Interactive Voice Response (IVR), or through  
20 a customer service representative by telephone. These payments totaled more than \$69  
21 million in receipts. In addition, 8,300 customers have enrolled for E-Bill. Around 4,600  
22 customers have enrolled in the Auto-Pay program. Of those, about 2% are on payment  
23 arrangements.

24 **Q. WHY HAS PGW NOT IMPLEMENTED A MANDATORY EFT REQUIREMENT**  
25 **FOR CUSTOMERS ABOVE 250% OF THE FEDERAL POVERTY LEVEL?**

1 A. There are several reasons. First, as described above, PGW has just recently implemented  
2 a voluntary "Auto-Pay" program which gives customers the option of utilizing EFT if so  
3 desired. This, in combination with all the other payment options available to customers,  
4 provides a range of choices from which customers can choose the one most appropriate  
5 for their personal preferences. Second, there is only a very small number of customers on  
6 payment arrangements who are at or above 250% of the federal poverty level. In FY  
7 2006, only 10.1% of the customers entering payment arrangements were above 250% of  
8 the federal poverty level. Third, in our judgment, a mandatory EFT program for payment  
9 arrangement customers will result in PGW incurring significant costs to administer the  
10 accounts with little or no net benefit. While our experience with the voluntary program  
11 has been reasonably good, we believe that if customers were forced to enroll in such a  
12 program there would be far more instances of problems, such as non-existent or closed  
13 checking accounts, failed EFT attempts due to insufficient funds in the account and the  
14 like. Thus, in our judgment, a mandatory EFT program would be cost prohibitive.

15 Finally, the law regarding payment arrangements has been substantially altered  
16 since the time of the Consolidated Proceeding, reducing the ability of customers to enter  
17 into or to receive from the Commission the right to enter into a number of successive  
18 payment arrangements. The passage of Act 201 also makes it less clear that, even if the  
19 PUC were so inclined, it has the legal authority to deny a customer the right to enter into  
20 a payment agreement if the customer refused to enroll in Auto-Pay. Accordingly, PGW  
21 has determined that it would not be appropriate to pursue this suggestion for the reasons  
22 stated above.

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**V. REPORT ON EDUCATING CUSTOMERS ON BUDGET BILLING**

**Q. WHAT OTHER MATTERS DID THE PUC ASK PGW TO REPORT ON IN THIS BASE RATE CASE?**

A. The PUC requested that PGW present a report with findings and recommendations regarding a program to educate the public about the benefits of PGW's budget billing plan.

**Q. HAS PGW DONE THIS?**

A. Yes. As the Commission is aware, budget billing is a mandated option available to all residential customers. Moreover, it provides advantages to PGW, as a cash flow regulated company, because it serves to reduce the significant peaks and valleys that PGW experiences with its cash collections (approximately 70% of its total revenue is collected in the five winter months).

Accordingly, in FY 2006, PGW carried out a multi-faceted program to educate customers about the availability and benefits of budget billing. The program had several major elements:

- Prepare and Conserve Campaign. The Prepare and Conserve Campaign included a series of print ads in major daily and weekly newspapers, radio spots, cable ads, Spanish television ads, transit and billboard advertising and a variety of public relations and community outreach activities, including sponsoring conservation workshops. In addition to providing information about conservation steps and low-income assistance programs, a major focus was to publicize the existence and benefits of budget billing.
- Energy Street Team Program. Focusing on low income consumers, PGW employed a team of community members who traveled door-to-door and in other key areas in Philadelphia at the beginning of last winter to educate PGW customers about their payment options, including budget billing, CRP and grant programs.
- Energy Assistance Phone-A-Thons, in which PGW employees made special calls on several evenings to customers to encourage them to call PGW to obtain

1 information on how to qualify and sign-up for LIHEAP, CRP, Crisis Grants and  
2 budget billing.

3 • Bill Stuffer Campaign. Throughout the winter, PGW provides information in bill  
4 stuffers and in its *Good Gas News* providing information on low income programs  
5 and budget billing.

6 • Training of social service agencies. PGW staff met with social workers and  
7 outreach staff for major public, private, and faith-based social service agencies to  
8 conduct training on programs available to vulnerable customers including budget  
9 billing.

10 • In FY 2007, PGW will again be conducting the Energy Street Team Program and  
11 the Prepare and Conserve Campaign including the advertising, weatherization  
12 workshops, street team work, and distribution of written materials.

13 **Q. HOW MANY CUSTOMERS CURRENTLY ARE UTILIZING BUDGET**  
14 **BILLING?**

15 A. Currently, an average of 48,000 residential customers are utilizing budget billing. Over  
16 21,000 (81% of all payment arrangements) customers have enrolled in budget billing as  
17 part of an agreed upon payment agreement. I believe that PGW has taken all reasonable  
18 steps, in light of its financial constraints, to publicize and encourage customers to take  
19 advantage of budget billing.

20 **VI. PROPOSED TARIFF CHANGES**

21 **Q. ARE YOU SPONSORING ANY PORTION OF THE PROPOSED TARIFF**  
22 **REVISIONS SUBMITTED BY THE COMPANY?**

23 A. Yes, I am responsible for the proposed revisions to the Rules and Regulations section of  
24 PGW's Tariff.

25 **Q. PLEASE EXPLAIN WHY YOU ARE PROPOSING THESE CHANGES?**

26 A. Yes. As can readily be seen by reviewing the "red-lined" version of our current tariff,  
27 attached as Exhibit RG-2 to my testimony, PGW's current tariff is out of date. It  
28 currently contains extremely detailed provisions which reflect the approach that PGW  
29 utilized in the "pre-PUC" environment. In the Restructuring Proceeding we modified the  
30 tariff to conform it to state law as it existed at the time. With the passage of Act 201,

1 further changes are required. PGW is updating its tariff in this proceeding to make it  
2 consistent with the current regulatory requirements and the tariff format used by most  
3 other regulated utilities in Pennsylvania.

4 **Q. HOW IS PGW PROPOSING TO DO THAT?**

5 A. PGW has revised its tariff to eliminate the recitation of rules and requirements which are  
6 already set out in the law. Moreover, the PUC's interpretation of those legal requirements  
7 are subject to periodic change and are currently being promulgated for the first time.  
8 These tariff references have been replaced with reference to "applicable law." Any  
9 attempt by PGW to reflect the current view of the law, or the PUC's interpretation of that  
10 law in its a tariff could well be outdated before this case was decided. It is more helpful  
11 for the customer to know that a PGW billing and collection policy is dictated by Act 201,  
12 the current version of Chapter 56, PUC/BCS formal and informal decisions interpreting  
13 these legal rules, and any other legally binding norm or requirement. In several key  
14 places, we have sought to state this rule and to put the customer on notice that it is this  
15 package of legal requirements and directives under which PGW must (and does) operate.  
16 Generally, we have sought to make specific statements of rights or procedures where the  
17 new packages of laws do not apply (for non-residential customers, for example) or where  
18 a specific rate or charge is at issue.

19 **Q. DO THESE REVISIONS REMOVE ANY RIGHTS FROM CUSTOMERS THAT**  
20 **THEY NOW ENJOY?**

21 A. No, it was not our intention to do so. We simply tried to conform our tariff to our present  
22 practice and applicable law, as dictated by state statute, the PUC and its Bureau of  
23 Consumer Services. These changes will not change any of our present practices which,  
24 in my view, are consistent with the requirements of the law.

1 Q. **DOES THAT COMPLETE YOUR DIRECT TESTIMONY?**

2 A. Yes it does.

**PHILADELPHIA GAS WORKS**  
**TOTAL CUSTOMER BILLINGS & RECEIPTS**

	<u>FISCAL YEAR 2004-2005</u>				<u>FISCAL YEAR 2005-2006</u>			
	<u>Customer Billings</u>	<u>Customer Receipts</u>	<u>Receipts as a % of Billings</u>	<u>Cumulative %</u>	<u>Customer Billings</u>	<u>Customer Receipts</u>	<u>Receipts as a % of Billings</u>	<u>Cumulative %</u>
September	\$ 30,156,681	\$ 37,195,754	123.34%	123.34%	\$ 32,010,674	\$ 38,328,135	119.74%	119.74%
October	37,343,297	48,839,607	130.79%	127.46%	37,144,123	47,199,986	127.07%	123.68%
November	65,830,448	50,085,582	76.08%	102.09%	74,004,174	54,178,692	73.21%	97.59%
December	100,303,964	67,919,150	67.71%	87.33%	134,206,416	67,275,443	50.13%	74.62%
January	144,358,078	81,323,652	56.33%	75.49%	153,303,480	106,475,406	69.45%	72.78%
February	148,233,545	110,589,929	74.61%	75.24%	140,651,601	109,552,707	77.89%	74.04%
March	126,485,056	134,158,790	106.07%	81.22%	129,803,130	132,283,314	101.91%	79.20%
April	80,069,277	100,500,004	125.52%	86.06%	82,911,938	98,784,817	119.14%	83.42%
May	46,762,112	72,562,945	155.17%	90.20%	49,103,907	90,638,798	184.59%	89.39%
June	37,413,051	54,194,884	144.86%	92.71%	38,927,242	62,182,509	159.74%	92.53%
July	32,050,994	44,531,266	138.94%	94.45%	33,654,873	51,176,106	152.06%	94.74%
August	32,774,710	44,690,058	136.36%	96.01%	32,344,073	47,801,251	147.79%	96.57%
<b>Total To-Date</b>	<b>\$ 881,781,213</b>	<b>\$ 846,591,621</b>	<b>96.01%</b>		<b>\$ 938,065,631</b>	<b>\$ 905,877,164</b>	<b>96.57%</b>	
					<b>\$ 56,284,418</b>	<b>\$ 59,285,543</b>	<b>FY 2006 vs FY 2005</b>	

## PHILADELPHIA GAS WORKS

### GAS SERVICE TARIFF



Issued by: Thomas Knudsen  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

Issued: ~~November 30, 2006~~ December 22, 2006      Effective: ~~December 1, 2006~~ February 20, 2007

*This red-lined version is being provided as a courtesy to reflect the changes between the current tariff and the proposed tariff.*

*To the extent there may be any inconsistencies between the two, the proposed tariff controls.*

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## DEFINITIONS

**ACTUAL METER READ (or READING)** - The reading from a gas meter, taken either by a Physical Meter Read, telemetering or an Automatic Meter Reading (AMR) device.

**ALTERNATE FUEL CAPABILITY** – The ability to meet energy needs with an energy source other than Natural Gas.

**APPEAL** - The process under Applicable Law by which a Customer or the Company challenges a Bureau Of Consumer Services (BCS) resolution of or decision on an Informal Complaint.

**APPLICABLE LAW** - The provisions of this Tariff, the rules and regulations promulgated by the PUC and published at Title 52 Pennsylvania Code, the Public Utility Code and all legally binding decisions of the Public Utility Commission interpreting those rules, regulations and law, and all other applicable current and future laws, ordinances, executive orders and legally binding interpretations and Company Policy, all of them as amended from time to time.

**APPLICANT** - Any person, corporation or other entity that (i) desires to receive from the Company Natural Gas or any other service provided for in this Tariff at a specific location, (ii) complies completely with all Company requirements for obtaining Natural Gas or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not yet actually receiving from the Company any service provided for in this Tariff at such location. An Applicant shall become a Customer for purposes of this Tariff only after the Applicant it actually starts receiving the applicable service(s) from the Company under this Tariff on a permanent basis. An applicant for residential Gas Service shall also include any adult occupant whose name appears on the mortgage, deed or lease (including oral leases) of the property for which residential utility service is requested. ~~This term does not include a Residential Customer who, within 60 days after termination or discontinuance of service, seeks to transfer service within the Company's service territory or to reinstate service at the same address. The meaning of the term addressed in this Tariff is consistent with the term as defined in Section 56.2 of Chapter 56.~~

**ARREARAGE**- Amounts owed by a Customer, specifically where charges have not been paid in full by the current bill due date, unless the said Arrearage is covered by a payment agreement or equal payment plan (budget payment plan) under which the Customer is current on his/her installment payments.

**AUTOMATIC METER READING DEVICE (AMR)** - A device which by electrical impulse or otherwise transmits readings from a meter, without a Physical Meter Read.

**BASIC UTILITY SERVICE (or Gas Service)** - The provision of Retail Sales Service or Transportation Service to a Customer and all associated fees and charges that are essential to the provision of Retail Sales Service or Transportation Service. Basic Utility Service is also referred to as Gas Service in this tariff.

**BRITISH THERMAL UNIT - (Btu)** – The amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

**BUREAU OF CONSUMER SERVICES (BCS)** - The division of the Public Utility Commission that oversees consumer issues.

Ccf - 100 cubic feet of gas.

Issued: ~~August 29, 2003~~ December 22, 2006

Effective: February 20, 2007 ~~September~~

~~1, 2003~~

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~~CHAPTER 56 – The PUC regulations that govern metering, billing and collections for residential gas and electricity service.~~

COMPANY POLICY - All policies of the Company, which shall designed in accordance with and governed by the provisions of, as applicable, this Tariff, the rules and regulations promulgated by the PUC and published at 52 Pa. Code, the Public Utility Code and all legally binding decisions of the Public Utility Commission interpreting those rules, regulations and law, and all other applicable current and future laws, ordinances, executive orders and legally binding interpretations, all of them as amended from time to time.

CUSTOMER - A person, partnership, association, corporation or other entity that purchases Natural Gas Service and in whose name a service account exists with~~from~~ the Company. The term shall include a Customer who transfers service to another address in the Company's service territory. A Customer may fall into one or more of the following categories:

(i) Residential Customer - Any Customer in a dwelling (including an apartment) whose primary use of Gas Service is for household purposes such as space heating, air conditioning, cooking, water heating. The term "Residential Customer" shall be used interchangeably with the term "Customer with Residential service". A Residential Customer shall include any adult occupant whose name appears on the mortgage, deed or lease of the property, and any adult occupant who is a tenant in a Residential Building (for which the residential utility service is provided) pursuant to an oral agreement.

(ii) Low-Income Customer - A Residential Customer whose gross household income is at or below 150% of the federal poverty level.

(iii) Non-Residential Customer - A party other than a Residential Customer or Landlord-Customer as set forth herein.

(iv) Commercial Customer - Any Customer who is a non-manufacturing establishment or agency primarily engaged in the sale of goods and services (including local, state, and federal agencies engaged in non-manufacturing activities) or a Landlord-Customer whose meter serves three (3) or more Residential units.

(v) Industrial Customer - Any Customer who is engaged in a process which creates or changes raw or unfinished materials into another form or product. Generation of electricity (other than by electric utilities) is included.

(vi) Heating Customer - Any Customer whose primary use of Gas is for space heating.

(vii) Non-Heating Customer - Any Customer whose primary use of Gas is for purposes other than for space heating.

(viii) Landlord-Customer - Any individual, ~~or organization~~ or entity who is the party responsible for payment of Gas Service provided to one or more Tenants in a Residential building pursuant to an oral or written rental arrangement.

(ix) Small Business Customer - A person, sole proprietorship, partnership, corporation, association or other business whose annual gas consumption does not exceed 300 Mcf.

CUSTOMER READING - A -meter reading made by the Customer that is given to the Company.

Issued: August 29, 2003~~December 22, 2006~~

Effective: ~~February 20, 2007~~ September 4, 2003

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Philadelphia Gas Works

CUSTOMER RESPONSIBILITY PROGRAM (CRP) - PGW's Low-Income Customer assistance program which is designed to be consistent with the Public Utility Commission's rules, regulations, and policies regarding Customer Assistance Programs (CAP).

CUSTOMER RESPONSIBILITY PROGRAM PARTICIPANT (-Participant) - PGW Residential Customer who enrolls in the Customer Responsibility Program.

CUSTOMER SERVICE CALL CHARGE – The charge as set forth in Section 12 of this Gas Service Tariff.

CUSTOMER SERVICE CENTER (CSC) - Previously known as a "District Office."

DEKATHERM (Dth) – A unit of energy equating to 1,000,000 BTUs.

~~DISPUTE - An unresolved grievance raised by a Customer, Applicant or occupant with PGW about PGW's application of a provision covered by 52 Pa. Code Chapter 56, as amended or supplemented, which is under further Review at PGW. If, at the conclusion of an initial contact, or when applicable, a follow-up response, the Customer, Applicant or occupant indicates satisfaction with the resulting resolution or explanation, the contact will not be considered a dispute. The meaning of the term is consistent with the term as defined in Section 56.2 of Chapter 56.~~

DISTRIBUTION CHARGE – The charge for Transportation Service provided by PGW.

ESTIMATED READING - During the months when the Company does not read the Customer's meter, gas usage is projected based on previous gas usage, gas rates, and the weather.

FOREIGN LOAD - A situation where a Customer's meter registers usage for utility service provided to another person or other persons, or for use in a common area shared by others, for example, hallway lighting, furnace fan, or laundry room appliances.

~~FORMAL COMPLAINT - A written claim regarding a Customer problem with the Company filed by a Customer with the PUC. A Formal Complaint is assigned to an Administrative Law Judge (ALJ) who may hold hearings to develop a record.~~

GAS CHOICE PROGRAM - The firm gas transportation program offered by the Company pursuant to the Gas Choice Act, 66 Pa.C.S. §§2201 et seq.

GAS SERVICE - See definition for Basic Utility Service.

GAS SERVICE TARIFF (TARIFF) is PGW Gas Tariff - Pa P.U.C. No. 2 as supplemented or superceded from time to time in accordance with law.

~~GROSS ANNUAL INCOME - The total of earned and non-earned income of a household.~~

HOUSEHOLD INCOME – The combined annual gross income of all adults in a residential household and those who benefit from the Gas Service.

~~INFORMAL COMPLAINT - A complaint filed with the PUC by a Customer that does not involve a formal proceeding before a PUC administrative law judge or mediation under the direction of a PUC administrative law judge. A disagreement or grievance about a Customer, Applicant or occupant problem with the Company filed with the PUC's Bureau of Consumer Services (BCS). A BCS investigator reviews the Informal Complaint and provides the Customer, Applicant or occupant with a decision with respect to the informal complaint.~~

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~~INQUIRY – Communication initiated by a Customer, Applicant or occupant, specifically a question or concerns pertaining to billing or other Customer service matters.~~

LATE PAYMENT CHARGE - A charge placed on any bill not paid by the due date.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) - A federally funded program, administered by the Pennsylvania Department of Public Welfare that assists state-for-low income households with payment of their heating bills through energy assistance grants. For eligible households, the grants include crisis grants for household energy related emergencies, cash benefits for home heating fuel, and energy conservation and weatherization solutions. ~~utility Customers to help pay for energy services.~~

Mcf - 1,000 cubic feet of gas; this is a measure of gas usage.

NATURAL GAS (GAS) - Includes natural gas, liquified natural gas, synthetic natural gas and any natural gas substitutes including, but not limited to, liquified propane and naphtha.

NATURAL GAS CHOICE AND COMPETITION ACT - (Gas Choice Act or the Act) - 66 Pa.C.S. § § 2201 et. seq.

NATURAL GAS DISTRIBUTION COMPANY (NGDC) - A public utility that owns and/or operates natural gas distribution facilities. The term is used in this Tariff to refer to requirements which are placed on NGDCs and PGW, as a distributor of Natural Gas, pursuant to the Gas Choice Program.

NATURAL GAS SUPPLIER (NGS or Supplier) – A natural gas supplier, as defined in the Competition Act, that has been licensed by the Pennsylvania Public Utility Commission ("PUC") to sell Natural Gas Supply Services on the Company's system.

NATURAL GAS SUPPLY SERVICES – As defined in 66 Pa.C.S.A. § 2202.

NON-BASIC UTILITY SERVICE – Leased or purchased merchandise, appliances or special services including but not limited to merchandise and appliance installation fees, rental and repair costs, meter testing fees, special construction charges and other nonrecurring charges that are not essential to delivery or metering of Gas Service.

"PGW" or "Company" - refers to Philadelphia Gas Works.

PGW CHARGES - The portion of the consolidated PGW bill that itemizes the charges for the Basic Utility Service provided by PGW. The PGW Charges are separate and apart from the Natural Gas Supplier charges that may be itemized on a consolidated PGW bill.

PARTICIPANT – See definition of Customer Responsibility Program Participant.

PHYSICAL METER READ (or READING) - A meter read where a PGW service person takes an actual Meter Read of a Customer's meter. A reading taken by an Automatic Meter Reading device shall be deemed a Physical Meter Read.

PUBLIC UTILITY CODE - Title 66 of Pennsylvania Consolidated Statutes which establishes the powers and duties of the PUC.

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PUBLIC UTILITY COMMISSION (PUC or Commission) - The agency that is empowered by the Public Utility Code to regulate public utilities and Natural Gas Suppliers.

RESIDENT - An owner, Tenant, or occupant who makes the dwelling unit his/her residence.

RESIDENTIAL BUILDING - A building containing one or more dwelling units occupied by one or more Tenants, but excluding nursing homes, hotels and motels.

~~REVIEW--The process by which PGW examines the Customer's account upon Customer Inquiry.~~

RETAIL SALES SERVICE - Service to a Customer whereby the Customer receives firm or interruptible gas supply as well as transportation from the Company.

SUPPLIER OF LAST RESORT (SOLR) - The Company in its role of providing Natural Gas Supply Services to Customers that do not elect another Supplier or choose to be served by the Supplier of Last Resort, Customers that are refused service from another Natural Gas Supplier, or Customers whose Natural Gas Supplier fails to deliver the required gas supplies, in accordance with this Tariff. Each Customer may only have one Supplier of Last Resort.

TENANT - Any person or group of persons whose dwelling unit in a Residential ~~b~~Building is provided gas pursuant to an oral or written rental arrangement for such dwelling unit, but who is not the Customer of record of PGW for such Gas Service.

~~TITLE 52--The title of the Pennsylvania Code that governs utilities.~~

TRANSPORTATION SERVICE - Service to a Customer whereby the ~~c~~Customer receives transportation, but not firm or interruptible gas supply from the Company.

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## Rules and Regulations for Residential and Non-Residential Gas Service

### 1. The Gas Service Tariff

1.1. FILING AND POSTING. A copy of this Tariff, under which Gas Service will be supplied, is on file with the Commission and is available for inspection at any CSC and at the main offices of "PGW." The Tariff is also available on PGW's website at [www.pgworks.com](http://www.pgworks.com).

~~1.2. REVISIONS.~~ This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with applicable law, with the approval of the PUC. Such changes, when effective, shall have the same force as the present Tariff.

~~1.23. APPLICATION.~~ The Tariff provisions apply to anyone receiving Gas Service from PGW in accordance with these Rules and Regulations. Such receipt of Gas Service shall deem the receiver a Customer of the Company as the term is used herein, whether service is based upon a written contract, an agreement, an accepted, signed application or otherwise.

~~1.34. APPLICABLE LAW, RULES AND REGULATIONS.~~ The Rules and Regulations, filed as a part of this Tariff, are All Applicable Law is incorporated herein by reference, made a part hereof and is a part of every contract for Gas Service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provision.

1.45. BILINGUAL FORMS. All notices and forms referred to in this Tariff shall be in English and Spanish.

1.56. USE OF RIDERS. The terms governing the provision of service under a particular rate may be modified or amended only by the application of standard riders, filed as part of this tariff.

1.67. STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any contrary promise or representation.

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## 2. Application and Contract for Gas Service

### 2.1. APPLICATION FOR GAS SERVICE.

2.1.A. How to Apply. Application for Gas Service shall be made by telephone, mail and/or by personal visit to one of PGW's Customer Service Centers, ~~except provided however that, as an in-person application interview may be required for any Applicant at the discretion of the Company, required pursuant to Section 2.1.C. Applicants shall be given clear instructions as to how the application should be completed. Gas Service will be provided as soon as possible upon completion of an application. Applications will be considered completed only upon compliance with all PGW requirements, pursuant to Section 2.1.B. If a Company investigation of a completed application takes longer than three (3) business days, commencing the date after the application is completed, the Company shall temporarily provide service to the Applicant pending the completion of the investigation. Supporting documents required pursuant to Section 2.1.B may be submitted as originals or photocopies and in-person or by mail. Documents submitted by mail will not be returned.~~

### 2.1.B. Documentation Required.

2.1.B.1. Application. An Applicant applying for Residential Gas Service shall provide ~~identify the Applicant's name, and the names of all occupants who appear on the mortgage, deed or lease of the property and the names of all occupants who are tenants in the premises pursuant to an oral agreement for which Gas Service is to be provided. All Applicants applying for Gas Service shall provide identification, information, and documentation as required by the Company. All applications shall be subject to credit history investigation by PGW. Parties applying to become Commercial or Industrial Customers shall provide their employer identification number (EIN) and such other documentation as may be required by PGW. Corporations, partnerships shall have their authorized agents or officers complete the appropriate application and provide supporting documentation.~~

2.1.B.2. Identification of the Applications. Applicants for Gas Service may be requested to ~~shall~~ provide documentation evidencing commencement of ownership, tenancy or residency at the service address, including, for ~~properties occupied pursuant to an oral or written agreements for such dwelling unit Tenant Applicants only,~~ the name and mailing address of ~~the Landlord and/or the Landlord's agent, if any.~~ Such documentation may include a copy of a deed, settlement papers, initial lease, initial receipt for rent payment or security deposit, a letter from a rental agent or Landlord, or similar documents indicating prior residency elsewhere, as allowed by PGW. In the event that an Applicant is unable to provide documentation evidencing commencement of ownership, tenancy or residency, PGW shall accept other evidence indicating ownership, tenancy or residency. Any Applicant unable to provide such documentation may certify that he/she is a lawful owner, Tenant or Resident of the property for which service is sought.

2.1.B.3. Any Applicant who (1) is a Customer whose account is not current, (2) is a former Customer who has not paid a final bill in full, or (3) is a former Customer whose Gas Service was terminated for non-payment shall execute any required payment agreement and submit any required down payment, deposit, and/or supporting documentation prior to receiving service.

2.1.B.3C. In-person Application Interviews. An in-person application interview may be required for any Applicant who (1) is a former Customer whose Gas Service was terminated for unauthorized usage and/or tampering with the meter or other utility equipment, or (2) is applying for service at a service address at which service was terminated for non-payment within the preceding 120 days or where the home telephone number supplied by the Applicant is the same as the home telephone number for a previously terminated account at the same address.

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~~2.1.D. Applicants with Disabilities. Any Applicant for Gas Service who cannot complete his/her application by telephone or mail, and for whom a personal visit to one of PGW's Customer Service Centers is a severe hardship due to disability, may request that a PGW Customer representative complete the application at the Applicant's residence.~~

2.1.B.43E. Designation by Landlord Applicants as Tenant-Occupied. Each Applicant for Gas Service who is a Landlord for the property for which Gas Service has been requested shall designate, in written form to PGW, whether the application is for Residential service to a Tenant-occupied property. If the property is Tenant-occupied, a written list of Tenants-all occupants residing at the location, regardless of whether their name(s) appear on a lease, shall may, at the request of PGW, be submitted by the Landlord-Customer to PGW on an annual basis.

2.2. STANDARD SERVICE CONTRACT. Any application for Gas Service, upon acceptance by the Company, constitutes a contract between the Company and the Customer.

2.3. OTHER CONTRACTS. Contracts stipulating the negotiated non-scheduled rates and/or terms of Gas Service may also be entered into between the Company and Customer when the Company, in its sole discretion, deems such offerings to be economically advantageous to the Company.

2.4. RIGHT TO REJECT.

2.4.A. Rejection to Protect Supply. PGW may limit the amount and character of Gas Service it shall supply or may reject requests for initial or increased service if this is necessary to protect the supply of service to any Customer.

~~2.4.B. Other Reasons for Rejecting Application. Rejection for Good and Sufficient Reasons.~~ PGW may reject requests for Gas Service for good and sufficient reason in accordance with the policies and regulations of this Tariff and the Commission in accordance with any right set forth in Applicable Law including but not limited to the failure to comply with the application of this Tariff or if PGW can demonstrate that the Applicant has tampered with the meter or other utility equipment or used Gas Service without PGW authorization.

~~2.4.C. Other Reasons for Rejecting an Application.~~ PGW may also reject an application for Gas Service for any of the following reasons:

~~2.4.C.1. The Applicant fails to provide personal identification as provided in Section 2.1.B.~~

~~2.4.C.2. The Applicant fails to provide documentation required in Section 2.1.B.~~

~~2.4.C.3. PGW can demonstrate that the Applicant has tampered with the meter or other utility equipment or used Gas Service without PGW authorization.~~

~~2.4.C.4. The Applicant fails to enter into a payment agreement for any undisputed outstanding account with PGW which accrued within the past four years for which the Applicant is legally responsible and for which the Applicant was billed properly.~~

~~2.4.C.5. The Applicant for Residential Gas Service fails to pay either the initial payment of at least 50% of a properly required security deposit as provided in Sections 3.1 and 3.2, or the Non-Residential Customer fails to pay 100% of the deposit required by Sections 3.1 and 3.2.~~

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~~2.4.D. Rejection of Application and Arrearages.~~ PGW may not require, as a condition of the furnishing of Residential Gas Service only, payment for Residential Gas Service previously furnished under an account in the names of persons other than the Applicant unless a district judge or administrative agency has determined that Applicant is legally obligated to pay for the service previously furnished. This section shall not affect the creditor rights and remedies of PGW otherwise permitted by law. It shall be sufficient to establish the Applicant's responsibility if the Applicant acknowledges responsibility for an Arrearage accrued at the service address in the name of another Resident/Tenant/Occupant.

~~2.4.C.E Notification of Rejection.~~ Where PGW rejects an application for Gas Service, PGW shall inform the Applicant as required by Applicable Law, in writing of: (1) the specific reason(s) why service is not being provided, (2) any conditions that must be met in order to obtain service, (3) an itemization of the amount for any charges that must be paid in order to obtain service, (4) a description of the process by which the Applicant can Dispute PGW's decision.

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### 3. Credit and Deposit

#### 3.1. CREDIT AND DEPOSIT STANDARDS AND PROCEDURES.

3.1.A. Conditions Where Applicant or Customer does not Needs to Provide a Security Deposit. PGW will not require a security deposit for Gas Service in accordance with Applicable Law if the Applicant satisfies one of the following requirements:

3.1.B. Payment of the Security Deposit. If the full amount of the security deposit or the portion due and payable pursuant to Applicable Law is not received, PGW shall not be required to provide or, as relevant, continue to provide service. For Non-Residential and Landlord-Customers, payment of 100% of the security deposit will be required before service will be provided. A Residential, Non-Landlord Customer may pay a security deposit in installments if allowed under Applicable Law. A deposit may be required for continued Gas Service when the Customer has been delinquent in the payment of any two consecutive bills or three or more bills within the preceding 12 months.

~~3.1.A.1. The Applicant has been a recipient of utility service of a similar type within a period of 24 consecutive months preceding the date of the application, was primarily responsible for payment for such service, and the service of the Applicant was not terminated for nonpayment during the last 12 months of that prior service. In addition, the average periodic bill for the service must be equal to at least 50% of that estimated for new service and the Applicant can not have an unpaid balance from that prior service.~~

~~3.1.A.2. The Applicant supplies satisfactory credit references in writing from his/her former suppliers of utility services.~~

~~3.1.A.3. The Applicant provides information demonstrating that he/she is not an unsatisfactory credit risk. The absence of prior credit history does not, of itself, indicate an unsatisfactory risk. PGW may require additional employment and income information from the Applicant including, but not limited to, the name of the employer, place and length of employment, residence during the previous five years, letter of reference, credit cards, and any significant source of income other than from employment.~~

~~3.1.A.4. The Applicant owns or has entered into an agreement to purchase real property located in the area served by the utility or is renting his place of residence under a lease of one year or longer in duration, unless the Applicant has an otherwise unsatisfactory credit history as an utility customer within two years prior to the application for service.~~

~~3.1.A.5. The Applicant furnishes a written guarantee from a responsible Customer under the terms of Section 3.1.B.~~

~~3.1.B. Third Party Guarantor.~~ PGW shall provide Residential Gas Service when the Applicant furnishes a written guarantee from a responsible Customer which, for the purposes of this section, shall mean a Customer who has or can establish credit, under Section 3.1.A, to secure payment in an amount equal to that required for cash deposits. The guarantee shall be in writing and shall state the terms of the guarantee. The guarantor shall be discharged when the Applicant has met the terms and conditions upon which a cash deposit must be refunded pursuant to Section 3.4.

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~~3.1.C. Notice Regarding Decline of Credit to Applicant. If PGW shall decline credit pursuant to this Section, written notice of the specific reason(s) for such rejection shall be given to the Applicant within three business days commencing the day after the application is made. The notice shall also include:~~

~~3.1.C.1. The amount of the required deposit, the method of calculation and the manner in which it can be paid.~~

~~3.1.C.2. If the refusal to grant credit is based on information from a credit reporting agency, the name and address of the agency, and a statement that a copy of the credit report can be obtained by the Customer and the information in the report challenged.~~

~~3.1.C.3. Any other reason for credit rejection.~~

~~3.1.C.4. A description of the process by which an Applicant may initiate a Dispute of the Company's decision.~~

~~3.1.D. Notice Regarding Delay of Credit Status Determination. If the investigation and determination of credit status is expected to take or in fact takes longer than three business days, commencing from the date after the application is made, PGW shall provide service pending completion of the investigation.~~

~~3.2. SECURITY DEPOSITS:~~

~~3.2.A. Payment Period for Deposit. If PGW determines that a deposit is required, the deposit must be paid as follows: Residential Gas Service Applicants may elect to pay any required deposits in three installments: 50% payable upon the determination by the utility that the deposit is required, 25% payable 30 days after the determination, and 25% payable 60 days after the determination. Residential Customers may elect to pay the first installment of any required deposit twenty one (21) days from the date the Customer is first notified of the required deposit. For Non-Residential Customers, payment of 100% of the security deposit will be required before service will be provided and deposits must be paid within 21 days of the notification of the amount due.~~

~~3.2.B. Average or Anticipated Monthly Bill. The average or anticipated monthly bill for purposes of this Section shall be based on the charge for Gas Service during the previous 12 months or such shorter period for which PGW has records, unless the Applicant can demonstrate that his/her expected usage will be substantially different from the prior occupant.~~

~~3.2.C. Amount of Security Deposit for New Applicants. If an Applicant does not establish credit pursuant to Regulation 3.1 of this Section, PGW may require a security deposit in an amount equal to two times the average or anticipated monthly bill for Gas Service to the account for which the Customer is seeking service.~~

~~3.2.D. Amount and Payment of Deposit for Existing Ratepayers. The amount of the deposit shall not exceed the estimated charges for Gas Service for a period not to exceed two months based on the prior consumption of that Customer.~~

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3.3. SECURITY DEPOSIT FOR CONTINUED OR RENEWED SERVICE.

3.3.A. Deposits for Continued Service. A deposit may be required for continued Gas Service when the Customer has been delinquent in the payment of any two consecutive bills or three or more bills within the preceding 12 months.

3.3.B. Deposits for Renewed Service. A deposit may be required for renewed Gas Service, where service has been terminated for any of the reasons set forth in Section 5.1. A deposit may be required whether or not service has been terminated, when a Customer fails to comply with a material term or condition of a settlement or payment agreement.

3.3.C. Notice to Customer of Intent to Request Security Deposit. Prior to requesting a deposit for continued Gas Service under this Section, PGW shall give the Customer written notice of its intent to request a cash deposit if current and future bills continue to be paid after the due date. The notice shall clearly indicate that a deposit is not required at this time but that if bills continue to be paid after the due date a deposit will be required. This notice, which may be included with the monthly bill, shall set forth the address and phone number where complaints or questions may be registered.

3.3.D. Subsequent Request for Deposit. A subsequent request for deposit shall clearly indicate that a Customer should register any question or complaint prior to the date the deposit is due in order to avoid having Gas Service terminated pending resolution of a Dispute. The request shall also include the address and telephone number where questions or complaints may be registered.

3.3.G. Deposits on Make-up Bills. Except in the case of adjustments to equal monthly billing plans, the Company may issue a notification or subsequent request for a deposit based, in whole or in part, on a delinquent account arising out of a make-up bill. However, if the Customer has complied with payment arrangements or where the make-up bill exceeds the otherwise normal estimated bill by at least 50% and if the Customer makes payment in full after the bill is delinquent but before a notification of intent to request a deposit is given to the Customer, such a notification or request for deposit shall not thereafter be issued based on the make-up bill.

3.3.H. Adjustment of Amount of Deposit. The amount of a cash deposit may be adjusted at the request of the Customer or the Company whenever the character or degree of the usage of the Customer has materially changed or when it is clearly established that the character or degree of service will materially change in the immediate future.

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3.4. APPLICATION AND REFUND OF SECURITY DEPOSIT. A cash deposit shall be refunded under the following conditions:

3.4.A. Refund of Cash Deposit Under Termination or Discontinuance of Service. Upon termination or discontinuance of Gas Service, PGW shall promptly apply the deposit of the Customer, including accrued interest, to any outstanding balance for Gas Service and refund the remainder to the Customer. A transfer of service from one location to another within PGW's service area, a transfer from Retail Sales Service to Transportation Service, or a transfer from Transportation Service to Retail Sales Service shall not be considered a discontinuance within the meaning of this Section.

3.4.B. Refund of Cash Deposit Under Prompt Payment of Bills. After the first 12 consecutive months of Gas Service, PGW shall refund any cash deposit, plus accrued interest unless the Customer's service was terminated for non-payment, or for unauthorized usage or tampering with the meter or other utility equipment during those 12 months, or unless, at the time of PGW's review, the account for PGW charges is delinquent or the Customer is in default under a payment agreement or the Customer has paid the bill subsequent to the due date on more than two occasions.

3.14.C. Refund or Credit of Security Deposit when Timely Payment History Credit has been established. When Once a Residential Customer establishes a timely payment history for 12 consecutive months credit under Section 3.1 or after 24 months have passed, PGW shall refund or apply to the Customer's account, any cash deposit plus accrued interest, deduct the outstanding balance from the deposit, if any and, at PGW's discretion, either return or credit any positive difference to the Customer. For Non-Residential Customers, security deposits shall be refunded in accordance with Applicable Law.

3.4.D. Refund involving a Third Party Guarantor. When a Customer substitutes a third party guarantor in accordance with Section 3.1.B, PGW shall refund any cash deposit, plus accrued interest, up to the limits of the guarantee.

3.4.E. Periodic Review. If a Customer is not entitled to a refund, PGW shall review the account of the Customer each succeeding billing period and shall make appropriate disposition of the deposit in accordance with the provisions of Section 3.4.

3.4.F. Refund Statement. If a cash deposit is applied or refunded, PGW shall mail or deliver to the Customer a written statement showing the amount of the original deposit plus accrued interest, the application of the deposit to a bill which had previously accrued, the amount of unpaid bills liquidated by the deposit and the remaining balance.

3.25. INTEREST RATE ON SECURITY DEPOSIT.

3.25.A. Interest on Residential Customers' Deposits. Shall be calculated at the legal rate of interest, pursuant to 41 P.S. § 202, known as the Loan Interest and Protection Law, at the rate of the average of one-year Treasury Bills for September, October and November of the previous year is payable on deposits without deductions for taxes thereon unless otherwise required by law.

3.2.B. Interest on Commercial Customers' Deposits. Shall be calculated in accordance with Applicable Law.

3.25.CB. Interest eEarned on dDeposits, sShall be applied annually to service bills and returned or credited to the Customer at the time that the deposit is returned or credited in accordance with Applicable Law.

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## 4. Billing and Payment.

4.1. BILLING PRACTICES. Provisions of this Tariff that address a situation in which PGW issues a consolidated bill which includes both PGW and NGS charges shall not apply until PGW begins issuing such consolidated bills. PGW's billing practices shall be in accordance with Applicable Law.

4.1.A. Billing Period. PGW shall render a bill once every month to Residential Customers. A period not less than 26 and not more than 35 days shall be taken as one month for billing purposes with the exception of the initial bill, final bill, or rebilling to correct a billing problem. If the initial meter reading period covers less than 26 days (with the exception of a final bill), the Gas usage may be included in the following month's billing.

4.1.B. Incomplete Month. In the event that the meter reading period for a Customer's final bill shall be less than one month, it shall be taken as one month, for billing purposes.

4.1.C. Inexact Billing Intervals. Whenever billings are prepared for meter readings that do not cover exact one or two-month intervals, charges for Gas shall be calculated on the basis of the actual rate(s) for the period(s) covered by the bill.

### 4.2. APPLICATION OF PAYMENT.

~~4.2.A. Acceptable Payment Periods.~~ The due date for payment may be no less than 20 days from the date of transmittal, that is, the date of mailing or physical delivery of the bill by the Company to the Customer. If the last day for payment falls on a Saturday, Sunday, a bank holiday or other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. Payment to a PGW Customer Service Center or an authorized payment agent shall be deemed to have been made upon actual receipt of payment by the Customer Service Center or payment agent. Payments sent by mail, on or prior to the finance charge date, as evidenced by the United States Postal Service date stamp on the envelope in which they are received, shall be accepted as a tender of payment within such payment period. The Company may not impose a Late Payment Charge unless payment is received more than five days after the due date.

~~4.2.B. Partial Payments.~~ Payments received by the Company without written instructions that they be applied to merchandise, appliances, special services, meter testing fees or other Non-basic Utility Service charges and which are insufficient to pay the balance due for the items plus amounts billed for Basic Utility Service shall first be applied to the Basic Utility Service portion of the charges.

~~4.2.C. Application for Partial Payments.~~ When a Customer remits a partial payment, the payment shall be applied as follows:

~~4.2.C.1. Outstanding pre-September 1, 2003 balance due, or the installment amount of a payment agreement on this balance;~~

~~4.2.C.2. Any balance due on prior PGW Charges, or the installment amount for a payment agreement.~~

~~4.2.C.3. Any balance due on current PGW Charges.~~

~~4.2.C.4. Balance due for prior Supplier charges;~~

~~4.2.C.5. Current Supplier charges;~~

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~~4.2.C.6. Non-basic Utility Service charges; and~~

~~4.2.C.7. Hardship Energy Fund Contributions.~~

4.23. FINANCE CHARGE ON LATE PAYMENTS. PGW will assess a late penalty for any overdue bill, in an amount which does not exceed 1.5% interest per month on the full unpaid and overdue balance of the bill. These charges are to be calculated on the overdue portions of PGW Charges only. The interest rate, when annualized, may not exceed 18% simple interest per annum. Late Payment Charges will not be imposed on ~~D~~disputed estimated bills, unless the estimated bill was required because utility personnel were unable to access the affected premises to obtain an Actual Meter Reading.

4.34. DISHONORED PAYMENTS/RETURNED CHECKS. ~~If a Customer tenders payment which is subsequently dishonored under 13 Pa. C.S. § 3502 (relating to dishonor) or a Customer tenders payment with an access device, as defined in 18 Pa. C.S. § 4106(d) (relating to access device fraud) which is unauthorized, revoked or canceled, the Customer shall be deemed as not having made a payment on the account. Checks returned because the Customer did not have an account with the bank at the time the check was written or the bank refused payment on the check because of insufficient funds or a stop order shall not be deemed as having made a payment on the account. If a Customer who tenders a dishonorable, unauthorized, revoked or canceled payment/bad check does not cure that bad check within three business days of being notified by PGW, he/she will~~ may be required to make future payments by money order, bank check, credit card, or cash for a period of one year. A charge of \$20 will be assessed to the Customer's account by PGW when a check rendered in for each unauthorized or dishonored payment, of a Customer's bill for PGW Charges is returned to PGW.

4.45. PAYMENT AGREEMENTS-MAKE-UP BILLS. PGW will negotiate payment agreements with Residential Customers on the portion of the past due amount attributable to PGW Charges in accordance with any provision of this Tariff, and the applicable law as set forth in section 1.3.

~~4.5.A. Payment Agreements.~~ If a Residential Customer receives a "make-up" bill for previously unbilled service, the Company shall review the bill with the Customer and make a reasonable attempt to enter into a payment agreement. At the option of the Customer, the payment agreement may extend at least as long as the period during which the excess billing accrued or so that the quantity of service billed in any one billing period is not greater than the normal estimated quantity for that period plus 50%. No finance charges shall be imposed so long as the Customer complies with the terms of the payment agreement.

4.5.B. Budget Billings. PGW shall offer a budget-billing plan to Residential Customers averaging the cost of Gas Service over a 12-month period. The Company shall review accounts at least three times during the 12-month period ~~billing period~~ and make adjustments, if necessary, to keep monthly payments in line with actual and/or projected and actual charges. The Company shall review accounts at least once yearly to bill for actual usage, pursuant to a true up bill.

4.6. STATEMENT OF ACCOUNT. Residential and ~~s~~Small ~~b~~Business Customers are entitled to receive a statement of account of PGW ~~C~~charges annually upon request. Any additional requests, and requests by all other classes of Customers, shall be assessed a \$10 service charge, except in those instances where such requests are part of a bill Inquiry, further Review, Dispute, or Appeal pursuant to Section 7 of this Tariff.

4.7. BILLING ERRORS WITH NATURAL GAS SUPPLIER. Any Disputes pertaining to NGS bills or NGS charges on a PGW bill related to firm Natural Gas Supply Service pursuant to PGW's Supplier Tariff must be corrected with the NGS, pursuant to Section 12.10.C of the Company's Supplier Tariff.

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Philadelphia Gas Works

Supplement No. 16  
Gas Tariff – Pa P.U.C. No.2  
First Revised Page No. 28  
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## 5. Termination and/or Discontinuance of Gas Service.

~~5.1. GAS SERVICE TERMINATION AND PROCEDURES. Provisions of this Tariff that address a situation in which PGW issues a consolidated bill which includes both PGW and Supplier charges shall not apply until PGW begins issuing such consolidated bills. PGW may terminate Gas Service to any dwelling or account may be terminated by PGW in accordance with Applicable Law, after written notification to the Customer of record for one or more of the following reasons:~~

~~5.1.A. Undisputed Amounts. Nonpayment of an outstanding amount for PGW Charges in a delinquent account which is not subject to a Dispute.~~

~~5.1.B. Credit Requirements. Failure to post a deposit, provide a guarantee, or establish credit.~~

~~5.1.C. Prior Agreements. Failure to comply with the material terms of a settlement or payment agreement.~~

~~5.1.D. Unauthorized Use. Unauthorized use of the utility service delivered on or about the affected dwelling.~~

~~5.1.E. Fraud. Fraud, or material, misrepresentation of identity, or a misstatement as to the intended use of Gas, for the purpose of obtaining utility service.~~

~~5.1.F. Access. Unreasonable refusal to permit access to meters, service connections, and other property of PGW for the purpose of inspection, maintenance, repair, AMR installations or meter readings.~~

~~4.3. NON-TERMINATION PERIODS. Except in safety-related emergencies, and as stated in Section 6, service shall not be terminated during the following periods:~~

~~5.2.A. Weekends. On Friday, Saturday or Sunday.~~

~~5.2.B. Bank Holidays. On a bank holiday or on the day preceding a bank holiday.~~

~~5.2.C. PGW Holidays. On a holiday observed by PGW or on the day preceding such holiday according to its collective bargaining agreement. A holiday observed by PGW shall mean any day on which the Customer Service Centers of PGW are closed for any reason.~~

~~5.2.D. PUC Holidays. On a holiday observed by the Commission or on the day preceding such holiday.~~

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~~5.3. TERMINATION PROCEDURES – RESIDENTIAL AND LANDLORD CUSTOMERS.~~

~~5.3.A. Notice of Termination to Residential Customers. 10 days prior to terminating Gas Service to a Residential Customer for one or more of the reasons stated in Section 5.1, PGW shall mail or deliver to the Customer an initial termination notice. This notice shall contain:~~

~~5.3.A.1. A proposed date of termination no less than 10 days from the date of the initial termination notice.~~

~~5.3.A.2. A clear and concise statement of the reason for the proposed termination with a citation to the specific subsection of Section 5.1 that authorizes the termination.~~

~~5.3.A.3. A statement of the amounts past due, if any.~~

~~5.3.A.4. The reconnection charge(s) that must be paid prior to restoration of service.~~

~~5.3.A.5. Notification to the Customer that termination proceedings which could lead to shut off have begun and will continue if the Customer has failed to:~~

~~5.3.A.5.a. Pay the delinquent bill in full, or~~

~~5.3.A.5.b. Arrange a satisfactory written payment agreement, such agreement to be confirmed in writing, or~~

~~5.3.A.5.c. Otherwise eliminate the grounds for the proposed termination, or~~

~~5.3.A.5.d. Initiate a Dispute with PGW.~~

~~5.3.A.6. PGW will provide a brief statement of the procedure to be followed if the Customer Disputes the bill or any other reason for the termination. This statement shall include notification that one of the ways to avoid termination is by filing an informal complaint with the Bureau of Consumer Services together with the BCS telephone number and address.~~

~~5.3.A.7. PGW will provide an explanation of the procedure to be followed by the Residential Customer in the event a medical emergency or condition exists which may be aggravated by the termination of service. (See Section 5.6 Medical Emergency Procedures).~~

~~5.3.A.8. PGW will provide the phone number to call for further information and/or explanation of the Customer's rights.~~

~~5.3.A.9. PGW will provide a clear and concise statement that Tenants are entitled to certain statutory protection which could result in the suspension of termination proceedings and that they should contact PGW at a designated number for an explanation of their rights and under the Utility Services Tenants' Rights Act.~~

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~~5.3.B. Attempt to Avoid Shut Off of a Residential Account Through Personal Contact. At least seventy-two (72) hours prior to the scheduled date of termination, PGW will attempt to make personal contact with the Residential Customer. For purposes of this section, "personal contact" shall mean:~~

~~5.3.B.1. Contacting the Residential Customer or responsible adult occupant in person or by telephone.~~

~~5.3.B.2. Contacting another person, in accordance with Section 5.3.E, whom the Residential Customer has designated to receive a copy of a notice of termination, other than a member or employee of the Commission.~~

~~5.3.B.3. If the ratepayer has not made the designation noted in Section 5.3.E., contacting a community interest group or other entity, including a local police department that has previously agreed to receive a copy of the notice of termination and to attempt to contact the ratepayer.~~

~~5.3.B.4. If the ratepayer has not made the designation noted in Section 5.3.E. and if there is no community interest group or other entity that has previously agreed to receive a copy of the notice of termination, contacting the Commission in writing.~~

~~5.3.C. Personal Contact Immediately Prior to Termination. After PGW has complied with Section 5.3.B, a PGW employee, who may be the utility employee designated to perform the termination, shall attempt to make personal contact with the Residential Customer or responsible person at the service address immediately preceding the termination of service. PGW shall provide information on how shut off can be avoided by explaining any payment agreement available to the Customer and advising that entering such an agreement will suspend the termination process. Payment in any reasonable manner includes cash, credit card, via phone, or payment by personal check unless the ratepayer within the past year has tendered a "bad check" as defined by Section 4.4.~~

~~5.3.C.1. In the event that the Residential Customer fails to enter into a payment agreement and PGW is satisfied that no grounds exist to suspend the termination process, service shall be terminated pursuant to Section 5.1. In addition, a notice or a written statement containing the address and telephone number of the PGW office where the ratepayer or occupant may arrange to have service restored and a medical emergency notice, shall be conspicuously posted or delivered to a responsible person at the residence of the Residential Customer and at the affected premises.~~

~~5.3.C.2. If evidence is presented which indicates that payment has been made, a serious illness or medical condition exists, a Dispute or Informal Complaint is properly pending, or if the employee is authorized to receive payment and payment in full is tendered in any reasonable manner, then termination shall not occur. However, if the disputing party does not pay all undisputed portions of the bill, termination may occur.~~

~~5.3.D. No Prior Contact. If a prior contact has not been made pursuant to Section 5.3.C., or at the affected dwelling, PGW will not terminate service and shall conspicuously post a termination notice at the residence of the Residential Customer and the affected dwelling, advising that service will be disconnected not less than 48 hours from the time and date of posting.~~

~~5.3.E. Third Party Designation. The Company will permit its Residential Customers to designate a consenting individual or agency which is to be sent, by the Company, a duplicate copy of reminder notices, past due notices, delinquent account notices or termination notices. When contact with a third party is made, PGW will advise the third party of the pending action and the efforts that shall be taken to avoid termination.~~

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~~5.3.F.5.2.~~ TERMINATION PROCEDURES AND NOTICES TO TENANTS. Subject to Section 2.1, where the mailing or billing address or apartment designation of a Customer with Residential Gas Service is different from the service address or apartment designation, PGW shall assume that such Customer is a Landlord-Customer and that the residents at the service address or apartment designation are Tenants unless PGW has actual knowledge to the contrary.

~~5.3.F.1.5.2.A.~~ Before terminating Gas Service to a Residential dwelling in which the Customer billed is a Landlord-Customer, but the Gas has been or is being delivered to and used by a Tenant, PGW shall make reasonable efforts to seek collection from the Landlord-Customer.

~~5.3.F.2.5.2.B.~~ Prior to termination of any Tenant-occupied property with Residential Gas Service, PGW will comply with the provisions of the Pa. Utility Services Tenants Rights Act, 68 P.S. § 399.1 et seq.

~~5.3.F.3.5.2.C.~~ This notice shall inform PGW will provide a notice to the Tenant-occupants with Residential Gas Service informing them of the following:

~~5.3.F.3.a.5.2.C.1.~~ That there exists an outstanding bill for the property and that collection activity is being pursued against the Landlord-Customer.

~~5.3.F.3.b.5.2.C.2.~~ That the initial payment by Tenants on the delinquent balance shall not exceed one month's rental. Thereafter, all current bills shall be paid in full.

~~5.3.F.3.c.5.2.C.3.~~ The phone number to call for further information and/or an explanation of the procedure to be followed for continued service.

~~5.4.A.1.a.5.2.C.4.~~ The locations and business hours of PGW's Customer Service Centers.

~~5.4.A.1.b.5.2.C.5.~~ The telephone number of the Philadelphia Department of Licenses and Inspections.

~~5.4. LIMITED RESIDENTIAL TERMINATION DURING WINTER PERIOD.~~ Notwithstanding another provision of this Tariff, during the period of December 1 through March 31, and except as permitted below, PGW may not be permitted to terminate heat related Gas Service to Residential Customers, except for terminations based on occurrences harmful to person or property.

~~5.4.A. Occupied Premises.~~ PGW shall comply with this Tariff's requirements regarding Termination Procedures if the premises are occupied.  
~~5.4.B. Commission Request.~~ If at the conclusion of the notification process a reasonable agreement cannot be reached between PGW and the Residential Customer, the Company shall register with the Commission, in writing, a request for permission to terminate Gas Service, accompanied by a utility report as defined in 52 Pa Code § 56.152 (relating to contents of the company utility report).

~~5.5. MEDICAL EMERGENCY PROCEDURES.~~ PGW will not terminate or refuse to restore Gas Service to a Residential property when a physician certifies that an occupant is affected by a medical condition that will be aggravated by a cessation of service or failure to restore service. This section does not apply to a new application for service. If, prior to termination of service, a PGW employee is informed that an occupant is seriously ill or is affected with a medical condition which will be aggravated by the cessation of service and that a medical certification will be procured, termination may not occur for three days. Termination will occur if no certification is produced within that three-day period.

~~5.5.A. Initial Certification.~~ The initial certification may be written or oral. If the initial certification is oral, the physician will be required to provide written confirmation of the medical condition within seven days. If no such written certification is received, the Company may resume termination proceedings.

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~~5.5.B. Contents of Certification.~~ Written certifications must be on either a form provided by the Company or on a physician's professional letterhead and both written and oral certifications must include all of the following information:

~~5.5.B.1.~~ Name and address of the Residential Customer in whose name the account is registered;

~~5.5.B.2.~~ The name and address of the afflicted person and the relationship to the Residential Customer;

~~5.5.B.3.~~ The nature and anticipated length of the affliction;

~~5.5.B.4.~~ The specific reason for which the service is required and the length of time during which the absence of Gas Service will aggravate the medical condition; and

~~5.5.B.5.~~ The name, office address, and telephone number of the physician.

~~5.5.C. Incomplete Certifications.~~ If PGW receives an incomplete medical certification, PGW will notify the Residential Customer who will then have three days with which to provide the company with a completed certification. If after the three days the medical certification remains incomplete, the Company may resume termination proceedings. Service will not be restored based on the receipt of an incomplete certification. However, PGW shall not resume termination proceedings or otherwise delay restoration of service unless the nature of the incomplete certification is material. If the medical certification is incomplete in respect to stating the anticipated length of the medical condition, PGW shall allow the Customer 30 days to obtain this information from the person who completed the certification.

~~5.5.D. Preliminary Investigation.~~ Prior to the restoration of Gas Service or cessation of termination proceedings, PGW may conduct a preliminary investigation into the validity of the initial certification. If after this initial inquiry, it is determined that the certification is invalid or fraudulent, PGW will challenge a medical certification by means of a petition to the Commission.

~~5.5.E. Length of Postponement and Renewals.~~ PGW will not terminate Gas Service for the time specified in the medical certification, however, such time period may not exceed 30 days. If no time period is specified in the certification, 30 days will be deemed to have been requested. The Customer may extend this initial 30-day postponement of termination by having his/her physician submit another medical certification requesting an additional 30-day extension in the same manner as permitted by Chapter 56 for original certifications. Such extension shall be granted unless the Customer has failed to meet his/her obligation to make payment arrangements on his/her bills and the Commission has granted PGW's petition for waiver of the medical certification procedure. If the Customer has not met his/her obligation to make equitable payments on all bills, PGW may petition the Commission for a waiver of the medical certification procedure. When the initial and renewal certifications have expired, the original ground for termination shall be revived and PGW may terminate without additional written notice, if notice had previously been delivered according to Section 5.3. PGW will be required to comply with personal contact provisions according to Section 5.3.

~~5.5.F. Petitions to the Commission.~~ PGW may petition the Commission for waiver from the medical certification procedures:

~~5.5.F.1.~~ To request an investigation and hearing when Gas Service had been restored or termination stopped based on a certification that initially appeared to be valid, but upon further investigation was determined to be fraudulent, or

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~~5.5.F.2. To request permission to terminate Gas Service prior to the expiration of the certification or to contest the renewal of the certification when the ratepayer failed to arrange to make equitable payments on bills.~~

~~5.5.G. Restoration of Service. When Gas Service is required to be restored under this section, PGW will make a diligent effort to have service restored on the day of receipt of the medical certification. In any case, service shall be restored before the end of the next working day.~~

~~5.3.6 TERMINATION OF GAS SERVICE – NON-RESIDENTIAL CUSTOMERS. Seven days prior to terminating Non-Residential Gas Service for one or more of the reasons identified in Section 5.1, PGW shall mail or deliver a termination notice to the Non-Residential Customer. PGW may terminate service to the Non-Residential Customer in accordance with Applicable Law, at any time after the seven days referenced in the termination notice has expired unless the grounds for termination have been eliminated or no longer exist.~~

~~5.4.7 UNAUTHORIZED CONNECTION OF APPLIANCES TO CUSTOMER'S METER. When PGW determines that high Gas bills may be caused by Foreign Load, PGW shall fully and promptly investigate such high bills, and shall, upon verifying such unauthorized connection(s), notify the building owner and place the utility account for that dwelling unit in the building owner's name consistent with Applicable Law, 66 Pa.C.S. §1529.1 and applicable policies of the Commission.~~

5.5.8 DISCONTINUANCE BY CUSTOMER - GENERALLY.

~~5.58.A. Notice of dDiscontinuance. Except where the provisions of the Utility Service Tenants Rights Act apply, the Customer is required to give the Company at least seven days notice to discontinue the supply of Gas specifying the date on which it is desired that service be discontinued. In the absence of notice, the Customer shall be responsible for services rendered.~~

~~5.58.B. Final Meter Read. In the event that the Company's authorized agent is not able to gain access to the premises during the seven-day notice interval, the Customer's liability for Gas that may pass through the meter shall continue in force until such time as a final meter reading can be obtained by an authorized agent of the Company or the account is otherwise closed in accordance with Applicable Law.~~

~~5.8.C. Ceased Utilization of Service. Upon the Customer's verifiable documentation of the date he/she ceased utilizing the Gas Service at the premises, the Customer shall be relieved of liability therefore after such date with a prorated bill to be issued upon the final meter reading if:~~

~~5.8.C.1. The Company's inability to gain access is due to the Company's failure to respond to the Customer's timely request for discontinuance, or if~~

~~5.8.C.2. The Customer was unable to provide the Company with access to the premises because of the property owner's refusal to allow such access.~~

5.69. TEMPORARY DISCONTINUANCE OF GAS SERVICE BY THE CUSTOMER'S REQUEST.

~~5.69.A. Temporary Discontinuance. Except where the provisions of the Utility Service Tenants' Rights Act, 68 P.S. § 399.1 apply, a Customer may have his/her Gas Service temporarily discontinued by giving PGW advance notice of at least 10 days.~~

~~5.69.B. Temporary Service Payments. For a period of discontinuance of less than 12 months, PGW will provide a Customer a temporary discontinuance of Gas Service upon request. PGW will require a~~

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payment of an amount equal to the Company's service charge for one hour, plus payment of ~~Customer~~ charges for each month the service has been discontinued, in order to restore disconnected service.

5.740. CUSTOMER REQUEST FOR TEMPORARY HEAT.

5.740.A. Construction or Remodeling. PGW will provide temporary heat, upon request for the completion of construction or remodeling as long as there is Gas Service present and all fuel lines have been installed and tested.

5.740.B. Charge. Customers will be assessed an amount equal to the Customer Service Call Charge for  $\frac{7}{10}$  hours.

~~5.11 Post Termination Notice. PGW will issue a post-termination notice to affected Customers under the circumstances and with the disclosures required by Section 56.96 of Chapter 56.~~

5.812. RESIDENTIAL SERVICE RESTORATION.

5.812.A. Restoration. Except as limited by subsections 5.12.B. and 5.12.C., Gas Service will be restored to Residential Customers in accordance Applicable Law by the end of the next full working day upon:

~~5.12.A.1. Payment of the entire outstanding balance as stated on the termination notice, or~~

~~5.12.A.2. Entry into a payment agreement as provided in this Tariff (including enrollment in the Customer Responsibility Program), or~~

~~5.12.A.3. Otherwise removing the reason for termination. 5.12.B. Restoration Attempts. If restoration has been attempted under subsection 5.12.A. but has not been completed or cannot be scheduled within the time frame set forth in subsection 5.12.A. because the Customer is not home, because excavation or repairs are required, or because of any other conditions beyond PGW's control, PGW shall restore service as soon as it is operationally possible.~~

~~5.12.B. Restoration Attempts. If restoration has been attempted under subsection 5.11.A. but has not been completed or cannot be scheduled within the time frame set forth in subsection 5.11.A. because the Customer is not home, because excavation or repairs are required, or because of any other conditions beyond PGW's control, PGW shall restore service as soon as it is operationally possible.~~

~~5.12.C. Restoration Days. For purposes of this Section, service restoration will be done Monday through Sunday.~~

5.913 RESTORATION RECONNECTION CHARGE.

5.913.A. Tariff Violations. If a Customer's meter is removed or Gas Service is otherwise terminated because of any violation of the Company's Tariff Applicable Law, the restoration-reconnection of service will be subject to Section 5.11 as well as payment, in advance, of a restoration-reconnection charge, equal to the Customer Service Call Charge for  $\frac{7}{10}$  of an hour, plus any excavation charges as provided for in 5.12.C. If during the restoration-reconnection, it becomes necessary to remove the service pipe or connection to discontinue service, the service will be restored-reconnected only when advanced payment of the costs of discontinuance and restoration-reconnection are received by the Company.

5.913.B. Non-Residential Customers. Restoration-Reconnection charges on a Non-Residential and Landlord Customer Gas account must be paid in full prior to PGW's restoration of the service. Prior to reconnection, Non-Residential and Landlord Customers must pay all charges associated with non-

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payment terminations and restoration, including but not limited to charges for unpaid Gas Service. Such charges will be calculated and assessed on an individual basis.

5.913.C. Excavation. Where excavation is necessary to terminate or restore service, PGW will charge the Customer or Applicant based on the actual cost required to complete the work plus any additional applicable charges set forth in this Tariff.

~~5.9. RESIDENTIAL FIELD CHARGE. When PGW makes a field visit at the service address pursuant to the Company's rules regarding Termination of Service (Section 5.3), PGW will assess a field charge of \$10.~~

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## 6. Termination of Service for Safety And Other Reasons and Curtailment of Service/Service Continuity.

6.1. TERMINATION WITHOUT NOTIFICATION FOR SAFETY-RELATED REASONS OR FOR UNAUTHORIZED USE. Gas Service to any dwelling or account may be terminated by PGW without prior notice upon PGW's knowledge or reasonable belief that termination is necessary for safety-related reasons, to prevent or stop actions which are harmful to the gas delivery system, or for unauthorized use. Such ~~Reasons for termination~~ shall include those permitted by Applicable Law including, but not be limited to, the following:

6.1.A. Hazardous Conditions. A Gas leak on the Customer's premises, or other condition which the Company finds potentially hazardous, in which event Gas Service shall not be restored until the necessary repairs and alterations have been made.

6.1.B. Unauthorized Use. Unauthorized interference with, or diversion, or use of the Gas Service delivered on or about the affected dwelling or account, including but not limited to the use of Gas Service at a location where Gas Service had been previously turned off and had not been reconnected by the Company.

6.1.C. Unauthorized Equipment Fraud. Installation of equipment unauthorized or prohibited by the Company ~~Fraud or material misrepresentation of the Customer's identity for the purpose of obtaining service.~~

6.1.D. Unauthorized Equipment or Equipment Tampering or Safety Concerns. Installation of equipment which is unauthorized or prohibited by the Company, or ~~Tampering with meters or other utility equipment or violations of any tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the energy-Company's delivery system to the utility.~~

6.1.E. Safety Concerns. ~~An occurrence which may endanger the safety of any person, or property, or may prove harmful to the energy delivery system of the Company.~~

6.2. COMPANY'S RIGHT TO DISCONTINUE, INTERRUPT, CURTAIL OR DENY GAS SERVICE. The Company, in the event of an emergency, a shortage or insufficient supply of Gas, or any other contingency which threatens its ability to continue or meet the total demand of its Customers or prospective Customers, or where necessary to effect repairs or maintenance, shall have the right to terminate, interrupt, curtail or deny Gas Service, or alternatively establish priorities in furnishing Gas.

6.3. PRIORITY OF CURTAILMENT. Priorities will be dictated by giving primary consideration to human necessity and the public welfare, beyond which it will be the Company's policy to give priority to firm Customers, classified as to type of service in accordance with the Company's policy to give priority to firm Customers, classified as to type of service in accordance with the Company's rate schedules and by the Customer classifications of Residential, Commercial, and Industrial. The Company will endeavor to apportion its available supply of Gas among the demands of firm Customers within a particular classification in the most reasonable and practicable manner possible, but reserves the right to terminate, interrupt, curtail, deny service, reestablish, continue, or discontinue service irrespective of such classifications if, in the Company's judgment, the interest of Gas users generally so requires.

6.4. COMPANY'S LIABILITY. The Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of Gas Service; however, in the event of refusal, curtailment, or discontinuance of service, the Company shall not incur any liability for loss, damages, or expense which any Customer may sustain by reason of such refusal, curtailment or discontinuance of service. Should the supply of service be interrupted, or fail, by reason of accident, strike, legal process, state or municipal

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interference, or any cause whatsoever, beyond its control, the Company also shall not be liable for loss, expenses, or damages resulting from such interruption or failure.

6.5. NOTICE OF CURTAILMENT.

6.5.A. Prior Notice. Where the Company knows in advance of the circumstances requiring the Gas Service interruption, prior notice of the cause and expected duration of the interruption shall be given to Customers and occupants who may be affected.

6.5.B. Unforeseen Circumstances. Where the Company interrupts Gas Service due to unforeseen circumstances, notice of the cause and expected duration of the interruption shall be given as soon as possible to Customers and occupants who may be affected.

6.5.C. Type of Contact. Where Customers and occupants are to be notified under this section, the Company shall take reasonable steps -- such as personal contact, phone contact, and use of the mass media -- to notify affected Customers and occupants of the cause and expected duration of the interruption.

6.5.D. Public Health and Safety. Gas service may be interrupted for only the periods of time as are necessary to protect the health and safety of the public, to protect property or to remedy the situation which necessitated the interruption. Service shall be resumed as soon as possible thereafter.

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## 7. Inquiry, Review, Dispute, and Appeals Process

### 7.1. INQUIRIES OR DISPUTES. —PGW will handle inquiries and/or disputes in accordance with Applicable Law. GENERALLY.

~~7.1.A. Scope. This section sets forth the express provisions and requirements that PGW shall follow for providing Gas Service to its Residential Customers, Applicants or occupants, including the treatment of Residential Inquiries and Disputes as set forth below.~~

### 7.2. PROCESSING CUSTOMER INQUIRIES AND DISPUTES — GENERALLY.

~~7.2.A. Contacting PGW. PGW Customers, Applicants or occupants with any type of Inquiry, including a problem relating to the receipt of a notice of impending Gas Service termination, may contact PGW through the following means:~~

~~7.2.A.1. Telephone contact with the Customer Service Center,~~

~~7.2.A.2. Walk-ins to any Customer Service Center, or~~

~~7.2.A.3. Written contact with PGW.~~

~~7.2.B. Response to Customer Inquiries. PGW personnel will attempt to respond to all Inquiries during the Customer's initial contact with PGW. For Inquiries that require further follow-up by PGW and where the Customer, Applicant or occupant consents, the Company will complete and conclude the follow-up within three business days. If a follow-up is necessary, termination of Gas Service for the subject matter in question shall be prohibited until a follow-up response, and, when applicable, a subsequent Dispute resolution is completed.~~

~~7.2.C. Inquiries That Become Disputes. If at the conclusion of an Inquiry the Customer, Applicant or occupant does not indicate satisfaction, the Inquiry shall be considered a Dispute and will be subject to further investigation. Any resulting Customer Dispute will be processed by PGW and will not require the Customer, Applicant or occupant to call a second time or write to PGW to register the Dispute.~~

~~7.2.D. PGW Response to Customer Disputes. PGW shall prepare and provide each disputing Customer, Applicant or occupant a report regarding the results of PGW's investigation in accordance with 56 Pa. Code § 56.151. PGW shall provide the means for and, at the conclusion of PGW's processing of a Dispute, shall advise all Customers, Applicants or occupants with unresolved Disputes that:~~

~~7.2.D.1. They may file an Appeal/Informal Complaint with BCS, either by telephone or in writing within 10 days; and~~

~~7.2.D.2. The contact information for BCS (toll-free telephone number and address).~~

~~7.2.E. Informal Complaints. Except for billing disputes, which may be filed no later than 15 days after the issuance of the report, Informal Complaints must be filed with the BCS within 10 days of notification of PGW's response to the Dispute and not thereafter except for failure to receive notice or other good cause. Absent good cause, Informal Complaints may only be submitted after the Customer, Applicant or occupant first attempts to resolve the matter with the Company.~~

~~7.2.F. Records. PGW will preserve written Disputes or Complaints for a minimum of four years. All such records shall be at PGW's offices.~~

~~7.2.G. Requests For Payment Agreements And Termination Notices. If a Customer or occupant contacts PGW because the Customer received a termination notice, PGW shall attempt to reach an agreement on a payment arrangement with the Customer or occupant. In instances in which a Residential Customer or~~

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~~occupant and PGW or its authorized agent are unsuccessful in reaching an acceptable payment arrangement, PGW may initiate (or resume) the process for terminating Gas Service. PGW's termination notice will identify the BCS' telephone number and advise the Customer or occupant that he/she may file an Informal Complaint with the BCS. To be timely filed, a termination Dispute and Informal Complaint must be submitted prior to the day on which PGW arrives to terminate service. Failure to timely file a notice of intention to Appeal, except for good cause, shall constitute a waiver of applicable rights to retain service without curing the reason for termination.~~

~~7.3. APPEAL OF PGW DECISION TO BCS. When a PGW Residential Customer, Applicant or occupant files an Appeal/Informal Complaint with BCS, PGW shall provide a Company report to BCS within 30 days of notice from the day the company received the Complaint deadline applicable to responding to Informal Complaints received by the BCS.~~

~~7.4. OBLIGATIONS PENDING FINAL DECISION.~~

~~7.4.A. Payment of Undisputed Amounts. While a Customer, Applicant or occupant's account is the subject of a Dispute, an Informal Complaint or a Formal Complaint, a Customer, Applicant or occupant shall remain obligated to pay all charges which are not subject to the pending claim or Dispute. Failure to pay or to arrange to pay such charges shall be grounds for PGW to institute service termination proceedings notwithstanding any other provision of this Section.~~

~~7.4.B. Termination Stayed. Whenever there is a pending Customer Dispute, or Informal/Formal Complaint, termination proceedings shall be stayed with respect to the amount in dispute.~~

~~7.5. INTEREST.~~

~~7.5.A. An amount which has been validly due but not paid, shall be required to be paid with interest at no greater than 1.5% per month, except where interest charges have been reduced or eliminated by the parties or the Commission in order to facilitate payment by the disputing party.~~

~~7.5.B. An amount ultimately determined to have been overpaid by the disputing party shall be reimbursed with interest at no greater than 1.5% per month, except where interest charges have been reduced or eliminated by the parties or the Commission in order to facilitate payment by the disputing party.~~

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## 8. Customer's Responsibility for Company's Property.

8.1. PROTECTION BY CUSTOMER. The Customer shall be responsible for the protection of the Company's property on his/her premises, and shall not permit any unauthorized person to disturb or tamper with such property. In the event of damage, destruction or loss of the Company's property, the Customer may be required to pay the costs of repairs and/or replacement.

8.2. COMPANY HAS SOLE RIGHT OF ACCESS. The Customer shall not allow anyone, except employees of the Company presenting proper credentials, to turn on the Gas supply at any premises, to do any work on any meter, service supply pipe or other equipment of the Company located on the Customer's premises.

8.3. TAMPERING. In the event of the Company's meters or other property being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but even if such usage is not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, damages and protective equipment and installations prior to reconnection.

8.3.A. Removal of Property. The Company reserves the right to remove any of its property which has been damaged or which, in its judgment, appears to be in reasonable prospect of being damaged or where there is evidence that such property has been tampered with, or there has been unauthorized interference with or diversion, or use, of the utility service.

8.3.B. Replacement of Property. The Company shall be under no obligation to replace any property until the damage has been paid for, the value of the Gas used has been paid for, and satisfactory assurance, in PGW's sole discretion has been given that no damage or unauthorized interference or diversion or use will be caused in the future.

~~8.3.C. Restoration of Gas Service.~~ At the time of termination, the Company shall inform the occupant of a PGW telephone number and address where he/she may discuss the termination and/or requirements of restoration of service.

~~8.3.D. Service.~~ The Company shall not refuse to provide Gas Service to an Applicant who is not responsible for the damage or for the unauthorized use of Gas.

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8.4. ACCESS TO PREMISES.

8.4.A. Agents of the Company. PGW, or its authorized agents, shall have access to the premises of the Customer at all reasonable times for the purpose of reading meters, disconnecting service, installing, testing, inspecting, repairing, removing, or changing any or all equipment belonging to the Company; and taking whatever remedial action the Company may deem appropriate to avoid or abate hazardous conditions or unauthorized usage; and under emergency conditions to gain entry to the premises by forcible means.

8.4.B. Proper Identification. All employees of the Company who are authorized to enter upon the Customer's premises shall display appropriate PGW identification on their person.

8.4.C. Prosecution. Instances of tampering or unauthorized interference with or diversion or theft of Gas or other Company property may be subject to prosecution.

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## 9. Conditions of Service, Point of Delivery, and Application of Rates

**9.1. TYPE OF SERVICE.** The gas delivered will be Natural Gas with a heating value and other characteristics as provided for in the Tariffs covering the Company's purchases of Natural Gas from its suppliers. The Company may, however, where and when it deems necessary, supplement and/or substitute the Natural Gas with some other compatible gas. Such gas shall have a heating value and other characteristics satisfactory for the proper operation of gas-burning appliances that have been approved for Customer's use, except for certain special industrial or Commercial gas applications where little or no leeway in gas characteristics may be tolerated. It is the Company's policy to notify Customers who request such notice of any change in the burning characteristics of the gas to be supplied, but failure by the Company to give such notification shall not subject the Company to liability for any damages resulting from a change in the characteristics of the gas furnished. The supply pressures will be in accordance with Section 11.

**9.2. INFORMATION FROM APPLICANT.** Anyone desiring to equip his/her premises for the use of Gas should communicate with the Company directly, or through his/her contractor, preferably in writing, giving the exact location of the premises and the quantity and type of all gas-consuming devices which are to be installed. Where the conditions of the use of any of the gas-consuming devices would not be readily apparent to the Company, a description of such use, as it affects the delivery of gas to it, should be included.

**9.3. POINT OF DELIVERY.** Upon request, subsequent to compliance with Section 9.1, the Company will designate a point at which the Applicant shall terminate his/her piping for connection to the meter, but such information does not constitute an agreement or obligation on the part of the Company to furnish Gas Service.

**9.4. DIVISION OF RESPONSIBILITY.** As used herein, the term "Gas Delivery Facilities" includes all equipment, piping, meters, regulators, connections, or other equipment required to deliver gas to the Company designated point of delivery. Such equipment will be provided, installed, owned and maintained by Company, subject to such contributions to cost by Customer as set forth in this Tariff. All piping, fixtures and appliances on the Customer's side of such delivery point must be installed and maintained by and at the expense of the Customer or Owner of the property, unless in the Company's judgment the Customers generally would benefit from some other arrangement.

**9.5. LOCATION OF METER AND ACCESSIBILITY OF COMPANY OWNED GAS DELIVERY FACILITIES.** The meter(s) or other equipment of the Company which may be necessary for the fulfillment of contracts for Gas should normally be installed at an outside, above ground meter location when suitable protection from outside forces, availability of space and other conditions permit. A meter cover or housing is required if, in PGW's judgment, conditions require physical protection for the meter installation. Where, in PGW's judgment, it is physically and economically unfeasible to do so, PGW may choose to install the meter inside a building in a dry, well-ventilated location not subject to excessive heat and not less than three feet from any source of ignition and/or otherwise suitable place and shall be conveniently accessible; the Gas Service entrance shall also be accessible to PGW. The meter shall also be as near as possible to the point where the service supply pipe enters the Customer's premises: except when, in PGW's judgment, this is not practical or desirable.

**9.6. NON-STANDARD GAS DELIVERY FACILITIES.** The Customer will ordinarily be required to pay the cost of any special installations when, in the judgment of the Company, his/her requirements for Gas delivery facilities cause a departure from the Company's usual installation regulations.

9.7. RELOCATION OF GAS DELIVERY FACILITIES.

9.7.A. Customer Charge. A charge will ordinarily be made to cover the cost of relocating the Gas delivery facilities for a Customer who alters or plans to alter his/her building, who constructs a new building over the Gas Service pipe location on his/her building, or who makes any other alterations to his/her property requiring the relocation of the Gas delivery facilities. Relocation of the Gas delivery facilities shall be required when, in the judgment of the Company, the changes to the Customer's property cause a need for such relocation. Any charges assessed by the Company shall be equal to the Company's cost incurred as a result of the relocation. The Customer must give the Company reasonable advance notice of any plans for such construction or alterations. The Company may require payment in advance for its costs in association herewith.

9.7.B. Company Relocation of Meter. Where, in the judgment of the Company, it is physically and economically feasible, the alteration or relocation of any Residential Gas meter will be allowed at an outside, above ground meter location when suitable protection from outside forces, availability of space and other conditions permit, also allowing the meter to be read from outside the Residential structure.

9.7.C. Customer Relocation of Meter. PGW will relocate a Customer's Gas meter, upon Customer request, to a mutually agreed upon location which meets all applicable codes and regulations. Customers will be assessed an amount equal to the Customer Service Call Charge for 1<sup>3</sup>/<sub>10</sub> hours.

9.8. TRANSFER OF GAS ALLOCATION. Where the Company has authorized the transfer of Customer's Gas allocation from one location to another, a charge will ordinarily be made to cover any costs associated with such transfer. Payment of this charge may be required in advance.

9.9. REFUSAL TO SERVE APPLICANTS OR CUSTOMERS. PGW may initially decline to serve an Applicant or Customer, if, in PGW's judgment, any of the following conditions are present:

9.9.A. The Applicant or Customer has not complied with Commonwealth and or Municipal regulations governing Gas Service, appropriate piping installation codes or with the rules and regulations of the Company.

9.9.B. The installation or condition of piping or Gas equipment of the Applicant or Customer is hazardous or improperly installed and/or maintained.

9.9.C. The service requested by the Applicant or Customer is unreasonable and improper under the circumstances.

9.10. APPLICATION OF RATES.

9.10.A. Single-Point Delivery. The rates included in this Tariff contemplate the delivery of Gas Service under the appropriate rate classification to a single consumer unit at a single premises through one delivery and metering point.

9.10.B. Gas Delivered Under More Than One Rate Classification. Where Gas is delivered through a common service under more than one rate classification, the Customer will arrange his/her piping to separate the usage and the Company will install separate metering facilities, at a location acceptable to the Company, and provide for separate billing.

9.10.C. Gas Delivered at Separate Delivery Points/Combined Billing. Gas delivered at separate delivery points shall be billed for separately; except that when, in the judgment of the Company, Customers generally would benefit. The total amount of Gas delivered under the same rate classification through multiple delivery points for the same premises may be added for billing purposes (such billing to be

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known as "combined billing"). In those cases where combined billing is permitted, the Customer may be required to pay PGW's cost of providing the Gas delivery facilities to the additional delivery points.

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## 10. Extensions and Rights-of-Way

### 10.1. EXTENSIONS OR ENLARGEMENTS FOR PERMANENT CUSTOMERS.

10.1.A. Residential Gas Service - Upon written application, and under normal conditions of construction and installation, the Company will extend its main and service for permanent residential Customers or developers within its service territory provided the requested extension will not adversely affect the availability or deliverability of Gas to existing Customers. The Company will furnish and install at no cost to the Customer or developer, delivery main and service-delivery pipe of an amount up to five times the anticipated annual Delivery Charge, as set forth in this Gas Service Tariff, and the Customer or developer shall pay a customer contribution for any costs in excess of this allowance. Included in the calculation of such costs may be an appropriate allowance for transmission and distribution main extensions required to deliver the Gas supply to local areas where Gas Service is needed. Permanent residential Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company.

10.1.B. Commercial And Industrial Gas Service - For permanent commercial and industrial Customers or developers making application for extensions or enlargements, where the Company in its sole judgment anticipates long-term, continuous usage at projected volumes of Gas: (a) where the combined estimated cost of delivery-main and service-delivery pipe is less than \$10,000, the Company will furnish and install, at no cost to the Customer or developer, service-delivery pipe and delivery-main of an amount up to three times the anticipated annual base rate revenue less the fuel cost component included therein, and the Customer or developer shall pay for any costs in excess of this allowance; or (b) where the combined estimated cost of delivery-main and service-delivery pipe installation is \$10,000 or more, the Customer or developer shall pay a customer contribution for the amount of the estimated cost in excess of the investment determined by the Company to be warranted by the anticipated revenue to be derived from the extension. Included in the calculation of the above cost may be an appropriate allowance for transmission and distribution main extensions required to furnish the Gas supply to local areas where Gas Service is needed. Permanent commercial and industrial Customers or developers making use of new facilities which required a customer contribution from an original Customer or developer within the previous three years shall be deemed to have made application at the same time as the original contributing Customer or developer and shall pay a pro rata customer contribution for such facilities to be determined by the Company.

10.2. EXTENSIONS OR ENLARGEMENTS FOR TEMPORARY CUSTOMERS. For Customers other than those deemed by the Company to be permanent Customers, Gas delivery facilities shall be installed and removed at the expense of the Customer.

10.3. DELAYS REGARDING RIGHTS-OF-WAY. Applications for service relying on an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

10.4. PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay the costs incident thereto.

10.5. TERMS AND RENTALS. When the premises of a Customer is so located that the Customer can be served only by facilities extending over the property of another, the Customer shall accept service for such term as is provided in the permit or agreement covering the location and the maintenance of service

equipment, and the Customer shall reimburse Company for any and all special or rental charges that may be made for such rights by said permit or agreement.

10.6. EXTENSION OR ENLARGEMENT REFUNDS. A pro-rata portion of a Customer or developer's contributions made pursuant to Section 10.1, above, may be refunded by the Company without interest if, within three years of the commencement date of the original Customer or developer's service agreement, new Customer loads are added to such new facilities. For purposes of making refund computations, the original and new loads will be deemed to have been installed at the same time. Refunds will be paid only to a contributing Customer or developer, and the original contribution shall be the maximum aggregate refund. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of the original agreement for new Gas Service, and no later than the end of the fourth year following the date of the original agreement for new Gas Service, PGW will: (a) review its records to determine if a refund is due the Customer or the developer for additional Customers that attached to the facilities paid for by the Customer or the developer within three years after the execution date of the agreement for new Gas Service, and (b) within 120 days of receipt of such request, (i) make payment to the Customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the Customer or developer was credited.

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## 11. Meters: Measurements, Readings, Errors, and Tests.

11.1. METERS. The measurement of Gas usage shall be by meters furnished and installed by the Company. The Company will select the type and make of metering equipment, and may, from time to time, change or alter the equipment, its sole obligation being to supply meters that will accurately and adequately furnish records for billing purposes.

### 11.2. QUANTITY MEASUREMENTS.

11.2.A. Measurement at Standard Service Pressure. For the purpose of measurement, standard service pressure shall be 8.5 inches or less of water column. A cubic foot of Gas at standard service pressure means the amount of Gas which occupies a volume of one cubic foot at the time metered and under the conditions existing at the Customer's meter.

11.2.B. Measurement at Pressure Above Standard Service Pressure. For the purpose of measurement, where Gas is ordinarily supplied to Customers at pressure above standard pressure, the measurement shall be a cubic foot at an absolute pressure of 14.73 pounds per square inch and under conditions existing at the Customer's meter unless otherwise provided for by the Company. A cubic foot of Gas at above standard service pressure shall mean the amount of Gas that occupies a volume of one cubic foot.

### 11.3 METER READINGS.

11.3.A. Meter Reading Intervals. The Company will read its meters at scheduled regular intervals of two months or less and will render standard bills for the recorded Gas usage based upon the time interval between meter readings.

11.3.B. Estimated Usage. The Company may estimate the amount of Gas usage at the premises where access to the meter is not available, an electronic meter reading device is not installed or functioning, or to installations at remote locations, for such number of months as the type of installation, normal regularity of usage, or other circumstances may warrant, and will render bills in standard form based on such estimate and so marked. Actual Meter Readings will be secured from time to time and billing will be revised when such reads disclose that the estimate failed to approximate the actual usage. For Residential Customers, an Actual Meter Reading will be obtained in accordance with Applicable Law at ~~least every six months, in accordance with Commission regulations.~~

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11.3.C. Automatic Meter Reading (AMR) Device.

11.3.C.1. The installation and periodic inspection and maintenance of an Automatic Meter Reading Device, will be a condition to continued Gas Service. Customers must assist PGW in all reasonable attempts to secure information about or approval from Landlords for AMR installation purposes. Customers may be required to contact the Landlord or obtain access for PGW to install an AMR and/or information which assists PGW in making contact with the Landlord. PGW will ~~not~~ neither hold the Tenant responsible for the Landlord's actions nor exact any penalty against the Tenant for the Landlord's actions or failure to act. When a Customer unreasonably refuses to provide access to the meter, PGW may commence termination procedures, unless the Customer is a lessee who is unable to provide access to the meter.

11.3.D. Customer Readings. PGW will provide Customers with a telephone number that they may use to report their meter readings. PGW will also provide, at the Customer's request, preaddressed postcards on which the Customer may note their meter reading. PGW will use Customer Readings for billing purposes when appropriate. PGW may establish due dates by which such telephone calls or postcards must be received in order for a bill to be based upon the meter reading of the Customer or occupant. If the reading is not received by the due date, PGW will estimate the quantity of usage.

11.3.E. Industrial/Commercial Customers. Where, in the judgment of the Company, it is not feasible to install a remote AMR device, PGW may choose to install a meter that requires a dedicated telephone line and appropriate power supply to send the meter read to the company. The Company will require the Industrial/Commercial Customers to supply and maintain this dedicated telephone line. The Customer will install and terminate the telephone line not less than three feet from the meter location and the telephone line shall be tagged and accessible to the Company.

11.4. DEFECTIVE METERS. Gas shall be supplied through a meter provided by the Company. Should a meter become defective or fail to register correctly, it shall be replaced. If the quantity of Gas recorded by a meter is in question, the quantity of Gas which passed through the meter may be determined by a test of the meter, or by comparison with subsequent Gas consumption recorded by the replacement meter, or by the amount of Gas metered during the corresponding period of the previous year if the circumstances of usage and the Gas-consuming equipment are comparable.

11.5 CUSTOMER REQUESTED METER TESTS. Meter tests, if requested by the Customer, shall conform to all of the following:

11.5.A. Test Request. If a Customer requests a test of the accuracy of the meter through which Gas Service is supplied, PGW shall notify the Customer of the conditions under which the test will be made. If the Customer then requests PGW to proceed with the test and remits an amount equal to the fee as set forth in Section 11.6, PGW shall conduct the test promptly. If, when tested, the meter is found to be more than 2.0% fast or slow, the testing fee shall be promptly refunded to the Customer.

11.5.B. Test Observation. A Customer or his representative may be present when PGW conducts the test on the meter.

11.5.C. Report. A report giving the name of the Customer requesting the test, the date of the request, the location of the premises where the meter had been installed, the type, make, size, and serial number of the meter, the date of removal, the date of the test, the result of the test and the amount of refund if the meter was found more than 2.0% fast, shall be supplied to the Customer within 10 days after the completion of the test.

11.6. FEE SCHEDULE FOR METER TESTS. The following schedule of fees applies for meter testing:

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11.6.A. 500 Cubic Feet or Less. Meters having a rated capacity of 500 cubic feet per hour or less - \$10.

11.6.B. More than 500 Cubic Feet. Meters having a rated capacity of over 500 cubic feet per hours and not more than 1,500 cubic feet per hour - \$20.

11.6.C. More than 1500 Cubic Feet. Meters having a rate capacity of over 1,500 cubic feet per hour, orifice meters, and any meters not a displacement type - \$30.

11.7. ADJUSTMENTS OF BILLS FOR METER ERROR.

11.7.A. Fast Meters. If, upon test of a meter, it is found to have an average error of more than 2.0% fast, the Company shall refund to or credit the Customer for the overcharge of PGW Charges, based upon what the meter would have registered had it not been fast or slow for a period equal to  $\frac{1}{2}$  the time elapsed since the last previous test, but not to exceed 12 months or  $\frac{1}{2}$  the period of occupancy of the premises by the Customer, whichever is less. If the period of registration error may be definitely fixed, the overcharge shall be computed for the period.

11.7.B. Slow Meters. If, upon a test of a Gas meter it is found to have an average error of more than 2.0% slow, the Company may render a bill for the Gas consumed but not covered by bills for PGW Charges which were previously rendered, for a period equal to  $\frac{1}{2}$  of the time elapsed since the last previous test, but not to exceed three months. If the period of registration error may be definitely fixed, the charge may be computed for the period.

11.7.C. Non-registering meters. If a meter has failed to register for a period, the Company may compute the Gas used by taking the average of the Gas used for the nearest meter-reading period preceding and the meter-reading period immediately following the date when the meter was found to be not registering, which amount shall be assumed to be the amount of Gas used by the Customer during the billing period in which the meter was found not to have registered. Exceptions will be made only if the facts clearly show that the stated method does not give the correct consumption for the period.

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## 12. Service Charges and Miscellaneous Fees and Provisions.

~~12.1. APPLIANCE SERVICE CALL CHARGES.~~ Eligible Customers requesting service on their appliances and equipment will be assessed a charge for each appliance service call, the amount of which shall be set forth in the appliance service charges listed below. Exempted from the appliance service call charges will be calls for leaks and other safety related conditions, and all appliances covered under any currently effective Parts and Labor Plan contract.

~~Residential~~ — Except for cleaning carbonized heaters—  
 ————— \$72.05 plus \$8.53 for each additional 1/10 of an hour after the first six minutes  
 ————— For cleaning carbonized heaters—  
 ————— \$165.00  
~~Commercial and Industrial~~  
 ————— \$72.05 plus \$8.53 for each additional 1/10 of an hour after the first 6 minutes.

12.12 CUSTOMER SERVICE CALL CHARGE. The following charge applies to Customers requesting service other than service on appliances and equipment (provided to Customers pursuant to Section 12.1 of this Gas Service Tariff). Exempted from the Customer Service Call Charge will be calls for leaks and other safety related conditions, and all appliances covered under any currently effective Parts and Labor Plan contract.

Residential, Commercial and Industrial  
 \$72.05 plus \$8.53 for each additional 1/10 of an hour after the first 6 minutes.

12.23. INAPPROPRIATE REQUEST FOR SERVICE CHARGE. If a Customer requests service for a Gas leak at their premise and PGW determines that there was no Gas leak but rather the request was actually for an appliance repair, the Customer will be assessed an amount equal to the Customer Service Call Charge for  $\frac{8}{10}$  hours.

12.34. CUSTOMER REQUESTED TURN ON TO A COMMERCIAL/INDUSTRIAL ACCOUNT WHERE GAS EQUIPMENT HAS NOT BEEN INSTALLED. PGW will turn on Gas Service for a Commercial or Industrial Applicant if all the Gas equipment has not been installed provided the Customer installs or pays PGW to install shut off valves that PGW can lock in place. PGW will return to remove the locks and inspect equipment. PGW will charge for materials required as well as assessing the Customer an amount equal to the Customer Service Call Charge for  $1\frac{1}{2}$  hours for services provided after the initial two visits.

12.45. INSPECTION OF GAS FUEL LINE FOR COMMERCIAL/INDUSTRIAL CUSTOMERS. PGW will inspect a new commercial/industrial Gas fuel line prior to turn on. The Customer will be assessed an amount equal to the Customer Service Call Charge for  $1\frac{1}{2}$  hours if more than one test is required.

12.56. GRATUITY TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

12.67. OTHER CHARGES. Except as where otherwise provided in this Tariff, the Company may, where feasible, provide and charge for services requested by the Customer or his agent. The Company is not obligated to provide such services. The Company will, if possible, give the Customer an advance written estimate of the costs to provide the service.

12.78. NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

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### 13. Universal Service And Energy Conservation Programs

#### 13.1 CUSTOMER RESPONSIBILITY PROGRAM.

13.1.A. Eligibility and Enrollment. A Customer is eligible for the Customer Responsibility Program if it is determined at the time of application (or recertification) that the Customer's annual household gross income is at or below 150% of the federal poverty level. The Customer shall provide all documentation necessary for PGW to determine the household Gross Annual Income, including the Gross Annual Income of all adult occupants, including but not limited to proof of household income, verification of family size, and character of service requested (Heating or Non-Heating). PGW has the right to verify an Customer's Applicant's or Participant's income by means including but not limited to verification through governmental agency and checking credit reports. Enrollment shall be ongoing and open year-round. Applicants or Participants Customers selecting Transportation Service will no longer qualify for the CRP Program and will be responsible for the tariffed rates under General Service - Rate GS.

13.1.B. Requirements. A Participant must abide by the following provisions. The failure of a Participant to comply with one of the following could result in dismissal from the CRP Program:

13.1.B.1. A Participant shall make regular monthly Customer Responsibility Payments. Failure to do so may lead to termination of service.

13.1.B.2. A Participant shall at PGW's request, recertify annually, based upon the Participant's anniversary date of enrollment.

13.1.B.3. It is the Participant's responsibility to notify PGW when there is a change in the household's income or size. Adjustments to a Participant's bill will be made anytime there is a change in income or family size.

13.1.B.4. When eligible, a Participant must apply for and assign at least one energy assistance grant, such as a LIHEAP grant, to PGW annually.

13.1.B.5. Participants must take the necessary actions to participate in the Conservation Works Program (CWP) or other conservation programs and to abide by established consumption limits.

13.1.B.6. A Participant must allow access to their property for meter readings or for the installation of an AMR. Failure to allow access for four consecutive months will result in dismissal from CRP.

13.1.B.7. A Participant shall be responsible for seeking assistance and guidance from PGW, including budget counseling, in the event that the Participant is unable to meet the above responsibilities.

13.1.C. Applicable Rates. A Participant's CRP Payments will be based upon the Participant's family size and gross household income. A Participant will pay a percentage of his/her gross household income depending on where that Participant falls within the Federal Poverty Guidelines (FPL). Rates are calculated under rate schedule GS, including riders.

13.1.C.1. For payment purposes CRP Participants will be defined as follows:

13.1.C.1.a. Group A: Participants whose gross household income has been verified as being from 0 – and up to and including 50% of FPL.

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13.1.C.1.b. Group B: Participants whose gross household income has been verified as being greater than 50% and up to and including – 100% of FPL.

13.1.C.1.c. Group C: Participants whose gross household income has been verified as being greater than 100% – and up to and including 150% of FPL.

13.1.C.2. A CRP Participant will be responsible for paying the following rates for service or \$18 per month, whichever is greater.

13.1.C.2.a. Group A: 8% of gross income.

13.1.C.2.b. Group B: 9% of gross income.

13.1.C.2.c. Group C: 10% of gross income

13.1.D. Arrearages - Participants making regular monthly Customer Responsibility Payments will earn forgiveness on their pre-program aArrearages. The amount of and criteria applicable to aArrearage forgiveness shall be consistent with applicable Commission Orders. Participants choosing an NGS are responsible for all outstanding balances owed to PGW.

13.2. CONSERVATION WORKS PROGRAM (CWP). PGW shall establish fair, effective and efficient Gas usage reduction programs for low-Income Customers. Such programs are intended to maintain affordable Gas Service and to reduce uncollectible accounts and the collection and termination expenses of PGW by enabling low income Customers to conserve energy and reduce their Gas usage.

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13.2.A. Eligibility. This program is available to Residential Heating CRP Participants with high usage. PGW shall have access to the Residential building to determine the most appropriate usage reduction measures. An eligible Customer who is a Tenant shall have an equal opportunity to secure program services if the Landlord has granted written permission to the Tenant for the installation of program measures, and the Landlord agrees, in writing, that rents will not be raised unless the increase is related to matters other than the installation of the usage reduction measures, and the Tenant is not evicted for a stated period of time at least 12 months after the installation of the program measures, if the Tenant complies with ongoing obligations and responsibilities owed the Landlord. A covered utility may seek Landlord contributions as long as the contributions do not prevent an eligible Customer from receiving program services. Contributions from Landlords shall be used by the utility as supplemental to its approved Conservation Works Program budget.

13.2.B. Conservation Works Program Funding. Funding for Conservation Works programs shall be at least .2% of jurisdictional revenues during each year of operation. In the event that PGW employs independent contractor(s) to manage such program(s), said contractor(s) may spend not more than 15% of program funding for administrative costs and PGW shall not charge any of its expenses for such program(s) to program administration. In all other circumstances, PGW shall spend not more than 15% of its Conservation Works Program funding for administrative costs.

13.2.C. Integration. PGW shall coordinate its Conservation Works reduction programs with existing resources in the community, and operate in conjunction with the relevant public or private programs so that Customers experiencing ability-to-pay problems are made aware of the usage reduction program and are referred to public, private, or utility programs that may enhance their ability to pay their utility bills.

13.2.D. Dwelling Repairs. Expenditures on program measures may include energy-related repairs to the dwelling necessary to permit measures that are needed to reduce usage effectively. The cost-effectiveness of such expenditures shall be measured in the same manner as all other expenditures under this program.

13.3. CARES. PGW's CARES is a program designed to assist Customers experiencing temporary hardships affecting their ability to pay his/her Gas bills. Through this program, PGW will assist Customers with referrals to appropriate social service agencies, engage in community outreach as well as consumer education.

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## 14. Gas Choice Enrollment and Switching

In accordance with all applicable final Commission Orders:

**14.1. EFFECTIVE DATE OF CUSTOMER CHOICE.** All GS, MS, and PHA Customers with an AMR will be eligible to purchase Natural Gas Supply Service from an NGS starting with their first regularly scheduled meter reading after September 1, 2003.

**14.2. RELEASE OF CUSTOMER INFORMATION.** PGW will send its GS, MS and PHA Customers notification that they have 15 days from the date PGW sends the Gas Choice Release Form to restrict release of their information to alternative suppliers. PGW's Customers will have three methods for restricting the release of their information: 1.) mailing a response card, 2.) calling PGW, or 3.) making an online selection. If no response is received within the 15 days then PGW will release a Customer's name, billing address, service address, rate class, account number and load data. A Customer who responds within 15 days may restrict release of all of his/her account information or just his/her load data.

**14.3. SELECTION OF A NATURAL GAS SUPPLIER.** A Customer shall have the opportunity to select a Supplier in accordance with Commission Orders and the procedures contained in this Tariff and in the Supplier Tariff. A Customer or his/her authorized agent must contact the NGS directly to switch Suppliers. The NGS must maintain recorded or written evidence of the Customer's authorization.

**14.4. CONFIRMATION NOTICE.** Once an NGS notifies PGW that a Customer has selected them as their alternative supplier, PGW will send a confirmation notice to the Customer. Included in this notice shall be notification of a 10 day waiting period in which the Customer may cancel its selection of an NGS. The waiting period shall begin on the day the notice is mailed to the Customer. If applicable, the Company will notify the Customer's prior NGS of the intended discontinuance of service of the Customer.

**14.5. FAILURE TO RESPOND TO THE CONFIRMATION NOTICE.** If the 10-day waiting period expires, and the Customer has not contacted the Company to dispute the NGS selection, the NGS will become the Customer's NGS of record. If the Customer elects to rescind its NGS selection, the Company will notify the rejected NGS and the reinstated NGS electronically. In the event the Customer rescinds its NGS selection after the 10 day waiting period, the Customer will be required to remain with the selected NGS for a minimum of one billing month.

**14.6. EFFECTIVE DATE OF ENROLLMENT.** For enrollments received on or before the 15th of any calendar month, the Customer will be switched on the Customer's regularly scheduled meter reading date in the calendar month following the calendar month in which the enrollment was received. For enrollments received after the 15th of the calendar month, the Customer will be switched on the Customer's regularly scheduled meter reading date in the second calendar month following the calendar month in which the enrollment was received. If, in any month, a Customer selects more than one NGS, the NGS that submitted to the Company the latest valid NGS enrollment transaction before the end of the applicable NGS selection period, will become the Customer's NGS of record beginning on the Customer's next regularly scheduled meter read date. No fee will be charged for initial enrollment.

**14.7. CHANGE OF ADDRESS.** If a Customer contacts the Company to discontinue natural Gas Service at the Customer's then current location, the Company will notify the current NGS of the Customer's discontinuance of service for the account at the Customer's old location. If available, the Company will provide the NGS that served the Customer at the old location with the Customer's new mailing address or forwarding address.

**14.8. CHANGE OF ACCOUNT NUMBER.** If the Company elects to change the account number for a Customer receiving Natural Gas Supply from an NGS, the Company will notify the NGS of the change in

in account number at the same Customer location.

14.9. SUPPLIER DISCONTINUANCE OR DEFAULT. If a NGS terminates sales to a Customer prior to the end of the Customer's contract with the NGS because of a default of the supplier or if the supplier discontinues service in the territory, the Customer will continue to pay the NGS' contract rate through the end of the applicable billing cycle. After that time, the Customer will be charged at the Supplier of Last Resort rate.

14.10. ADDITIONAL LIMITATIONS OF LIABILITY IN CONNECTION WITH CUSTOMER CHOICE. Other than its duty to deliver Natural Gas, the Company shall have no other duty or liability to a Customer receiving Natural Gas Supply Service arising out of or relating to a contract or other relationship between such Customer and an NGS. The Company shall implement Customer selection of an NGS consistent with applicable rules of the Commission and shall have no liability to a Customer receiving Natural Gas Supply Service arising out of or relating to switching NGSs unless the Company is negligent in switching or failing to switch a Customer. The Company shall have no duty or liability with respect to Natural Gas delivered by an NGS to a point of delivery on the Company's distribution system. After its receipt of Natural Gas at the point of delivery the Company shall have the same duty and liability for distribution service to Customers receiving Natural Gas Supply Service as to those purchasing Natural Gas from the Company.

14.11.A. Control and Possession of Gas. The Customer or its NGS shall be deemed to be in control and possession of the Gas to be transported hereunder until it shall have been delivered to the Company at the receipt point, after which the company shall be deemed to be in control and possession thereof. The Customer or its NGS assumes the full cost and expense, as well as full and complete liability and responsibility, for collecting, gathering and transporting the Gas to the receipt point hereunder at the quality herein before specified.

14.11.B. Title to Gas. Notwithstanding the transfer of control and possession of the Gas at the receipt point, receipt of Gas by the Company shall not vest title to the Gas in the Company. Title to such Gas shall remain vested in either the Supplier or the Customer(s) for whom Gas was received for redelivery. The Company's furnishing of transportation service shall be complete upon delivery to the Customer(s) of Gas received. The Customer warrants and will provide satisfactory documentation, upon request, that it has good and merchantable title for all Gas delivered to the Company for transportation hereunder. Title shall be free and clear of all liens, encumbrances and claims whatsoever. Customer will indemnify Company and hold the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said Gas and/or to royalties, taxes, license fees or charges thereon, including pipeline transportation and service charges, which are applicable to such Gas and/or the delivery of such Gas to the Company. The Customer or its NGS shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such Gas before, during and after receipt by the Company.

**15. Supplier of Last Resort (SOLR)**

**15.1 SOLR SERVICE.** Existing Retail Sales Service Customers may elect to continue to receive Retail Sales Service pursuant to their existing Rate Schedules or elect to choose an NGS to serve them. PGW will act as the SOLR for Customers who have not chosen an alternative NGS, who choose to be serviced by their SOLR, who are refused service from a NGS, or whose NGS has failed to deliver its requirements and who have annual usage not greater than 4,000 Mcf per year.

**15.2 RETURN TO PGW.** Customers with annual usage greater than 4,000 Mcf per year may return to receiving Retail Sales Service, if, in PGW's sole discretion, PGW determines that it can provide service to such Customers without threatening system reliability or burdening other Customers. For a Customer who has usage greater than 4,000 Mcf per year, PGW shall provide service to such Customers for a period not to exceed 90 days if the NGS fails to deliver Gas or exits the market. In any event, the rate charged to a returning Customer whose usage is greater than 4,000 Mcf per year will be the applicable retail rate plus any incremental costs associated to serve the returning Customer, to be determined on a case by case basis by PGW.