

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	R-00061931
Philadelphia Gas Works	:	R-00061931C0001 <u>et al</u>

PREHEARING CONFERENCE
ORDER #3

On December 22, 2006, the Philadelphia Gas Works ("PGW" or "Respondent") filed Supplement No. 16 to Tariff Gas – Pa. P.U.C. No. 2 to become effective February 20, 2007. In said tariff, PGW proposed changes in rules, regulations and rates calculated to produce \$107,000,000 (or 11%) in additional annual revenues.

By Order entered February 8, 2007, the Pennsylvania Public Utility Commission ("Commission") instituted an investigation into the lawfulness, justness and reasonableness of the proposed rate increase. Pursuant to section 1308(d) of the Public Utility Code, 66 Pa.C.S. §1308(d), Supplement No. 16 to Tariff Gas – Pa. P.U.C. No. 2 was suspended by operation of law on February 8, 2007, until September 20, 2007, unless otherwise directed by Order of the Commission. In addition, the Commission ordered that the investigation include consideration of the lawfulness, justness and reasonableness of PGW's existing rates. The matter was assigned to the Office of Administrative Law Judge for resolution by hearings and for issuance of a Recommended Decision.

In accordance with the Commission's order, the matter was assigned to Administrative Law Judges Cynthia Williams Fordham and Angela Jones.

On December 28, 2006, Richard A. Kanaskie, Esquire, Allison C. Kaster, Esquire, and Johnnie E. Simms, Esquire, entered a notice of appearance on behalf of the Commission's Office of Trial Staff ("OTS").

The Office of Consumer Advocate ("OCA") filed a complaint and Public Statement on January 5, 2007. The complaint was docketed as R-00061931C0001. The Office of Small Business Advocate ("OSBA") filed a complaint and Public Statement on January 18, 2007. The complaint was docketed as R-00061931C0008. Action Alliance of Senior Citizens of Greater Philadelphia and Tenant Union Representative Network ("TURN") filed a complaint on January 26, 2007. The complaint was docketed as R-000 61931C0010. The Philadelphia Industrial & Commercial Gas Users Group ("PICGUG") filed a complaint on February 5, 2007. The complaint was docketed as R-00061931C0033. To date, 67 complaints have been filed.

Pursuant to 52 Pa.Code §5.61(d), no answer is required to complaints docketed with Commission-instituted rate proceedings unless directed by the Commission or the presiding officer.

On February 7, 2007, PECO Energy Company filed a Petition to Intervene.

On February 15, 2007, Interstate Gas Supply, Inc. filed a Petition to Intervene.

On February 16, 2007, the Philadelphia Housing Authority filed a Petition to Intervene.

On February 16, 2007 the School District of Philadelphia filed a Petition to Intervene.

On February 22, 2007, Hess Corporation filed a Petition to Intervene.

The presiding officers issued a Prehearing Order dated February 15, 2007.

Prehearing Memoranda were filed by PGW, OTS, OCA, OSBA, PICGUG, Action Alliance, Interstate Gas Supply, PECO Energy, and Hess Corporation.

A Prehearing Conference in this case convened on February 23, 2007. The following parties appeared at the Prehearing conference: The Philadelphia Gas Works ("PGW" or "Company") represented by Mr. Daniel Clearfield, Esquire and Mr. Greg Stunder, Esquire; the Philadelphia Housing Authority ("PHA") represented by Mr. Philip Hinerman, Esquire and Ms. Jill Guldin, Esquire; The School District of Philadelphia ("PSD") represented by Mr. Miles Shore, Esquire; Action Alliance of Senior Citizens of Greater Philadelphia ("Action Alliance") and Tenant Union Representative Network ("TURN") represented by Mr. Philip A. Bertocci, Esquire and Ms. Thu Tran, Esquire; Hess Corporation ("Hess") represented by Mr. John Povilaitis, Esquire; The Office of Small Business Advocate ("OSBA") represented by Mr. Steven Gray, Esquire; The Office of Trial Staff ("OTS") represented by Mr. Richard Kanaskie, Esquire and Ms. Allison Kaster, Esquire; the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") represented by Ms. Charis Mincavage, Esquire; the Office of Consumer Advocate ("OCA") represented by Ms. Christy Appleby, Esquire and Mr. Darryl Lawrence, Esquire; Interstate Gas Supply, Inc. ("IGS") represented by Mr. Todd Stewart, Esquire; PECO Energy Company ("PECO") represented by Ms. Shari Gribbin, Esquire. Ms. Helen Richardson, Esquire appeared for observation purposes only. The following pro se formal complainants also appeared: Ms. Cornelia Hester-Williams at Docket No. R-000061931C0007; and Mr. Russell Rossi at Docket No. R-00061931C0005.

The Petitions to Intervene filed by Hess, PECO, PHA, PSD and IGS were approved without objection. The interveners were granted active status. The two (2) pro se formal complainants agreed to be inactive parties as such status is outlined in the February 15, 2007 Prehearing Order at this docket.

The OSBA's request to have hearings held in Harrisburg was contested by PGW and Action Alliance. ALJ Fordham ruled the hearings will be held in Philadelphia.

During the February 23, 2007 Prehearing conference, we also discussed public input hearings, the procedural schedule and the OCA and OTS proposals to modify the procedural rules.

The presiding officers issued Prehearing Order #2 on February 26, 2007. The petitions to intervene were granted. Two procedural schedules were included for consideration by the parties. In addition, a second Prehearing conference was scheduled.

The second Prehearing conference in this matter was held on Friday, March 2, 2007. The following parties appeared at the second Prehearing conference: PGW represented by Daniel Clearfield, Esquire and Greg Stunder, Esquire; PHA represented by Philip Hinerman, Esquire; PSD represented by Miles Shore, Esquire; Action Alliance and TURN represented by Philip A. Bertocci, Esquire; OSBA represented by Steven Gray, Esquire; OTS represented by Richard Kanaskie, Esquire; PICGUG represented by Charis Mincavage, Esquire; and OCA represented by Christy Appleby, Esquire and Darryl Lawrence, Esquire. Ms. Helen Richardson, Esquire appeared for observation purposes only.

During the March 2, 2007, Prehearing conference the following procedural schedule was established:

Schedule for submission of testimony, hearings and briefs:

Complainant/Intervener's Direct-Testimony	April 6, 2007 (F) by 3:30 p.m.
Company's Rebuttal Testimony	May 4, 2007 (F) by 3:30 p.m.
Surrebuttal Testimony	May 15, 2007 (T)
Evidentiary Hearings for Cross-examination of all witnesses, Live Rejoinder	May 21-24, 2007 in Philadelphia (M-Th)
Close of Record	May 25, 2007 (F)
Main Briefs Due	June 12, 2007 (T)

Reply Briefs Due	June 21, 2007 (Th)
Public Meeting	September 27, 2007
End of Suspension Period	September 28, 2007

On March 5, 2007, PGW extended the suspension date to September 28, 2007.

Public input hearings

Four (4) public input hearings have been scheduled. They will be held as follows:

Monday, March 26, 2007 at 6:00 p.m.

Dorothy Emanuel Recreation Center
8501 Provident Avenue
Philadelphia, PA 19150

Wednesday, March 28, 2007 at 7:00 p.m.

George Washington High School
10175 Bustleton Ave.
Philadelphia, PA 19116-3718
215-961-2001.

Monday, April 9, 2007 at 1:00 p.m. and 7:00 p.m.

Community College of Philadelphia
Center for Business and Industry
Conference Room C2-28
18th & Callowhill Streets
Philadelphia, PA 19130

Consumer Complainants are encouraged to attend the public input hearings and testify on the record.

Active and inactive parties

Active parties are expected to participate in the prehearing conference, engage in discovery, attend hearings, present witnesses and cross-examine witnesses. Inactive parties can

participate and testify in public input hearings. They will receive the presiding officers written orders, notices of hearings and copies of any decisions and Commission orders. The inactive parties will not participate in discovery, testify or cross-examine witnesses at the formal hearings. Therefore, inactive parties will not receive copies of the hearing exhibits or the briefs of the active parties. Active parties will receive all documents and must copy all other active parties on documents sent to the Commission or the presiding officers.

All of the parties that were represented by counsel at the Prehearing conference are active parties. If you did not attend the Prehearing conference and you would like to be an active party, you must submit a petition to intervene pursuant to 52 Pa.Code §§5.71- 5.76.

Counsel for the PHA has not submitted a Prehearing memorandum addressing the agenda items as directed which was due by Thursday, March 8, 2007. Counsel can fax or e-mail the memoranda to the presiding officers and the other counsel who have agreed to accept service by fax or e-mail. Counsel for the PSD has complied as directed regarding a Prehearing memorandum. We received PSD's Prehearing memorandum on March 8, 2007.

Any documents filed in this proceeding should be served on each presiding officer at the Philadelphia office and the active parties. 52 Pa.Code §§1.54(a) and (c).

Service may be made electronically, to those parties who have agreed to accept service in that manner. Documents served electronically need not be followed by service of a hard copy to the parties if the parties have so agreed. 52 Pa.Code §1.54 (b) (3). Service may be made by telefacsimile to those parties who have agreed to accept service in that manner. 52 Pa.Code § 1.54 (b) (4). A final version in hard copy shall be stamped on the date due for filing with the Secretary regardless of any agreement among the parties. The presiding officers agree to electronic or telefacsimile service for this proceeding. In addition, we are requesting that two (2) hard copies of all documents be sent to the Philadelphia Regional Office; one for each presiding officer. Since documents can be submitted to the presiding officers and the participants by fax and e-mail, fax and e-mail addresses will be included on the service list.

Please check the list for omissions and errors and contact the Philadelphia Regional Office to make corrections. The fax number for the Philadelphia Regional Office is (215) 560-3133.

A copy of Special Instructions for Briefs and Exceptions in major General Rate Proceedings will be sent under separate cover to the active parties. We realize that this case does not involve the regular rate of return analysis. However, the instructions should be followed where applicable.

ORDER

THEREFORE,

IT IS ORDERED:

1. That discovery shall be conducted according to the Commission's rules and regulations pursuant to 52 Pa. Code §5.342(d), subject to the following modifications:

a. Answers to written interrogatories will be served in-hand within ten (10) calendar days of service of the interrogatories.

b. Objections to interrogatories will be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.

c. Motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) calendar days of service of written objections.

d. Answers to motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) calendar days of service of such motions.

e. Rulings over such motions will be issued, if possible, within seven (7) calendar days of filing of the motion.

f. Responses to requests for document production, entry for inspection, or other purposes will be served in-hand within ten (10) calendar days.

g. Requests for admission will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service

h. Answers to on-the-record data requests will be served in-hand within seven (7) calendar days of the request.

i. Where discovery is served in hand or electronically after 12 noon on Friday, it will be considered service on the next business day for purposes of tracking due dates.

j. Electronic mail or facsimile transmission on the due date satisfies the "in-hand requirement, where the service is immediately followed by a hard copy sent by first-class mail.

2. The following schedule for submitting testimony and briefs was established during the prehearing conference:

Complainant/Intervener's Direct-Testimony	April 6, 2007 (F) by 3:30 p.m.
Company's Rebuttal Testimony	May 4, 2007 (F) by 3:30 p.m.
Surrebuttal Testimony	May 15, 2007 (T)
Evidentiary Hearings for Cross-examination of all witnesses, (Live Rejoinder)	May 21-24, 2007 in Philadelphia (M-Th)
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Main Briefs Due	June 12, 2007 (W)
Reply Briefs Due	June 21, 2007 (F)


3. In accordance with the schedule set forth above, all documents are due to be served and available to all parties no later than 4:30 p.m. unless otherwise indicated. The

active parties have indicated that facsimile or electronic mail transmission is acceptable with a hard copy served by first class mail. Two (2) hard copies should be sent to the Philadelphia Regional Office; one for each presiding officer.

4. In accordance with the schedule set forth above, briefs must be filed with the Secretary of the Commission and received in-hand by all parties no later than 4:30 p.m. on the date listed. In addition, each party is directed to file a copy of the brief on disk or CD in Word or a compatible format.

5. The parties shall comply with the procedural rules and regulations discussed herein.

Date: March 9, 2007


CYNTHIA WILLIAMS FORDHAM
ANGELA JONES
Administrative Law Judges