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February 15, 2007

ORIGINAL

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

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2007 FEB 15 PM 4:01
PA PUC
SECRETARY'S BUREAU

RE: Pennsylvania Public Utility Commission, et al., v. The Philadelphia Gas Works;
Docket No. R-00061931; **PETITION TO INTERVENE OF INTERSTATE
GAS SUPPLY, INC.**

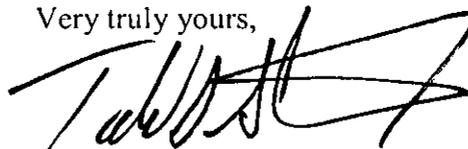
Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of Petition to Intervene of Interstate Gas Supply, Inc., in the above-captioned matter.

If you have any questions, please do not hesitate to contact me.

DOCUMENT
FOLDER

Very truly yours,



Todd S. Stewart
Counsel for Interstate Gas Supply, Inc.

TSS/bks
Enclosures
cc: Per Certificate of Service

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

25

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION, ET AL., :
Complainant :
v. :
THE PHILADELPHIA GAS WORKS, :
Respondent :

Docket No. R-00061931

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UTILITY COMMISSION
SECRETARY'S BUREAU

**PETITION TO INTERVENE OF
INTERSTATE GAS SUPPLY, INC.**

AND NOW comes Interstate Gas Supply, Inc. ("IGS"), a licensed natural gas supplier in the Commonwealth of Pennsylvania, by and through its counsel, Hawke McKeon Sniscak & Kennard LLP, and hereby Petitions the Pennsylvania Public Utility Commission to Intervene as a party in the above-captioned matter. IGS makes this Petition pursuant to 52 Pa. Code § 5.71, *et seq.* In support of its Petition, IGS states and avers as follows:

1. On or about December 22, 2006, the Philadelphia Gas Works ("PGW") filed Supplement No. 16 to its Tariff Gas-PA P.U.C. No. 2 to become effective February 22, 2007. That Supplement contains proposed changes in rates, rules and regulations calculated to produce \$107 million (11%) in additional annual revenues. A number of complaints have been filed against the rate increase to date.

2. By Order dated February 8, 2007, the Pennsylvania Public Utility Commission ("Commission") acted to suspend the tariff supplement by operation of law until September 22, 2007, unless otherwise permitted to become effective at an earlier date.

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3. IGS is a licensed natural gas supplier (A-125051). IGS serves approximately 5,700 retail customers in the Commonwealth of Pennsylvania.

4. IGS is represented in this matter by the following counsel and all future correspondence should be directed to them:

Vince Parisi, Esquire
General Counsel (OH REG #0073283)
Interstate Gas Supply, Inc.
5020 Bradenton Avenue
Dublin, OH 43017
(614) 734-2649
(614) 734-2616 (fax)

Todd S. Stewart
Attorney I.D. No. 75556
Hawke McKeon Sniscak & Kennard LLP
P.O. Box 1778
100 N. Tenth Street
Harrisburg, PA 17105
(717) 236-3100
(717) 236-4841 (fax)
tsstewart@hmsk-law.com

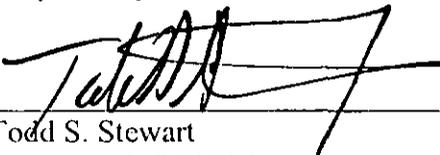
5. It is apparent that there currently is no residential shopping on PGW's system. PGW's rate filing may contain rules, terms and conditions that perpetuate that status or which may add requirements that further limit the ability of natural gas suppliers such as IGS to enter the PGW market and fairly compete on its system. The items of immediate concern are the allocation of costs as between rate classes and as between the company and marketers. IGS's interest is to ensure that customers have a meaningful opportunity to choose and that they have an opportunity to share in the upstream assets (storage, capacity, etc.) at a reasonable price, or, alternatively, to make sure that customers or marketers do not pay for those assets if they are unable to use them. IGS also is interested in ensuring that working capital cost of gas in storage and bad debt are properly collected so that choice customers do not pay twice for those items. In short, IGS wants to create an opportunity for choice on the PGW system. Accordingly, IGS has a unique position, as a natural gas supplier, that cannot adequately be represented by another party to this proceeding.

6. In addition, because IGS's ability to enter the PGW market will be directly affected by the outcome of this case, its interest is direct and immediate and it certainly will be bound by the outcome of this matter. That is, if the rules proposed in the tariff supplement are implemented, they may further insulate the PGW market from competition for the foreseeable future, which could exclude IGS's participation in that market.

7. Accordingly, because IGS has a unique interest in this proceeding that cannot be adequately represented by any other party, and because it may be bound by the outcome of this matter, it should be permitted to intervene in this matter as required by the Commission's regulations. 52 Pa. Code § 5.72(a).

WHEREFORE, Interstate Gas Supply, Inc. respectfully request that its Petition to Intervene be granted in this matter and that it be accorded full party status.

Respectfully submitted,



Todd S. Stewart
Attorney ID # 75556
Hawke McKeon Sniscak & Kennard LLP
100 North Tenth Street
Harrisburg, PA 17101
717-236-1300
717-236-4841 (fax)
tsstewart@hmsk-law.com

Counsel for Interstate Gas Supply, Inc.

Dated: February 15, 2007

VERIFICATION

I, Todd S. Stewart, Counsel for Interstate Gas Supply, Inc., Petitioner in this proceeding, verify that the factual allegations contained in the foregoing Petition are true and correct to the best of my knowledge, information and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsifications to authorities.

2/15/07
Date

Todd S. Stewart

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2007 FEB 15 PM 4:01
PA PUC
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA FIRST CLASS MAIL

Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Daniel Clearfield, Esquire
Wolf, Block, Schorr and Solis-Cohen, LLP
213 Market Street, 9th Floor
P.O. Box 865
Harrisburg, PA 17108-0865

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2007 FEB 15 PM 4: 01
PA PUC
SECRETARY'S BUREAU



Todd S. Stewart

Dated this 15th day of February, 2007.

ORIGINAL

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

**DOCUMENT
FOLDER**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :

v. :

PHILADELPHIA GAS WORKS :

Docket No. R-0006193 |

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FEB 16 2007

**PETITION TO INTERVENE OF
PHILADELPHIA HOUSING AUTHORITY**

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

The Philadelphia Housing Authority ("PHA"), by counsel, hereby files, pursuant to 52 Pa. Code §§ 5.71 – 5.74, a Petition to Intervene in the above-captioned proceeding, and, in support thereof, avers as follows:

The Parties

1. Petitioner, PHA, is a public agency organized and existing under the laws of the Commonwealth of Pennsylvania. PHA owns, operates and maintains public housing properties throughout the City of Philadelphia.

2. Respondent Philadelphia Gas Works ("PGW") provides natural gas to tenants in a number of PHA's properties.

The Proceedings

3. PGW submitted its Tariff Supplement No. 16 ("Tariff") filing to the Commission on or about December 22, 2006.

4. PGW seeks rate increase for the type(s) of services offered by PHA to residents of its properties, and has designated a tariff rate and an increase for PHA accounts.

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5. PGW filed a petition (the "Petition") seeking to increase its delivery charges for gas provided to PHA's tenants.

PHA's Interest in the Proceedings

6. PHA provides funding for utilities at more than 31,000 individual housing units throughout the City of Philadelphia.

7. Most of PHA's residential units use natural gas as fuel for heat, hot water, cooking and/or other appliances.

8. PGW bills PHA for charges at some of PHA's properties, and in turn bills some of its tenants for gas consumption and charges at those properties. PGW also bills tenants at certain other PHA properties directly.

9. PGW currently bills PHA and/or PHA tenants for gas under one of two (2) tariff rates at issue in the current 1307(f) filing: a specific PHA rate, or a Residential General Service ("GS") Rate.

10. As a ratepayer and large-scale consumer of natural gas supplied by PGW, PHA is interested in, and affected by, both the proposed base rate increases and the existing and proposed revised terms of service under PGW's tariff.

11. The increased rate will materially and negatively affect PHA's budget on several levels, including, *inter alia*:

(a.) The increased rates, applied across multiple rate classes and throughout PHA's properties, will add significantly to the cost of a major component of PHA's operating expenses for its housing units.

(b.) Financial hardship will result to some of PHA tenants.

12. PHA's residents are among the City's neediest families, yet this increase will

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serve to reduce funding otherwise available for public services.

13. The rate applicable to PHA, in fact, should have been lower than the Municipal Rate.

14. As a ratepayer, PHA will be affected by and bound by any determination the Commission makes with respect to the Petition for the following reasons:

- (a.) PHA has a pre-existing and limited budget for utility expenses for its residential units;
- (b.) In calendar year 2007, the federal funding of the PHA housing budget has been reduced to 76.4% of full funding. PHA has experienced significant reductions in its funding levels following the time that the current rate was accepted by the PUC, yet the tariff rate has remained the same;
- (c.) PHA and its tenants purchase gas on various rate schedules, all of which may be adversely affected by increases in the respective rates and in the method by which accounts are classified for rate paying purposes;
- (d.) Imposing a higher rate on PHA and/or its tenants would tax already scarce resources even further, while effectively rewarding PGW for prior lax collection processes and past and present management concerns.
- (e.) This rate increase should not apply to PHA properties as PHA is a solid paying customer who is a reliable source of payment, in fact overpaying for years.

15. The public also has an interest in keeping publicly-funded energy costs for PHA properties at a manageable level, both by controlling the cost and delivery of direct natural gas supply to tenant housing, and in avoiding the massive financial toll that possible adjustments to

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the tenant utility allowance would exact upon PHA.

16. If permitted to intervene, PHA will take the position that the increases PGW seeks are excessive and unmerited as to PHA.

WHEREFORE, the Philadelphia Housing Authority respectfully requests that the Commission grant its Petition to Intervene and permit PHA to participate in the consolidated proceedings as if it were a full party to the action.

Respectfully submitted,



PHILIP L. HINERMAN, ESQUIRE, I.D. 55496
FOX ROTHSCHILD LLP
2000 Market Street, 10th Floor
Philadelphia, PA 19103-3291
(215) 299-2066

Attorney for Petitioner,
PHILADELPHIA HOUSING AUTHORITY

Dated: February 16, 2007

VERIFICATION

Philip L. Hinerman, being duly sworn according to law, deposes and states that he is the attorney for Philadelphia Housing Authority, that as such, he is authorized to make and execute this affidavit on its behalf, and that the facts set forth in the foregoing Petition to Intervene are true and correct to the best of his knowledge, information and belief.


PHILIP L. HINERMAN

Sworn to and subscribed

Before me this 16th day of

February, 2007


Notary Public

NOTARIAL SEAL
JAMI M. BOZZUTO
Notary Public
CITY OF PHILADELPHIA CNTY OF PHILADELPHIA
My Commission Expires Feb 5, 2008

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FEB 16 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that I am serving a true and correct copy of the foregoing Petition to Intervene of Philadelphia Housing Authority in accordance with the requirements of 52 Pa.Code §1.54 upon the following person(s):

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

John Simms, Esquire
Pennsylvania Public Utility Commission
Office of Trial Staff
Commonwealth Keystone Building
2nd Floor, F West
P.O. Box 3265
Harrisburg, PA 17105-3265

Steven C. Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Philip A. Bertocci, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102

Stephen Keene, Esquire
Office of Consumer Advocate
Forum Place, 5th Floor
555 Walnut Street
Harrisburg, PA 17120

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 19122

Pennsylvania Public Utility Commission
Office of Administrative Law Judge
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

The Honorable Cynthia W. Fordham
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
1400 Spring Garden Street
Philadelphia, PA 19130

The Honorable Angela T. Jones
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
1400 Spring Garden Street
Philadelphia, PA 19130



PHILIP L. HINERMAN

Dated: February 16, 2007

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 684-6878 – Fax (215) 684-6798
Email: greg.stunder@pgworks.com

February 15, 2007

VIA OVERNIGHT MAIL

Richard Kanaskie, Esq.
PA Public Utility Commission
Office of Trial Staff
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: PA PUC v. Philadelphia Gas Works – Docket No. R-00061931

Dear Mr. Kanaskie:

On behalf of Philadelphia Gas Works, enclosed please find the responses to **OTS-RE, Nos. 20, 31, 32, 47, 58, 62, 67**. If you have any questions, please do not hesitate to contact me.

Sincerely,

Gregory J. Stunder
Gregory J. Stunder *GB*

Enclosure

cc: Attached Certificate of Service w/enc.
James McNulty, w/ Cert. of Service only

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FEB 15 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

CERTIFICATE OF SERVICE

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

VIA EXPRESS MAIL

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

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

Allison Kaster, Esq.
Johnnie Simms, Esq.
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Richard Galligan
Exeter Associates, Inc., Suite 310
5565 Sterrett Place
Columbia, MD 21044

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

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

Daniel Clearfield, Esq.
Wolf, Block, Schorr & Solis-Cohen
213 Market Street, 9th Floor
Harrisburg, PA 17101

Robert Knecht
Industrial Economics, Inc.
2067 Massachusetts Avenue
Cambridge, MA 02140

Michael Bleiweis
243 Banks Road
Easton, CT 06612

Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1A
Philadelphia, PA 19101

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PA PUBLIC UTILITY COMMISSION
REGULATORY BUREAU

Date: February 15, 2007

Gregory J. Stunder, Esq.
Gregory J. Stunder, Esq.

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 684-6878 – Fax (215) 684-6798
Email: greg.stunder@pgworks.com

February 15, 2007

VIA OVERNIGHT MAIL

Richard Kanaskie, Esq.
PA Public Utility Commission
Office of Trial Staff
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: PA PUC v. Philadelphia Gas Works – Docket No. R-00061931

Dear Mr. Kanaskie:

On behalf of Philadelphia Gas Works, enclosed please find the responses to OTS-RS, Nos. 17, 18, 19, 20, 21, 24, 27, 33. If you have any questions, please do not hesitate to contact me.

Sincerely,

Gregory J. Stunder
Gregory J. Stunder *SB*

Enclosure

cc: Attached Certificate of Service w/enc.
James McNulty, w/ Cert. of Service only

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FEB 15 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

CERTIFICATE OF SERVICE

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

VIA EXPRESS MAIL

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

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

Allison Kaster, Esq.
Johnnie Simms, Esq.
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

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Exeter Associates, Inc., Suite 310
5565 Sterrett Place
Columbia, MD 21044

Date: February 15, 2007

Tanya McCloskey, Esq.
Christy M. Appleby, Esq.
Darryl Lawrence, Esq.
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5th Floor, Forum Place Bldg.
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Harrisburg, PA 17101-1921

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

Daniel Clearfield, Esq.
Wolf, Block, Schorr & Solis-Cohen
213 Market Street, 9th Floor
Harrisburg, PA 17101

Robert Knecht
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2067 Massachusetts Avenue
Cambridge, MA 02140

Michael Bleiweis
243 Banks Road
Easton, CT 06612

Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1
Philadelphia, PA 19101

Gregory J. Stunder, Esq.
Gregory J. Stunder, Esq. *JS*

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FEB 15 2007

PUBLIC UTILITY COMMISSION
Energy Bureau

THE SCHOOL DISTRICT OF PHILADELPHIA
SCHOOL REFORM COMMISSION

440 N. BROAD STREET, SUITE 313
PHILADELPHIA, PENNSYLVANIA 19130-4015

SHERRY A. SWIRSKY
GENERAL COUNSEL

TELEPHONE (215) 400-6710
FAX (215) 400-4122

February 16, 2007

VIA FEDERAL EXPRESS

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Pennsylvania Public Utility Commission
Secretary's Bureau
Commonwealth Keystone Building
2nd Floor, Room N-201
400 North Street
Harrisburg, PA 17120

FEB 16 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061931

Ladies and Gentlemen:

I am enclosing an original and four (4) copies of the School District of Philadelphia's Petition to Intervene in the above-captioned gas rate proceeding.

Please file the original and three (3) copies of record, time-stamp the fourth copy and return it to us in the enclosed self-addressed, stamped envelope.

Please feel free to contact me if you have any questions, Thank you for your assistance.

Sincerely yours,

Sherry A. Swirsky

Sherry A. Swirsky
General Counsel

SAS/jmc
Enclosure

cc: Service List

DOCUMENT
FOLDER

AB

ORIGINAL

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :

v. :

PHILADELPHIA GAS WORKS :

Docket No. R-0006193

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**PETITION TO INTERVENE OF
THE SCHOOL DISTRICT OF PHILADELPHIA**

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

The School District of Philadelphia ("SDP," the "District"), by and through its undersigned counsel, hereby files, pursuant to 52 Pa. Code §§ 5.71 – 5.74, the within Petition to Intervene in the above-captioned proceeding, and, in support thereof, avers as follows:

**DOCUMENT
FOLDER**

The Parties

1. The SDP operates the public school system in the City of Philadelphia, and is the seventh-largest public education school district in the United States. The SDP owns and/or operates some 273 schools, and a total of 327 buildings and other facilities including, by way of example, field houses, warehouses, garages, administration buildings, and a working farm.

2. The SDP is a separate and independent home rule school district of the first class, established in the Philadelphia Home Rule Charter under the First Class City Public Education Home Rule Act, 53 P.S. §13201, et seq. A five-member School Reform Commission (SRC) currently governs the SDP. The SRC exercises all powers and has all duties of the Board of Education.

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3. The SDP provides a full range of public education services contemplated by the Pennsylvania Public School Code. These include general, special and vocational education at the elementary and secondary levels, as well as related supportive services. Preschool services are also provided in response to the needs of the community.

4. Respondent Philadelphia Gas Works ("PGW") provides natural gas to approximately 280 District facilities as fuel for heat, hot water and/or other appliances and operations.

The Proceedings

5. PGW submitted its Tariff Supplement No. 16 ("Tariff") filing to the Commission on or about December 22, 2006.

6. PGW seeks rate increase for the type(s) of services and rate classes the District uses in its facilities.

7. PGW filed a petition (the "Petition") seeking to increase its delivery charges for gas provided to SDP.

SDP's Interest in the Proceedings

8. PGW currently bills SDP under one of three (3) tariff rates at issue in the current 1307(f) filing: Rate BPS-L, Rate BPS-S, and Rate MS

9. The SDP's natural gas consumption during Fiscal year 2006 was 10,010,269 ccf, at a cost of \$16,332,882.

10. As a ratepayer and large-scale consumer of natural gas supplied by PGW, SDP is interested in, and affected by, both the proposed base rate increases and the existing and proposed revised terms of service under PGW's tariff.

11. The increased rate will materially and negatively affect SDP's budget on several levels, including, *inter alia*:

- (a) The increased rates, applied across multiple rate classes and throughout SDP's properties, will add significantly to the cost of a major component of SDP's operating expenses for its facilities.
- (b) The increased expenditures, for which no provisions have been made in the current fiscal year's budget, place SDP in the untenable position of either cutting consumption, to the possible detriment of the health and safety of its students and staff, or reallocating funds at the expense of critical educational programs.

12. As a ratepayer, SDP will be affected by and bound by any determination the Commission makes with respect to the Petition for the following reasons:

- (a) SDP has a pre-existing and limited budget for utility expenses for its facilities;
- (b) SDP has experienced significant reductions in its funding levels following the time that the current rate was accepted by the PUC, yet the tariff rate has remained the same;
- (c) SDP purchases gas on various rate schedules, all of which may be adversely affected by increases in the respective rates.
- (d) Imposing a higher rate on SDP would tax already scarce resources even further, while effectively rewarding PGW for inefficiencies in management and cost control practices.

(e). This rate increase should not apply to SDP properties as SDP is a solid paying customer and is a reliable source of payment.

13. The public also has an interest in keeping publicly-funded energy costs for SDP properties at a manageable level.

14. If permitted to intervene, SDP will take the position that the increases PGW seeks are excessive and unmerited as to SDP.

WHEREFORE, the School District of Philadelphia respectfully requests that the Commission grant its Petition to Intervene and permit the District to participate in the consolidated proceedings as if it were a full party to the action.

Respectfully submitted,

Sherry A. Swirsky

SHERRY A. SWIRSKY
Attorney I.D. No. 27814
General Counsel
THE SCHOOL DISTRICT OF
PHILADELPHIA
440 N. Broad St.
Philadelphia, PA 19130
(215)400-6710
(215)400-4122 fax
sswirsky@phila.k12.pa.us

Dated: February 16, 2007

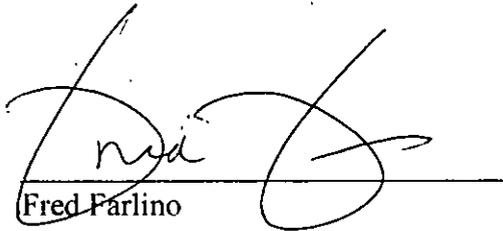
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FEB 16 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VERIFICATION

I, Fred Farlino, Interim Chief Operating Officer for the Petitioner, School District of Philadelphia, verify that the facts set forth in the attached Petition to Intervene are true and correct to the best of my knowledge, information and belief, and that this Verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.


Fred Farlino

Date: 2/16/07

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FEB 16 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that I have served a true and correct copy of the foregoing Petition to Intervene of the School District of Philadelphia in accordance with the requirements of 52 Pa.Code §1.54 upon the following persons by first class mail:

Pennsylvania Public Utility Commission
Office of Administrative Law Judge
Commonwealth Keystone Building
2d Floor, L-M West
400 North St.
Harrisburg, PA 17120

James J. McNulty, Secretary
PA. Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

The Honorable Cynthia W. Fordham
Administrative Law Judge
Pennsylvania Public Utility Commission
1302 State Office Building
Broad and Spring Garden Sts.
Philadelphia, PA 19130

Stephen Keene, Esquire
Office of Consumer Advocate
Forum Place, 5th Floor
555 Walnut Street
Harrisburg, PA 17120

The Honorable Angela T. Jones
Administrative Law Judge
Pennsylvania Public Utility Commission
1302 State Office Building
Broad and Spring Garden Sts.
Philadelphia, PA 19130

John Simms, Esquire
PA. Public Utility Commission
Office of Trial Staff
Commonwealth Keystone Building
2nd Floor, F West
P.O. Box 3265
Harrisburg, PA 17105-3265

Pennsylvania Public Utility Commission
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, F West
400 North St.
Harrisburg, PA 17120

Steven C. Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Pennsylvania Public Utility Commission
Office of Special Assistants
Commonwealth Keystone Building
3d Flr., Rm. 9E
400 North St.
Harrisburg, PA 17120

Philip A. Bertocci, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102

Gregory J. Sunder, Esquire
Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 19122

Sherry A. Swirsky
SHERRY A. SWIRSKY

Dated: February 16, 2007

RECEIVED

FEB 16 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Office of Administrative Law Judge
P.O. BOX 3265, HARRISBURG, PA 17105-3265
February 16, 2007

IN REPLY PLEASE
REFER TO OUR FILE

In Re: R-00061931
R-00061931C0001-C0044

(SEE LETTER OF 2-7-07)

DOCUMENT
FOLDER

Pennsylvania Public Utility Commission v. Philadelphia Gas Works

Filed Supplement No. 16 to Gas Service Tariff-PA PUC No. 2 to become effective February 20, 2007, which proposes a general rate increase of \$100,000,000.

CORRECTED Hearing Notice

This is to inform you that the notice dated February 12, 2007, on the above-captioned case contained incorrect information. The purpose of this notice is to correct that information. All corrections will be double underlined.

Type: Initial Pre-Hearing Conference
Date: Friday, February 23, 2007
Time: 10:00 a.m.
Location: Hearing Room 5 - Harrisburg Parties
Plaza Level
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

And

DOCKETED
FEB 27 2007

In an available hearing room
Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, PA 19130

Presiding: Administrative Law Judges Cynthia W. Fordham
Angela T. Jones
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
Telephone: 215.560.2105
Fax: 215.560.3133

NOTE: The court reporter will be located in Philadelphia.

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call the scheduling office at the Public Utility Commission at least (2) two business days prior to your hearing:

- Scheduling Office: 717.787.1399
- AT&T Relay Service number for persons who are deaf or hearing-impaired: 1.800.654.5988

Pc: Judge Fordham
Judge Jones
Ona Lester
Beth Plantz
Docket Section
Calendar File

R-00061931, R-00061931C0001-C0045 PENNSYLVANIA PUBLIC UTILITY COMMISSION
V. PHILADELPHIA GAS WORKS

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ALAN C KOHLER ESQUIRE
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RICHARD A KANASKIE ESQUIRE
ALLISON C KASTER ESQUIRE
PA PUC OFFICE OF TRIAL STAFF
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DARRYL LAWRENCE ESQUIRE
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555 WALNUT STREET 5TH FLOOR
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(C0001)

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EXELON BUSINESS SERVICES COMPANY
2301 MARKET STREET S23-1
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ERIC J STABLER
921 TREE STREET
PHILADELPHIA PA 19148
(C0002)

BARBARA UECKER
6308 SHELBORNE STREET
PHILADELPHIA PA 19111
(C0003)

JAMES MITCHELL
8109 REVERE STREET
PHILADELPHIA PA 19152
(C0004)

RUSSELL J ROSSI
1523 ISEMINGER STREET
PHILADELPHIA PA 19147
(C0005)

DEBRA FLEMING
1764 NORTH DOVER STREET
PHILADELPHIA PA 19121
(C0006)

CORNELIA HESTER-WILLIAMS
2727 WEST LEHIGH AVENUE
PHILADELPHIA PA 19132-3129
(0007)

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THU B TRAN ESQUIRE
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ACTION ALLIANCE ET AL (C0010)

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(0038)

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**DOCUMENT
FOLDER**

Direct Dial: (717) 237-7173
Direct Fax: (717) 237-7161
E-mail: dclearfield@wolfblock.com

February 19, 2007

VIA E-MAIL & FIRST CLASS MAIL

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

Re: Philadelphia Gas Works v. PA Public Utility Commission
Docket No. R-00061931

Dear Tanya:

On behalf of Philadelphia Gas Works enclosed please find its Responses to Office of Consumer Advocate Interrogatories listed below:

OCA-I-24, 30, 32
OCA-III-5, 34, 35
OCA-IV-18
Revised – OCA-II-8

Very truly yours,

Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

BA

cc: Cert of Service w/enc.

HAR:71190.6/PHI211-236005

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

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Richard Kanaskie, Esq.
Allison Kaster, Esq.
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Michael Bleiweis
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SECRETARY'S BUREAU

2007 FEB 21 AM 10:28

REC'D-11111

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Dated: February 19, 2007



Daniel Clearfield, Esquire

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

DOCUMENT
FOLDER

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

February 20, 2007

E-mail and First Class Mail

Hon. Cynthia W. Fordham
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

Hon. Angela T. Jones
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

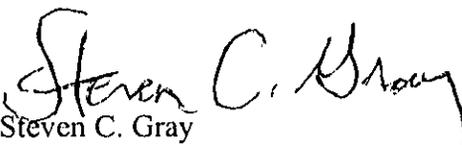
**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061931**

Dear Judge Fordham and Judge Jones:

Enclosed are two copies of the Prehearing Memorandum on behalf of the Office of Small Business Advocate.

As evidenced by the enclosed certificate of service, all parties have been served as indicated.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: ✓ James J. McNulty, Secretary
Parties of Record
Robert D. Knecht

RECEIVED

FEB 20 2007

BA

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

:
:
:
:
:
:

DOCKET NO. R-00061931

OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM

I. **INTRODUCTION**

The Office of Small Business Advocate ("OSBA") is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission ("Commission") pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 ("the Act"). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Steven C. Gray.

Please address all correspondence as follows:

Steven C. Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831 (fax)
sgray@state.pa.us

II. FILING BACKGROUND

Philadelphia Gas Works (“PGW” or the “Company”) filed Tariff Supplement 16 to Gas Service Tariff – Pa. P.U.C. No. 2 on December 22, 2006. The proposed Tariff, if approved by the Commission, would increase the total operating revenues of PGW by \$100 million per year. The OSBA filed a Complaint on January 18, 2007.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. PGW submitted an improperly bundled cost of service study with its base rate filing. The Company’s bundled COSS violates *Lloyd v. Pa. PUC*, 904 A.2d 1010 (Pa. Cmwlth. 2006) and *Pa. PUC v. PPL Gas Utilities Corporation*, Docket No. R-00061398 (Order entered February 8, 2007). This base rate proceeding can not be adjudicated unless a distribution-only COSS is made available to the parties, the ALJs, and the Commission.
2. PGW’s bundled COSS also included customer assistance program (“CAP”) costs. Inclusion of CAP costs in a COSS that is required to be distribution-only is expressly forbidden by *PPL Gas Utilities*.
3. Whether PGW’s proposal to move to a 50 percent equity to total capital ratio through ratepayer equity infusions over a five-year period is just and reasonable for a cash-flow regulated utility.

4. Whether PGW's assumption that the proposed rate increase will result in a reduction in the Company's overall collections rate, such that PGW will retain about 85 cents on every dollar of rate increase, is just and reasonable.
5. Whether PGW's methodology for allocating distribution costs among the various rate classes is just and reasonable.
6. Whether PGW's proposal for assigning the overall distribution rate increase among the various rate classes is just, reasonable, and consistent with the Company's cost allocation study.
7. The appropriate method for eliminating or phasing out the recovery of residential customer assistance program costs from non-residential customers, a practice that is in clear violation of well-established Commission policy.
8. Whether PGW's proposed rate design for commercial customers is just and reasonable.

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through the cross-examination of witnesses appearing for those parties, through interrogatories, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve a hard copy of any document filed in this case upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. Service by electronic mail *only* is not acceptable.

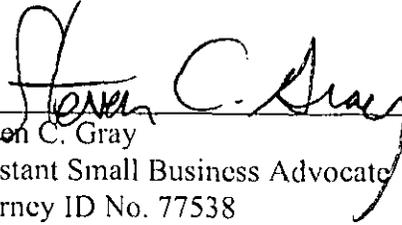
V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

The OSBA will cooperate with the other parties to develop a procedural schedule. Given the Governor's desire to limit the travel of State Offices under his jurisdiction, the OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven C. Gray", is written over a horizontal line.

Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For:

William R. Lloyd, Jr.
Small Business Advocate
Attorney ID No. 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Dated: February 20, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

DOCKET NO. R-00061931

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Cynthia W. Fordham
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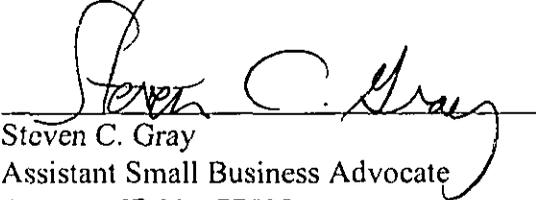
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Date: February 20, 2007


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

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PGW

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney

800 W. Montgomery Avenue, Philadelphia, PA 19122
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Email: greg.stunder@pgworks.com

February 20, 2007

VIA OVERNIGHT MAIL

Richard Kanaskie, Esq.
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Office of Trial Staff
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RECEIVED
FEB 20 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

Re: PA PUC v. Philadelphia Gas Works – Docket No. R-00061931

Dear Mr. Kanaskie:

On behalf of Philadelphia Gas Works, enclosed please find the revised response to **OTS-RE, No. 62**. If you have any questions, please do not hesitate to contact me.

Sincerely,

Gregory J. Stunder
Gregory J. Stunder *JB*

Enclosure

cc: Attached Certificate of Service w/enc.
James McNulty, w/ Cert. of Service only

CERTIFICATE OF SERVICE

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

RECEIVED
FEB 20 2007
PA PUBLIC UTILITY COMMISSION
REGULATORY BUREAU

VIA EXPRESS MAIL

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David M. Kleppinger, Esq.
McNEES, WALLACE, NURICK
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Allison Kaster, Esq.
Johnnie Simms, Esq.
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Financial and Regulatory Consultant
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Redding, CT 06896

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Michael Bleiweis
243 Banks Road
Easton, CT 06612

Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1
Philadelphia, PA 19101

Date: February 20, 2007

Gregory J. Stunder, Esq.
Gregory J. Stunder, Esq. *SB*

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney

**DOCUMENT
FOLDER
PGW**

800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 684-6878 – Fax (215) 684-6798
Email: greg.stunder@pgworks.com

February 20, 2007

VIA OVERNIGHT MAIL

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Office of Trial Staff
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RECEIVED
FEB 20 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

Re: PA PUC v. Philadelphia Gas Works – Docket No. R-00061931

Dear Mr. Kanaskie:

On behalf of Philadelphia Gas Works, enclosed please find the responses to **OTS-RS, Nos. 3, 25, 26**. If you have any questions, please do not hesitate to contact me.

Sincerely,

Gregory J. Stunder
Gregory J. Stunder *GS*

Enclosure

cc: Attached Certificate of Service w/enc.
James McNulty, w/ Cert. of Service only

CERTIFICATE OF SERVICE

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

VIA EXPRESS MAIL

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FEB 20 2007
PA PUBLIC UTILITY COMMISSION
REGULATORY BUREAU

Date: February 20, 2007

Gregory J. Stunder, Esq.
Gregory J. Stunder, Esq. *GS.*

court reporter

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
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William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

February 20, 2007

E-mail and First Class Mail

Hon. Cynthia W. Fordham
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

Hon. Angela T. Jones
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061931**

Dear Judge Fordham and Judge Jones:

Enclosed are two copies of the Prehearing Memorandum on behalf of the Office of Small Business Advocate.

As evidenced by the enclosed certificate of service, all parties have been served as indicated.

Sincerely,

Steven C. Gray
Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

RECEIVED

FEB 28 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU
Enclosures

cc: James J. McNulty, Secretary
Parties of Record
Robert D. Knecht

**DOCUMENT
FOLDER**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

:
:
:
:
:
:
:

DOCKET NO. R-00061931

OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM

I. INTRODUCTION

The Office of Small Business Advocate ("OSBA") is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission ("Commission") pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 ("the Act"). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Steven C. Gray.

Please address all correspondence as follows:

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Harrisburg, Pennsylvania 17101
(717) 783-2525
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sgray@state.pa.us

**DOCUMENT
FOLDER**

DOCKETED
MAR 01 2007

II. FILING BACKGROUND

Philadelphia Gas Works (“PGW” or the “Company”) filed Tariff Supplement 16 to Gas Service Tariff – Pa. P.U.C. No. 2 on December 22, 2006. The proposed Tariff, if approved by the Commission, would increase the total operating revenues of PGW by \$100 million per year. The OSBA filed a Complaint on January 18, 2007.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
(617) 354-0074
(617) 354-0463 – Fax
rdk@indecon.com

After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. PGW submitted an improperly bundled cost of service study with its base rate filing. The Company’s bundled COSS violates *Lloyd v. Pa. PUC*, 904 A.2d 1010 (Pa. Cmwlth. 2006) and *Pa. PUC v. PPL Gas Utilities Corporation*, Docket No. R-00061398 (Order entered February 8, 2007). This base rate proceeding can not be adjudicated unless a distribution-only COSS is made available to the parties, the ALJs, and the Commission.
2. PGW’s bundled COSS also included customer assistance program (“CAP”) costs. Inclusion of CAP costs in a COSS that is required to be distribution-only is expressly forbidden by *PPL Gas Utilities*.
3. Whether PGW’s proposal to move to a 50 percent equity to total capital ratio through ratepayer equity infusions over a five-year period is just and reasonable for a cash-flow regulated utility.

4. Whether PGW's assumption that the proposed rate increase will result in a reduction in the Company's overall collections rate, such that PGW will retain about 85 cents on every dollar of rate increase, is just and reasonable.
5. Whether PGW's methodology for allocating distribution costs among the various rate classes is just and reasonable.
6. Whether PGW's proposal for assigning the overall distribution rate increase among the various rate classes is just, reasonable, and consistent with the Company's cost allocation study.
7. The appropriate method for eliminating or phasing out the recovery of residential customer assistance program costs from non-residential customers, a practice that is in clear violation of well-established Commission policy.
8. Whether PGW's proposed rate design for commercial customers is just and reasonable.

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through the cross-examination of witnesses appearing for those parties, through interrogatories, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

The OSBA requests that all parties serve a hard copy of any document filed in this case upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. Service by electronic mail *only* is not acceptable.

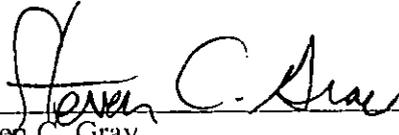
V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

The OSBA will cooperate with the other parties to develop a procedural schedule. Given the Governor's desire to limit the travel of State Offices under his jurisdiction, the OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,



Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For:

William R. Lloyd, Jr.
Small Business Advocate
Attorney ID No. 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
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Harrisburg, PA 17101

Dated: February 20, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

DOCKET NO. R-00061931

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

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Date: February 20, 2007


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Office of Administrative Law Judge
P.O. BOX 3265, HARRISBURG, PA 17105-3265
February 20, 2007

IN REPLY PLEASE
REFER TO OUR FILE

In Re: R-00061931
R-00061931C0001-C0044

(SEE LETTER OF 2-16-07)

DOCUMENT
FOLDER

Pennsylvania Public Utility Commission v. Philadelphia Gas Works

Filed Supplement No. 16 to Gas Service Tariff-PA PUC No. 2 to become effective February 20, 2007, which proposes a general rate increase of \$100,000,000.

CORRECTED Hearing Notice

This is to inform you that the notice dated February 16, 2007, on the above-captioned case contained incorrect information. The purpose of this notice is to correct that information. All corrections will be double underlined.

Type: Initial Pre-Hearing Conference
Date: Friday, February 23, 2007
Time: 10:00 a.m.
Location: Hearing Room 2 - Harrisburg Parties
Plaza Level
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

And

DOCKETED
FEB 27 2007

In an available hearing room
Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, PA 19130

Presiding: Administrative Law Judges Cynthia W. Fordham
Angela T. Jones
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
Telephone: 215.560.2105
Fax: 215.560.3133

NOTE: The court reporter will be located in Philadelphia.

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call the scheduling office at the Public Utility Commission at least (2) two business days prior to your hearing:

- Scheduling Office: 717.787.1399
- AT&T Relay Service number for persons who are deaf or hearing-impaired: 1.800.654.5988

pc: Judge Fordham
Judge Jones
Ona Lester
Beth Plantz
Docket Section
Calendar File

R-00061931, R-00061931C0001-C0045 PENNSYLVANIA PUBLIC UTILITY COMMISSION
V. PHILADELPHIA GAS WORKS

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February 20, 2007

VIA E-MAIL & FIRST CLASS MAIL

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Darryl Lawrence, Esq.
Office of Consumer Advocate
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555 Walnut Street
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Re: Philadelphia Gas Works v. PA Public Utility Commission
Docket No. R-00061931

Dear Tanya:

On behalf of Philadelphia Gas Works enclosed please find its Responses to Office of Consumer Advocate Interrogatories listed below:

OCA-I-11, 12, 13, 14, 16, 21, 22, 26, 28, 29

OCA-III-14

OCA-IV-9, 10, 11, 12, 17, 19, 20, 22

Very truly yours,

Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: Cert of Service w/enc.

HAR:71190.7/PHI211-236005

BA

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

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Allison Kaster, Esq.
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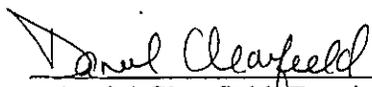
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2001 FEB 21 11:10:29
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Dated: February 20, 2007



Daniel Clearfield Esquire

Hawke

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McKeon



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100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmsk-law.com

February 21, 2007

VIA HAND DELIVERY

James J. McNulty, Secretary
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400 North Street
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

RECEIVED
2007 FEB 21 AM 10:32
PA PUC
SECRETARY'S BUREAU

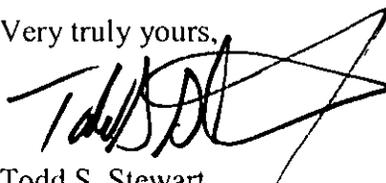
RE: Pennsylvania Public Utility Commission, et al., v. The Philadelphia Gas Works;
Docket No. R-00061931; **PREHEARING CONFERENCE MEMORANDUM
OF INTERSTATE GAS SUPPLY, INC.**

Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of Prehearing Conference Memorandum of Interstate Gas Supply, Inc., in the above-captioned matter.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Todd S. Stewart
Counsel for Interstate Gas Supply, Inc.

TSS/bks

Enclosures

cc: Per Certificate of Service

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION, ET AL., :
Complainant :

v. :

THE PHILADELPHIA GAS WORKS, :
Respondent :

Docket No. R-00061931

**PREHEARING CONFERENCE
MEMORANDUM OF
INTERSTATE GAS SUPPLY, INC.**

RECEIVED
2007 FEB 21 AM 10:32
IA PUC
SECRETARY'S BUREAU

AND NOW comes Interstate Gas Supply, Inc. ("IGS"), by and through its counsel, Hawke McKeon Sniscak & Kennard LLP, and offers the following response to the Prehearing Order issued by Presiding Administrative Law Judges Cynthia Fordham and Angela Jones in the above-captioned matter on or about February 15, 2007.

Background

By Order entered February 8, 2007, the Pennsylvania Public Utility Commission ("Commission") suspended the tariff by operation of law and instituted an investigation into the lawfulness, justness and reasonableness of the proposed rate increase and as to the PGW's existing rates. This matter was assigned to the Office of Administrative Law Judge for resolution by that same Order. On February 15, 2007, IGS filed its Petition to Intervene in the above-captioned matter.

As described in its Petition to Intervene, the basis of IGS's intervention is that PGW's filing, including its existing rates, may contain rules, terms, and conditions that perpetuate the

non-existence of shopping on PGW's system, and which may further limit the ability of natural gas suppliers such as IGS to enter the PGW market and compete fairly on the system. Specifically, the items of concern include the allocation of costs between rate classes and as between the company and marketers, and in ensuring that the working capital cost of gas and storage and bad debt are properly allocated so that choice customers do not pay twice for those cost items. The Commission's policy on intervention favors granting intervention of potential competitors in Commission proceedings, and provides that such potential competitors have standing to participate in matters that ultimately may impact the competitive market place.¹

Specific Issues

IGS will address the topics listed in the Prehearing Order in the order of their appearance:

1. PECO Energy Company's Petition to Intervene.

IGS has no position with regard to PECO's Petition to Intervene but, as discussed above, believes that IGS's Petition to Intervene, which is not listed on the Prehearing Memorandum, should be granted.

2. Discovery

IGS has not yet conducted any discovery but will endeavor to do so at the earliest possible time so that its discovery does not interfere with the conduct of this case.

3. Settlement

IGS is interested in discussing potential for settlement with PGW and the other parties.

¹ Jointed Application of Commonwealth Telephone Company, et al., Docket No. A-310800F0010 (Opinion and Order entered February 8, 2007).

4. Issues

IGS believes that the issues to be addressed are: the current and proposed rules and tariff requirements and the affect of those proposed rules and tariff requirements on competition; the allocation of costs; and, the general competitive status of PGW's market place.

5. Hearing Time

IGS believes that based upon the number of parties to this matter that it would be wise to schedule at least four days of hearings with the option to cancel if necessary.

6. Witnesses

IGS has not yet identified the witness or witnesses that it intends to call in the above-captioned matter. IGS will identify those individuals at the earliest possible date.

7. Procedural Schedule

IGS believes that the proposed procedural schedule is somewhat aggressive based upon the complex nature of the proceeding but will work with the parties and the Presiding Administrative Law Judge to develop a schedule that is agreeable to all.²

8. Public Input Hearings

IGS has no position on the need for public input hearings.

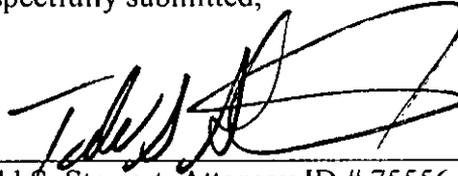
9. Other

IGS has no other issues that require resolution at this time.

² Counsel for IGS notes initially that the week of May 7, 2007, presents at least two hearing conflicts for its counsel.

WHEREFORE, Interstate Gas Supply, Inc., respectfully requests that the Presiding Administrative Law Judge consider its Prehearing Conference Memorandum.

Respectfully submitted,



Todd S. Stewart, Attorney ID # 75556
Hawke McKeon Sniscak & Kennard LLP
100 North Tenth Street
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717-236-1300
717-236-4841 (fax)
tsstewart@hmsk-law.com

Dated: February 21, 2007

Counsel for Interstate Gas Supply, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA ELECTRONIC & FIRST CLASS MAIL

The Honorable Angela Jones
Pennsylvania Public Utility Commission
Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

The Honorable Cynthia Fordham
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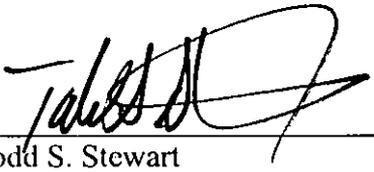
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Shari.gribbin@exeloncorp.com
kent.murphy@exeloncorp.com



Todd S. Stewart

Dated this 21st day of February, 2007.

MWN

McNees Wallace & Nurick LLC
attorneys at law

ORIGINAL

CHARIS MINCAVAGE
DIRECT DIAL: (717) 237-5437
E-MAIL ADDRESS: CMINCAVAGE@MWN.COM

February 21, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

DOCUMENT
FOLDER

VIA HAND DELIVERY

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Docket No. R-00061931**

Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of the Philadelphia Industrial and Commercial Gas Users Group's ("PICGUG") Prehearing Memorandum concerning the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and Prehearing Memorandum, and kindly return it for our filing purposes. Thank you.

Very truly yours,

MCNEES WALLACE & NURICK LLC

By *Charis Mincavage*
Charis Mincavage

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

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2
2007 FEB 21 PM 4:00
PA P.U.C.
SECRETARY'S BUREAU

Enclosures
CM/lhi

c: Administrative Law Judge Cynthia Williams Fordam (via e-mail and first class mail)
Administrative Law Judge Angela T. Jones (via e-mail and first class mail)
Certificate of Service

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION, et al.

v.

PHILADELPHIA GAS WORKS

**DOCUMENT
FOLDER**

DOCKET NO. R-00061931

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**PREHEARING MEMORANDUM OF THE PHILADELPHIA INDUSTRIAL
AND COMMERCIAL GAS USERS GROUP**

Pursuant to the Prehearing Order of February 15, 2007, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. HISTORY OF THE PROCEEDING

On December 22, 2006, Philadelphia Gas Works ("PGW" or "Company") filed Supplement No. 16, with the Pennsylvania Public Utility Commission ("PUC" or "Commission"), which requests a general rate increase of approximately \$100 million over its present annual revenues. PGW's Filing includes the Direct Testimony of several witnesses, responses to filing requirements, and documentation regarding the Company's proposals.

On February 5, 2007, PICGUG filed a Complaint in this proceeding. A description of PICGUG is set forth in Paragraph 5 of PICGUG's Complaint. A Prehearing Conference has been scheduled in this proceeding for February 23, 2007, before Administrative Law Judges ("ALJs") Cynthia Williams Fordham and Angela T. Jones.

DOCKETED
FEB 23 2007

II. ANTICIPATED ISSUES AND SUB-ISSUES

PICGUG's preliminary review of the Company's filing indicates the need for Commission investigation into at least the following issues:

- (a) the justness and reasonableness of the proposed base rate increase;
- (b) whether the proposed base rate increase will ensure nondiscriminatory treatment of PGW's customer classes;
- (c) the appropriate ratemaking methodology to be used to determine base rates;
- (d) the appropriate allocation of the proposed base rate increase among and within PGW's rate schedules;
- (e) rate design and rate structure;
- (f) the accuracy and legitimacy of the Cost of Service Study allocation;
- (g) the appropriate cost of service allocation for interruptible transportation customers as required by the Company's Restructuring Proceeding; and,
- (h) the appropriate allocation of the Company's low-income program costs, as required by the Company's Restructuring Proceeding.

PICGUG reserves the right to address additional issues, as well as respond to issues raised by other parties in this proceeding.

III. PROPOSED WITNESSES

PICGUG has retained Mr. Richard A. Baudino as a consultant in this proceeding. Mr. Baudino's information is as follows:

Richard A. Baudino
J. Kennedy & Associates
2720 Cardiff Court
Winston Salem, NC 27103
Phone: (336) 760-8062
E-mail: rbaudino@jkenn.com

PICGUG requests that Mr. Baudino be added to the service list in this proceeding. PICGUG intends to participate in this proceeding through the submission of discovery, submission of testimony, cross-examination of other parties' witness, and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

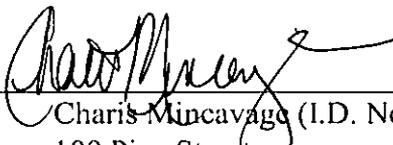
PICGUG will cooperate with the presiding ALJs and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

V. POSSIBILITY OF SETTLEMENT

PICGUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding. At this point in time, it is difficult to determine those issues that can be resolved via settlement. PICGUG is willing, however, to address any and all issues during settlement negotiations.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
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Fax: (717) 237-5300
E-mail: cmincavage@mwn.com

Counsel to the Philadelphia Industrial and
Commercial Gas Users Group

Dated: February 21, 2007

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Johnnie Simms, Esq.
Office of Trial Staff
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

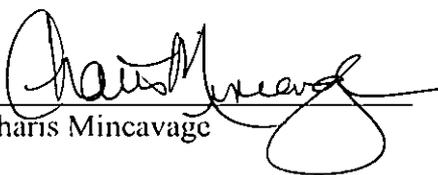
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PA PUB BUREAU
SECRETARY'S BUREAU


Charis Mincavage

Dated this 21st day of February, 2007, in Harrisburg, Pennsylvania.

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Tel: (717) 237-7160 □ Fax: (717) 237-7161 □ www.WolfBlock.com

Daniel Clearfield
Direct Dial: (717) 237-7173
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ORIGINAL

February 22, 2007

James McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
2nd Fl., 400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

**DOCUMENT
FOLDER**

RECEIVED
SECRETARY'S BUREAU

2007 FEB 22 PM 2:05

Re: Pennsylvania Public Utility Commission v. Philadelphia
Gas Works
Docket No. R-00061931

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works, enclosed for filing please find an original and three copies of its Prehearing Memorandum with regard to the above-referenced matter. A copy has been served in accordance with the attached Certificate of Service.

Very truly yours,



Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: Hon. Cynthia Williams Fordham w/enc.
Hon. Angela T. Jones w/enc.
Cert. of Service w/enc

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45

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

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Docket No. R-00061931C001 et al

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PHILADELPHIA GAS WORKS' PREHEARING MEMORANDUM

Philadelphia Gas Works ("PGW") hereby submits this Prehearing Memorandum pursuant to 66 Pa. C.S. § 333 and the directives of Administrative Law Judge ("ALJ") Cynthia Williams Fordham.

I. PROCEDURAL HISTORY

On December 22, 2006, PGW filed a proposed revision to its tariff, Supplement No. 16 to Tariff Gas – Pa. P.U.C. No. 2, that would implement a base rate increase designed to produce additional annual revenues of \$100 million.

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 T. Jones.

II. ISSUES, PROPOSED SCHEDULE AND WITNESSES

A. Issues

The primary issue in this proceeding is what level of base rate increase is justified and just and reasonable by applying PGW's required ratemaking methodology – the Cash Flow Method – and complying with Section 2212(e) and (f) of the Public Utility Code (regarding PGW's bond covenants). Additional issues include: 1) whether the Commission will empower PGW to address its long-term liquidity problem and its complete lack of internally generated capital by awarding a sufficient rate increase to permit it to fund its future construction program internally, so as to achieve a more balanced relationship between long-term debt and equity; 2) whether proceeds from capacity release and off-system sales, now credited to the GCR, should be reassigned to assist PGW to fund its capital improvement program, thereby permitting PGW to reduce its need to rely on external financing; and 3) the appropriate allocation of the rate increase among the customer classes.

B. Proposed Schedule

1. Litigation Schedule

PGW is working with the parties to arrive at a mutually agreeable schedule that also permits adequate notice of public input hearings.

2. Public Input Schedule

PGW has had informal discussions with the other parties concerning a schedule for public input hearings. PGW will attempt to accommodate the public input hearing schedule that best meets the needs of the other parties.

C. Witnesses

PGW anticipates calling the following witnesses:

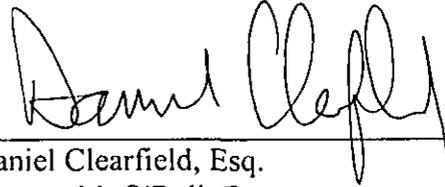
1. Steven P. Hershey
2. Joseph R. Bogdonavage
3. Barbara Bisgaier
4. Gary Krellenstein
5. Craig White
6. Howard Gorman
7. Cristina Coltro
8. Randy Gyory

PGW reserves the right to submit additional witnesses after the submission of the direct testimony of the other parties.

III. SETTLEMENT

PGW is willing to discuss the settlement of its claims, and will be initiating such discussions as soon as the parties indicate that they have had sufficient time to review PGW's direct case.

Respectfully submitted,



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Deanne M. O'Dell, Esq.
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P.O. Box 865
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Of Counsel:
Abby Pozefsky, Esq.
Raquel Guzman
Philadelphia Gas Works
800 West Montgomery Ave.
Philadelphia, PA 19122

Greg Stunder, Esq.
Senior Attorney
Philadelphia Gas Works
800 West Montgomery Ave.
Philadelphia, PA 19122

Date: February 22, 2007

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

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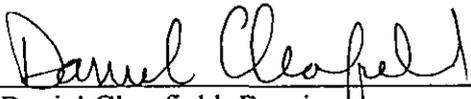
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Dated: February 22, 2007



Daniel Clearfield, Esquire

LAW OFFICES
RYAN, RUSSELL, OGDEN & SELTZER LLP

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19610-1208
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February 22, 2007

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
400 North Street - 2nd Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120

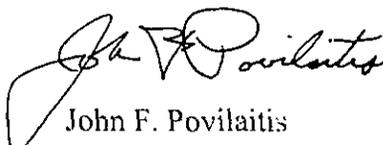
DOCUMENT
FOLDER

Re: Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works, Docket No. R-00061931

Dear Secretary McNulty:

Enclosed are an original and three (3) copies of the Petition of Hess Corporation to Intervene in the above-captioned proceeding. Copies of this document have been served in accordance with the attached Certificate of Service.

Very truly yours,


John F. Povilaitis

DOCKETED
FEB 22 2007

Enclosure
JFP:ck

c. Certificate of Service

The Honorable Angela T. Jones
The Honorable Cynthia W. Fordham

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SECRETARY'S BUREAU
P.A. PUC

38

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. : Docket No. R-00061931
Philadelphia Gas Works :

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SECRETARY'S BUREAU

PETITION TO INTERVENE OF HESS CORPORATION

Hess Corporation, f/k/a Amerada Hess Corporation ("Hess"),¹ hereby petitions to intervene in the above-captioned matter pursuant to 52 Pa. Code §§ 5.71-5.75 and in connection therewith represent as follows:

1. Hess is a Delaware corporation with a business address of One Hess Plaza, Woodbridge, New Jersey, 07095.
2. Hess is a natural gas supplier licensed in Pennsylvania at Docket No. A-125098. Hess is licensed as an aggregator, broker/marketer and supplier of natural gas services to commercial, industrial and governmental customers, and is an active competitive supplier in Philadelphia Gas Works' ("PGW") service territory.
3. The names, address and telephone number of counsel for Hess are:

John F. Povilaitis
Matthew A. Totino
Ryan, Russell, Ogden & Seltzer P.C.
800 North Third Street, Suite 101
Harrisburg, Pennsylvania 17101-20205
(717)236-7714
JPovilaitis@RyanRussell.com
MTotino@RyanRussell.com

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FEB 22 2007

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FOLDER

¹ Effective May 3, 2006, Amerada Hess Corporation changed its name to Hess Corporation.

4. PGW has filed Supplement No. 16 to its Tariff Gas – PaP.U.C. No. 2 to be effective February 22, 2007. At the Public Meeting of February 8, 2007, the Pennsylvania Public Utility Commission (“Commission”) voted to investigate this tariff filing as well as PGW’s existing rates, rules and regulations. The case has been assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings and the issuance of a Recommended Decision. (Order of February 8, 2007 at 2).

5. Eligibility to intervene in Commission proceedings is governed by the Commission's rule at 52 Pa. Code § 5.72. Under Section 5.72, a "right or interest" sufficient to warrant intervention includes an interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding; or, another interest of such nature that participation of the petitioner may be in the public interest.

6. Hess has direct and substantial interests in this proceeding that cannot be adequately represented by any other party. In its pre-filed testimony, PGW indicates that the competitive pressures in its service territory are "few." (BB-Exhibit 2, page 2 of 4; see BB Exhibit 1, 4 of 6). As a licensed natural gas supplier active in PGW’s service territory, Hess has a direct interest in assuring that the outcome of this proceeding will not adversely affect its interests and will encourage competition in the supply of natural gas to serve retail customers via PGW’s facilities. The Commission has found that competitive marketers asserting an interest grounded in obtaining access to facilities monopolistic in nature have demonstrated sufficient interest to be granted intervention in rate proceedings. *PaP.U.C. v. PG&W*, 1992 Pa.PUC LEXIS 113. As a party that expects to be a long-term supplier of gas in Pennsylvania, Hess should be afforded an opportunity

to participate in this proceeding and be heard on any issues that may directly impact its ability to access PGW facilities and to compete for customers on the PGW system.

7. Specifically, Hess' interest is affected directly by PGW's and other parties' proposals relative to off-system sales and capacity release transactions. Hess' interest is also directly affected by the allocation of costs to services and the rates proposed for services impacting marketers and customers, including interruptible sales and transportation. Thus, the proceeding will impact the future use and availability of PGW's natural gas supply assets, which will have a direct affect on Hess's interest as an active licensed natural gas supplier in the PGW service territory.

WHEREFORE, for all the foregoing reasons, Hess Corporation respectfully requests that their Petition to Intervene be granted and that the Commission grant them such other relief as is just and reasonable under the circumstances.

Dated: February 22, 2007



John F. Povilaitis
Matthew A. Totino
RYAN, RUSSELL, OGDEN & SELTZER P.C.
800 North Third Street, Suite 101
Harrisburg, Pennsylvania 17101-20205
(717)236-7714

Attorneys for Hess Corporation

COMMONWEALTH OF PENNSYLVANIA

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
:
v. : Docket No. R-00061931
:
Philadelphia Gas Works :

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SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the attached documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

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Date: February 22, 2007



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MTotino@RyanRussell.com

Counsel for Hess Corporation

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February 22, 2007

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
400 North Street - 2nd Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120

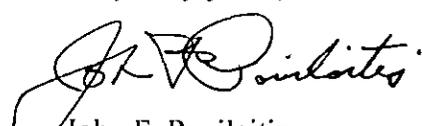
DOCUMENT
FOLDER

Re: Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works, Docket No. R-00061931

Dear Secretary McNulty:

Enclosed are an original and three (3) copies of the Prehearing Conference Memorandum of Hess Corporation in the above-captioned proceeding. Copies of this document have been served in accordance with the attached Certificate of Service.

Very truly yours,


John F. Povilaitis

Enclosure
JFP:ck

c. Certificate of Service

The Honorable Angela T. Jones
The Honorable Cynthia W. Fordham

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40

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Pennsylvania Public Utility Commission :

v. :

Philadelphia Gas Works :

Docket No. R-00061931

DOCUMENT
FOLDER

PREHEARING CONFERENCE MEMORANDUM
OF HESS CORPORATION

To The Honorable Cynthia Williams Fordham and Angela T. Jones:

At the request of the Presiding Officers, Hess Corporation, f/k/a Amerada Hess Corporation ("Hess"),¹ submits this Prehearing Conference Memorandum for purposes of the Initial Prehearing Conference scheduled for Friday, February 23, 2007 at 10:00 a.m.

I. Name and Address of Complainant's Attorneys:

Counsel of record and contacts for Hess are as follows:

John F. Povilaitis
Matthew A. Totino
Ryan, Russell, Ogden & Seltzer P.C.
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Harrisburg, Pennsylvania 17102-2025
Phone: (717) 236-7714
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JPovilaitis@RyanRussell.com
MTotino@RyanRussell.com

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SECRETARY'S BUREAU

2007 FEB 22 AM 10:39

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Hess agrees to electronic service of documents, with hard copy follow-up service.

¹ Effective May 3, 2006, Amerada Hess Corporation changed its name to Hess Corporation.

II. Procedural Background

PGW has filed Supplement No. 16 to its Tariff Gas – PaP.U.C. No. 2 to be effective February 22, 2007. At the Public Meeting of February 8, 2007, the Pennsylvania Public Utility Commission (“Commission”) voted to investigate this tariff filing as well as PGW’s existing rates, rules and regulations. The case has been assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings and the issuance of a Recommended Decision. (Order of February 8, 2007 at 2).

Hess has simultaneously filed with this Memo a Petition to Intervene in this matter.

III. Statement of Issues

As a licensed natural gas supplier active in PGW’s service territory, Hess wants to ensure that the outcome of this proceeding will promote competition in the supply of natural gas to retail customers via PGW’s facilities. As a party that expects to be a long-term supplier of gas in Pennsylvania, Hess will examine any issues that may directly impact its ability to compete for customers on the PGW system, including cost allocation implications on its customers.

Specifically, Hess will examine PGW’s and other parties’ proposals relative to off-system sales and capacity release transactions, as well as the allocation of costs to services and the rates proposed for services impacting marketers and customers, including but not limited to interruptible sales and transportation.

IV. Proposed Discovery Schedule

Hess is willing to work with the presiding ALJs and the other parties in the proceeding to establish a reasonable procedural schedule for discovery.

V. Proposed Litigation Schedule

Hess is willing to work with the presiding ALJs and the other parties in the proceeding to establish reasonable testimony deadlines and to establish a date certain for hearing.

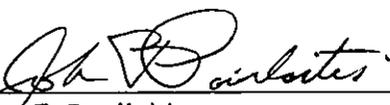
VI. Proposed Witnesses

At this time, Hess has not finalized its exact witness or witnesses or the subject matter of the testimony to be presented at hearing. Hess will provide the identity of the witnesses to the presiding ALJ and all parties in the proceeding when such information is finalized.

VII. Settlement

Hess is willing to participate in any settlement or stipulation discussions with the other parties in the proceeding to narrow or eliminate issues in this proceeding.

Dated: February 22, 2007



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Attorneys for Hess Corporation

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COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
: v. : Docket No. R-00061931
: Philadelphia Gas Works :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the attached documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

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Date: February 22, 2007



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Counsel for Hess Corporation



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February 22, 2007

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, 7 North
400 North Street
Harrisburg, PA 17120

Filed by Federal Express

**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061931**

Dear Secretary McNulty:

On behalf of Action Alliance of Senior Citizens of Greater Philadelphia and Tenant Union Representative Network (TURN), enclosed please find an original and three (3) copies of the Pre-Hearing Memorandum in the above-captioned matter.

Copies of this filing have been sent this date to the parties listed on the Certificate of Service by First Class U.S. Mail, postage prepaid.

Very truly yours,

Philip A. Bertocci, Esquire
Thu B. Tran, Esquire

ORIGINAL

Attorneys for Action Alliance *et al.*

cc: Honorable Cynthia Williams Fordham, by e-mail
Honorable Angela T. Jones, by e-mail
Certificate of Service

Enclosures

62

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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FEB 22 2007

Pennsylvania Public Utility
Commission *et al.* :

Complainants :

v. :

Philadelphia Gas Works :

Respondent :

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

R-00061931

**Pre-Hearing Memorandum
of Action Alliance of Senior Citizens of Greater Philadelphia and
the Tenant Union Representative Network**

Action Alliance of Senior Citizens of Greater Philadelphia and the Tenant Union Representative Network (TURN) (hereinafter "Action Alliance *et al.*"), through counsel, hereby submit this Pre-Hearing Memorandum in the above-captioned matter.

I. Procedural History.

On December 22, 2006, the Philadelphia Gas Works (PGW) filed with the Pennsylvania Public Utility Commission (PUC) Supplement No.16 to Tariff Gas-Pa. P.U.C. No. 2 for a base rate increase of approximately \$100 million and authorization to divert up to \$10 million annually in revenues from "off system sales" and "capacity

release” from its current use for Gas Cost Rate reduction to capital investments and/or debt reduction.

On January 26, 2007, Action Alliance *et al.*, two Philadelphia community based non-profit organizations, with missions to advocate on consumer issues affecting low and lower income consumers, filed a Formal Complaint against this rate increase.

On February 8, 2007, the Commission suspended PGW’s proposed rate increase, pending an investigation into the lawfulness, justness and reasonableness of the rates, rules and regulations contained in Tariff No. 16.

On February 12 and February 16, 2007, the Commission issued a Hearing Notice scheduling a pre-hearing conference for February 23, 2007 before Administrative Law Judges Cynthia Williams Fordham and Angela T. Jones. On February 15, 2007, a Prehearing Order was issued establishing an agenda for the pre-hearing conference and setting forth a proposed schedule.

II. ANTICIPATED ISSUES.

Action Alliance *et al.*’s preliminary review of PGW’s filing indicates the need for Commission investigation into many issues, including but not limited to:

- (A) whether the proposed rates are just and reasonable;
- (B) whether the proposed rates assure that PGW’s universal service programs will be adequately funded from all customer classes;

(C) whether PGW's policies concerning payment agreements, termination of service and reconnection of service are reasonable in light of the high numbers of customers whose service was terminated in calendar 2006 and who have been denied restoration of service well into the winter of 2006-2007;

(D) whether PGW has taken adequate steps to increase enrollment in CRP, its low income customer assistance program, in light of the numbers of income eligible PGW customers who are not enrolled in CRP;

(E) whether PGW provides adequate service to tenants who qualify for protection under the state statute Discontinuance of Service to Leased Premises, 66 Pa.C.S. §§ 1521 *et seq.*;

(F) whether PGW's debt reduction proposals unfairly place the burden of debt reduction on customers, while nonetheless allowing PGW's owner the City of Philadelphia to receive \$36 million in dividends in the five year forecast period for deposit into the City's General Fund;

(G) whether PGW has provided adequate assurance that higher rates justified as necessary to reduce debt would not in fact be diverted to pay for unforecasted increases in operating and capital costs;

(H) whether PGW's proposed Tariff contains amendments to its customer service regulations which inappropriately eliminate existing customer protections and/or are not consistent with the Public Utility Code and Chapter 56.

Action Alliance *et al.* reserve the right to address additional issues, as well as respond to issues raised by other parties in this proceeding.

III. Witnesses.

Action Alliance *et al.* will sponsor the testimony of Harry S. Geller, Esquire, Executive Director of the Pennsylvania Utility Law Project (PULP) in this proceeding.

Mr. Geller's information is as follows:

Harry S. Geller, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101-1414
Telephone: 717-232-2719
Fax: 711-233-4088
hgellerpulp@palegalaid.net

Action Alliance *et al.* request that Mr. Geller be added to the service list in this proceeding. Action Alliance *et al.* intend to participate in this proceeding through the submission of discovery, submission of testimony, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. Discovery Rules and Procedural Schedule.

Action Alliance *et al.* will cooperate with other parties to establish appropriate discovery rules and an appropriate procedural schedule.

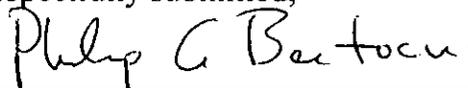
V. Public Input Hearings.

Action Alliance et al. recommend that numerous public input hearings be scheduled consistent with Chairman Wendell F. Holland's February 8, 2007 press release announcing suspension of PGW's rate filing and urging full public participation. It is critical that notice of the time and place of such hearings be widely publicized at least two weeks in advance of the meetings to enable interested members of the public to learn of the input hearings and arrange to attend.

VI. Settlement.

Action Alliance *et al.* anticipate participation in settlement discussions concerning this matter.

Respectfully submitted,



PHILIP A. BERTOCCI, ESQUIRE
THU B. TRAN, ESQUIRE

Attorneys for Action Alliance *et al.*

COMMUNITY LEGAL SERVICES, INC.
1424 Chestnut Street
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(215) 981-3702

February 22, 2007

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CERTIFICATE OF SERVICE

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-00061931
	:	
Philadelphia Gas Works	:	

I hereby certify that I have this day served a true copy of the foregoing Pre-hearing Memorandum upon the parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner upon the persons listed below:

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Date:

2/22/07

Philip A. Bertocci

PHILIP A. BERTOCCI

Legal Department

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Business Services
Company

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Direct Dial: 215-841-3606

February 22, 2007

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PA PUBLIC UTILITY COMMISSION
SECRETARIAT BUILDING

Via Federal Express

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd floor
Harrisburg, PA 17120

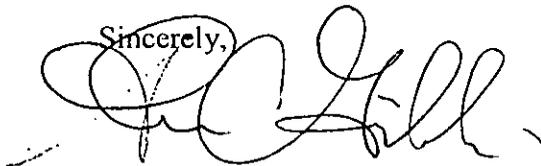
Re: **Pennsylvania Public Utility Commission v. Philadelphia Gas Works**
Docket No. R-00061931

Dear Secretary McNulty:

Enclosed for filing please find an original and three copies of PECO Energy's Prehearing Memorandum in the above-referenced proceeding. A copy has been served on all parties per the Certificate of Service

If you have any questions, please do not hesitate to call. Copies of the Memorandum have been served upon all parties.

Sincerely,



Shari C. Gribbin

SCG:jl
Enclosure

cc: Honorable Cynthia Williams Fordham/enc
Honorable Angela T. Jones/enc
Certificate of Service/enc

ORIGINAL

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FEB 22 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-00061931
 :
 Philadelphia Gas Works :

**PREHEARING MEMORANDUM
OF PECO ENERGY COMPANY**

Pursuant to the Prehearing Order dated February 15, 2007, PECO Energy Company ("PECO") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

I. INTRODUCTION AND HISTORY OF PROCEEDING

The Philadelphia Gas Works ("PGW") filed Supplement No. 16 to Tariff Gas - Pa. P.U.C. No. 2 on December 22, 2006 to become effective February 20, 2007. In its filing, PGW proposed revisions in its Tariff and a change in the regulatory treatment of revenue derived from off-system sales and capacity release transactions that, together, would increase the total annual operating revenues by around \$110 million.

On February 8, 2007, the Pennsylvania Public Utility Commission ("Commission") initiated an investigation into the proposed rate increase and the proposal was suspended by operation of law until September 20, 2007, unless otherwise directed by Order of the Commission. The matter was assigned to the Office of Administrative Law Judge, Honorable Cynthia Williams Fordham and Honorable Angela T. Jones, for resolution by hearings and for issuance of a Recommended Decision.

ORIGINAL

Thereafter, on February 15, 2007, Judge Fordham issued a Prehearing Order setting the date for a prehearing conference for February 23, 2007 and directing all parties to file Prehearing Memoranda by noon on Thursday, February 22, 2007.

II. PECO ENERGY COMPANY'S PETITION TO INTERVENE

On February 7, 2007, PECO filed its Petition to Intervene. PECO intervened based on its direct interest as a PGW customer at various locations in the City of Philadelphia. Also, as a customer that is a regulated public utility, PECO brings a unique perspective on the question of whether PGW is entitled to the financial relief it has sought in this case. For these reasons, PECO submits that its petition to intervene should be granted.

III. ANTICIPATED ISSUES

PECO's preliminary review of PGW's filing indicates that this Application involves two primary issues:

- (1) Whether the PGW proposed rate increase totaling around \$110 million annually is lawful, just and reasonable under Pennsylvania regulations; and
- (2) Whether PGW's proposal that it be permitted to flow revenue from off-system sales and capacity release transactions through to the company to be applied to capital projects and debt reduction is just and reasonable under Pennsylvania law.

IV. PROPOSED WITNESSES

At this time, PECO has not determined whether or not it will submit the testimony of a witness in this proceeding, not having the opportunity to review discovery. Once

PECO determines that it will submit the testimony of a witness, it will notify the parties to the proceeding and the Presiding Administrative Law Judges. PECO proposes that such notice will come no later than one (1) calendar week before the date pre-filed direct testimony is scheduled to be filed in this proceeding.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

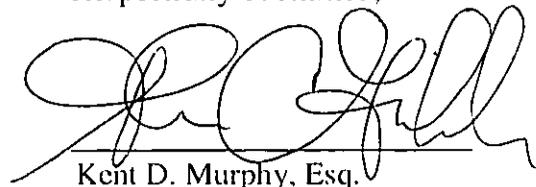
PECO is willing to accept whatever schedule the other parties to this proceeding are willing to arrange, or the Presiding Administrative Law Judge otherwise directs.

PECO is willing to receive all discovery responses and other pleadings via e-mail except where, in the other party's reasonable judgment, the responses are too voluminous, otherwise inappropriate for delivery by e-mail, or otherwise require hard copy service pursuant to Commission regulations. Electronic responses reduce the burden of copying and otherwise increase the efficiency of reviewing the responses.

VI. POSSIBILITY OF SETTLEMENT

PECO generally believes that most, if not all issues in this proceeding are reasonably susceptible to mutual resolution and would participate in any process designed to achieve that goal.

Respectfully Submitted,



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Dated: February 22, 2007

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Philadelphia Gas Works

:
:
:
:
:

Docket No. R-00061931

PROOF OF SERVICE

I, Shari C. Gribbin, hereby certify that I am this day serving the foregoing Prehearing Memorandum of PECO Energy Company upon the persons and in the manner indicated below, which service satisfies the requirements of Pa. R.A.P. 121:

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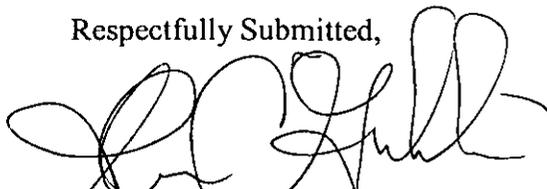
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February 23, 2007

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2007 FEB 26 AM 10:57
PHILADELPHIA
PUBLIC
UTILITY
COMMISSION
SECRETARY'S BUREAU

Re: Philadelphia Gas Works v. PA Public Utility Commission
Docket No. R-00061931

Dear Tanya:

On behalf of Philadelphia Gas Works enclosed please find its Responses to Office of Consumer Advocate Interrogatories listed below:

OCA-IV-2, 3, 4, 5, 6, 7
OCA-V-1, 2, 3, 4, 5, 7, 8

Very truly yours,


Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: Cert of Service w/enc.

HAR:71190.9/PHI211-236005

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CERTIFICATE OF SERVICE

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

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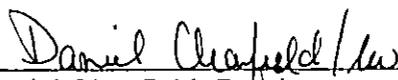
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Daniel Clearfield, Esquire

Dated: February 23, 2007

OALJ Hearing Report

Please check Those Blocks Which Apply

Docket No.:	R-00061931, R-00061931C0001-C0044	Prehearing Held:	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Case Name:	Pennsylvania Public Utility Commission, et al. v. Philadelphia Gas Works	Hearing Held:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Location:	Philadelphia, PA	Testimony Taken:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Date:	February 23, 2007	Transcript Due:	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
ALJ:	Cynthia W. Fordham	Hearing Concluded:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Reporting Firm:	Commonwealth Reporting	Further Hearing Needed:	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
		Estimated Add'l Days:		
		RECORD CLOSED:	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
		Briefs to be Filed:	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		Bench Decision:	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		REMARKS:	Procedural schedule has not been finalized. 2nd prehearing conference will be held 3/2/07	

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Phila. parties
 PA PUBLIC UTILITY COMMISSION
 SECRETARY'S BUREAU

PLEASE PRINT CLEARLY - Incomplete information may result in delay of processing.

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Miles H. Shore Telephone: 215-400-5162	440 N. Broad St. Suite 313 Phila City PA 19130	School District of Phila, Intervenor
Philip Hineman Jill Galdan Telephone:	Fox Rothschild 2000 Market St Phila City PA 19103	Phil. Housing Authority Fax Number: 215299 2150

Check this box if additional parties or attendees appear on back of form.

Diana J. Hayes
 Reporter's Signature

Note: Completion of this form does not constitute an entry of appearance, see 52 Pa. Code §§1.24 and 1.25.

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OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	R-00061931 & R-00061931C0001-C0044	Prehearing Held:	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
Case Name:	PA PUC v. Philadelphia Gas Works	Hearing Held:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Testimony Taken:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Transcript Due:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location:	HBG	Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Estimated Add'l Days:				
Date:	February 23, 2007	RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ALJ:	Angela T. Jones	DATE:				
		Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	DATE:				
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		REMARKS:				

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