

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

Ccf - 100 cubic feet of gas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISPUTE - An unresolved grievance raised by a Customer, Applicant or occupant with PGW about PGW's application of a provision covered by 52 Pa. Code Chapter 56, as amended or supplemented, which is under further Review at PGW. If, at the conclusion of an initial contact, or when applicable, a follow-up response, the Customer, Applicant or occupant indicates satisfaction with the resulting resolution or explanation, the contact will not be considered a dispute. ~~The meaning of the term is consistent with the term as defined in Section 56-2 of Chapter 56.~~

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

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

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

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

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

GAS SERVICE - See definition for Basic Utility Service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PARTICIPANT – See definition of Customer Responsibility Program Participant.

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

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

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Rules and Regulations for Residential and Non-Residential Gas Service

1. The Gas Service Tariff

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

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

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

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

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

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

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

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2. Application and Contract for Gas Service

2.1. APPLICATION FOR GAS SERVICE.

2.1.A. How to Apply. Application for Gas Service shall be made by telephone, mail and/or by personal visit to one of PGW's Customer Service Centers, ~~except provided however that, as an in-person application interview may be required for any Applicant at the discretion of the Company, required pursuant to Section 2-1-C. Applicants shall be given clear instructions as to how the application should be completed.~~ Gas Service will be provided as soon as possible upon completion of an application. Applications will be considered completed only upon compliance with all PGW requirements pursuant to Section 2-1-B. ~~If a Company investigation of a completed application takes longer than three (3) business days, commencing the date after the application is completed, the Company shall temporarily provide service to the Applicant pending the completion of the investigation. Supporting documents required pursuant to Section 2-1-B may be submitted as originals or photocopies and in person or by mail. Documents submitted by mail will not be returned.~~

2.1.B. Documentation Required.

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

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

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

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

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

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

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

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

2.4. RIGHT TO REJECT.

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

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

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

~~2.4.C.1. The Applicant fails to provide personal identification as provided in Section 2-1-B.~~

~~2.4.C.2. The Applicant fails to provide documentation required in Section 2-1-B.~~

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

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

~~2.4.C.5. The Applicant for Residential Gas Service fails to pay either the initial payment of at least 50% of a properly required security deposit as provided in Sections 3-1 and 3-2, or the Non-Residential Customer fails to pay 100% of the deposit required by Sections 3-1 and 3-2.~~

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

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

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3. Credit and Deposit

3.1. CREDIT AND DEPOSIT STANDARDS AND PROCEDURES.

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

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

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

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

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

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

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

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

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~~3-1-C. Notice Regarding Decline of Credit to Applicant. If PGW shall decline credit pursuant to this Section, written notice of the specific reason(s) for such rejection shall be given to the Applicant within three business days commencing the day after the application is made. The notice shall also include:~~

~~3-1-C.1. The amount of the required deposit, the method of calculation and the manner in which it can be paid.~~

~~3-1-C.2. If the refusal to grant credit is based on information from a credit reporting agency, the name and address of the agency, and a statement that a copy of the credit report can be obtained by the Customer and the information in the report challenged.~~

~~3-1-C.3. Any other reason for credit rejection.~~

~~3-1-C.4. A description of the process by which an Applicant may initiate a Dispute of the Company's decision.~~

~~3-1-D. Notice Regarding Delay of Credit Status Determination. If the investigation and determination of credit status is expected to take or in fact takes longer than three business days, commencing from the date after the application is made, PGW shall provide service pending completion of the investigation.~~

3-2 SECURITY DEPOSITS:

~~3-2-A. Payment Period for Deposit. If PGW determines that a deposit is required, the deposit must be paid as follows: Residential Gas Service Applicants may elect to pay any required deposits in three installments: 50% payable upon the determination by the utility that the deposit is required, 25% payable 30 days after the determination, and 25% payable 60 days after the determination. Residential Customers may elect to pay the first installment of any required deposit twenty-one (21) days from the date the Customer is first notified of the required deposit. For Non-Residential Customers, payment of 100% of the security deposit will be required before service will be provided and deposits must be paid within 21 days of the notification of the amount due.~~

~~3-2-B. Average or Anticipated Monthly Bill. The average or anticipated monthly bill for purposes of this Section shall be based on the charge for Gas Service during the previous 12 months or such shorter period for which PGW has records, unless the Applicant can demonstrate that his/her expected usage will be substantially different from the prior occupant.~~

~~3-2-C. Amount of Security Deposit for New Applicants. If an Applicant does not establish credit pursuant to Regulation 3-1 of this Section, PGW may require a security deposit in an amount equal to two times the average or anticipated monthly bill for Gas Service to the account for which the Customer is seeking service.~~

~~3-2-D. Amount and Payment of Deposit for Existing Ratepayers. The amount of the deposit shall not exceed the estimated charges for Gas Service for a period not to exceed two months based on the prior consumption of that Customer.~~

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~~3.3-SECURITY-DEPOSIT-FOR-CONTINUED-OR-RENEWED-SERVICE-~~

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

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

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

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

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

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

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

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

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

~~3.14.C. Refund or Credit of Security Deposit when Timely Payment History Credit has been established.~~ When Once a Residential Customer establishes a timely payment history for 12 consecutive months credit under Section 3-1, or after 24 months have passed, PGW shall refund or apply to the Customer's account, any cash deposit plus accrued interest, deduct the outstanding balance from the deposit, if any, and, at PGW's discretion, either return or credit any positive difference to the Customer. For Non-Residential Customers, security deposits shall be refunded in accordance with Applicable Law.

~~3.4.D. Refund involving a Third-Party Guarantor.~~ When a Customer substitutes a third-party guarantor in accordance with Section 3-1.B, PGW shall refund any cash deposit, plus accrued interest, up to the limits of the guarantee.

~~3.4.E. Periodic Review.~~ If a Customer is not entitled to a refund, PGW shall review the account of the Customer each succeeding billing period and shall make appropriate disposition of the deposit in accordance with the provisions of Section 3-4.

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

~~3.25. INTEREST RATE ON SECURITY DEPOSIT.~~

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

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

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

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4. Billing and Payment.

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

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

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

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

4.2. APPLICATION OF PAYMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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5. Termination and/or Discontinuance of Gas Service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~5.3.F-1-5.2.A.~~ Before terminating Gas Service to a Residential dwelling in which the Customer billed is a Landlord-Customer, but the Gas has been or is being delivered to and used by a Tenant, PGW shall make reasonable efforts to seek collection from the Landlord-Customer.

~~5.3.F-2-5.2.B.~~ Prior to termination of any Tenant-occupied property with Residential Gas Service, PGW will comply with the provisions of ~~66 Pa.C.S. § 1521, the Pa. Utility Services Tenants Rights Act, 68 P.S. § 399.1, of seq.~~

~~5.3.F-3-5.2.C.~~ This notice shall inform PGW will provide a notice to the Tenant-occupants with Residential Gas Service informing them of the following:

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

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

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

~~5.1-A-1-a-5.2.C.4.~~ The locations and business hours of PGW's Customer Service Centers.

~~5.1-A-1-b-5.2.C.5.~~ The telephone number of the Philadelphia Department of Licenses and Inspections.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.5.8. DISCONTINUANCE BY CUSTOMER - GENERALLY.

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

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

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

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

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

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

5.69.A. Temporary Discontinuance. Except where the provisions of ~~66 Pa.C.S. § 1521~~ the Utility Service Tenants' Rights Act, ~~68 P.S. § 399.1~~ apply, a Customer may have his/her Gas Service temporarily discontinued by giving PGW advance notice of at least 10 days.

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

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

5.710. CUSTOMER REQUEST FOR TEMPORARY HEAT.

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

5.710.B. Charge. Customers will be assessed an amount equal to the Customer Service Call Charge for ⁷/₁₀ hours.

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

5.812. RESIDENTIAL SERVICE RESTORATION.

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

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

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

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

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

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

5.913 RESTORATION-RECONNECTION CHARGE.

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

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

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

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

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

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

6.1.B.1. Unauthorized Use - Exception. A residential occupant who has taken or accepted utility service without knowledge or approval of the utility (without self-turn-on, a meter bypass or meter tampering) is not a person who has committed "unauthorized use" or "used Gas Service without PGW authorization" within the meaning of this Tariff.

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

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

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

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

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

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29, 2003 ~~2007~~ September 1, 2003

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

6.5. NOTICE OF CURTAILMENT.

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

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

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

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

7. Inquiry, Review, Dispute, and Appeals Process

~~7.1. INQUIRIES OR DISPUTES. –PGW will handle inquiries and/or disputes in accordance with Applicable Law. GENERALLY:~~

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

~~7.2. PROCESSING CUSTOMER INQUIRIES AND DISPUTES – GENERALLY:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~7.4. OBLIGATIONS PENDING FINAL DECISION:~~

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

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

~~7.5. INTEREST:~~

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

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

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

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

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

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

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

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

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

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

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

11.3.C.1. The installation and periodic inspection and maintenance of an Automatic Meter Reading Device, will be a condition to continued Gas Service. Customers must assist PGW in all reasonable attempts to secure information about or approval from Landlords for AMR installation purposes.

Customers may be required to contact the Landlord or obtain access for PGW to install an AMR and/or information which assists PGW in making contact with the Landlord. PGW will not ~~neither~~ hold the Tenant responsible for the Landlord's actions nor exact any penalty against the Tenant for the Landlord's actions or failure to act. When a Customer unreasonably refuses to provide access to the meter, PGW may commence termination procedures, unless the Customer is a lessee who is unable to provide access to the meter.

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

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

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

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

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

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

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

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

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12. Service Charges and Miscellaneous Fees and Provisions.

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

~~Residential — Except for cleaning carbonized heaters —~~

~~————— \$72.05 plus \$8.53 for each additional 1/10 of an hour after the first six minutes~~

~~————— For cleaning carbonized heaters —~~

~~————— \$165.00~~

~~Commercial and Industrial~~

~~————— \$72.05 plus \$8.53 for each additional 1/10 of an hour after the first 6 minutes.~~

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

Residential, Commercial and Industrial

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

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

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

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

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

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

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

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13. Universal Service And Energy Conservation Programs

13.1 CUSTOMER RESPONSIBILITY PROGRAM.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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RESTRUCTURING AND CONSUMER EDUCATION SURCHARGE

Non-Gas restructuring and consumer education costs will be recovered by a Restructuring and Consumer Education Surcharge applicable to all volumes of Gas delivered.

1. Computation of the Restructuring and Consumer Education Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307 of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Restructuring and Consumer Education costs recovered through the Surcharge mechanism are the Commission approved costs which the Company has or will incur to meet the requirements of the Natural Choice and Competition Act and applicable Commission regulations, orders and other regulatory requirements, other than those costs pertaining to universal service and energy conservation programs.
3. Once the surcharge is in place, PGW shall file reconciliation statements quarterly and shall submit a claim for over/under recovery on an annual basis, at the same time it submits its projected Restructuring costs and Restructuring Surcharge claim for the next year; provided however, that if a project for which costs were included in the Restructuring Surcharge is cancelled or delayed beyond the year in which the cost was originally scheduled to be incurred, the Company will withdraw the projected costs of that project from the Restructuring Surcharge in its next quarterly update. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the restructuring and consumer education costs approved for annual recovery by the estimated applicable throughput in Mcf.
4. The Restructuring and Consumer Education Surcharge shall remain in effect until restructuring and consumer education costs have been collected or as otherwise directed by the Commission.
5. The Restructuring and Consumer Education Surcharge is effective on and after September 1, 2005.

| Current Restructuring and Consumer Education Surcharge = \$0.00272~~\$0.00000~~/Ccf

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after September 1, 2007

AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 12.00 per month for Residential and Public Housing Authority Customers.
\$ 18.00 per month for Commercial and Municipal Customers
\$ 50.00 per month for Industrial Customers

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$ 1.01108 per Ccf for Residential and Public Housing
\$ 1.01108 per Ccf for Commercial and Municipal Customers
\$ 1.01108 per Ccf for Industrial Customers

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.42124\$0.49894 per Ccf for Residential and Public Housing
\$0.42779 per Ccf for Public Housing
\$0.43056\$0.43711 per Ccf for Commercial and Municipal Customers
\$0.43029\$0.43684 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and Restructuring and Consumer Education Surcharge.

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after September 1, 2007.

AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

RATES

CUSTOMER

CHARGE (per Meter (except parallel meters):

\$ 18.00 per month

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$1.01108 per Ccf

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

| \$0.31470-\$0.32125 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge.

Also,

The following Riders may apply:

PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after September 1, 2007

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER

CHARGE (per Meter (except parallel meters);

\$18.00 per month

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 1.01108 per Ccf

Plus

DISTRIBUTION CHARGE:

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge:

\$0.42952-\$0.43607 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; and The Restructuring and Consumer Education Surcharge.

BOILER AND POWER PLANT SERVICE - RATE BPS

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This rate is available for Customers with Alternate Fuel Capability, where the Company's distribution system is, or can economically be made available to supply the service. Gas Service under this rate shall not be available as a replacement of firm Retail Sales Service or firm Transportation Service, unless the Customer can demonstrate to the Company's satisfaction that it has the capacity and plans to continue to take Gas Service on an interruptible basis for at least one year. The Company's determination as to whether the service would amount to such replacement shall be final. Service under this rate shall be available to (a) any facility which was served pursuant to Rate BPS as of September 1, 1994, and (b) any applicant for service under this rate executing a Service Agreement, contracting for not less than 2,500 Mcf of Gas per year under the terms of this Tariff, in which shall be defined minimum quantities of gas to be delivered. The number of Customers to receive service under this rate may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The BPS rate class has three components: BPS-S, BPS-L and BPS-H.

MINIMUM QUANTITY REQUIREMENTS:

New BPS-S Customers must contract for not less than 2,500 Mcf of Gas per year.

BPS-L Customers must contract for not less than 5,000 Mcf of Gas per year.

BPS-H Customers must contract for not less than 5,000 Mcf of Gas per year.

RATE

CUSTOMER CHARGE:

| \$35.00~~\$43.06~~ per month for Customers with annual consumption of less than 10,000 Mcf.

| \$75.00~~\$92.27~~ per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

\$150.00 per month for Customers with annual consumption greater than 100,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

BPS-S: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank wagon price for No.2 oil, at Philadelphia.

BPS-L: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No.2 oil, at Philadelphia.

BPS-H: The charge per Mcf calculated by Company shall be set at a level not greater than the rate charged to Customers under BPS-L nor less than the rate charged to Customers under rate LBS-S.

LOAD BALANCING SERVICE - RATE LBS

Rate: Applicable to all Retail Services rendered pursuant to this Rate Schedule on or after September 1, 2003

AVAILABILITY

This rate is available for use in industrial and commercial establishments and multi-family residential buildings for seasonal Gas uses, where the Company's facilities are, or can economically be made, available to supply the service. Gas Service under this rate shall not be a replacement of firm Retail Sales Service or firm Transportation Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An applicant for service under this rate shall be required to execute a Service Agreement, contracting for an Annual Contract Quantity of not less than 5,000 Mcf of Gas under the terms of this Tariff, in which shall be defined minimum daily quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The LBS rate class has three components: LBS-S, LBS-L and LBS-XL.

MINIMUM QUANTITY REQUIREMENTS:

LBS-S Customers must contract for not less than 5,000 Mcf of Gas per year.

LBS-L Customers must contract for not less than 80,000 Mcf of Gas per year.

LBS-XL Customers must contract for not less than 350,000 Mcf of Gas per year.

RATES

CUSTOMER CHARGE:

- | ~~\$400.00~~\$123.02 per month for Customers with annual consumption of less than 80,000 Mcf.
- | ~~\$175.00~~\$215.25 per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive.
- | ~~\$250.00~~\$307.55 per month for Customers with annual consumption greater than 350,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

The charge per Mcf shall be calculated by Company within a range computed to be from 10% above to 20% below the numerical average of the high and the low posted consumer tank car price for No. 6 oil, having a sulphur content of 0.5% at Philadelphia. Prices for LBS-S, LBS-L and LBS-XL will be calculated as separate rates.

All pricing information is as published by the Journal of Commerce, or a successor publication, or where none exists, a publication selected by the Company pending final approval of the Commission, as posted in the first 12 issues of the calendar month in which the calculation is made. This price is adjusted for Btu equivalence. Provided further that the rate per Mcf is not less than one hundred and ten percent (110%) of the incremental Gas costs for Gas sold under this rate schedule plus an adjustment for all applicable taxes, as determined by the Company.

PHILADELPHIA GAS WORKS

5. To facilitate this management and to avoid or correct imbalances, Rate IT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

6. To facilitate this management and to avoid or correct imbalances, Rate IT Customer/pool may reduce the monthly imbalance by arranging a trade of quantities with another Rate IT customer/pool. Such trade will be arranged separately from PGW's electronic bulletin board systems. Verification of any trade shall be provided to PGW in an acceptable form, signed by both pool suppliers and submitted within seven (7) business days from the end of the billing month. Any misconduct by a supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such action to the affected supplier. The supplier may oppose such termination or suspension through the Company's informal dispute resolution procedures, 52 Pa. Code Section § 62.142(b). A supplier may file a complaint with the Commission if dissatisfied with the outcome of the informal dispute resolution.

LEVELS OF SERVICE

Customers will be placed into their corresponding rate class. The Company at its sole discretion will determine the level of service.

An Applicant for service under this rate shall be required to execute a service agreement in which maximum and minimum quantities of Gas to be delivered shall be defined. An Applicant shall not be eligible for an Interruptible Gas Transportation Service rate class unless the minimum volumes set forth directly below are met on an annual basis.

<u>Rate class:</u>	<u>Annual volumes (Dth) – not less than:</u>
<u>IT-A:</u>	<u>2,500</u>
<u>IT-B:</u>	<u>5,000</u>
<u>IT-C:</u>	<u>10,000</u>
<u>IT-D:</u>	<u>25,000</u>
<u>IT-E:</u>	<u>80,000</u>

Customers electing service under this rate shall have and maintain complete and adequate standby non-natural gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.

~~1-IT-1~~

~~This interruptible rate will be available to Customers who otherwise do not qualify for rates IT-2 through IT-8.~~

~~2-IT-2~~

~~An Applicant for service under this rate shall be required to execute a service agreement, contracting for not less than 2,500 Dth of Gas Transportation Service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby non-natural Gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.~~

~~3-IT-3~~

~~An Applicant for service under this rate shall be required to execute a service agreement, contracting for not less than 5,000 Dth of Gas Transportation Service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby non-natural Gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.~~

~~4-IT-4~~

~~An Applicant for service under this rate shall be required to execute a service agreement, contracting for not less than 5,000 Dth of Gas Transportation Service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby No. 4 oil and equipment for alternate operation in the event of interruption of Gas Service.~~

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~~5-IT-5~~

~~An Applicant for service under this rate shall be required to execute a service agreement, contracting for not less than 5,000 Dth of Gas Transportation Service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby No. 5 or No. 6 oil and equipment for alternate operation in the event of interruption of Gas Service.~~

~~6-IT-6~~

~~An Applicant for service under this rate shall be required to execute a service agreement, contracting for not less than 80,000 Dth of Gas Transportation service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby non-natural Gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.~~

~~7-IT-7~~

~~An Applicant for service under this rate shall be required to execute a Service Agreement, contracting for not less than 350,000 Dth of Gas Transportation Service per year under the terms of this Tariff, in which shall be defined maximum and minimum quantities of Gas to be delivered. Customers electing service under this rate shall have and maintain complete and adequate standby non-natural Gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.~~

~~8-IT-8~~

~~An Applicant for service under this rate shall be required to execute a service agreement, in which shall be defined maximum and minimum quantities of Gas to be delivered. Service shall be for Gas Transportation Service for use in any form of combined cooling, heating and power production where there is sequential usage of energy in at least two distinct applications from the same fuel source or in sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utilities Regulatory Policies Act of 1978. The determination by the Company as to the Customer's ability to co-generate will be final. Customers electing service under this rate shall have and maintain complete and adequate standby non-natural Gas energy (e.g., oil, propane, electric, steam) and equipment for alternate operation in the event of interruption of Gas Service.~~

PHILADELPHIA GAS WORKS

CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$ Per Meter Per Month)</u> <u>(Parallel Meters are considered one meter)</u>
<u>IT-A:</u>	<u>125</u>
<u>IT-B:</u>	<u>225</u>
<u>IT-C:</u>	<u>225</u>
<u>IT-D:</u>	<u>225</u>
<u>IT-E:</u>	<u>350</u>

<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$ Per Mcf / Dth Delivered)</u>
<u>IT-A:</u>	<u>1.54 / 1.60</u>
<u>IT-B:</u>	<u>0.75 / 0.78</u>
<u>IT-C:</u>	<u>0.58 / 0.60</u>
<u>IT-D:</u>	<u>0.53 / 0.55</u>
<u>IT-E:</u>	<u>0.51 / 0.53</u>

<u>CUSTOMER CHARGE</u>	<u>(\$ Per Meter Per Month)</u> <u>(Parallel Meters are considered one meter)</u>
<u>IT-1:</u>	<u>75</u>
<u>IT-2:</u>	<u>75</u>
<u>IT-3:</u>	<u>150</u>
<u>IT-4:</u>	<u>150</u>
<u>IT-5:</u>	<u>150</u>
<u>IT-6:</u>	<u>250</u>
<u>IT-7:</u>	<u>250</u>
<u>IT-8:</u>	<u>250</u>

The Customer may elect either a fixed annual Distribution Charge or a variable monthly Distribution Charge. The variable charge shall be the monthly interruptible Variable Distribution Charge as experienced by the Company during the month of distribution. The Customer shall make an election of either annual fixed or monthly variable Distribution Charge pricing prior to the initiation of service hereunder.

<u>DISTRIBUTION CHARGE</u>	<u>Max Rate (\$ Per Dth Delivered)</u>
<u>IT-1:</u>	<u>3.84</u>
<u>IT-2:</u>	<u>3.58</u>
<u>IT-3:</u>	<u>1.66</u>
<u>IT-4:</u>	<u>1.23</u>
<u>IT-5:</u>	<u>0.81</u>
<u>IT-6:</u>	<u>0.80</u>
<u>IT-7:</u>	<u>0.72</u>
<u>IT-8:</u>	<u>0.73</u>

2. The above rates may be adjusted pursuant to the terms of Section 2.3 of this Tariff (permitting non-scheduled rates and/or terms of service at the sole discretion of the Company).

COGENERATION SERVICE – RATE CG

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This service is available to any new or existing Commercial or Industrial Customer for Gas use in any form of combined cooling, heating and power production where there is a sequential production of energy and useful thermal energy from the same fuel source or in the sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utility Regulatory Policies Act of 1978, regularly meeting the efficiency standards set forth in Chapter 18 of the Federal Regulations, Sections 292.205 (a) and (b). The Customer must certify that qualifying status has been granted by the Federal Energy Regulatory Commission or must demonstrate to the Company its ability to utilize waste heat created from one process by using Natural Gas in a second process. The waste heat may be generated from any form, such as power production, heating, cooling, or process applications. The waste heat recovered may be used for any domestic, Commercial or Industrial applications. The determination by the Company as to the Customer's ability to co-generate will be final. This service will be available where the Company's facilities are, or can economically be made, available to supply the service; but Gas Service under this rate shall not be a replacement of Gas Service under any rate providing for uninterruptible Gas Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An Applicant for service under this rate shall be required to execute a service agreement in which shall be defined maximum and minimum quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally.

CHARACTER OF SERVICE

Service under this rate schedule is interruptible, and shall be subordinate to all firm services. Customer is advised of their responsibility to maintain capability of satisfying their requirements during any period when service is interrupted. Interruptions may occur for economic or operational considerations at any time; however, service under this rate schedule will be interrupted based upon the price priority of rate schedule LBS, No. 6 fuel oil alternate service; the service providing the lowest net contribution to be interrupted first.

RATES

CUSTOMER CHARGE:

| \$250.00-\$307.55 per month.

Plus

COMMODITY And DISTRIBUTION CHARGE:

The monthly Commodity Charge for each one hundred cubic feet of Gas used shall be set equal to the average commodity cost of Gas purchased and delivered to PGW's gate stations, including an allowance for Unaccounted for losses where applicable, plus a fixed Distribution Charge of 7.5 cents per Ccf.

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



Issued by: Thomas Knudsen
President and CEO
PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

Issued: ~~August-31-~~2007~~October_18,~~2007

Effective: ~~September-1-~~2007~~October_19,~~2007

List of Changes Made by this Tariff

9.14. LOAD-BALANCING-SURCHARGE, 9.14.A. (Page No. 39)

The load-balancing charge decreases from \$35.0276 per design-day-Mcf to \$37.0261 per design-day-Mcf.

9.13. RECONCILIATION PROCEDURES, 9.13.B.3.

Clarify rule regarding reimbursement of carried forwarded volumes.

9.15. Clarify rule regarding reimbursement of carrying charges.

Adding a Checksheet

Updating page numbers in the Table of Contents

Issued: August 31, 2007 October 18, 2007

Effective: September 1, 2007 October 19, 2007

CHECK SHEET

Pages 1 through 59 inclusive of this tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	Number of Revisions	Page	Number of Revisions
		29	Original
Title	Nineteenth [†]	30	Original
2	Nineteenth [†]	31	Original
3	First*	32	Original
4	Original	33	Original
5	Original	34	Original
6	Nineteenth*	35	Original
7	Original	36	Original
8	Original	37	Original
9	Original	38	First [†]
10	Original	39	Eighteenth
11	Original	40	First [†]
12	Original	41	Original
13	Original	42	Original
14	Original	43	Original
15	Original	45	Original
16	Original	46	Original
17	Original	47	Original
18	Original	48	Original
19	Original	49	Original
20	Original	50	Original
21	Original	51	Original
22	Original	52	Original
23	Original	53	Original
24	Original	54	Original
25	Original	55	Original
26	Original	56	Original
27	Original	57	Original
28	Original	58	Original
		59	Original

** Denotes Changes made in current Supplement.*

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List of Changes Made By This Tariff _____	Eighteenth- Revised-2
<u>Checksheet</u> _____	<u>3</u>
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left-Blank-for-Future-Use _____	8
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
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2. Availability _____	<u>156</u>
3. Character of Service _____	<u>178</u>
4. Supplier Qualification _____	<u>2019</u>
5. Customer List _____	<u>223</u>
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7. Supplier Obligations _____	<u>289</u>
8. Operational Requirements _____	<u>323</u>
9. Special Provisions _____	<u>357</u>
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11. Financial Security _____	<u>446</u>
12. Supplier Billing and Payment _____	<u>468</u>
13. Supplier Exit Procedures _____	<u>524</u>
14. Breach of Obligations _____	<u>557</u>
15. Standards of Conduct _____	<u>5860</u>

9.13.B. Reconciliation of Deliveries Using the Company's Retained Pipeline FT Capacity or Storage Capacity.

9.13.B.1. Suppliers shall be responsible for returning natural gas volumes forwarded by the Company using pipeline FT capacity. Aggregate equivalent daily usages determined pursuant to Rule 9.12.A shall be used to calculate the net amount of gas delivered by the Company using such delivery assets. The difference between the aggregate equivalent daily usage and Supplier's DDQ for each day of the calendar month shall be deemed to have been delivered by the Company to the extent aggregate equivalent daily usage exceeds the DDQ.

9.13.B.2. Where a Supplier's aggregate equivalent daily usage does not exceed the Supplier's DCQ, the difference shall be deemed to have been delivered using the Company's retained pipeline FT capacity and netted against volumes deemed to have been delivered by the Supplier on days where aggregate equivalent daily usage is less than Supplier's DDQ. To the extent such netting shows an imbalance of deliveries over an entire calendar month, the Supplier's DDQ shall be adjusted to the extent operationally feasible pursuant to Rule 9.9.

9.13.B.3. Where a Supplier's aggregate equivalent daily usage exceeds the Supplier's DCQ, the difference shall be deemed to have been delivered using the Company's storage and peaking capacity. The aggregate of volumes deemed to have been delivered each month using such delivery assets during November-March (Winter Season) shall be carried forward to the extent operationally feasible and the Supplier's DDQ during the subsequent April-October (Summer Season) shall be adjusted pursuant to Rule 9.9 to eliminate the forwarded amount. These carried forwarded volumes will be reimbursed back to the company in kind through this adjustment process rather than being reimbursed in dollars as a cash out mechanism.

9.14.C. Quarterly Updates. The Company's rates for recovery of Balancing Service Costs are also subject to quarterly adjustments under procedures set forth in the PUC's regulations at 52.Pa. Code 53.64 (1) (5). Such updates shall reflect adjustments for under or over collections and adjustments to the projected cost of Balancing Services based upon more current versions of the same sources of data and using the same methods to project the Balancing Service Costs approved by the PUC in the Company's most recent annual proceeding for recovery of Balancing Service Costs under section 1307 (f) of the Public Utility Code.

9.15. Suppliers will be required to reimburse PGW for the carrying costs for the amount of storage gas/LNG forwarded to the Suppliers pursuant to section 9.13.B.3. Such carrying costs will be computed by PGW on a periodic basis using the FERC declared interest rate.

Issued: ~~May 15, 2003~~ October 18, 2007

Effective: ~~September 1, 2003~~ October 19,
2007

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 E-MAIL & FIRST CLASS MAIL

Johnnie Simms, Esq.
Richard Kanaskie, Esq.
Allison Kaster, Esq.
Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
E-mail: Simmsj@puc.state.pa.us
rkanaskie@state.pa.us
akaster@state.pa.us

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
E-mail: Dkleppin@mwn.com
Cmincavage@mwn.com

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

Richard Lelash
18 Seventy Acre Rd.
Redding, CT 06896
E-mail: lclash@snet.net

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
E-mail: TmcCloskey@paoca.org
cappleby@paoca.org
dlawrence@paoca.org
jhorner@paoca.org

Philip Bertocci, Esq.
Thu Tran, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
Fax: (215) 981-0434
E-mail: pbertocci@clsphila.org

Robert D. Knecht
Industrial Economic Incorporated
2067 Massachusetts Ave.
Cambridge, MA 02140
rdk@indecon.com

Michael Bleiweis
243 Banks Road
Easton, CT 06612
mikeblei@optonline.net

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Richard Galligan
Exeter Associated, Inc.
5565 Sterrett Place, Suite 310
Columbia, MD 21044
rgalligan@exeterassociates.com

Todd Stewart, Esq.
Hawke McKeon Sniscak & Kennard LLP
PO Box 1778
Harrisburg, PA 17105

John F. Povilaitis, Esq.
Ryan Russell Ogden & Seltzer, PC
800 North Third. St., Suite 101
Harrisburg, PA 17102-2025

Miles Shore, Esq.
School District of Philadelphia
Office of General Counsel
440 N. Broad Street, 3d Floor
Philadelphia, PA 19130-4015
mhshorc@phila.k12.pa.us


Katherine Guerry, Esq.
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095

Dated: October 18, 2007

Shari C. Gribbin, Esq.
Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699
shari.gribbin@exeloncorp.com
kent.murphy@exeloncorp.com

Philip L. Hinerman, Esq.
Jill Guldin, Esq.
Fox Rothschild LLP
2000 Market Street, 10th Fl.
Philadelphia, PA 19103-3291
phinerman@foxrothschild.com
jguldin@foxrothschild.com

Andrew S. Levine, Esq.
Stradley Ronon Stevens & Young LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098
alevinc@stradley.com



Daniel Clearfield, Esquire

213 Market Street, 9th Floor, P.O. Box 865, Harrisburg, PA 17108-0865
Tel: (717) 237-7160 □ Fax: (717) 237-7161 □ www.WolfBlock.com

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

ORIGINAL

DOCUMENT FOLDER

October 26, 2007

VIA FEDERAL EXPRESS

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

R-00061931

RECEIVED

OCT 26 2007

Re: Pa. PUC v. Philadelphia Gas Works,
Docket No. R-00061931

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works ("PGW") attached please find PGW's proposed additional revisions to its compliance filing, Supplement No. 21 to PGW Tariff – PA PUC No. 2. These revised pages replace the pages previously filed on October 18, 2007 in their entirety and make the following changes:

A. Updating the statute reference in section 5.2.B, 5.5.A and 5.6.A to include the entire statute reference including the name of the referenced Act. This is merely stylistic.

B. Upon further review of PGW's billing system capabilities, it was determined that it would be more appropriate to list certain of the proposed new charges in whole dollars. Accordingly, the charges on pages 93, 97, and 131, as noted with highlighted text, were rounded **down** to the nearest whole dollar. To the extent that this change affects PGW's proof of revenue, PGW makes no claim for additional revenue.

C. Updating the time limit in which IT nominations must be made from 12:00 PM to 12:30 PM. This is on page 103 of Tariff No. 2. During the case, PGW had agreed to make this change in the cut-off time (RD pg. 95). PGW is reflecting this time change in its tariff to accommodate a request from Hess. PGW promised to make several other revisions to its non-tariffed supplier rules (RD pg. 95) which PGW has implemented and which it will continue to abide by.

HAR:76317.1/PHH211-236005

James McNulty, Secretary

October 26, 2007

Page 2

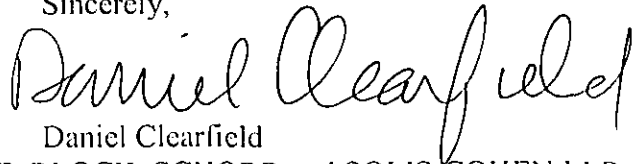
D. The distribution rate on a "Dth Delivered" basis have been revised on page 115 to correct a mathematical error that PGW discovered.

E. The proposed provision permitting supplier imbalance trading and netting (page 105) has been substantially revised to reflect the feedback of Hess Corporation. With these changes, PGW believes that this provision to be acceptable to Hess.

This Supplements includes a redlined version indicating the changes that have been made. Some of the changes have been highlighted as noted above. Tab 1 is the clean version and Tab 2 is the redlined version. Please replace the pages originally filed in the compliance filing with these corrected pages.

Please contact me with questions or comments.

Sincerely,



Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww

Enclosure

cc: Parties of Record w/enc.
Paul Diskin, FUS w/enc.

R-00061931

PHILADELPHIA GAS WORKS

CHECK SHEET

DOCUMENT
FOLDER

Pages 1 through 150 inclusive of this tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	No. of Revision	Page	No. of Revision	Page	No. of Revision	Page	No. of Revision
1	Sixteenth Revised*	39	Original	76	Original	114	Original
2	Sixteenth Revised*	40	Original	77	Original	115	Original
3	First Revised*	41	First Revised*	78	Original	116	Original
4	First Revised*	42	First Revised*	79	Sixth Revised*	117	Original
5	Original	43	Original	80	Original	118	Original
6	Sixteenth Revised*	44	First Revised*	81	Fifteenth Revised*	119	Original
7	Sixteenth Revised*	45	Original	82	Original	120	Original
8	Original	46	Original	83	Fifteenth Revised*	121	Original
9	Original	47	Original	84	Original	122	Original
10	First Revised*	48	First Revised*	85	Original	123	Original
11	First Revised*	49	Original	86	Original	124	Original
12	First Revised*	50	First Revised*	87	Fifteenth Revised*	125	Original
13	First Revised*	51	Original	88	Original	126	Original
14	Original	52	Original	89	Original	127	Original
15	First Revised*	53	First Revised*	90	Fifteenth Revised*	128	Original
16	Original	54	First Revised*	91	Original	129	Original
17	First Revised*	55	Original	92	Original	130	Original
18	First Revised*	56	Original	93	First Revised*	131	First Revised*
19	First Revised*	57	First Revised*	94	Original	132	Original
20	Original	58	Original	95	Original	133	Original
21	First Revised*	59	First Revised*	96	Original	134	Original
22	First Revised*	60	First Revised*	97	First Revised*	135	First Revised*
23	First Revised*	61	First Revised*	98	Original	136	First Revised*
24	First Revised*	62	Original	99	Original	137	Original
25	Original	63	Original	100	Original	138	Original
26	First Revised*	64	Original	101	Original	139	Original
27	First Revised*	65	Original	102	Original	140	Original
28	First Revised*	66	Original	103	First Revised*	141	Original
29	Original	67	Fourteenth Revised	104	Original	142	Original
30	First Revised*	67A	Eight Revised	105	Original	143	Original
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32	First Revised*	69	Original	107	Original	145	Original
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36	First Revised*	73	Original	111	Original	149	Original
37	Original	74	Original	112	Original	150	Original
38	First Revised*	75	Original	113	Original		

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* Denotes changes proposed with this tariff supplement

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2007 October 18, 2007

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PHILADELPHIA GAS WORKS

Restructuring and Consumer Education Surcharge – (Sixth Revised Pg. No. 79)

General Service – Rate GS (Fifteenth Revised Pg. No. 83) – The following delivery charges, increases: 1) from \$0.42124 to \$0.60799 per Ccf for Residential and Public Housing; 2) from \$0.43056 to \$0.67944 per Ccf for Commercial and Municipal Customers; and 3) from \$0.43029 to \$0.60749 per Ccf for Industrial Customers.

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Boiler and Power Plant Service – Rate BPS (First Revised Pg. No. 93) – the customer charge (direct and indirect) increases: 1) from \$35.00 to \$43.06 per month for Customers with annual consumption of less than 10,000 Mcf; and 2) from \$75.00 to \$92.27 per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

Interruptible Transportation Service – Rate IT (First Revised Pages 113 to 115) – rates classes and the related volumetric minimum volumes have changed as well as customer and distribution charges.

Load Balancing Service – Rate LBS (First Revised Pg. No. 97) – the customer charge (direct and indirect) increases: 1) from \$100.00 to \$123.02 per month for Customers with annual consumption of less than 80,000 Mcf; 2) from \$175.00 to \$215.29 per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive; and 3) from \$250.00 to \$307.56 per month for Customers with annual consumption greater than 350,000 Mcf.

Daily Balancing Service - Rate DB (First Revised Page No. 103) - Updating the time for nominations for flowing Gas.

Daily Balancing Service - Rate DB (First Revised Page No. 105) - adding supplier imbalance trading provisions.

Cogeneration Service – Rate CG (First Revised Pg. No. 131) – the customer charge increases from \$250.00 to \$307.55 per month.

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Philadelphia Gas Works

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

~~5.3.F-1-5.2.A.~~ Before terminating Gas Service to a Residential dwelling in which the Customer billed is a Landlord-Customer, but the Gas has been or is being delivered to and used by a Tenant, PGW shall make reasonable efforts to seek collection from the Landlord-Customer.

~~5.3.F-2-5.2.B.~~ Prior to termination of any Tenant-occupied property with Residential Gas Service, PGW will comply with the provisions of 66 Pa.C.S. § 1521 et seq. ~~Discontinuance of Service to Leased Premises;~~ the Pa-Utility-Services-Tenants-Rights-Act, 68 P.S. § 399.1, et seq.

~~5.3.F-3-5.2.C.~~ This notice shall inform PGW will provide a notice to the Tenant-occupants with Residential Gas Service informing them of the following:

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

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

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

~~5.1-A-1-a-5.2.C.4.~~ The locations and business hours of PGW's Customer Service Centers.

~~5.1-A-1-b-5.2.C.5.~~ The telephone number of the Philadelphia Department of Licenses and Inspections.

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

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

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

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

Issued: ~~December 22, 2006~~ October 18, 2007 August Effective: ~~February 20, 2007~~ October 19, 2007 ~~September 1, 2003~~

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Philadelphia Gas Works

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

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

5.3.6 TERMINATION OF GAS SERVICE – NON-RESIDENTIAL CUSTOMERS. Seven days prior to terminating Non-Residential Gas Service for one or more of the reasons identified in Section 5-1, PGW shall mail or deliver a termination notice to the Non-Residential Customer.—PGW may terminate service to the Non-Residential Customer in accordance with Applicable Law, at any time after the seven days referenced in the termination notice has expired unless the grounds for termination have been eliminated or no longer exist.

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

5.5.8 DISCONTINUANCE BY CUSTOMER - GENERALLY.

5.58.A. Notice of Discontinuance. Except where the provisions of Discontinuance of Service to Leased Premises, 66 Pa.C.S. § 1521 et seq., the Utility Service Tenants' Rights Act apply, the Customer is required to give the Company at least seven days notice to discontinue the supply of Gas specifying the date on which it is desired that service be discontinued. In the absence of notice, the Customer shall be responsible for services rendered.

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

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

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

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

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

5.69.A. Temporary Discontinuance. Except where the provisions of 66 Pa.C.S. § 1521 et seq., Discontinuance of Service to Leased Premises, the Utility Service Tenants' Rights Act, 68 P.S. § 399.1 apply, a Customer may have his/her Gas Service temporarily discontinued by giving PGW advance notice of at least 10 days.

Issued: ~~December 22, 2006~~ October 18, 2007 August Effective: ~~February 20, 2007~~ October 19, 2007 September 1, 2003

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BOILER AND POWER PLANT SERVICE - RATE BPS

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This rate is available for Customers with Alternate Fuel Capability, where the Company's distribution system is, or can economically be made available to supply the service. Gas Service under this rate shall not be available as a replacement of firm Retail Sales Service or firm Transportation Service, unless the Customer can demonstrate to the Company's satisfaction that it has the capacity and plans to continue to take Gas Service on an interruptible basis for at least one year. The Company's determination as to whether the service would amount to such replacement shall be final. Service under this rate shall be available to (a) any facility which was served pursuant to Rate BPS as of September 1, 1994, and (b) any applicant for service under this rate executing a Service Agreement, contracting for not less than 2,500 Mcf of Gas per year under the terms of this Tariff, in which shall be defined minimum quantities of gas to be delivered. The number of Customers to receive service under this rate may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The BPS rate class has three components: BPS-S, BPS-L and BPS-H.

MINIMUM QUANTITY REQUIREMENTS:

New BPS-S Customers must contract for not less than 2,500 Mcf of Gas per year.

BPS-L Customers must contract for not less than 5,000 Mcf of Gas per year.

BPS-H Customers must contract for not less than 5,000 Mcf of Gas per year.

RATE

CUSTOMER CHARGE:

| \$35.00~~\$43.00~~ per month for Customers with annual consumption of less than 10,000 Mcf.

| \$75.00~~\$92.00~~ per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

\$150.00 per month for Customers with annual consumption greater than 100,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

BPS-S: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank wagon price for No.2 oil, at Philadelphia.

BPS-L: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No.2 oil, at Philadelphia.

BPS-H: The charge per Mcf calculated by Company shall be set at a level not greater than the rate charged to Customers under BPS-L nor less than the rate charged to Customers under rate LBS-S.

LOAD BALANCING SERVICE - RATE LBS

Rate: Applicable to all Retail Services rendered pursuant to this Rate Schedule on or after September 1, 2003

AVAILABILITY

This rate is available for use in industrial and commercial establishments and multi-family residential buildings for seasonal Gas uses, where the Company's facilities are, or can economically be made, available to supply the service. Gas Service under this rate shall not be a replacement of firm Retail Sales Service or firm Transportation Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An applicant for service under this rate shall be required to execute a Service Agreement, contracting for an Annual Contract Quantity of not less than 5,000 Mcf of Gas under the terms of this Tariff, in which shall be defined minimum daily quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The LBS rate class has three components: LBS-S, LBS-L and LBS-XL.

MINIMUM QUANTITY REQUIREMENTS:

LBS-S Customers must contract for not less than 5,000 Mcf of Gas per year.

LBS-L Customers must contract for not less than 80,000 Mcf of Gas per year.

LBS-XL Customers must contract for not less than 350,000 Mcf of Gas per year.

RATES

CUSTOMER CHARGE:

| \$100.00 ~~\$123.00~~ per month for Customers with annual consumption of less than 80,000 Mcf.

| \$175.00 ~~\$215.00~~ per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive.

| \$250.00 ~~\$307.00~~ per month for Customers with annual consumption greater than 350,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

The charge per Mcf shall be calculated by Company within a range computed to be from 10% above to 20% below the numerical average of the high and the low posted consumer tank car price for No. 6 oil, having a sulphur content of 0.5% at Philadelphia. Prices for LBS-S, LBS-L and LBS-XL will be calculated as separate rates.

All pricing information is as published by the Journal of Commerce, or a successor publication, or where none exists, a publication selected by the Company pending final approval of the Commission, as posted in the first 12 issues of the calendar month in which the calculation is made. This price is adjusted for Btu equivalence. Provided further that the rate per Mcf is not less than one hundred and ten percent (110%) of the incremental Gas costs for Gas sold under this rate schedule plus an adjustment for all applicable taxes, as determined by the Company.

BALANCING

1. QUANTITIES

The maximum daily quantity that the Company is obligated to receive into its system shall be the sum of the total daily transportation quantities of the Rate IT Customers in a supply pool. The Company may, however, upon notice to the supplier, refuse to accept daily quantities in excess of projected Rate IT Customer usage when required by system operating conditions.

2. GAS DAY

Each Gas day shall begin and end at 10:00 AM Eastern standard or daylight-saving time, as applicable.

3. NOMINATIONS

Supplier shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing Gas no later than ~~12:3000-noon~~ 12:00 noon the day prior to Gas day for the interstate pipeline on which Gas is being shipped to the Company's system.

4. VOLUME ADJUSTMENT

The quantity of Gas received into the Company's system for the supplier's account shall be based on the final interstate pipeline nomination for each Gas day, as confirmed by the Company, adjusted for the unaccounted-for Gas as percentage of the total volume of Gas delivered into its system for Rate IT Customers' account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's currently effective GCR.

5. USAGE DATA

The Company shall provide supplier with applicable usage data (the "Daily Usage Quantity" below) for each Rate IT Customer in a supply pool, and for the supply pool as a whole. This information will be available electronically or in other format specified by the Company within 24 hours of the end of each Gas day.

PHILADELPHIA GAS WORKS

5. To facilitate this management and to avoid or correct imbalances, Rate IT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

6. For the purpose of this section, the term "supplier" shall refer to both directly transporting Customers and supplier pools. To facilitate this management and to avoid or correct imbalances, a Rate IT Customer supplier /pool may reduce its the monthly imbalance by arranging a trade of quantities with another Rate IT customer/ or supplier-pool. Suppliers shall be permitted to trade IT imbalances on both a daily and monthly basis in accordance with the provisions below in order to reduce an imbalance to zero. Such trade will be arranged separately from PGW's electronic bulletin board systems. Within five (5) business days after month end, the Company shall provide by e-mail to each supplier who has previously agreed to have its data shared, a spreadsheet listing each supplier and whether the supplier had positive or negative daily imbalances (supplier imbalance data). Verification of any trade shall be provided to PGW in an acceptable form, signed via e-mail by both pool suppliers involved in the trade and submitted within seven (7) five (5) business days from of receipt from the Company of the supplier imbalance data. A supplier may offset daily or monthly imbalances in its FT service pool imposed pursuant to section 9.12 of PGW's Supplier Tariff. Such pool-to-pool netting of imbalances between a supplier's FT and IT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's IT pool. Any such pool-to-pool imbalance netting shall be communicated via e-mail to the Company within seven (7) business days from the end of the billing month.

Any misconduct by a supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such proposed action to the affected supplier. The supplier or the Company may elect to address the alleged misconduct may oppose such termination or suspension through the Company's informal dispute resolution procedures, 52 Pa. Code Section § 62.142(b). A supplier may file a complaint with the Commission if dissatisfied with the outcome of the informal dispute resolution. Either the supplier or the Company may file a complaint with the Commission regarding the alleged misconduct at any time. No action to suspend or terminate a supplier's imbalance trading rights shall occur prior to commission authorization

PHILADELPHIA GAS WORKS

CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$)_Per Meter Per Month</u> <u>(Parallel Meters are considered one meter)</u>
<u>IT-A:</u>	<u>125</u>
<u>IT-B:</u>	<u>225</u>
<u>IT-C:</u>	<u>225</u>
<u>IT-D:</u>	<u>225</u>
<u>IT-E:</u>	<u>350</u>

<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$)_Per Mcf / Dth Delivered</u>
<u>IT-A:</u>	<u>1.54 / 1.48</u>
<u>IT-B:</u>	<u>0.75 / 0.72</u>
<u>IT-C:</u>	<u>0.58 / 0.56</u>
<u>IT-D:</u>	<u>0.53 / 0.51</u>
<u>IT-E:</u>	<u>0.51 / 0.49</u>

<u>CUSTOMER CHARGE</u>	<u>(\$)-Per-Meter-Per-Month</u> <u>(Parallel Meters are considered one meter)</u>
<u>IT-1:</u>	<u>75</u>
<u>IT-2:</u>	<u>75</u>
<u>IT-3:</u>	<u>150</u>
<u>IT-4:</u>	<u>150</u>
<u>IT-5:</u>	<u>150</u>
<u>IT-6:</u>	<u>250</u>
<u>IT-7:</u>	<u>250</u>
<u>IT-8:</u>	<u>250</u>

The Customer may elect either a fixed annual Distribution Charge or a variable monthly Distribution Charge. The variable charge shall be the monthly interruptible Variable Distribution Charge as experienced by the Company during the month of distribution. The Customer shall make an election of either annual fixed or monthly variable Distribution Charge pricing prior to the initiation of service hereunder.

<u>DISTRIBUTION CHARGE</u>	<u>Max-Rate (\$)-Per-Dth-Delivered</u>
<u>IT-1:</u>	<u>3.81</u>
<u>IT-2:</u>	<u>3.58</u>
<u>IT-3:</u>	<u>1.66</u>
<u>IT-4:</u>	<u>1.23</u>
<u>IT-5:</u>	<u>0.81</u>
<u>IT-6:</u>	<u>0.80</u>
<u>IT-7:</u>	<u>0.72</u>
<u>IT-8:</u>	<u>0.73</u>

2--The above rates may be adjusted pursuant to the terms of Section 2.3 of this Tariff (permitting non-scheduled rates and/or terms of service at the sole discretion of the Company).

COGENERATION SERVICE – RATE CG

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This service is available to any new or existing Commercial or Industrial Customer for Gas use in any form of combined cooling, heating and power production where there is a sequential production of energy and useful thermal energy from the same fuel source or in the sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utility Regulatory Policies Act of 1978, regularly meeting the efficiency standards set forth in Chapter 18 of the Federal Regulations, Sections 292.205 (a) and (b). The Customer must certify that qualifying status has been granted by the Federal Energy Regulatory Commission or must demonstrate to the Company its ability to utilize waste heat created from one process by using Natural Gas in a second process. The waste heat may be generated from any form, such as power production, heating, cooling, or process applications. The waste heat recovered may be used for any domestic, Commercial or Industrial applications. The determination by the Company as to the Customer's ability to co-generate will be final. This service will be available where the Company's facilities are, or can economically be made, available to supply the service; but Gas Service under this rate shall not be a replacement of Gas Service under any rate providing for uninterruptible Gas Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An Applicant for service under this rate shall be required to execute a service agreement in which shall be defined maximum and minimum quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally.

CHARACTER OF SERVICE

Service under this rate schedule is interruptible, and shall be subordinate to all firm services. Customer is advised of their responsibility to maintain capability of satisfying their requirements during any period when service is interrupted. Interruptions may occur for economic or operational considerations at any time; however, service under this rate schedule will be interrupted based upon the price priority of rate schedule LBS, No. 6 fuel oil alternate service; the service providing the lowest net contribution to be interrupted first.

RATES

CUSTOMER CHARGE:

\$250.00-\$307.00 per month.

Plus

COMMODITY And DISTRIBUTION CHARGE:

The monthly Commodity Charge for each one hundred cubic feet of Gas used shall be set equal to the average commodity cost of Gas purchased and delivered to PGW's gate stations, including an allowance for Unaccounted for losses where applicable, plus a fixed Distribution Charge of 7.5 cents per Ccf.

PHILADELPHIA GAS WORKS

CHECK SHEET

Pages 1 through 150 inclusive of this tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	No. of Revision	Page	No. of Revision	Page	No. of Revision	Page	No. of Revision
1	Twenty First Revised*	39	Original	76	Original	114	First*
2	Twenty First Revised*	40	Original	77	Original	115	First*
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OCT 26 2007

PA PUBLIC UTILITY COMMISSION
 SECRETARY'S OFFICE
 Effective October 18, 2007

PHILADELPHIA GAS WORKS

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(C)

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5. Termination and/or Discontinuance of Gas Service.

5.1. GAS SERVICE TERMINATION AND PROCEDURES. Provisions of this Tariff that address a situation in which PGW issues a consolidated bill which includes both PGW and Supplier charges shall not apply until PGW begins issuing such consolidated bills. PGW may terminate Gas Service to any dwelling or account in accordance with Applicable Law.

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

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

5.2.B Prior to termination of any Tenant-occupied property with Residential Gas Service, PGW will comply with the provisions of 66 Pa.C.S. § 1521 et seq., Discontinuance of Service to Leased Premises.

5.2.C PGW will provide a notice to the Tenant-occupants with Residential Gas Service informing them of the following:

5.2.D That there exists an outstanding bill for the property and that collection activity is being pursued against the Landlord-Customer.

5.2.E That the initial payment by Tenants on the delinquent balance shall not exceed one month's rental. Thereafter, all current bills shall be paid in full.

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

5.2.G The locations and business hours of PGW's Customer Service Centers.

5.2.H The telephone number of the Philadelphia Department of Licenses and Inspections.

5.3. TERMINATION OF GAS SERVICE – NON-RESIDENTIAL CUSTOMERS. PGW may terminate service to a Non-Residential Customer in accordance with Applicable Law.

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

Some of the Material on this Page was originally located on pages 32, 33 & 35

5.5. DISCONTINUANCE BY CUSTOMER - GENERALLY.

5.5.A. Notice of discontinuance. Except where the provisions of Discontinuance of Service to Leased Premises, 66 Pa.C.S. § 1521 et seq. apply, the Customer is required to give the Company at least seven days notice to discontinue the supply of Gas specifying the date on which it is desired that service be discontinued. In the absence of notice, the Customer shall be responsible for services rendered.

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

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

5.6.A. Temporary Discontinuance. Except where the provisions of 66 Pa.C.S. § 1521 et seq. apply, a Customer may have his/her Gas Service temporarily discontinued by giving PGW advance notice of at least 10 days.

5.6.B. Temporary Service Payments. For a period of discontinuance of less than 12 months, PGW will provide a Customer a temporary discontinuance of Gas Service upon request. PGW will require a payment of an amount equal to the Company's service charge for one hour, plus payment of Customer charges for each month the service has been discontinued, in order to restore disconnected service.

5.7. CUSTOMER REQUEST FOR TEMPORARY HEAT.

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

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

5.8. RESIDENTIAL SERVICE RESTORATION.

5.8.A. Restoration. Gas Service will be restored to Residential Customers in accordance Applicable Law.

5.9. RECONNECTION CHARGE.

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

5.9.B. Non-Residential Customers. Reconnection charges on a Non-Residential and Landlord Customer Gas account must be paid in full prior to PGW's restoration of the service. Prior to reconnection, non-Residential and Landlord Customers must pay all charges associated with non-payment terminations and restoration, including but not limited to charges for unpaid Gas Service. Such charges will be calculated and assessed on an individual basis.

BOILER AND POWER PLANT SERVICE - RATE BPS

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This rate is available for Customers with Alternate Fuel Capability, where the Company's distribution system is, or can economically be made available to supply the service. Gas Service under this rate shall not be available as a replacement of firm Retail Sales Service or firm Transportation Service, unless the Customer can demonstrate to the Company's satisfaction that it has the capacity and plans to continue to take Gas Service on an interruptible basis for at least one year. The Company's determination as to whether the service would amount to such replacement shall be final. Service under this rate shall be available to (a) any facility which was served pursuant to Rate BPS as of September 1, 1994, and (b) any applicant for service under this rate executing a Service Agreement, contracting for not less than 2,500 Mcf of Gas per year under the terms of this Tariff, in which shall be defined minimum quantities of gas to be delivered. The number of Customers to receive service under this rate may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The BPS rate class has three components: BPS-S, BPS-L and BPS-H.

MINIMUM QUANTITY REQUIREMENTS:

New BPS-S Customers must contract for not less than 2,500 Mcf of Gas per year.

BPS-L Customers must contract for not less than 5,000 Mcf of Gas per year.

BPS-H Customers must contract for not less than 5,000 Mcf of Gas per year.

RATE

CUSTOMER CHARGE:

\$43.00 per month for Customers with annual consumption of less than 10,000 Mcf.

\$92.00 per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

\$150.00 per month for Customers with annual consumption greater than 100,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

BPS-S: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank wagon price for No.2 oil, at Philadelphia.

BPS-L: The charge per Mcf shall be calculated by Company within a range computed to be from 20% above to 20% below the numerical average of the high and the low posted reseller tank car price for No.2 oil, at Philadelphia.

BPS-H: The charge per Mcf calculated by Company shall be set at a level not greater than the rate charged to Customers under BPS-L nor less than the rate charged to Customers under rate LBS-S.

Issued: October 18, 2007

Effective: October 19, 2007

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(C)

LOAD BALANCING SERVICE - RATE LBS

Rate: Applicable to all Retail Services rendered pursuant to this Rate Schedule on or after September 1, 2003

AVAILABILITY

This rate is available for use in industrial and commercial establishments and multi-family residential buildings for seasonal Gas uses, where the Company's facilities are, or can economically be made, available to supply the service. Gas Service under this rate shall not be a replacement of firm Retail Sales Service or firm Transportation Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An applicant for service under this rate shall be required to execute a Service Agreement, contracting for an Annual Contract Quantity of not less than 5,000 Mcf of Gas under the terms of this Tariff, in which shall be defined minimum daily quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally. When, in the judgment of the Company, it is not economically feasible to separately meter small incidental pilot usage, it may be billed under this rate. The LBS rate class has three components: LBS-S, LBS-L and LBS-XL.

MINIMUM QUANTITY REQUIREMENTS:

LBS-S Customers must contract for not less than 5,000 Mcf of Gas per year.

LBS-L Customers must contract for not less than 80,000 Mcf of Gas per year.

LBS-XL Customers must contract for not less than 350,000 Mcf of Gas per year.

RATES

CUSTOMER CHARGE:

\$123.00 per month for Customers with annual consumption of less than 80,000 Mcf.

\$215.00 per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive.

\$307.00 per month for Customers with annual consumption greater than 350,000 Mcf.

Plus

VARIABLE DISTRIBUTION AND COMMODITY CHARGE:

The charge per Mcf shall be calculated by Company within a range computed to be from 10% above to 20% below the numerical average of the high and the low posted consumer tank car price for No. 6 oil, having a sulphur content of 0.5% at Philadelphia. Prices for LBS-S, LBS-L and LBS-XL will be calculated as separate rates.

All pricing information is as published by the Journal of Commerce, or a successor publication, or where none exists, a publication selected by the Company pending final approval of the Commission, as posted in the first 12 issues of the calendar month in which the calculation is made. This price is adjusted for Btu equivalence. Provided further that the rate per Mcf is not less than one hundred and ten percent (110%) of the incremental Gas costs for Gas sold under this rate schedule plus an adjustment for all applicable taxes, as determined by the Company.

Issued: October 18, 2007

Effective: October 19, 2007

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PHILADELPHIA GAS WORKS

BALANCING

1. QUANTITIES

The maximum daily quantity that the Company is obligated to receive into its system shall be the sum of the total daily transportation quantities of the Rate IT Customers in a supply pool. The Company may, however, upon notice to the supplier, refuse to accept daily quantities in excess of projected Rate IT Customer usage when required by system operating conditions.

2. GAS DAY

Each Gas day shall begin and end at 10:00 AM Eastern standard or daylight-saving time, as applicable.

3. NOMINATIONS

Supplier shall provide to the Company, electronically or in other format specified by the Company, nominations for flowing Gas no later than 12:30 the day prior to Gas day for the interstate pipeline on which Gas is being shipped to the Company's system. (C)

4. VOLUME ADJUSTMENT

The quantity of Gas received into the Company's system for the supplier's account shall be based on the final interstate pipeline nomination for each Gas day, as confirmed by the Company, adjusted for the unaccounted-for Gas as percentage of the total volume of Gas delivered into its system for Rate IT Customers' account. The percentage of Gas to be retained by the Company shall be equivalent to the percentage for total system line loss and unaccounted-for, as utilized in the Company's currently effective GCR.

5. USAGE DATA

The Company shall provide supplier with applicable usage data (the "Daily Usage Quantity" below) for each Rate IT Customer in a supply pool, and for the supply pool as a whole. This information will be available electronically or in other format specified by the Company within 24 hours of the end of each Gas day.

5. To facilitate this management and to avoid or correct imbalances, Rate IT Customer may modify the quantities it intends to have delivered to Company's City Gate in accordance with the nomination procedure of the delivering pipeline. All delivery arrangements must be coordinated with Company's representative in a manner deemed acceptable by Company. The Company may decline a revised nomination for specific operating reasons, where granting such would threaten the reliability of firm supply.

6. For the purpose of this section, the term "supplier" shall refer to both directly transporting Customers and supplier pools. To facilitate this management and to avoid or correct imbalances, a Rate IT supplier may reduce its imbalance by arranging a trade of quantities with another Rate IT supplier. Suppliers shall be permitted to trade IT imbalances on both a daily and monthly basis in accordance with the provisions below in order to reduce an imbalance to zero. Such trade will be arranged separately from PGW's electronic bulletin board systems. Within five (5) business days after month end, the Company shall provide by e-mail to each supplier who has previously agreed to have its data shared, a spreadsheet listing each supplier and whether the supplier had positive or negative daily imbalances (supplier imbalance data). Verification of any trade shall be provided to PGW via e-mail by both suppliers involved in the trade and submitted within five (5) business days of receipt from the Company of the supplier imbalance data. A supplier may offset daily or monthly imbalances in its FT service pool imposed pursuant to section 9.12 of PGW's Supplier Tariff. Such pool-to-pool netting of imbalances between a supplier's FT and IT pools are permitted only to the extent that the offset reduces to zero any positive imbalance in the supplier's IT pool. Any such pool-to-pool imbalance netting shall be communicated via e-mail to the Company within seven (7) business days from the end of the billing month. (C)

Any misconduct by a supplier may terminate or suspend imbalance trading rights. In such event, PGW shall provide written notice of such proposed action to the affected supplier. The supplier or the Company may elect to address the alleged misconduct through the Company's informal dispute resolution procedures, 52 Pa. Code Section § 62.142(b). Either the supplier or the Company may file a complaint with the Commission regarding the alleged misconduct at any time. No action to suspend or terminate a supplier's imbalance trading rights shall occur prior to commission authorization

PHILADELPHIA GAS WORKS

CHARGES

1. MONTHLY BILL

The monthly bill shall consist of the sum of the monthly Customer charge and the Distribution Charge as detailed below:

<u>CUSTOMER CHARGE</u>	<u>(\$ Per Meter Per Month</u> <u>(Parallel Meters are considered one meter)</u>
IT-A:	125
IT-B:	225
IT-C:	225
IT-D:	225
IT-E:	350
<u>DISTRIBUTION CHARGE</u>	<u>Rate (\$) Per Mcf / Dth Delivered</u>
IT-A:	1.54 / 1.48
IT-B:	0.75 / 0.72
IT-C:	0.58 / 0.56
IT-D:	0.53 / 0.51
IT-E:	0.51 / 0.49

(C)

 (C)

COGENERATION SERVICE – RATE CG

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
September 1, 2003

AVAILABILITY

This service is available to any new or existing Commercial or Industrial Customer for Gas use in any form of combined cooling, heating and power production where there is a sequential production of energy and useful thermal energy from the same fuel source or in the sequential production of electrical energy and useful thermal energy from the same fuel source by a qualifying facility as defined in Section 201 of the Public Utility Regulatory Policies Act of 1978, regularly meeting the efficiency standards set forth in Chapter 18 of the Federal Regulations, Sections 292.205 (a) and (b). The Customer must certify that qualifying status has been granted by the Federal Energy Regulatory Commission or must demonstrate to the Company its ability to utilize waste heat created from one process by using Natural Gas in a second process. The waste heat may be generated from any form, such as power production, heating, cooling, or process applications. The waste heat recovered may be used for any domestic, Commercial or Industrial applications. The determination by the Company as to the Customer's ability to co-generate will be final. This service will be available where the Company's facilities are, or can economically be made, available to supply the service; but Gas Service under this rate shall not be a replacement of Gas Service under any rate providing for uninterruptible Gas Service. The Company's determination as to whether the service would amount to such a replacement shall be final. An Applicant for service under this rate shall be required to execute a service agreement in which shall be defined maximum and minimum quantities of Gas to be delivered. The number of Customers to receive service under this rate, at any single time, may be limited by the Company in order to maintain adequate and efficient Gas Service generally.

CHARACTER OF SERVICE

Service under this rate schedule is interruptible, and shall be subordinate to all firm services. Customer is advised of their responsibility to maintain capability of satisfying their requirements during any period when service is interrupted. Interruptions may occur for economic or operational considerations at any time; however, service under this rate schedule will be interrupted based upon the price priority of rate schedule LBS, No. 6 fuel oil alternate service; the service providing the lowest net contribution to be interrupted first.

RATES

CUSTOMER CHARGE:

\$307.00 per month.

(C)

Plus

COMMODITY And DISTRIBUTION CHARGE:

The monthly Commodity Charge for each one hundred cubic feet of Gas used shall be set equal to the average commodity cost of Gas purchased and delivered to PGW's gate stations, including an allowance for Unaccounted for losses where applicable, plus a fixed Distribution Charge of 7.5 cents per Ccf.

Issued: October 18, 2007

Effective: October 19, 2007

From: Origin ID: MDTA (717)237-7173
 Lori Waller
 WOLF BLOCK SCHORR AND SOLIS-CO
 213 MARKET ST., 9TH FLOOR
 PO BOX 865
 HARRISBURG, PA 17101



CL58984872173

Ship Date: 26OCT07
 ActWgt: 1 LB
 System#: 5550046/INET7091
 Account#: S *****

Delivery Address Bar Code



Ref # PHI211/236005
 Invoice #
 PO #
 Dept #

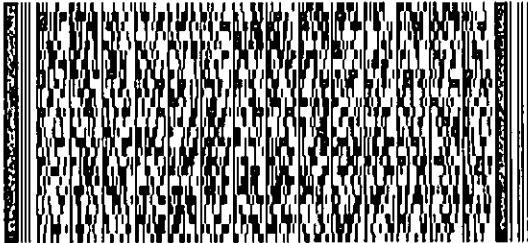
SHIP TO: (717)787-6982

BILL THIRD PARTY

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

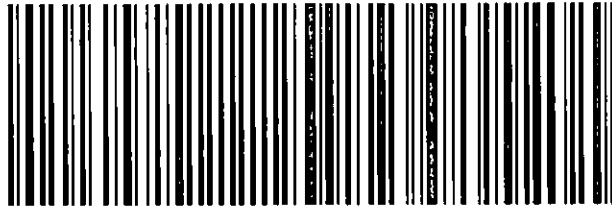
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Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

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 E-MAIL & FIRST CLASS MAIL

Johnnie Simms, Esq.
Richard Kanaskie, Esq.
Allison Kaster, Esq.
Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
E-mail: Simmsj@puc.state.pa.us
rkanaskie@state.pa.us
akaster@state.pa.us

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
E-mail: Dkleppin@mwn.com
Cmincavage@mwn.com

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

Richard Lelash
18 Seventy Acre Rd.
Redding, CT 06896
E-mail: lelash@snet.net

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
E-mail: TmcCloskey@paoca.org
cappleby@paoca.org
dlawrence@paoca.org
jhorner@paoca.org

Philip Bertocci, Esq.
Thu Tran, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
Fax: (215) 981-0434
E-mail: pbertocci@clsphila.org

Robert D. Knecht
Industrial Economic Incorporated
2067 Massachusetts Ave.
Cambridge, MA 02140
rdk@indecon.com

Michael Bleiweis
243 Banks Road
Easton, CT 06612
mikeblei@optonline.net

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Richard Galligan
Exeter Associated, Inc.
5565 Sterrett Place, Suite 310
Columbia, MD 21044
rgalligan@exeterassociates.com

Todd Stewart, Esq.
Hawke McKeon Sniscak & Kennard LLP
PO Box 1778
Harrisburg, PA 17105

John F. Povilaitis, Esq.
Ryan Russell Ogden & Seltzer, PC
800 North Third. St., Suite 101
Harrisburg, PA 17102-2025

Miles Shore, Esq.
School District of Philadelphia
Office of General Counsel
440 N. Broad Street, 3d Floor
Philadelphia, PA 19130-4015
mhshore@phila.k12.pa.us

Katherine Guerry, Esq.
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095

Dated: October 26, 2007

Shari C. Gribbin, Esq.
Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699
shari.gribbin@exeloncorp.com
kent.murphy@exeloncorp.com

Philip L. Hinerman, Esq.
Jill Guldin, Esq.
Fox Rothschild LLP
2000 Market Street, 10th Fl.
Philadelphia, PA 19103-3291
phinerman@foxrothschild.com
jguldin@foxrothschild.com

Andrew S. Levine, Esq.
Stradley Ronon Stevens & Young LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098
alevine@stradley.com


Daniel Clearfield, Esquire

RYAN, RUSSELL, OGDEN & SELTZER
A PROFESSIONAL CORPORATION

ORIGINAL

SUITE 101
800 NORTH THIRD STREET
HARRISBURG, PENNSYLVANIA 17102-2025
TELEPHONE: 717-236-7714
FACSIMILE: 717-236-7816
WWW.RYANRUSSELL.COM

WYOMISSING OFFICE
SUITE 210
1150 BERKSHIRE BOULEVARD
WYOMISSING, PENNSYLVANIA
19610-1208
TELEPHONE: 610-372-4761
FACSIMILE: 610-372-4177

October 29, 2007

HAND DELIVERY

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

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

RECEIVED
2007 OCT 29 PM 3:07
SECRETARY'S BUREAU

Dear Secretary McNulty:

Hess Corporation ("Hess") has reviewed the October 26, 2007 explanatory cover letter and revised pages of Philadelphia Gas Works ("PGW") compliance filing, replacing the tariff pages previously filed on October 18, 2007 in this docket. The Pennsylvania Public Utility Commission's ("Commission") final order in this proceeding required PGW to address the following areas of compliance involving issues raised by Hess: implementation of an imbalance trading program between a supplier's pools and between competitive natural gas suppliers, as well as clarification of tariff terms involving annual firm transportation imbalances. Compliance was also required with respect to implementation of four provisions identified in the ALJs' Recommended Decision ("RD") as the PGW "counterproposals:" 1.) extending day-ahead nominations for gas delivery nominations from noon to 12:30 for upstream interstate pipelines; 2.) inserting tariff language indicating PGW's use of FERC's interest rate for carrying charges on gas loaned to suppliers for firm customers; 3.) updating marketing files for commercial and industrial customers monthly instead of quarterly and 4.) running customer enrollment processing jobs at 10:00 a.m. and noon as additional opportunities to correct customer enrollment mistakes. R.D. at 95.

PGW's revised compliance filing with respect to an imbalance trading program does reflect Hess' input and should be approved by the Commission. PGW's initial compliance filing of October 18, 2007, revised and clarified the tariff terms for annual

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firm transportation imbalances, including use of the FERC interest rate, which is counterproposal item 2.

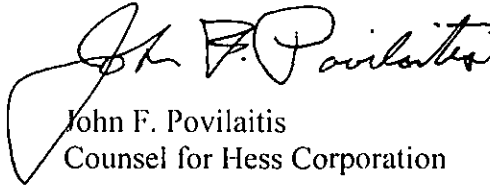
PGW's revised compliance filing implements counterproposal item 1., revision of the day-ahead nomination deadline, to 12:30 p.m. In addition, PGW has committed to implement counterproposal items 3. (updating marketing files) and 4. (running customer enrollment processing jobs at 10:00 a.m. and noon) as part of its Operating Rules for competitive suppliers.

Based on the original and revised compliance filing and PGW's assurances with respect to modifying its supplier Operating Rules, Hess can advise the Commission that it concurs with PGW's compliance filings in this proceeding with respect to Hess proposals adopted by the Commission and will not be submitting Exceptions.

Copies of this correspondence have been filed as indicated on the attached Certificate of Service.

Sincerely yours,

RYAN, RUSSELL, OGDEN & SELTZER P.C.



John F. Povilaitis
Counsel for Hess Corporation

JFP:ck

c. Certificate of Service

Randy Magnani
Jeremy Edwards
Marissa Bach, Esq.

COMMONWEALTH OF PENNSYLVANIA

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
2007 OCT 29 PM 3:07
SECRETARY'S BUREAU

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).

VIA FIRST CLASS AND ELECTRONIC MAIL

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 19122-0050
(215) 684-6878
(215) 684-6798
greg.stunder@pgworks.com

Daniel Clearfield, Esquire
Wolf Block Schorr Solis-Cohen, LLP
213 Market Street – 9th Floor
Harrisburg, PA 19108-0865
(717) 237-7173
(717) 237-7161
dclearfield@wolfblock.com
PGW

Tanya McCloskey, Esquire
Christy Appleby, Esquire
Darryl Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17105-1923
(717) 783-5048
(717) 783-7152
cappleby@paoca.org
dlawrence@paoca.org
tmccloskey@paoca.org

Richard Kanaskie, Esquire
Allison C. Kaster, Esquire
Pennsylvania Public Utility Commission
400 North Street – 3rd Floor
Commonwealth Keystone Building
Harrisburg, PA 17120
(717) 787-1976
(717) 772-2677
rkanaskie@state.pa.us
akaster@state.pa.us

Sharon E. Webb, Esquire
Lauren M. Lepkoski, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 N. 2nd Street
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831
swebb@state.pa.us
llepkoski@state.pa.us

Shari C. Gribbin, Esquire
Kent D. Murphy, Esquire
Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19103
(215) 841-4941 (Murphy phone and fax)
(215) 841-3606 (Gribbin phone)
(215) 568-3389 (Gribbin)
shari.gribbin@exeloncorp.com
kent.murphy@exeloncorp.com

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
(717) 236-1300
(717) 236-4841
tsstewart@hmslegal.com
Interstate Gas Supply, Inc.

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNees Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
(717) 232-800
(717) 237-5300
cmincavage@mwn.com
Philadelphia Industrial and Commercial
Gas Users Group


Philip A. Bertocci, Esquire
Thu B. Tran, Esquire
Action Alliance of Senior Citizens
1424 Chestnut Street
Philadelphia, PA 19102-2505
(215) 981-3702
(215) 981-0435
pbertocci@clsphila.org
ttran@clsphila.org
Action Alliance, TURN

Philip L. Hinerman, Esquire
Jill A. Guldin, Esquire
Fox Rothschild LLP
2000 Market Street, 10th Floor
Philadelphia, PA 19103-3291
(215) 299-2000
(215) 299-2150
PHinerman@foxrothschild.com
jguldin@foxrothschild.com
Philadelphia Housing Authority

Sherry A. Swirsky, Esquire
Miles H. Shore, Esquire
The School District of PA
440 N. Broad Street
Philadelphia, PA 19130
(215) 400-5162
(215) 400-4121
sswirsky@phila.k12.pa.us
mhshore@phila.k12.pa.us

Marissa Bach, Esquire
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095
mbach@hess.com

Date: October 29, 2007



John F. Povilaitis
RYAN, RUSSELL, OGDEN & SELTZER P.C.
800 North Third Street, Suite 101
Harrisburg, PA 17102-2025
Phone: (717) 236-7714
Fax: (717) 236-7816
Email: JPovilaitis@RyanRussell.com

Counsel for Hess Corporation

COMMONWEALTH OF PENNSYLVANIA



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

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William R. Lloyd, Jr.
Small Business Advocate

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

October 29, 2007

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HAND DELIVERED

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

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

Dear Secretary McNulty:

Enclosed for filing are the original and nine (9) copies of the Exception to PGW's Compliance Filing, on behalf of the Office of Small Business Advocate, in the above-docketed proceeding. As evidenced by the enclosed certificate of service, two copies have been served on all active parties in this case.

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

Sincerely,

Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney ID No. 94800

Enclosures

cc: Cheryl Walker Davis
Office of Special Assistants

Robert D. Knecht

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

v.

PHILADELPHIA GAS WORKS

:
:
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:

DOCKET NOS. R-00061931
R-00061931C0001

ORIGINAL

EXCEPTION
OF THE
OFFICE OF SMALL BUSINESS ADVOCATE
TO PGW'S
COMPLIANCE FILING

DOCUMENT
FOLDER

Sharon Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney ID No. 94800

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: October 29, 2007

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II. Exception: A section of PGW’s Tariff called “List of Changes Made
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and a section of PGW’s Tariff on Nineteenth Revised Page No. 83. 3

III. Conclusion 4

I. INTRODUCTION-PROCEDURAL HISTORY

On December 22, 2006, Philadelphia Gas Works (“PGW” or the “Company”) filed Tariff Supplement No. 16 to Gas Service Tariff – Pa. P.U.C. No. 2 (“Supplement No. 16”) to become effective February 20, 2007. The PGW filing proposed an increase in its distribution revenues of \$100 million per year.

The Office of Small Business Advocate (“OSBA”) filed a Complaint on January 18, 2007.

On February 8, 2007, the Pennsylvania Public Utility Commission (“Commission” or “PUC”) suspended Supplement No. 16 until September 20, 2007, in order to conduct an investigation into the lawfulness, justness and reasonableness of PGW’s proposed rate increase. 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 Administrative Law Judges (“ALJs”) Cynthia Williams Fordham and Angela T. Jones.

On February 23, 2007, a prehearing conference was held before ALJ Fordham and ALJ Jones. A second prehearing conference was held on March 2, 2007.

The following are the known active parties involved with PGW’s base rate filing: the OSBA; the Office of Consumer Advocate (“OCA”); the Office of Trial Staff (“OTS”); Action Alliance of Senior Citizens of Greater Philadelphia (“Action Alliance”) and Tenant Union Representative Network (“TURN”); the Philadelphia Industrial and Commercial Users Group (“PICGUG”); PECO Energy Company (“PECO”); Interstate Gas Supply Inc. (“IGS”); the Philadelphia Housing Authority (“PHA”); the School District of Philadelphia (“SDP”); and Hess Corporation (“Hess”).¹

¹ The Archdiocese of Philadelphia (“Archdiocese”) was an active party in this proceeding. However, because counsel for the Archdiocese was not present during the evidentiary hearings, the ALJs denied the Archdiocese intervenor status.

Public input hearings were held on March 26, 2007; March 28, 2007; and April 9, 2007.

The OSBA submitted the direct, rebuttal and surrebuttal testimony of its witness, Robert D. Knecht.

Evidentiary hearings were held before ALJ Fordham and ALJ Jones from May 21, 2007, through May 24, 2007.

The OSBA and other parties to the proceeding submitted main and reply briefs pursuant to the procedural schedule set forth in the ALJs' March 9, 2007, Prehearing Conference Order #3.

The Commission issued the ALJs' Recommended Decision ("R.D.") on July 30, 2007.

On August 20, 2007, the OSBA filed exceptions to the R.D. regarding the ALJs' recommendation that PGW's current allocation of universal service costs be retained and that OSBA's proposal to phase-out the recovery of universal service costs from business customers over three years be rejected. The Company, the OCA, the OTS, PHA, Hess, PICGUG, and Action Alliance also filed exceptions to the R.D.

On August 30, 2007, the OSBA, the OCA, the OTS, PGW, PHA, Action Alliance, and PICGUG filed reply exceptions.

On September 28, 2007, the Commission entered its Opinion and Order.

On October 18, 2007, PGW submitted its compliance filing.

The OSBA is filing this exception to PGW's compliance filing.

II. EXCEPTION

A section of PGW's Tariff called "List of Changes Made by this Tariff" found on Sixteenth Revised Page No. 3 is inconsistent with the Commission's Opinion and Order entered on September 28, 2007, and a section of PGW's Tariff found on Nineteenth Revised Page No. 83.

In PGW's Compliance Filing under "List of Changes Made by this Tariff" on Sixteenth Revised Page No. 3, PGW states that its general service rate for commercial and municipal customers will increase from \$0.43056 to \$0.6744 per Ccf.

PGW originally proposed to increase this rate to \$0.6744 per Ccf for its commercial and municipal Customers.² However, the Commission rejected PGW's proposed increase to the commercial customers in its September 28, 2007, Order.³ Furthermore, PGW's Tariff on Nineteenth Revised Page No. 83 lists the correct general service rates for commercial customers as \$0.43711.

Therefore, the OSBA requests that the general service rates listed under "List of Changes Made by this Tariff" for commercial customers be changed from \$0.67944 per Ccf to \$0.43711 per Ccf to be consistent with the Commission's Order entered September 28, 2007, and the section of PGW's Tariff found on Nineteenth Revised Page No. 83.

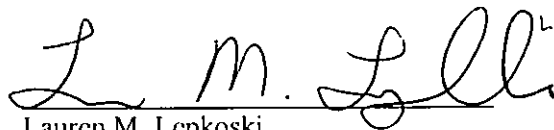
² PGW Volume I, Tab 1

³ *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket Nos. R-00061931 and R-00061931C001 *et al* (Order entered September 28, 2007) at 88.

III. CONCLUSION

Wherefore, the OSBA respectfully requests that the Commission grant the OSBA's Exception and change the general service rate listed on Sixteenth Revised Page No. 3 for commercial customers from \$0.67944 to \$0.43711.

Respectfully submitted,



Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney I.D. No. 94800

For:

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

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831

Dated: October 29, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

DOCKET NO. R-00061931

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CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Exception to PGW's Compliance Filing, 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
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 (fax)
cfordham@state.pa.us

Hon. Angela T. Jones
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 (fax)
angeljones@state.pa.us

Daniel Clearfield, Esquire
Alan C. Kohler, Esquire
Wolf, Block, Schorr & Solis-Cohen
213 Market St., 9th Floor
P. O. Box 865
Harrisburg, PA 17108-0865
(717) 237-7160
(717) 237-7161 (fax)
dclearfield@wolfblock.com
akohler@wolfblock.com

Darryl Lawrence, Esquire
Christy Appleby, Esquire
Tanya McCloskey, Esquire
Jessica Horner, Esquire
Office of Consumer Advocate
555 Walnut Street 5th FL Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
dlawrence@paoca.org
cappleby@paoca.org
tmccloskey@paoca.org
jhorner@paoca.org
(E-mail and Hand Delivery)

Richard A. Kanaskie, Esquire
Allison C. Kaster, Esquire
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1976
(717) 772-2677 (fax)
rkanaskie@state.pa.us
akaster@state.pa.us
(E-mail and Hand Delivery)

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122
(215) 684-6878
(215) 684-6798 (fax)
greg.stunder@pgworks.com

Philip A. Bertocci, Esquire
Thu B. Tran, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102-2505
(215) 981-3702
(215) 981-0435 (fax)
pbertocci@clsphila.org
ttran@clsphila.org

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
dkleppinger@mwn.com
cmincavage@mwn.com

John F. Povilaitis, Esquire
Matthew A. Totino, Esquire
Ryan Russell Ogden & Seltzer, PC
800 North Third Street - #101
Harrisburg, PA 17101
(717) 236-7714
jpovilaitis@ryanrussell.com
mtotino@ryanrussell.com

Katherine Gueerry
kguerry@hess.com
(E-mail only)

Tom Maher
Office of Special Assistants
tmaher@state.pa.us
(E-mail only)

Philip L. Hinerman, Esquire
Jill A. Guldin, Esquire
Fox Rothschild, LLP
2000 Market Street - 10th Floor
Philadelphia, PA 19103-3291
(215) 299-2000
(215) 299-2150 (fax)
phinerman@foxrothschild.com
jguldin@foxrothschild.com

Kent D. Murphy, Esquire
Shari C. Gribbin, Esquire
Exelon Business Services Company
2301 Market Street - #S23-1
Philadelphia, PA 19101
(215) 841-4941
(215) 841-4941 (fax)
kent.murphy@exeloncorp.com
shari.gribbin@exeloncorp.com

Todd S. Stewart, Esquire
Hawke McKeon Sniscak & Kennard LLP
100 North 10th Street
P. O. Box 1778
Harrisburg, PA 17105-1778
(717) 236-1300
(717) 236-4841 (fax)
tsstewart@hmsk-law.com

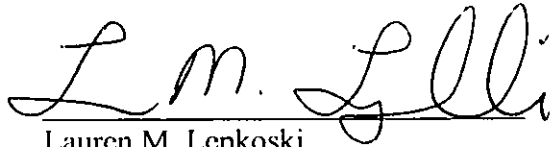
Sherry A. Swirsky, Esquire
Miles H. Shore, Esquire
The School District of Philadelphia
440 N. Broad Street
Philadelphia, PA 19130
(215) 400-6710
(215) 400-4122 (fax)
sswirsky@phila.k12.pa.us
mhshore@phila.k12.pa.us

Henry Deichmiller
hdeichmill@state.pa.us
(E-mail only)

Nicholas Okoro
nokoro@state.pa.us
(E-mail only)

David Huff
dhuff@state.pa.us
(E-mail only)

Andrew S. Levine, Esquire
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103
(215) 564-8073
(215) 564-8120 (fax)
alevine@stradley.com

A handwritten signature in cursive script that reads "L.M. Lepkoski". The signature is written in black ink and is positioned above a horizontal line.

Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney ID No. 94800

Date: October 29, 2007

213 Market Street, 9th Floor, P.O. Box 865, Harrisburg, PA 17108-0865
Tel: (717) 237-7160 □ Fax: (717) 237-7161 □ www.WolfBlock.com

ORIGINAL

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

November 2, 2007

VIA HAND DELIVERY

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
2007 NOV -2 PM 3:14
PA PUC
SECRETARY'S BUREAU

Re: Pa. PUC v. Philadelphia Gas Works,
Docket No. R-00061931 – Compliance Filing

Dear Secretary McNulty:

On behalf of Philadelphia Gas Works ("PGW") enclosed please find Reply Exceptions in response to the two Exceptions that were filed to PGW's Proposed Compliance Filing. In addition to the Reply, PGW is attaching a revised Sixteenth Revised Page No. 3 "List of Changes Made by This Tariff," (in both redlined and final form) to replace the page that was filed with the original compliance filing. The Office of Small Business Advocate ("OSBA") pointed out in its "exception" that this tariff page contained typographical errors. Please replace the originally filed page with the revised page. PGW believes that this correction resolves OSBA's "exception."

The only other exception submitted was by the Office of Consumer Advocate ("OCA"). It is crucially important to the Company that the Commission approve the Company's compliance filing at the Commission's public meeting on November 8, 2007. As indicated previously, PGW has voluntarily determined not to bill customers for service that has already been billed back to the end of the suspension period, September 28, 2007, even though it has a legal right to do so. PGW's voluntary decision will result in forgoing billing some \$270,000 of additional revenue. PGW can only agree not to apply such supplemental charges if the Commission acts expeditiously to approve its compliance tariff or to permit the Company to charge the new rates while it prepares and files any revisions deemed to be necessary by the Commission.

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BA

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James McNulty, Secretary
November 2, 2007
Page 2

With respect to OCA's exception, as PGW's Reply Exception notes, while requesting revisions in the allocation of the rate increase, and, correspondingly, revisions in the delivery rates for firm customers (due to a difference of opinion as to the appropriate allocation of a single item: the recovery of the rate reduction for IT rate customers), the OCA agreed that any such revisions should be put in place on a prospective basis only, and after PGW is permitted to start to bill the rates that it proposed in its compliance filing.¹ If PGW is permitted to do so at the PUC's November 8 meeting, it pledges to expeditiously file a second compliance filing reflecting any PUC-directed revisions, which it would put into effect on a going forward basis in place of the authorized compliance filing rates. PGW submits that this approach is the most reasonable, given the importance of permitting PGW to receive the benefit of the authorized base rate increase now that the winter heating season is fast approaching.

Please contact me if you require any further information or have additional questions.

Sincerely,



Daniel Clearfield

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DC/lww
Enclosure

cc: Paul Diskin, FUS
Parties of Record w/enc.

¹ OCA Exceptions at 2-3. PGW appreciates OCA's willingness to agree to this approach.

General Service – Rate GS (Fifteenth Revised Pg. No. 83) – The following delivery charges, increases: 1) from \$0.42124 to \$0.49894 per Ccf for Residential and Public Housing; 2) from \$0.43056 to \$0.43711 per Ccf for Commercial and Municipal Customers; and 3) from \$0.43029 to \$0.43684 per Ccf for Industrial Customers.

Municipal Service – Rate MS (Fifteenth Revised Pg. No. 87) – the delivery charge increases from \$0.31470 per Ccf to \$0.32125 per Ccf.

Philadelphia Housing Authority Service – Rate PHA (Fifteenth Revised Pg. No. 90) – the delivery charge increases from \$0.42952 per Ccf to \$0.43607 per Ccf.

Boiler and Power Plant Service – Rate BPS (First Revised Pg. No. 93) – the customer charge (direct and indirect) increases: 1) from \$35.00 to \$43.00 per month for Customers with annual consumption of less than 10,000 Mcf; and 2) from \$75.00 to \$92.00 per month for Customers with annual consumption of between 10,000 Mcf and 100,000 Mcf, inclusive.

Load Balancing Service – Rate LBS (First Revised Pg. No. 97) – the customer charge (direct and indirect) increases: 1) from \$100.00 to \$123.00 per month for Customers with annual consumption of less than 80,000 Mcf; 2) from \$175.00 to \$215.00 per month for Customers with annual consumption of between 80,000 Mcf and 350,000 Mcf, inclusive; and 3) from \$250.00 to \$307.00 per month for Customers with annual consumption greater than 350,000 Mcf.

Daily Balancing Service - Rate DB (First Revised Page No. 103) - Updating the time for nominations for flowing Gas.

Daily Balancing Service - Rate DB (First Revised Page No. 105) - adding supplier imbalance trading provisions.

Interruptible Transportation Service – Rate IT (First Revised Pages 113 to 115) – rates classes and the related volumetric minimum volumes have changed as well as customer and distribution charges.

Cogeneration Service – Rate CG (First Revised Pg. No. 131) – the customer charge increases from \$250.00 to \$307.00 per month.

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PHILADELPHIA GAS WORKS

Restructuring and Consumer Education Surcharge – (Sixth Revised Pg. No. 79)

General Service – Rate GS (Fifteenth Revised Pg. No. 83) – The following delivery charges, increases: 1) from \$0.42124 to \$0.49894 per Ccf for Residential and Public Housing; 2) from \$0.43056 to \$0.43711 per Ccf for Commercial and Municipal Customers; and 3) from \$0.43029 to \$0.43684 per Ccf for Industrial Customers.

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Issued: November 30, 2006 ~~December 22,~~
~~2006~~ October 18, 2007

Effective: December 1, 2006 ~~February 20,~~
~~2007~~ October 19, 2007

*This red-lined version is being provided as a courtesy to reflect the changes between the current tariff and the proposed tariff.
To the extent there may be any inconsistencies between the two, the proposed tariff controls.*

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. :
 :
 Philadelphia Gas Works :

Docket No. R-00061931

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REPLY EXCEPTIONS OF PHILADELPHIA GAS WORKS

Daniel Clearfield, Esq.
Kevin J. Moody, Esq.
Deanne M. O'Dell, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
213 Market Street, 9th Floor
P.O. Box 865
Harrisburg, PA 17108-0865
(717) 237-7160

Of Counsel:

Gregory J. Stunder, Esq.
Philadelphia Gas Works
800 West Montgomery Ave
Philadelphia, PA 19122

Date: November 2, 2007

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I. INTRODUCTION

In accordance with 52 Pa. Code § 5.592(c), Philadelphia Gas Works ("PGW") hereby submits the following Replies to Exceptions of the Office of Small Business Advocate ("OSBA") and the Office of Consumer Advocate ("OCA"), the only parties to file exceptions to PGW's filing.

II. RESPONSE

A. OSBA

The OSBA filed an "exception" pointing out that a few of the rates listed on a page entitled "List of Changes Made By This Tariff, (Sixteenth Revised Page No. 3" in the proposed Compliance Filing) contained typographical errors in that they continued to show the rates originally proposed by PGW. OSBA is correct that some of the listed rates on that summary page were incorrect due to typographical errors. PGW notes that this page is simply provided as a courtesy to the Commission and has no legal significance. As the OSBA also points out, the rates reflected in the actual tariff pages are correct. The OSBA did not take issue with any rate listed in the operative portions of the Tariff Supplement. Along with these Reply Exceptions, PGW is filing a revised "List of Changes" page to correct the typographical errors. With this filing, OSBA's "exception" to PGW's Compliance Filing should be resolved.

B. OCA

OCA's sole issue with PGW's Compliance Filing is the means by which PGW proposes to allocate the rate decreases resulting from the Commission's directive that the rates for PGW's Interruptible Transportation ("IT") customers be reduced to cost. As the Commission instructed, PGW revised its IT rates to reflect the actual cost to provide the service, as calculated in its cost-

of-service study.¹ As a result, the margin (i.e., the revenues in excess of cost) – some \$2.7 million (\$2,671,000) – presently being recovered from those customers now must be recovered from other customer classes in order to permit PGW to experience a net increase of \$25 million. PGW proposed to include that amount as part of the overall rate increase that needed to be produced and allocated it in the same way as the remaining \$25 million. In accordance with the PUC's directive that the OTS/OSBA allocation of rate increase be followed, PGW's compliance filing proposes to allocate the total rate increase needed to offset the IT rate decrease to the Residential Class.²

OCA recognizes and agrees that PGW's rates must be increased by more than \$25 million in order to permit the Company to account for this rate decrease awarded to the IT service, and still realize a \$25 million net increase – as ordered.³ But OCA claims that the \$2.7 million lost IT margin is a "cost shift" and not a rate increase and, thus, should not have been allocated in the same manner as the rest of the rate increase⁴ – i.e., with the overwhelming portion being assigned to the residential classes. OCA claims that PGW's prior pleadings support this differentiation. Further, it claims that when large customers receive discounts to induce them to stay on the system, as it suggests is occurring here, the unrecovered "costs" are recovered from all remaining customers – not just residential customers.⁵

¹ PGW Compliance Filing, Attachment A, Sch. 6.

² PGW Compliance Filing, Attachment A, 3, pg. 1, line 37.

³ OCA Exceptions at 4. To fail to permit PGW to recover this \$2.7 million rate decrease from remaining customers in some manner would be inconsistent with the clear directives in the Order and constitute a reversal of the Commission's decision that PGW had justified a \$25 million total increase in its overall revenues.

⁴ *Id.*

⁵ *Id.* at 5.

As will be explained below, PGW allocated the rate increase needed to balance out the rate decrease caused by the lost margin from IT service because it believed that considering the PUC's overall directives concerning allocation of the rate increase, it had no choice but to allocate the necessary rate recovery in this manner. However, if the Commission wishes a different allocation of the \$2.7 million in lost IT margin revenue PGW stands ready to provide revised rates to accomplish that purpose. It is well to recognize that the effect of an alternative allocation is marginal. For example, if the lost IT revenue were allocated to all classes on a volumetric basis the result would be that the Residential class would see its overall revenue responsibility go down by \$684,000. Correspondingly, the increases that other rate classes would have to bear would be similarly very small, relatively speaking. PGW has attached as Appendix A to these Replies a spreadsheet showing the differences in revenue allocation between the allocation proposed in PGW's Compliance Filing and an allocation of the disputed \$2.7 million to all firm rate classes on a volumetric basis.

In light of the relatively small effect that a different allocation of IT rate decreases would have on customer rates, PGW submits that, whatever the PUC's ultimate conclusion, it is crucially important that the Commission permit PGW to implement the authorized, \$25 million rate increase using the currently proposed compliance filing rates as soon as possible, and order any rate revisions to be put in place on a going forward basis. PGW has already voluntarily agreed to forego rebilling customers at the new rates for already billed service provided after September 28, 2007, even though it is legally within its right to do so. PGW will forego an estimated \$270,000 as a result of this voluntary decision to avoid the potential questions and concerns that might be created in the minds of customers by any rebilling for previously billed

periods (back to September 28). Accordingly, PGW urges the Commission to expeditiously consider and resolve the issue of the appropriate recovery of the revenue reductions caused by the imposition of cost-based IT rates. If the Commission cannot resolve the issue at its next public meeting (November 8), it should permit PGW to place its compliance filing rates into effect and, when the Commission does resolve OCA's issue, it should order PGW to file revised rates on a going-forward basis.⁶ The OCA specifically endorsed this approach in its Exception.⁷

As to the merits of OCA's argument, PGW allocated the lost revenue created by reducing its IT rates to cost because of its reading of the Commission's directives regarding revenue allocation. The PUC stated that it "agreed with the ALJs, the OSBA and the OTS that the most equitable methodology in the case is to apply the benefit of the \$25 million recommendation [i.e., the reduction of PGW's requested \$100 million increase to the authorized \$25 million increase] to the Commercial, Industrial and Housing GS classes as proposed primarily by the OSBA with the first dollar relief proposed by the OTS."⁸

The OTS "First Dollar Relief" proposal – adopted by the Commission – was described by OTS in its brief as follows:

OTS maintains that the proper solution to the flawed revenue allocation proposed by the Company is a targeted scale back of the affected classes. OTS Witness Kubas specifically targets the Commercial, Industrial and Housing GS classes for first dollar relief. First dollar relief is based on the premise that the Commission does not allow the full increase as requested by the

⁶ As PGW indicated in its initial cover letter submitted with its compliance filing, if the PUC does not authorize it to put its compliance filing into effect on one day's notice the Company reserves the right to rebill customers for previously billed service provided on or after September 28, 2007.

⁷ OCA Exceptions at 2-3.

⁸ Order at 84.

Company. First dollar relief provides that the affected classes receive the benefit of reduced rate relief by not receiving an increase until the threshold level of increase has been reached. OTS witness Kubas has recommended that the Commercial, Industrial and Housing GS classes not receive any increase in this proceeding unless the Commission was to grant rate relief in excess of \$74,231,000. In other words, the benefit of the first \$25,769,000 reduction should go to these targeted classes. As mentioned earlier, these classes are currently significantly overpaying based on the Company's submitted COSS. The next beneficiary of reduced rate relief should be the Municipal class. OTS Witness Kubas recommends that the next \$1,317,000 of reduced rate relief should flow the Municipal class.⁹

Based upon this explanation of OTS's First Dollar Relief proposal, and after conferring with OTS witness Kubas, PGW concluded that no part of the rate increase could be allocated to the Commercial, Industrial, Housing GS or Municipal classes unless the rate increase was greater than approximately \$75.5 million. Accordingly, PGW believed it was required to allocate both the \$25 million allowed rate increase and the \$2.7 million rate decrease caused by the revision of the IT rates to the residential classes. Otherwise, the classes that the OTS/OSBA wished to shield from a rate increase would, in fact, receive one.¹⁰

However, OCA differentiates the \$25 million rate increase from the \$2.7 million needed to make PGW whole for the mandated reduction in IT rates by characterizing the latter as a "cost shift" not a rate increase. But, in fact, it is not a cost shift. The additional rate increase is necessitated by shifting revenues in excess of cost previously collected from one group of customers (IT customers) to the remaining body of customers. Under the circumstances, PGW believes that recovery of this revenue shortfall in the same manner as the main revenue shortfall created by the authorized \$25 million rate increase is a fair and reasonable interpretation of the

⁹ OTS MB at 59-60.

¹⁰ See, App. A, hereto.

Commission's order.¹¹ However, and as suggested above, other interpretations of the Order may be possible and PGW stands ready to implement any mandated revision – after it is permitted to start to bill the compliance rates.

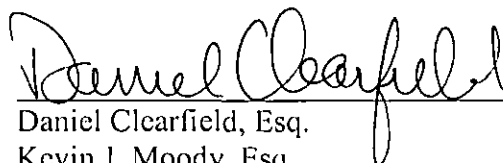
¹¹ The OCA's quote from PGW's Exceptions in which the Company pointed out that if the Commission did order cost based IT rates (over PGW's objection) that the revenue over cost collected from this class would have to be recovered from "firm ratepayers" (OCA Exceptions at 4-5) needs to be read in context. Indeed, if the Commission had either adopted PGW's claimed \$100 million rate increase (or a substantial portion thereof), or if it had adopted PGW's recommended revenue allocation the lost revenue from reducing IT rates would have come from all firm rate classes – because a portion of the overall rate increase would have been derived from all the firm rate classes. PGW's Exceptions were written in that context. But the PUC clearly rejected PGW's approach.

Moreover, OCA's observation that in cases in which large industrial and commercial customers receive rate discounts the unrecovered "costs" are recovered from all remaining customers is not applicable. (*Id.*, at 5-6) PGW's IT rates (which were not challenged by any party) reduced IT revenues to cost, not below cost. The reallocation is thus not a cost shift but a revenue shortfall shift.

III. CONCLUSION

Philadelphia Gas Works respectfully requests that the Commission reject the Exceptions to its Compliance Filing submitted by the OCA, but in any event, permit PGW's proposed compliance rates to be placed into effect at its November 8, 2007 Public Meeting and order any revisions in the filed rates to be submitted and implemented in response to the PUC's Order on a going forward basis, after review and approval by the Commission.

Respectfully submitted,



Daniel Clearfield, Esq.

Kevin J. Moody, Esq.

Deanne M. O'Dell, Esq.

Wolf, Block, Schorr and Solis-Cohen LLP

213 Market Street, 9th Floor

P.O. Box 865

Harrisburg, PA 17108-0865

(717) 237-7160

Of Counsel:

Gregory J. Stunder, Esq.

Philadelphia Gas Works

800 West Montgomery Ave

Philadelphia, PA 19122

Date: November 2, 2007

APPENDIX A

PGW
Re-allocation of IT Margin

	<u>Total</u>	<u>Residential</u> <u>Non-Heat</u>	<u>Residential</u> <u>Heat</u>	<u>Commercial</u> <u>Non-Heat</u>	<u>Commercial</u> <u>Heat</u>	<u>Industrial</u> <u>Non-Heat</u>	<u>Industrial</u> <u>Heat</u>	<u>Municipal</u> <u>Non-Heat</u>	<u>Municipal</u> <u>Heat</u>	<u>Housing</u> <u>Auth.</u> <u>GS</u>
Compliance filing Attachment 3 Line 37	24,998	1,039	26,570	-	-	-	-	-	-	-
Revised schedule Attachment 3 Line 37	24,999	1,014	25,911	87	435	18	38	13	52	42
Change in allocation		(25)	(659)	87	435	18	38	13	52	42
			(684)		522		56		65	42

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 E-MAIL &/OR FIRST CLASS MAIL

Johnnie Simms, Esq.
Richard Kanaskie, Esq.
Allison Kaster, Esq.
Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
E-mail: Simmsj@puc.state.pa.us
rkanaskie@state.pa.us
akaster@state.pa.us

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
E-mail: Dkleppin@mwn.com
Cmincavage@mwn.com

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

Richard Lelash
18 Seventy Acre Rd.
Redding, CT 06896
E-mail: lelash@snet.net

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
E-mail: TmcCloskey@paoca.org
cappleby@paoca.org
dlawrence@paoca.org
jhorner@paoca.org

Philip Bertocci, Esq.
Thu Tran, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
Fax: (215) 981-0434
E-mail: pbertocci@clsphila.org

Robert D. Knecht
Industrial Economic Incorporated
2067 Massachusetts Ave.
Cambridge, MA 02140
rdk@indecon.com

Michael Bleiweis
243 Banks Road
Easton, CT 06612
mikeblei@optonline.net

SECRETARY'S BUREAU
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RECEIVED

Richard Galligan
Exeter Associated, Inc.
5565 Sterrett Place, Suite 310
Columbia, MD 21044
rgalligan@exeterassociates.com

Todd Stewart, Esq.
Hawke McKeon Sniscak & Kennard LLP
PO Box 1778
Harrisburg, PA 17105

John F. Povilaitis, Esq.
Ryan Russell Ogden & Seltzer, PC
800 North Third. St., Suite 101
Harrisburg, PA 17102-2025

Miles Shore, Esq.
School District of Philadelphia
Office of General Counsel
440 N. Broad Street, 3d Floor
Philadelphia, PA 19130-4015
mhshore@phila.k12.pa.us

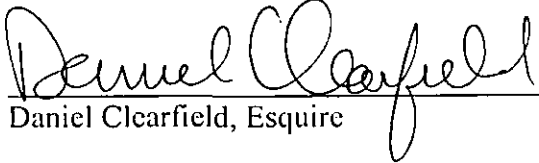
Katherine Guerry, Esq.
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095

Dated: November 2, 2007

Shari C. Gribbin, Esq.
Kent Murphy, Esq.
Exelon
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699
shari.gribbin@exeloncorp.com
kent.murphy@exeloncorp.com

Philip L. Hinerman, Esq.
Jill Guldin, Esq.
Fox Rothschild LLP
2000 Market Street, 10th Fl.
Philadelphia, PA 19103-3291
phinerman@foxrothschild.com
jguldin@foxrothschild.com

Andrew S. Levine, Esq.
Stradley Ronon Stevens & Young LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098
alevine@stradley.com


Daniel Clearfield, Esquire

COMMONWEALTH OF PENNSYLVANIA



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

William R. Lloyd, Jr.
Small Business Advocate

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

November 5, 2007

HAND DELIVERED

ORIGINAL

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

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

Dear Secretary McNulty:

Enclosed for filing are the original and nine (9) copies of the Reply Exceptions to PGW's Compliance Filing, on behalf of the Office of Small Business Advocate, in the above-docketed proceeding. As evidenced by the enclosed certificate of service, two copies have been served on all active parties in this case.

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

**DOCUMENT
FOLDER**

Sincerely,

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

BA

Enclosures

cc: Cheryl Walker Davis
Office of Special Assistants

Robert D. Knecht

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC
UTILITY COMMISSION

v.

PHILADELPHIA GAS WORKS

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DOCKET NOS. R-00061931
R-0061931C0001

REPLY EXCEPTIONS OF THE
OFFICE OF SMALL BUSINESS ADVOCATE
TO PGW'S COMPLIANCE FILING

ORIGINAL

DOCUMENT
FOLDER

Sharon Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney ID No. 94800

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

DOCKETED
NOV 06 2007

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

Dated: November 5, 2007

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I. INTRODUCTION-PROCEDURAL HISTORY

On September 28, 2007, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) entered an Order approving, with certain modifications, the August 24, 2007, Recommended Decision of Administrative Law Judges Cynthia Williams Fordham and Angela T. Jones relative to the request of the Philadelphia Gas Works (“PGW”) for an increase of \$100 million per year in its distribution revenues.

On October 18, 2007, PGW submitted its compliance filing to the Commission along with a proof of revenue and associated tariff charges. Subsequently, on October 26, 2007, PGW filed proposed additional revisions to its October 18th compliance filing.

On October 29, 2007, the Office of Consumer Advocate (“OCA”) filed an exception to PGW’s compliance filing.

The OSBA respectfully submits this reply to the OCA’s exception to the compliance filing.

II. REPLY TO OCA'S EXCEPTION: PGW's redesign of IT rates resulted in a revenue shortfall totaling \$2.671 million. In its proposed compliance filing, PGW correctly assigned the entire shortfall to the residential classes.

As part of this proceeding, the Commission ordered PGW to develop cost-based rates for Interruptible Transportation ("IT") customers within 20 days after entry of the Commission's Order.¹ The Commission acknowledged PGW's assertion that the change in IT rates would have an impact on the rates of firm sales customers.² The result of the redesign of the IT rate (from a market-based to a cost-based rate) results in a revenue shortfall of \$2.671 million. In its compliance filing, PGW proposed to assign the entire revenue shortfall to the residential classes. The OCA excepted to PGW's proposed allocation of the shortfall.

In its exception, the OCA posits that there is no reasonable basis for shifting the entire \$2.671 million dollar revenue requirement to the residential classes.³ The exception should be denied for the reasons set forth herein below.

A. The \$2.671 million shortfall should be allocated in the same way as the \$25 million rate increase was allocated.

The Commission acknowledged the shortfall that would be created as a result of moving the IT rates from market-based rates to rates based on the cost of service. Additionally, the Commission was aware that the revenue shortfall created by moving IT rates to cost of service would be made up by a class or classes other than IT.⁴ However,

¹ *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-00061931 and R-00061931C0001 *et al.* (Order entered September 28, 2007) ("Order") at 92.

² Order at 91.

³ OCA's Exception at 2.

⁴ Order at 91-92.

the Commission neither stated nor implied that the responsibility for the shortfall should be allocated differently than the responsibility for the \$25 million increase.

In approving first-dollar relief, the Commission pointed out that “the record before us indicates a *substantial inequity* in rates between the residential classes and the non-residential firm sales customers.”⁵ That inequity, which the Commission sought to address by awarding first-dollar relief, would be exacerbated if the shortfall were recovered from any class but the residential classes.

PGW submitted a revised cost of service study (“COSS”) to comply with the Commission’s decision to adopt the COSS methodology recommended by the Office of Trial Staff (“OTS”). That revised COSS assigns the responsibility for making up the entire \$2.671 million shortfall to the residential classes. Except for disagreeing with the treatment of the \$2.671 million, the OCA did not file an exception to the COSS. Therefore, the OCA has implicitly agreed that PGW produced a revised COSS which is otherwise consistent with the Commission’s Order.

Significantly, even after assigning responsibility for the entire \$2.671 million shortfall to the residential classes, the revised COSS shows that the residential classes will continue to pay less than the system average rate of return while the non-residential customer classes will continue to pay more than the system average rate of return.

System Average	8.6%
Residential	7.8%
Commercial	11.5%
Industrial	12.9%
Municipal	10.1% ⁶

⁵ Order at 84. (emphasis added)

⁶ PGW’s October 18, 2007, Compliance Filing, Attachment 3 to Attachment A.

Therefore, contrary to the OCA's contention, there is a reasonable basis for PGW's compliance filing.

First, the Commission approved first-dollar relief because first-dollar relief "is an appropriate mechanism to move class rates closer to a cost of service basis."⁷ In contrast, adopting the OCA's position on allocating a share of the \$2.671 million to overpaying non-residential classes would move class rates of return farther away from cost of service. Therefore, granting the OCA's exception would be inconsistent with the reason why the Commission adopted first-dollar relief.

Second, allocating the \$2.671 million shortfall is functionally equivalent to allocating an overall \$27.671 million rate increase (rather than a \$25 million rate increase). Under the first-dollar relief mechanism proposed by OTS and adopted by the Commission, none of that \$27.671 million rate increase would have been assigned to the commercial and industrial classes.⁸ (In fact, for a rate increase of up to \$71.6 million, the OTS proposal would assign no increase to the commercial, industrial and PHA classes.)⁹ The overpaying classes should not be made worse off in a compliance filing than they would have been if the Commission had decided to keep IT rates at market and to award PGW a \$27.671 million rate increase (or even a \$71.6 million increase).

Third, the OCA's argument that the residential classes will pay more than the entire \$25 million rate increase under PGW's compliance filing is irrelevant.¹⁰ The OCA is not proposing that the residential class pay *none* of the \$2.671 million. Therefore, the

⁷ Order at 84.

⁸ Order at 81.

⁹ OSBA Statement No. 2 at 4, OTS Main Brief at 59.

¹⁰ OCA's Exception at 3.

OCA implicitly agrees that the residential classes should face an increase of more than \$25 million as a result of this proceeding.

Fourth, the OCA has offered no specific proposal for how responsibility for paying the \$2.671 million should be allocated. Therefore, if the Commission agrees with the OCA that the \$2.671 million should be allocated as a separate type of cost, the only basis which can be inferred from the Order is the same revenue allocation as that used for the \$25 million, *i.e.*, assign virtually all of it to the residential classes. To develop a whole new allocation approach—which is presumably what the OCA wants—would require a re-opening of the rate proceeding.

B. Allocating the entire \$2.671 million to the residential classes is not contrary to the Restructuring Order.

The OCA argues that allocating the entire \$2.671 million to the residential classes is contrary to the Commission's recognition in the Restructuring Order that approving cost-based IT rates might shift costs to firm customers.¹¹

In the portion of the Restructuring Order cited by the OCA, the Commission did not say that adopting cost-based IT rates would shift costs to each firm customer *class*. Rather, the Commission said that such IT rates might shift costs “to firm *customers*.” (emphasis added) Residential customers are “firm customers.” Therefore, the Restructuring Order does not indicate that the Commission previously concluded that all firm customer *classes* would have to bear a share of those costs.

Moreover, the Restructuring Order deferred the issue of establishing cost-based IT rates to a base rates proceeding, specifically in order to allow for an equitable re-assignment of the IT class's over-recovery of costs. A base rates proceeding allows the

¹¹ OCA's Exception at 4, citing *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket No. M-00021612 (Order entered March 31, 2003).

Commission to consider all cost and rate considerations, and not merely the rate unbundling in a restructuring proceeding. By approving the establishment of cost-based IT rates in this proceeding, the Commission has implicitly made the \$2.671 million part and parcel of PGW's overall rate increase.

C. The OSBA has not waived the right to object to the OCA's position.

The OCA argues that PGW's exception to the Recommended Decision ("RD") warned that other customers (predominantly, but not exclusively, residential customers) would have to make up the \$2.671 million subsidy previously provided by IT. No party filed a reply exception to that point. Therefore, the OCA posits that no party can raise the issue now.¹²

First, whatever point PGW may have intended to convey regarding responsibility for making up the subsidy is now irrelevant. In its good faith effort to implement the Order, PGW determined that the Commission intended that first-dollar relief apply to all of the rate changes ordered by the Commission.

Second, nothing in the RD stated or implied that the shortfall was to be recovered in a way which would be inconsistent with the first-dollar relief mechanism or with the goal of moving classes closer to cost of service. The OCA could have filed an exception to the absence of such a statement or implication in the RD. However, the OCA did not file such an exception. Therefore, if any party has waived its right to argue the allocation of the \$2.671 million now, that party is the OCA.

¹² OCA's Exception at 5-6.

D. Allocating the entire \$2.671 million to the residential classes is not inconsistent with *PPL Gas*.

The OCA argues that the compliance filing is inconsistent with *PPL Gas*, in which existing base rate revenue shortfalls were made up by contributions from *all* firm customer classes and not just by residential customers.¹³

The issue in *PPL Gas* is different from the issue in this case. In *PPL Gas*, LVS customers were paying rates which were below cost of service. The agreement referenced in OCA's citation to the Order in *PPL Gas* was that the shortfall created by the subsidy provided to LVS (*i.e.*, "the under-recovery of costs") should be shared by all classes because all classes benefited from keeping LVS customers on the system. Here, the issue is not how to allocate responsibility for a subsidy provided to IT customers. Rather, the issue is how to allocate responsibility for costs which have heretofore been recovered through a subsidy provided by IT. (According to PGW's compliance COSS, the only firm sales rate classes in PGW which *receive* a subsidy are the residential classes.)

Assigning responsibility for making up the \$2.671 million shortfall is essentially what the Commission does in each rate case in which it eliminates or reduces a subsidy being provided by an overpaying class. The Commission allocates the utility's revenue among the classes in a way which moves both the overpaying and the underpaying classes' rates of return closer to the system average. Under the OCA's logic, however, a shortfall caused by eliminating a subsidy provided by one class should be allocated outside the normal COSS/revenue allocation process and by some unspecified criterion other than moving all classes closer to cost of service.

¹³ OCA's Exception at 5-6, citing *Pennsylvania Public Utility Commission v. PPL Gas Utilities Corporation*, Docket No. R-00061398 (Order entered February 8, 2007).

Despite its objection to how PGW's compliance filing allocates the \$2.671 million, the OCA has presented no specific alternative. Developing such an alternative would require re-opening the underlying rate proceeding.

E. There is no record evidence that reducing IT rates to cost will benefit customers currently paying commercial class rates.

The OCA further argues that commercial customers should pay part of the \$2.671 million because commercial customers will be able to benefit by moving to cost-based IT rates.¹⁴

There is no record evidence to support the OCA's speculation that commercial customers will migrate to IT because IT rates are being cut. Rather, the evidence actually supports the conclusion that lowering IT rates will not entice commercial customers to shift.

First, to be eligible for IT service, a commercial customer would have to have alternative fuel capability or otherwise be able to demonstrate that the customer can operate without gas.¹⁵ There is no evidence that any significant number of commercial customers have alternative fuel capability.

Second, to be eligible for IT service, the commercial customer would have to have a minimum load of 15,000 Dth/year or be part of an aggregation of ten or fewer customers with an aggregated minimum load of 15,000 Dth/year.¹⁶ In contrast, the average firm sales commercial heating customer has a load of less than 450 Mcf/year.¹⁷

¹⁴ OCA's Exception at 6.

¹⁵ PGW'S Gas Tariff Pa. P.U.C. No. 2, Page 112

¹⁶ PGW's Gas Tariff Pa. P.U.C. No. 2, Page 111

¹⁷ PGW'S Compliance Tariff, Attachment 1 to Attachment A, Line 19

Third, there is no record evidence that commercial customers would be willing to incur the extra costs for the metering equipment, or to accept the inspections, required for IT service.¹⁸

¹⁸ PGW's Gas Tariff Pa. P.U.C. No. 2, Page 111

III. CONCLUSION

In view of the foregoing, the OSBA respectfully requests that the Commission:

1. Deny the OCA's Exception; and
2. Approve the allocation of the \$2.671 shortfall to the residential classes as proposed by PGW.

Respectfully submitted,



Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Lauren M. Lepkoski
Assistant Small Business Advocate
Attorney ID No. 94800

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

Date: November 5, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

DOCKET NO. R-00061931

PA PUC
SECRETARY'S BUREAU

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CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Reply Exceptions to PGW's Compliance Filing, 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
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 (fax)
cfordham@state.pa.us

Hon. Angela T. Jones
Administrative Law Judge
Pa. Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 (fax)
angeljones@state.pa.us

Daniel Clearfield, Esquire
Alan C. Kohler, Esquire
Wolf, Block, Schorr & Solis-Cohen
213 Market St., 9th Floor
P. O. Box 865
Harrisburg, PA 17108-0865
(717) 237-7160
(717) 237-7161 (fax)
dclearfield@wolfblock.com
akohler@wolfblock.com

Darryl Lawrence, Esquire
Christy Appleby, Esquire
Tanya McCloskey, Esquire
Jessica Horner, Esquire
Office of Consumer Advocate
555 Walnut Street 5th FL Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
dlawrence@paoca.org
cappleby@paoca.org
tmccloskey@paoca.org
jhorner@paoca.org
(E-mail and Hand Delivery)

Richard A. Kanaskie, Esquire
Allison C. Kaster, Esquire
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1976
(717) 772-2677 (fax)
rkanaskie@state.pa.us
akaster@state.pa.us
(E-mail and Hand Delivery)

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 19122
(215) 684-6878
(215) 684-6798 (fax)
greg.stunder@pgworks.com

Philip A. Bertocci, Esquire
Thu B. Tran, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102-2505
(215) 981-3702
(215) 981-0435 (fax)
pbertocci@clsphila.org
ttran@clsphila.org

David M. Kleppinger, Esquire
Charis Mincavage, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
dkleppinger@mwn.com
cmincavage@mwn.com

John F. Povilaitis, Esquire
Matthew A. Totino, Esquire
Ryan Russell Ogden & Seltzer, PC
800 North Third Street - #101
Harrisburg, PA 17101
(717) 236-7714
jpovilaitis@ryanrussell.com
mtotino@ryanrussell.com

Katherine Guerry
kguerry@hess.com
(E-mail only)

Tom Maher
Office of Special Assistants
tmaher@state.pa.us
(E-mail only)

Philip L. Hinerman, Esquire
Jill A. Guldin, Esquire
Fox Rothschild, LLP
2000 Market Street - 10th Floor
Philadelphia, PA 19103-3291
(215) 299-2000
(215) 299-2150 (fax)
phinerman@foxrothschild.com
jguldin@foxrothschild.com

Kent D. Murphy, Esquire
Shari C. Gribbin, Esquire
Exelon Business Services Company
2301 Market Street - #S23-1
Philadelphia, PA 19101
(215) 841-4941
(215) 841-4941 (fax)
kent.murphy@exeloncorp.com
shari.gribbin@exeloncorp.com

Todd S. Stewart, Esquire
Hawke McKeon Sniscak & Kennard LLP
100 North 10th Street
P. O. Box 1778
Harrisburg, PA 17105-1778
(717) 236-1300
(717) 236-4841 (fax)
tsstewart@hmsk-law.com

Sherry A. Swirsky, Esquire
Miles H. Shore, Esquire
The School District of Philadelphia
440 N. Broad Street
Philadelphia, PA 19130
(215) 400-6710
(215) 400-4122 (fax)
sswirsky@phila.k12.pa.us
mhshore@phila.k12.pa.us

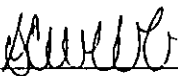
Henry Deichmiller
hdeichmill@state.pa.us
(E-mail only)

Nicholas Okoro
nokoro@state.pa.us
(E-mail only)

David Huff
dhuff@state.pa.us
(E-mail only)

Andrew S. Levine, Esquire
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103
(215) 564-8073
(215) 564-8120 (fax)
alevine@stradley.com

Date: November 5, 2007



Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995