



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

October 1, 2015

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.  
Philadelphia Gas Works  
Docket No. P-2015-2501500

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on all active parties of record. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright

Prosecutor

Bureau of Investigation and Enforcement  
PA Attorney I.D. #208185

Gina L. Lauffer

Prosecutor

Bureau of Investigation and Enforcement  
PA Attorney I.D. #313863

CBW/GLL/sea  
Enclosure

cc: Parties of Record  
ALJ Marta Guhl  
ALJ Christopher P. Pell

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
v. : Docket Nos. P-2015-2501500  
Philadelphia Gas Works :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated October 1, 2015, in the manner and upon the persons listed below, in accordance with the requirements of § 1.54 (relating to service by a party):

**Served via Electronic and First Class Mail**

Daniel Clearfield, Esquire  
Carl Shultz, Esquire  
Eckert Seamans Cherin & Mellott LLC  
213 Market Street  
8th Floor  
Harrisburg, PA 17101

Erin L. Gannon, Esquire  
Darryl Lawrence, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101-1923

Abby Pozefsky, Esq.  
Chief Administrative Officer and General  
Counsel  
Philadelphia Gas Works  
800 W. Montgomery Ave.  
Philadelphia, PA 19122

Sharon E. Webb, Esquire  
Office of Small Business Advocate  
300 North Second Street  
Suite 202  
Harrisburg, PA 17101

Adeolu A. Bakare, Esquire  
McNees Wallace & Nurick, LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
(*Counsel to the PICGUG*)



Gina L. Lauffer  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #313863

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
	:	<b>Docket No. P-2015-2501500</b>
<b>v.</b>	:	
	:	
<b>Philadelphia Gas Works</b>	:	

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**PREHEARING MEMORANDUM  
OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT**

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**TO ADMINISTRATIVE LAW JUDGES CHRISTOPHER P. PELL AND MARTA  
GUHL:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutors in this proceeding will be Carrie B. Wright and Gina L. Lauffer. Contact information is as follows:

By mail: Carrie B. Wright  
Gina L. Lauffer  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

By e-mail: carwright@pa.gov  
ginlauffer@pa.gov

By telephone: (717) 787-1976

By fax: (717) 772-2677

## I. INTRODUCTION

On September 1, 2015, Philadelphia Gas Works (“PGW” or “Company”) filed a Petition for Waiver of Provisions of Act 11 to Increase the Distribution System Improvement Charge CAP and to Permit Levelization of DSIC Charges (“Petition”). This Petition, filed at Docket No. P-2015-2501500, serves as a PGW’s request that the Pennsylvania Commission: (1) waive the current Distribution System Improvement Charge (“DSIC”) cap of 5% of distribution revenues and approve a maximum allowed DSIC of 7.5% with a total 10% cap including any reconciliations; (2) waive or suspend the requirements of Act 11 of 2012 to permit PGW to use an annual, levelized charge as the basis for establishing a DSIC, subject to a true-up based on PGW’s actual experience; (3) waive the requirements of Act 11 to exempt PGW from paying interest on DSIC over-collections, and (4) authorize the filing, on one day’s notice, of a revised Long Term Infrastructure Improvement Plan (“LTIIIP”).

By way of its Answer to the Petition, filed on September 18, 2015, I&E requested that the Commission suspend Philadelphia Gas Works’ Petition for investigation and for assignment of the proceeding to the Office of Administrative Law Judge for resolution of the PGW’s request to waive the requirements of Act 11 to exempt PGW from paying interest on DSIC over-collections. Pursuant to the Prehearing Conference Order issued in this matter on September 30, 2015, the Commission assigned the case to the Office of Administrative Law Judge and a Prehearing Conference is scheduled for October 2, 2015 at 10:00 a.m., with Administrative Law Judges Christopher P. Pell and Marta Guhl

presiding. I&E submits this Memorandum in compliance with the Prehearing Conference Order.

## **II. PROPOSED PLAN AND SCHEDULE OF DISCOVERY**

The parties have already begun engaging in an informal discovery process, consisting of written data requests. After the pre-hearing conference on September 30, 2015, I&E proposes the following:

1. Answers to written interrogatories shall be served in-hand within five (5) calendar days of service.
2. For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.
3. Any discovery served after 12 noon on a Friday will be deemed to have been served on the following Monday for purposes of tracking due dates.
4. Other than the items enumerated above, I&E proposes no adaptation of the Commission discovery regulations.

## **III. POSSIBILITY OF SETTLEMENT**

I&E is willing to make good faith efforts to successfully resolve this matter. In the event that settlement discussions do not result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

## **IV. ISSUES**

I&E anticipates addressing whether PGW's proposal to waive the requirements of Act 11 to exempt PGW from paying interest on DSIC over-collections will result in rates

that are unjust and unreasonable under 66 Pa. C.S. § 1301. I&E specifically reserves the right to address other issues, as it deems appropriate, if any such relevant issues arise.

## **V. AMOUNT OF TIME NEEDED AT HEARING**

**Based on the information available at this time,** I&E estimates that no more than two (2) days of evidentiary hearings may be needed in this matter.

## **VI. WITNESSES**

It is currently expected that I&E may call the following expert witnesses, without being limited thereto:

- **Rachel Maurer, Fixed Utility Financial Analyst**
- **Ethan Cline, Fixed Utility Valuation Engineer**
- **Robert Horensky, Civil Engineer**

The I&E witnesses may be contacted through the contact information listed above for Attorney Wright and Attorney Lauffer. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of witnesses listed above.

## **VII. CASE SCHEDULE**

I&E will work with PGW and the other parties to develop a schedule in this matter.

**VIII. OTHER RELEVANT MATTERS:**

None at this time; however, I&E reserves the right to address other relevant matters that may arise in the future of this proceeding.

Respectfully Submitted,



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Carrie B. Wright  
Prosecutor  
PA Attorney ID #208185

Gina L. Lauffer  
Prosecutor  
PA Attorney I.D. #313863

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265

Dated: October 1, 2015