



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

IN REPLY PLEASE  
REFER TO OUR FILE

March 14, 2016

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

Re: Pennsylvania Public Utility Commission v.  
Philadelphia Gas Works - 1307(f)  
Docket No. R-2016-2526700

Dear Secretary Chiavetta:

Please be advised that the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in this proceeding.

Copies are being served on all active parties of record as evidenced in the attached Certificate of Service. If you have any questions, please contact me at (717) 787-8754.

Sincerely,

Gina L. Lauffer

Prosecutor

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

GLL/snc  
Enclosure

cc: Certificate of Service  
ALJ Marta Guhl

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2016-2526700  
 :  
 Philadelphia Gas Works 1307(f) :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 14, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

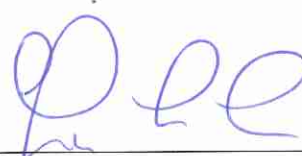
**Served via Electronic and First Class Mail**

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



## **II. BACKGROUND**

On January 29, 2016, Philadelphia Gas Works (“PGW”) filed its pre-filing information in support of its annual reconciliation of purchased gas costs rates. On March 1, 2016, PGW made its Annual Purchase Gas Cost filing. The filing has been made in accordance with Section 1307(f) of the Public Utility Code, which establishes a procedure for recovery of purchase gas expenses by public utilities.

A Prehearing Conference had been scheduled on March 16, 2016, with Administrative Law Judge Marta Guhl presiding. The Prehearing Conference will convene at 10:00 a.m. with the parties participating telephonically. I&E submits this Memorandum in compliance with the Prehearing Conference Order dated March 7, 2016.

## **III. ISSUES**

The following list represents I&E’s preliminary determination of the potential issues in this case. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate, if any such relevant issues arise. The issues are as follows:

1. Retainage Rate;
2. Unaccounted for Gas;
3. Capacity Release;
4. Capacity Requirements;
5. Peak Day Forecasts;
6. Compliance with prior Commission Orders;
7. Sharing Mechanism;
8. Interconnections;
9. Proper computation of C-factor and E-factor and migration riders;
10. Supplier refunds; and
11. Interest rate factor for over/under collections



**V. EVIDENCE**

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the PGW's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

**VI. SCHEDULE**

I&E has reviewed the procedural schedule set forth on page three of Judge Guhl's Prehearing Order, and proposes to adopt the slightly modified schedule set forth by the Office of the Consumer Advocate, as listed below. In any case, I&E is committed to cooperating with Judge Guhl and all parties to finalize an acceptable litigation schedule.

Non-company direct testimony	April 12, 2016
Rebuttal	April 25, 2016
Surrebuttal	May 2, 2016
Hearings	May 4-5, 2016
Initial briefs	May 12, 2016
Reply briefs	May 18, 2016

## **VII. DISCOVERY**

Due to the time limitations in 1307(f) proceedings, I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories shall be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.
3. Motion to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 pm on any business day preceding a state holiday will be deemed to be served on the next business day.

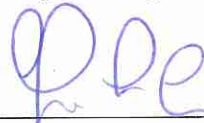
## **VIII. SERVICE OF DOCUMENTS**

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.

**IX. SETTLEMENT**

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate these proceedings.

Respectfully Submitted,



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

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Pennsylvania Public Utility Commission  
Post Office Box 3265  
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Dated: March 14, 2016