



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

IN REPLY PLEASE  
REFER TO OUR FILE

March 13, 2017

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-2017-2587526

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement (I&E)  
**Prehearing Memorandum** in this proceeding.

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

Sincerely,

Gina L. Miller

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

GLM/sea  
Enclosure

cc: ALJ Marta Guhl  
Certificate of Service

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2017-2587526  
 :  
 Philadelphia Gas Works 1307(f) :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 13, 2017, 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**

Brandon J. Pierce, Esquire  
Philadelphia Gas Works  
800 West Montgomery Avenue  
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Gina L. Miller  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #313863

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2017-2587526
	:	
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**PREHEARING MEMORANDUM OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT**

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**TO ADMINISTRATIVE LAW JUDGE MARTA GUHL:**

**I. INTRODUCTION**

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 Prosecutor in this proceeding will be Gina L. Miller. Ms. Miller’s contact information is as follows:

By mail:                   Gina L. Miller  
                                  Pennsylvania Public Utility Commission  
                                  P.O. Box 3265  
                                  Harrisburg, PA 17105-3265

By e-mail:                 ginmiller@pa.gov

By telephone:           (717) 787-8754

By fax:                   (717) 772-2677

## **II. BACKGROUND**

On February 1, 2017, Philadelphia Gas Works (“PGW”) filed its prefiling information in support of its annual reconciliation of purchased gas costs rates. On March 1, 2017, 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. On February 7, 2017, I&E filed a Notice of Appearance in this proceeding.

A telephonic Prehearing Conference had been scheduled on March 15, 2017, 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 6, 2017.

## **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. C-Factor;
9. E-Factor;
10. Supplier Refunds;
11. Pipeline Refunds;

12. Interest Rates on Over/Under Collections;
13. Purchase of Receivables;
14. Other Post Employment Benefit Surcharge; and
15. Receivables Program/Merchant Function Charge

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness in his area of responsibility. However, there may be issues of Commission policy or legal interpretation that are not properly the subject of testimony; or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

#### **IV. WITNESSES**

It is currently expected that I&E may call any or all of the following witnesses without being limited thereto:

Ethan Cline	Fixed Utility Valuation Engineer
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Mr. Cline is reviewing the issues preliminarily identified as numbers one through seven above.

Christopher Keller	Fixed Utility Valuation Analyst
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Mr. Keller is reviewing the issues preliminarily identified as numbers eight through 15 above.

The I&E witnesses may be contacted through the contact information listed above for Ms. Miller. I&E reserves the right to call additional witnesses and/or delete witnesses

listed above.<sup>1</sup> All active parties will be notified of any additions or deletions to the I&E witness list.

## **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 19, 2017
Rebuttal	May 8, 2017
Surrebuttal	May 15, 2017
Hearings	May 18-19, 2017
Main Briefs	May 30, 2017
Reply Briefs	June 7, 2017

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<sup>1</sup> The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

## **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. Miller  
Prosecutor  
PA Attorney I.D. #313863

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

Dated: March 13, 2017