

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2017-2586783
Office of Consumer Advocate	:	C-2017-2592092
Office of Small Business Advocate	:	C-2017-2593497
v.	:	
	:	
Philadelphia Gas Works	:	

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**PREHEARING MEMORANDUM OF TENANT UNION  
REPRESENTATIVE NETWORK AND ACTION ALLIANCE OF  
SENIOR CITIZENS OF GREATER PHILADELPHIA**

On March 17, 2017, a Prehearing Conference Order was issued by Administrative Law Judges Christopher P. Pell and Marta Guhl setting a telephonic prehearing conference for Wednesday, March 29, 2017 at 10:00am, and requiring parties to file a Prehearing Memorandum no later than 12:00 pm on Monday, March 27, 2017. In response, the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN et al.”), through their attorneys at Community Legal Services, Inc., hereby file this Prehearing Conference Memorandum. On March 24, 2017, TURN et al. filed a Petition to Intervene in this proceeding and are seeking intervenor status in this proceeding.

**I. Background**

On February 28, 2017, Philadelphia Gas Works (PGW) filed Supplement No. 100 to PGW’s Gas Service Tariff – PA. P.U.C. No. 2 to become effective April 28, 2017, seeking a general rate increase calculated to produce \$70 million (11.6%) in additional annual revenues. PGW also filed a Petition for Waiver seeking waiver of the application of the statutory definition

of the fully projected future test year (FPFTY) so as to permit PGW to use a FPFTY beginning on September 1, 2017 in this proceeding.

On March 16, 2017, the Commission entered a suspension and investigation Order suspending the PGW tariff by operation of law, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein.

## **II. Discovery**

TURN et al. will work with the parties to develop appropriate modification to discovery rules that support the robust exchange of all relevant information.

## **III. Settlement**

TURN et al. are willing and ready to engage in settlement discussions in an attempt to resolve or narrow the issues in this proceeding, with any and all parties, and encourage the parties to engage in settlement early in the process.

## **IV. Issues to be Presented**

TURN *et al.* have preliminarily reviewed PGW's rate filing, and have tentatively identified the following issues:

1. Whether a rate increase will result in unjust and unreasonable rates for Philadelphia's low-income residential customers and consumers, based on all relevant factors, including without limitation;
  - a. Projected future levels of non-borrowed year-end cash;
  - b. Short term borrowing capacity and internal generation of funds to fund construction;
  - c. Debt to equity ratios and financial performance of similarly situated utility enterprises;

- d. Level of operating and other expenses in comparison to similarly situated utility enterprises;
- e. Level of financial performance needed to maintain or improve PGW's bond rating permitting PGW to access the capital markets at the lowest reasonable costs to customers over time;
- f. PGW's management quality, efficiency and effectiveness;
- g. Service quality and reliability; and
- h. Effect on universal service.

2. Whether PGW's proposal to increase its residential customer charge to \$18 is just and reasonable;

3. Whether PGW's proposal to increase the residential volumetric charge by approximately 12% is just and reasonable;

4. Whether PGW's proposed allocation of 84% of requested new rates to residential customers is just and reasonable;

5. Whether PGW's request is reasonable in light of other non-base rate revenues, opportunities for other revenues, and/or reductions in operating expenses;

6. Whether PGW's request is reasonable in the absence of a commitment by PGW's owner, the City of Philadelphia, to renounce its right to receive and/or grant back all or a portion of the fixed annual payment it currently receives from PGW;

7. Whether PGW's proposal is supportable on the basis of PGW's claims concerning customer usage;

8. Whether PGW's proposal to use 10 year average of degree days is reasonable in light of its use of a 30 year average of degree days for budgeting purposes;

9. Whether a rate increase is justified given the quality of PGW's customer service; and

10. Whether PGW's termination practices, payment agreement requirements and universal service program rules have contributed to reduced revenue or lost opportunities for revenue growth.

TURN *et al.* reserve the right to examine any other issues that arise in the course of this proceeding.

**V. Amount of Hearing Time Needed**

TURN *et al.* have been in discussions with the parties regarding the amount of hearing time needed. TURN *et al.* anticipate three days should be required for technical hearings.

**VI. Witnesses and Testimony**

TURN *et al.* reserve the right to present the following witness to testify in this matter, as well as the right to call additional or substitute witnesses as may be warranted upon proper notice to Your Honors and the parties:

Harry S. Geller, Esq.  
118 Locust Street  
Harrisburg, PA 17101  
717-576-2282  
hgellerpulp@palegalaid.net

Mr. Geller may address some of the issues identified above and any other issues that may arise in the course of this proceeding.

**VII. Proposed Schedule**

TURN *et al.* have been in discussions with the parties regarding a schedule for this proceeding. TURN *et al.* are willing to continue discussions with Your Honors and the parties to establish a reasonable litigation schedule, including a schedule for written testimony and public

input hearings. The schedule should provide adequate time and opportunity for a thorough analysis of PGW's filing and any discovery requests.

**VIII. Public Input Hearings**

TURN et al. support the scheduling of public input hearings to receive testimony directly from customers and other interested parties about PGW's rate case filing.

**IX. Service on TURN et al.**

TURN et al. are represented by the attorneys at Community Legal Services, Inc.

Electronic service of all documents should be served on TURN *et al.* as follows:

Josie B. H. Pickens, Esquire (Attorney ID: 309422)  
Robert W. Ballenger, Esquire (Attorney ID: 93434)  
Jennifer Collins, Esquire (Attorney ID: 312108)

COMMUNITY LEGAL SERVICES, INC.  
1410 West Erie Avenue  
Philadelphia, PA 19140

1424 Chestnut Street  
Philadelphia, PA 19102

Telephone: 215-981-3700  
Facsimile: 215-981-0435  
E-mail: [jpickens@clsphila.org](mailto:jpickens@clsphila.org); [rballenger@clsphila.org](mailto:rballenger@clsphila.org); [jcollins@clsphila.org](mailto:jcollins@clsphila.org)

**X. Prehearing Conference**

Robert Ballenger will speak as the lead attorney for TURN *et al.* for purposes of the prehearing conference.

WHEREFORE, TURN et al. respectfully submit this Prehearing Conference

Memorandum.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Josie B. H. Pickens". The signature is written in a cursive style with a large initial "J".

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Josie B. H. Pickens, Esquire (Attorney ID: 309422)  
Robert W. Ballenger, Esquire (Attorney ID: 93434)  
Jennifer Collins, Esquire (Attorney ID: 312108)

Attorneys for TURN et al.

COMMUNITY LEGAL SERVICES, INC.  
1410 West Erie Avenue  
Philadelphia, PA 19140

1424 Chestnut Street  
Philadelphia, PA 19102

Telephone: 215-227-4378  
Facsimile: (215) 599-1711 (fax)

March 24, 2017

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**Certificate of Service**

I hereby certify that I have this day served copies of the **Prehearing Memorandum of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

**VIA E-MAIL AND FIRST CLASS MAIL**

ALJ Christopher P. Pell  
 ALJ Marta Guhl  
 Pennsylvania Public Utility Commission  
 Office of Administrative Law Judge  
 801 Market Street, Suite 4063  
 Philadelphia, PA 19107  
[cpell@pa.gov](mailto:cpell@pa.gov)  
[mguhl@pa.gov](mailto:mguhl@pa.gov)

Daniel Clearfield, Esquire,  
 Carl Shultz, Esquire  
 Eckert Seamans Cherin & Mellot, LLC  
 213 Market Street, 8<sup>th</sup> Floor  
 Harrisburg, PA 17101  
[dclearfield@eckertseamans.com](mailto:dclearfield@eckertseamans.com)  
[cshultz@eckertseamans.com](mailto:cshultz@eckertseamans.com)

Brandon J. Pierce, Esquire  
 Philadelphia Gas Works  
 800 W. Montgomery Ave.  
 Philadelphia, PA 19122  
[Brandon.Pierce@pgworks.com](mailto:Brandon.Pierce@pgworks.com)

Carrie B. Wright, Esquire  
 Bureau of Investigation & Enforcement  
 Pennsylvania Public Utility Commission  
 Post Office Box 3265  
 Harrisburg, PA 17105-3265  
[carwright@pa.gov](mailto:carwright@pa.gov)

Christy M. Appleby, Esquire  
 Darryl A. Lawrence, Esquire  
 Kristine E. Marsilio, Esquire  
 Harrison W. Breitman, Esquire  
 Office of Consumer Advocate  
 555 Walnut Street, 5<sup>th</sup> Fl, Forum Place  
 Harrisburg, PA 17101-1923  
[CApplby@paoca.org](mailto:CApplby@paoca.org)  
[DLawrence@paoca.org](mailto:DLawrence@paoca.org)  
[KMarsilio@paoca.org](mailto:KMarsilio@paoca.org)  
[HBreitman@paoca.org](mailto:HBreitman@paoca.org)

Sharon E. Webb, Esquire  
 Office of Small Business Advocate  
 300 North Second Street - Suite 202  
 Harrisburg, PA 17101  
[swebb@pa.gov](mailto:swebb@pa.gov)

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Josie B. H. Pickens". The signature is written in a cursive style and is positioned above a horizontal line.

Josie B. H. Pickens, Esquire  
Attorney for TURN et al.  
COMMUNITY LEGAL SERVICES, INC.  
1410 West Erie Avenue  
Philadelphia, PA 19140  
(215) 227-4378

March 24, 2017