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March 27, 2017

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;  
Docket No. R-2017-2586783**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission the Prehearing Memorandum of the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG"), in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to the Philadelphia Industrial  
and Commercial Gas Users Group

Enclosures

- c: Deputy Chief Administrative Law Judge Christopher P. Pell (via e-mail and First-Class Mail)
- Administrative Law Judge Marta Guhl (via e-mail and First-Class Mail)
- Certificate of Service

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## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

### VIA E-MAIL AND FIRST-CLASS MAIL

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Adeolu A. Bakare  
Counsel to the Philadelphia Industrial and  
Commercial Gas Users Group

Dated this 27<sup>th</sup> day of March, 2017, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2017-2586783
Philadelphia Gas Works	:	

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**PREHEARING MEMORANDUM OF THE PHILADELPHIA INDUSTRIAL  
AND COMMERCIAL GAS USERS GROUP**

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As requested by Deputy Chief Administrative Law Judge ("ALJ") Christopher P. Pell and ALJ Marta Guhl in their March 17, 2017, Prehearing Conference Order, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") hereby submits this Prehearing Memorandum in the above-captioned proceeding.

**I. HISTORY OF THE PROCEEDING**

On February 27, 2017, Philadelphia Gas Works ("PGW" or "Company") filed with the Pennsylvania Public Utility Commission ("Commission" or "PUC") Supplement No. 100 to Gas Service Tariff – Pa. P.U.C. No. 2 ("Supplement No. 100"), requesting an overall base rate increase of approximately \$70 million (11.6%) to become effective on April 28, 2017. In addition, PGW proposed several tariff modifications, including the elimination of three rate schedules, revisions to the rate formula for Interruptible Transportation ("IT") customers and a proposal to establish a new tariff provision to cover "back-up" service.

On March 23, 2017, PICGUG filed a Complaint in this proceeding. A description of PICGUG is set forth in Paragraph 6 of PICGUG's Complaint.

A Prehearing Conference has been scheduled in this proceeding for March 29, 2017.

## **II. IDENTIFICATION OF LEAD ATTORNEY**

For purposes of the Prehearing Conference, Adeolu Bakare will speak as the lead attorney on behalf of PICGUG.

## **III. ANTICIPATED ISSUES AND SUB-ISSUES**

PICGUG's preliminary review of the Company's filing indicates the need for Commission investigation into at least the following issues:

- (a) Whether the size of the requested rate increase is appropriate;
- (b) Whether the allocation of the proposed rate increase among the customer classes is just, reasonable and non-discriminatory in light of the cost of service study results;
- (c) Whether PGW's claimed cost of service study is accurate, legitimate and appropriate;
- (d) Whether PGW's proposed tariff modifications result in unjust and unreasonable rates and service for customers; and
- (e) Whether PGW's proposal to implement "value-based" pricing for Rate IT customers is contrary to statutory requirements and PUC precedent.

PICGUG reserves the right to address additional issues, as well as to respond to issues raised by other parties during the course of this proceeding.

## **IV. PROPOSED WITNESSES**

PICGUG is in the process of evaluating whether it will present any witnesses in this proceeding. If PICGUG determines that it will present such witnesses, PICGUG will inform the ALJs and the other parties as soon as possible. PICGUG intends to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses and the submission of briefs, exceptions and reply exceptions, if necessary.

**V. PROPOSED SCHEDULE AND DISCOVERY RULES**

PICGUG does not oppose the proposed procedural schedule set forth in the Prehearing Memorandum filed by PGW, including the scheduled public input hearings. Finally, PICGUG will cooperate with the ALJs and the parties at the Prehearing Conference to develop appropriate discovery rules in accordance with the Commission's regulations and any directives issued by the ALJs.

**VI. POSSIBILITY OF SETTLEMENT**

PICGUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By



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Dated: March 27, 2017