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May 30, 2018

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

VIA ELECTRONIC FILING

RE: Philadelphia Industrial and Commercial Gas Users Group v. Philadelphia Gas Works; Docket Nos. R-2018-3000739 and C-2018-3001490

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission please find the Philadelphia Industrial and Commercial Gas Users Group's ("PICGUG") Prehearing Memorandum in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Alessandra L. Hylander

Counsel to the Philadelphia Industrial and Commercial Gas Users Group

Enclosure

c: Administrative Law Judge Darlene D. Heep (via Email and First-Class Mail)
Certificate of Service

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST-CLASS MAIL

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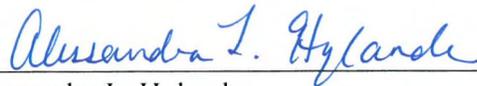
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Alessandra L. Hylander

Counsel to Philadelphia Industrial and Commercial
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Dated this 30th day of May, 2018, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Philadelphia Industrial and	:	
Commercial Gas Users Group	:	
v.	:	R-2018-3000739
	:	C-2018-3001490
Philadelphia Gas Works	:	

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

Pursuant to the May 22, 2018, Prehearing Conference Order issued by Administrative Law Judge ("ALJ") Darlene D. Heep, 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 March 23, 2018, PGW filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 111, which requests approval of Rate LT. PGW describes Rate LT as an optional and voluntary rate for eligible commercial and industrial customers.

On April 27, 2018, PICGUG filed a Complaint in this proceeding. A description of PICGUG is set forth in Paragraphs 1 and 8 of PICGUG's Complaint.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PGW's Supplement No. 111 alleges that Rate LT "is designed to reduce the potential for interruption compared to the Company's Rate Interruptible Transportation ("IT") service."¹ PGW's Statement of Reasons notes that Supplement No. 111 includes a new daily balancing service for suppliers that may serve Rate LT customers. As a result, PGW is proposing a Daily Balancing – Large Customer Transportation Service ("DB LT") while also proposing a name

¹ See PGW Supplement No. 111, Statement of Reasons, p. 1.

change to the currently existing Rate DB to provide for a Daily Balancing – Interruptible Transportation ("DB IT").² According to PGW, no substantive changes to Rate IT or Rate DB IT will occur as part of Supplement No. 111.³

Prior to this proceeding, the Company convened a meeting with PICGUG and other interested parties to discuss the components of Rate LT, as well as answer questions and receive feedback.⁴ During this time, PGW indicated to PICGUG that, for customers remaining on Rate IT, PGW would implement an annual testing of equipment through a one-day interruption occurring each March upon notice to individual Rate IT customers. Because PGW has never previously required a planned, one-day test interruption for Rate IT customers, PICGUG views this proposal as a substantive change to Rate IT.

PICGUG avers that the information and data filed in support of the proposed rates and tariff revisions in PGW's Supplement No. 111 are insufficient to establish that the proposed Supplement is just, reasonable, and nondiscriminatory, as required by Sections 1301 and 1304 of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304. Specifically, PICGUG has concerns that PGW is planning to substantively modify Rate IT as part of its implementation of Rate LT; however, PGW is not codifying these changes to Rate IT as part of the Tariff Supplement. Without such codification, the possibility exists that PGW will continue to make changes to Rate IT without PUC oversight and with limited or no notice to customers.

² *Id.* at 3-4.

³ *Id.* at 4.

⁴ *See id.* at 3.

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

- (a) Whether the substantive changes PGW is proposing to make to Rate IT are just and reasonable;
- (b) Whether the substantive changes to Rate IT should be codified as part of Supplement No. 111;
- (c) Whether the implementation of Rate LT will have any unjust and unreasonable effects on Rate IT customers; and
- (d) Whether PGW's Supplement No. 111 is just, reasonable, and appropriate.

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.

III. 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 ALJ 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.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

PICGUG will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

V. SERVICE LIST

For purposes of service in the above-captioned proceeding, please direct all communications to:

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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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Commercial Gas Users Group

Dated: May 30, 2018