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WITNESS INDEX

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EXHIBIT INDEX

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FOR IDENTIFICATION

IN EVIDENCE

(None)

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P R O C E E D I N G S

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2 ADMINISTRATIVE LAW JUDGE ERANDA VERO: Good morning. This is the
3 time and place for the pre-hearing conference scheduled in the following
4 consolidated cases. SBG Management Services Incorporated versus Philadelphia Gas
5 Works at Docket No. C-2012-2304215; SBG Management Services
6 Incorporated/Colonial Gardens Realty, LP, versus Philadelphia Gas Works at Docket
7 No. C-2012-2304183; SBG Management Services Incorporated/Elrea Garden Realty,
8 LP, versus Philadelphia Gas Works at Docket No. C-2012-2304167; SBG Management
9 Services Incorporated/Simon Gardens Realty, LP, versus Philadelphia Gas Works at
10 Docket No. C-2012-2304324 and SBG Managements Services Incorporated/Marshall
11 Square Realty, LP, versus Philadelphia Gas Works at Docket No. C-2012-2304303.

12 Present here this morning I have Attorney Laureto Farinas representing
13 Philadelphia Gas Works. He is here along with an employee of PGW, Ted Savage. I
14 also have here Mr. Scott H. DeBroff representing SBG Management Services
15 Incorporated and I also have here Cathy Treadwell representing SBG?

16 MS. TREADWELL: Correct.

17 JUDGE VERO: Are you an attorney?

18 MS. TREADWELL: I am an employee.

19 JUDGE VERO: You are an employee of SBG?

20 MS. TREADWELL: Yes.

21 JUDGE VERO: All right, before we proceed with the pre-hearing
22 conference, I would like to go over a brief history of the proceedings in these
23 consolidated cases. Now, on May 11, 2012, Mr. Phil Pooley filed five complaints
24 against PGW on behalf of SBG Managements Services Inc., at the Docket Numbers
25 that I mentioned earlier. Now, Mr. Pooley's position with SBG Management Services

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Incorporated remained unclear. However, he is the one who signed those complaints. Although the disputed amounts and their pertaining accounts differs, SBG’s allegations were identical in all five complaints and particularly SBG’s disputed accuracy of the billing, the validity of the meter readings and the estimates and the calculation of interest and penalties assessed against it by PGW.

SBG alleges that PGW had refused to address its concerns about the accuracy of the billings, had failed to mitigate the damages by allowing large unpaid debts by tenants to accrue in lieu of gas termination and had incorrectly collected payment for this account from SBG. In addition, SBG allege that PGW had refused to address SBG’s request for information, had acted in bad faith and had wrongfully encumbered Complainant’s property causing SBG irreparable harm. As relief, SBG requested a refund and or credit for all the overpayments made to PGW and adjustments for excessive penalties and interest assessed on the disputed accounts.

On June 4, 2012, PGW filed timely answers and new matters to each of these complaints. In its answers in new matters, PGW denied the material allegation of the complaints and averred that the Complainant had received notification that the City of Philadelphia as owner of PGW, had filed municipal liens upon the various properties owned by the Complainant since January of 2012. Respondent also averred that the disputed amounts were beyond the Commission’s statute of limitations because the gas service underlying the disputed amount represented balances for gas services rendered and billed more than four years ago. Although this particular allegation was mentioned in the new matters, I don’t think PGW followed through with it in the preliminary objections.

On June 4, 2012, Respondent filed preliminary objections against everyone of the five complainants and challenged the Commission’s jurisdiction of the

1 municipal liens and requested that important matters in the complaint be stricken in
2 each and every one of them. On June 13, 2012, PGW informed SBG and myself of
3 its intention to submit status reports on each of the disputed accounts showing the
4 customers of record and the age of the disputed debt, this information purported to
5 supplement PGW's answers and preliminary objections filed against the five SBG
6 companies. PGW argued that the status of the disputed accounts had the bearing
7 upon the disposition of the preliminary objections in this matter.

8 On June 18, 2012, PGW filed supplementary information regarding
9 Philadelphia Gas Works preliminary objections and motion to strike against SBG's
10 complaint filed at two of the docket numbers. Well, in particular, Docket No.
11 C-2012-2304303 and C-2012-2304167. On June 25, 2012, PGW filed
12 supplementary information on the remaining three docket numbers.

13 Complainant did not answer to the Respondent's preliminary objections, nor
14 did it file an answer to what I deemed to be amended preliminary objections. On
15 July 6, 2012, I issued an order consolidating the five SBG complaints and ordering
16 SBG to obtain legal counsel by no later than August 6, 2012, and on July 16, 2012, I
17 issued an order sustaining in part and dismissing in part PGW's preliminary
18 objections. My order addressed some of the major issues that I found with the
19 complaints has filed by Mr. Pooley. The major issues concerned Commission's
20 jurisdiction over municipal liens and standing as it concerns SBG's allegations of
21 incorrect billing and inadequate quality of service.

22 My order on the preliminary objections also attempted to draw attention to
23 some minor issues that I identified with SBG's complaint and those issues pertained
24 to the discrepancy of the names and addresses as they were found in the original
25 pleadings by SBG and PGW. If you gentlemen recall, SBG's complaint filed at Docket

1 No. C-2012-2304324 referencing or mentioning Simon Garden's Realty, LP, the
2 complaint itself mentions 6731 and 6732 Musgrave Street as the properties
3 encumbered by the lien and the properties that has those accounts in dispute.
4 However, PGW in its answer identified different addresses for the properties in
5 question and those properties were identified as 6731 Musgrave Street, Apartment A
6 and B, and 6732 Chew Street, Apartment M-2. That particular case raised issues
7 with regard to nineteen liens in connection with nineteen separate PGW accounts.

8 The next Docket Number, C-2012-2304183, in this particular complaint, the
9 parties again disagree with regards to the encumbered properties by the liens. The
10 Complainant had 844 to 845 North 6th Street, Philadelphia, PA, zip code 143,
11 whereas PGW had in its answer that the account in question in relation to the lien in
12 dispute is for gas service at 5427 Wayne Avenue, Philadelphia, PA. The same
13 problem was identified in almost every single one of the complaints.

14 The Complaint filed at Docket Number C-2012-2304215, SBG disputes a
15 billed amount associated with 122 liens filed against the property located at 650
16 Fairmount Avenue and the property at 700 North Marshall Street. In it's answer,
17 PGW avers that the liens in question are associated with accounts for gas service at
18 3608-3610 Spring Garden and the property at 4012-4028 Barrack Street,
19 Philadelphia, PA. PGW also averred that of all the accounts disputed in the
20 complaint, SBG is the customer of record on only 26 of them and these 26 accounts
21 represents 79 of the 122 docketed liens.

22 Finally, with regard to Docket No. C-2012-2304303, SBG disputed the billed
23 amount associated with seven liens filed against properties managed by Marshall
24 Square Realty, LP, at 844-845 North 6th Street, Philadelphia, PA, 19123. In it's
25 answer, PGW avers that the accounts, which are the subject of this complaint, are

1 the gas service to 844 North 6th Street and 845 North 7th Street, Philadelphia, PA.

2 Now, the fact that the parties couldn't even pinpoint or agree to the exact
3 names of the customers of record for the disputed accounts as well as on the exact
4 address of the properties encumbered by the PGW liens was very troubling. That's
5 why in the order that consolidated these five complaints, I specifically encouraged
6 Mr. Pooley to obtain legal counsel, hoping that that would help him in sorting out
7 some of the factual issues in this complaint.

8 Now, as I mentioned before, my consolidated order requested that
9 Mr. Pooley or SBG Management obtain legal counsel by August 6, 2012 and on
10 August 7th, Ms. Francine Thornton Boone, representing herself as SBG'S in-house
11 Counsel, filed notice of appearance on behalf of SBG. I also have David H.
12 Denenberg, Esquire, entering his appearance on behalf of SBG on September 13,
13 2012. Mr. Denenberg later withdrew his appearance on behalf of the Complainant
14 on November 26, 2012, and on November 9th, Mr. Scott H. DeBroff, Esquire, and
15 Ms. Alicia R. Duke, Esquire, filed their appearances on behalf of SBG.

16 The changes in legal representation and the attorneys entering and
17 withdrawing their appearances on behalf of SBG in this case has caused the initial
18 hearing originally scheduled in this consolidated matter to be rescheduled multiple
19 times. The consolidated cases were scheduled or initial hearing to take place on
20 August 8th, and then Ms. Boone requested a continuance of the hearing because one
21 of the crucial witnesses for SBG was unavailable on the date of the hearing. Another
22 hearing notice dated August 20th rescheduled the initial hearing for October 16th.
23 Another request for continuance was received by the Complainant and another
24 hearing notice dated October 19th rescheduled the hearing for December 6th. Also, a
25 pre-hearing conference notice dated November 5th, scheduled a pre-hearing

1 conference to take place on November 29th. Finally, a hearing notice dated
2 November 16th cancelled the pre-hearing conference scheduled for November 29th
3 and rescheduled it for today, originally set aside for the initial hearing in this matter,
4 which is today, December 6, 2012.

5 So here we are in part to address some of the problems that were raised
6 with regards to the five consolidated complaints filed by SBG, as the issues were
7 identified and raised in my order on Respondent's preliminary objections. Who
8 would like to start first?

9 MR. FARINAS: If I could, Your Honor.

10 JUDGE VERO: Mr. Farinas.

11 MR. FARINAS: Thank you, Your Honor. As you mentioned the beginning of
12 the complaint itself, it reminded me of some history that was brought to my
13 attention. Before either of you were involved, Mr. Pooley had met with people at
14 PGW who are now retired and trying to pool the bills together and PGW is
15 endeavoring to work with them. Our sense of the matter is when the stalemate
16 comes is when information that he is confronted with he doesn't want to hear, then
17 things fall apart. I believe that we have made progress, in that within 24 hours after
18 you had requested, PGW had all of the bills with SBG account or SBG associated
19 account centrally sent to one location for future record keeping purposes so that we
20 stay forward, so that's really – that was one of my main take-away from the first
21 meeting that going forward, one person at SBG will receive all of the bills associated
22 with SBG, so that accounts can be brought up to speed and kept current, so that is
23 one of our objectives.

24 In discovery matters, we have received seven discovery requested
25 information in a way that we try to be most efficient and supply the information that

1 we could. I can say that what we have released to SBG is a statement of account
2 for all of the SBG related accounts and that's all the realty companies and all of the
3 tenant accounts, names redacted, that are associated with liens that are paid out,
4 which we believe represents the majority of the liens that are in the original
5 complaint and these are listed on this list – sort of a summary list of the addresses
6 with the associated account numbers and the associated lien docket numbers with
7 the lien amounts. We had hoped that that would be enough to get us started.

8 We are aware that there is additional discovery information that would be
9 due today relating to the metering information, if I could just put this out first. We
10 have gotten a lot of accounts, which represents a lot of meters. If while you are
11 reviewing problem accounts that it looks like there is a usage problem or a metering
12 problem, if you could point that out to us in the future but I hope that in the coming
13 weeks you are not going to ask that meters for all accounts at all properties be
14 removed and tested for accuracy. I thought the purpose of this was to focus upon
15 narrowing down the issues of this matter, so if you have accounts that you feel that
16 the usage is off or it doesn't look right, let us know and then we can proceed from
17 there with the meters. If you want more information about the meters, it will take
18 us a while to compile.

19 The other – I have a question about number four of the set discovery and –

20 MR. DEBROFF: I don't want to interrupt Mr. Farinas but I think if we are
21 going to – I was kind of hoping that you started with information generally about the
22 atmosphere between the parties. I think if we are going to talk about specific
23 discovery, I am not sure that is good record evidence at the present for a pre-
24 hearing conference but I would like to kind of address the nature of the relationship
25 and how we got involved so the Judge can get a little bit more detail on the record

1 just in terms of our status and if we want to go off the record and talk a little bit
2 about the discovery so that we can update her and then if she wants to put things
3 on the record for her purposes, but I would rather not talk about specific discoveries
4 that are out there that we don't have because we are still trying to figure out exactly
5 what our needs are based on what we are receiving. If Mr. Farinas don't mind, we
6 could just kind of discuss the general nature of where we are now in terms of the
7 procedural piece of the cases and then maybe go off the record, if that's what you
8 would like to do, Judge.

9 JUDGE VERO: I thought the purpose of the pre-hearing conference today
10 was to get an update on the status of the discovery proceedings because as I have
11 imparted on you Mr. DeBroff, one of the reasons why I preferred that SBG filed the
12 amended complaints at the later date once the discovery proceedings was completed
13 or close to completion was because I wanted pleadings there that were as detailed
14 as possible, considering that they are initial pleadings and I didn't want to get back
15 and have to address any insufficient pleadings at a later date, so the discovery
16 proceedings is very important in this case and the update on it is one of the reasons
17 why we are here. When it comes to specific objections with regard to specific points
18 in the request for – in SBG's request for discovery or production of documents as Mr.
19 Farinas had started to clarify earlier, then we can do it off the record or on the
20 record. I don't have a particular preference.

21 I do remember you Mr. DeBroff, mentioning that you might use the pre-
22 hearing conference as an opportunity to request expedited discovery proceedings in
23 this matter, so I don't see why PGW cannot use the pre-hearing conference as an
24 opportunity to make objections to the request for discovery already submitted.
25 However, if the parties want to do it off the record, I have no objection but if it is

1 off the record, then I would request that the parties submit the request or the
2 objections in writing as well. Okay?

3 MR. DEBROFF: Sure.

4 JUDGE VERO: All right, that being said, with regards to your firm's
5 involvement in this case, I think it is relevant only to the extent that it explains on
6 the record the delays that have occurred in this case and the multiple continuances
7 that have been requested and granted. It is well documented the multiple entry of
8 appearances on behalf of SBG and the multiple continuances. I issued an order
9 granting one of the requests, although I have not done it every single time that the
10 request for continuance has been received, so you can go over it by all means but it
11 is not very valuable for the record to go over it at this point.

12 MR. DEBROFF: Sure. Mainly what I can say Your Honor, is just for the
13 purpose of the discussion. Maybe just kind of two seconds just in terms of the
14 nature of the relationship because I think it is fair so that we just sort of clarify
15 things for the record, I think it is a good idea for you and the Commission to be
16 aware of this. I think suffice to say that before Rhoads and Simon came on the
17 scene with our representation in the beginning of November of 2012, my
18 understanding is that SBG has had a long history of looking for the right information
19 from PGW in terms of data that would support issues that they have had with their
20 accounts over the years and we are certainly going to make that particularly an issue
21 because there has certainly been an history and Mr. Farinas is right in part. There
22 has been a history but I would disagree with his conclusion about the nature of that
23 history but he is correct that there has been a long back and forth between the
24 management company that has been the agency for all of these ten properties, eight
25 of which are subject of complaints before the Commission currently.

1 I think to the extent that some version of partial information over the years
2 are provided in little bits and pieces and individual issues have come up has sort
3 have been the standard operating procedure and our understanding is that on
4 occasions where there were information or questions that SBG had on behalf of the
5 ten properties, they would present those questions informally over the phone or in
6 writing to PGW and it has been difficult for SBG to procure the information that we
7 thought over the years were information that should be available to us on our own
8 accounts. To the extent that there were numerous instances over the years where
9 the information was either not readily available or just difficult to procure in any kind
10 of batch ways is what I mean, is not just an individual call with individual accounts
11 but an individual call with multiple accounts and I think that –

12 JUDGE VERO: Mr. DeBroff, I am sorry to interrupt you but you do realize
13 that you are going into testimony with regard to adequacy of services?

14 MR. DEBROFF: All right, let me stop with the historic piece and maybe just
15 mention that I think for purposes of today, we were retained in the beginning of
16 November and it was clear from discussions with the client that prior Counsel was
17 not probably really totally capable of being able to prosecute the work, and I am
18 talking about the outside Counsel that was initially retained. I think after their
19 review of the information and what their task was ahead in terms of working with
20 the Utility and looking at issues that the Company had, that they were not totally
21 capable of being able to prosecute the work and move forward with it because of
22 the very specialized nature of the type of assignment and as a result, I think that's
23 where in terms of the nature of the delay and SBG was attempting to find someone
24 who could support them and we found each other in November and so from the
25 beginning of November, we have taken a very serious look at all of the issues in

1 the existing complaints and we have sent those to the Company, to SBG and to the
2 Commission and we are certainly in a position at this point where we have started
3 our discovery. In terms of the type of request that is out there, we have one set of
4 discovery with seven questions with sub-parts. What we are really looking for is
5 based upon the issues that were presented in the initial complaints, we went back
6 and looked at the concerns that we had with the accounts that we were originally –
7 some of the information that you provided and our understanding was that based on
8 the information that we had and things that we didn't, that there was going to be a
9 little bit of a deeper analysis taken at each of the properties.

10 I think to the extent that procedurally, we also noticed deficiencies in the
11 initial complaints and that they were addressing issues, some of which PGW filed in
12 response to the initial complaints a number of answers and preliminary objections on
13 each of those complaints and after our review of those, and it is certainly
14 understandable that there were issues as you made your determination – certain
15 things that were to be excluded that were not to be the jurisdiction of the
16 Commission. To the extent that – in looking at the complaint and determining that
17 no matter what kind of account numbers and the different properties that we were
18 looking at and reviewing, that for certain we were going to have to revise the
19 complaints and the particulars about the way in which we indicated our
20 understanding that there were issues that we could not bring, that we wanted to
21 adjust in the complaint and also that there were standing questions and party
22 related detail regarding who the complainants were and who the complainants are
23 and the nature of the agency relationship between SBG and the individual LP
24 properties. To the extent that I think that we are a day or two away from filing those
25 and then to the extent that your questions, we took under advisement about the

1 nature of the timing of that filing and I think to the extent that we are – I think we
2 are in a position to tell you where we are at. We have had good discussions with
3 Mr. Farinas from the utility. We have had one sit-down meeting in person to go over
4 the initial discovery, which I thought was very successful. We have certainly gotten
5 off on the right foot and I think to the extent that what we are attempting to do
6 right now and we can certainly speak about this on the record or off the record, but
7 we are kind of prepared to speak to the nature of our concerns about our accounts
8 at each of the properties. We don't have all of the information – Mr. Farinas is
9 correct, but I think we are certainly going to follow up informally and we are looking
10 to set up a couple additional dates in the next couple weeks to go through discovery,
11 you know, those are the things we have, those are the things we are owed.

12 We certainly intend before the hearing is out to talk about the request for
13 expedited delivery because I think that our goal and certainly the responsibility that I
14 have representing the client is that we are kind of tired of the back and forth and I
15 am sure the Commission is tired of the delays in the cases and you know, the issues
16 are extremely important.

17 JUDGE VERO: All right. Anything specifically with regards to – you did
18 mention that the complaints, you foresee filing them in the next couple of days?

19 MR. DEBROFF: Tomorrow or Monday.

20 JUDGE VERO: With regard to the complaint, before I forget, I would like to
21 mention that – as I mentioned to you in our previous conversations, the relationship
22 between SBG and these other entities that Mr. Pooley so freely has mentioned in his
23 complaints without identifying any relationship between SBG and entities such as
24 Fairmount Manor Realty, LP, Colonial Garden Realty, LP, Elrea Garden Realty, LP,
25 Simon Garden Realty, LP, Marshall Square Realty, LP, is crucial when it comes to

1 granting SBG Management Services standing to bring the billing dispute and the
2 quality of service issues before the Commission. I would like the complaints to serve
3 a dual purpose, not only to bring forward proper allegations and to sort of identify
4 instances of what SBG believes to be violations of Commissions statutes, regulations
5 or orders on the part of PGW, but also to serve several quasi brief function to sort of
6 enlighten me with regard to the relationship that SBG has with it's entities as well as
7 to provide case laws with regard to some sort of case law that actually – I am trying
8 to phrase it right. All right, case law that will give SBG standing, just stating the
9 relationship that it has with regard to these entities that will grant it standing. Of
10 course, I will do my own homework and research in order to determine whether SBG
11 has standing or whether it doesn't but I would appreciate it if the Complainant
12 provided me some guidance with regards to the legal grounds that SBG has to bring
13 complaints with regards to the accounts that are not directly in SBG's name but are
14 in the names of these other entities.

15 Since we are talking about these other entities, there is one other point that
16 I would like to address. As you probably know, Ms. Francine Boone has entered her
17 appearance on behalf of these other entities. I had a rather confusing conversation
18 with her with regards to the status of these entities as part of this case. During a
19 telephone conversation with her, she tried to clarify the relationship but wasn't very
20 successful because I have gotten different information from you and from PGW's
21 pleadings with regards to the relationship of SBG with Fairmount Manor, Colonial
22 Gardens, Elrea Gardens, Simon Gardens and Marshall Square, so I am not taking any
23 of the versions for granted or as a fact until we have the evidentiary hearing in this
24 matter but if you could provide me some directions with regard to the legal grounds
25 SBG has to bring forward this complaint on behalf of these other accounts, I would

1 appreciate it and as I said, she has filed these complaints and the hearing notice for
2 today was sent to Ms. Boone because of her entry of appearance and if she was
3 here, I would like to have – I will do it on the record anyway.

4 Although there is an entry of appearance, the other entities, Fairmount
5 Manor, Colonial Gardens, etcetera, are not parties as of today in this case. There
6 are no complaints filed on their behalf and SBG certainly has not filed a motion to
7 join these other entities as indispensable parties, so as it stands today, I am in the
8 process of writing an order striking the entry of appearance from this case. These
9 parties are not parties as of today. How SBG wants to proceed with them in the
10 future is to be seen with the filing of the amended complaints but as of today they
11 are not parties. I want on the record that her entry is stricken and you might want
12 to contact her and she might want to enter an appearance. I don't know how SBG
13 and the other entities want to proceed with regards to her appearance and her
14 involvement in this case but it will be stricken and soon after this hearing, I will issue
15 an order doing that.

16 Also, as Mr. Farinas mentioned, the volume of information that these files –
17 these consolidated complaints cover or involves is rather large. Originally these
18 complaints were consolidated without a clear understanding of what they involve
19 and I am asking this of both Mr. Farinas and Mr. DeBroff. Do you think it is better to
20 separate the complaints for discovery and hearing purposes and I only mention it
21 because as Mr. Farinas mentioned earlier, there are multiple meters involved and we
22 have a billing dispute and sometimes the billing disputes challenge the accuracy of
23 the meter and here I have PGW hoping that you are not going to challenge every
24 single one of them but I cannot force you to challenge one and not all. You will do
25 what is best for your client, so now that you have an understanding of your client's

1 demands and the issues that it presents, do you think it is best to separate the
2 complaints? Although they have been consolidated, you can still separate them for
3 hearing purposes in order to make these cases more manageable and for discovery
4 also, they will become more manageable. Time is of the essence in every single one
5 of the cases that comes before the Commission but making a just and fair decision is
6 paramount and I think speeding up the process is not going to ensure an accurate
7 and fair decision in this case, so I am willing to be cautious on the side of delaying
8 the proceeding as much as necessary in order to achieve a just purpose for
9 everyone, so what is the parties opinion? Mr. Farinas.

10 MR. FARINAS: Your Honor, it would make things more administratively
11 clearer for us. Also, it might be good to make a little bit of progress on one property
12 at a time rather than wait for a very long time and then make progress, so it would
13 certainly fit into my daily workload better if it was just one --

14 MR. DEBROFF: And if I could, Your Honor, I have a quick question on what
15 you said before. I want to just for a second let you know what is coming in terms of
16 the amended complaints and I think it is important that you know this piece. We
17 have a document that is going to be an exhibit to the amended complaints that we
18 can also support with case law as you have asked for. It shows the agency's
19 relationships between all the properties and SBG Management Services as an entity
20 that can represent it. We are going to have that level of detail in the many
21 complaints. We are going to have the legal piece to it and it is going to look -- it is a
22 very traditional agency piece and so I think that to the extent that there isn't
23 anything that is necessarily unique about the relationship but it will spell out the
24 ability for SBG Management Services to be able to represent and file complaints on
25 each of the individual issues and each of the individual problems and that should be

1 pretty self-evident as to our ability and standing that you are looking for.

2 JUDGE VERO: Okay.

3 MR. DEBROFF: The one question that I have was you mentioned something
4 about – there were certain complaints where you mentioned Fairmount but is it –
5 well, let me just preface my question by saying that Ms. Boone is the in-house
6 Counsel for SBG and certainly, the Company has been very appreciative of your back
7 and forth with her but I think to the extent that – in terms of this process, I guess
8 you could say she is more or less a potential witness but also an employee, whereas
9 in terms of representation in the cases, it is just going to be Rhoads and Simons. So
10 I think to clarify that, if you want to strike her appearance but she might be more of
11 a witness at some point possibly, but she is not going to be representing the
12 company unless for some reason something happens or an emergency, but it will
13 either be myself or Ms. Duke that will be representing the Company in any and all
14 cases.

15 JUDGE VERO: Mr. DeBroff, I can provide you with a copy of her entry of
16 appearance and it is strictly for the other entities but it is signed as SBG in-house
17 Counsel and I had a conversation with her about why it is the way it is and she said
18 "I want to make sure that these entities are represented." She cannot represent
19 entities that are not parties in the case and as it stands today, they are not parties to
20 this case but I have an entry of appearance that she insisted she needed to file and
21 this is what I will strike. Whether she wants to appear as a witness or she wants to
22 help your firm with the workload or whatever, she is free to do that but I am striking
23 her appearance as legal representative of Fairmount Manor Realty, Elray Gardens,
24 Colonial Gardens, Simon Gardens and Marshall Square Realty. Okay?

25 MR. DEBROFF: That's fine.

1 JUDGE VERO: I think she has filed an entry of appearance on behalf of
2 other entities involved in other cases also involving SBG but that's not the topic of
3 this pre-hearing conference but I wanted to let you know that this was what was
4 going to come down the pike next and it was my attempt to update my side of the
5 work.

6 MR. DEBROFF: Sure. Thank you.

7 JUDGE VERO: Also Mr. DeBroff, what is your opinion with regard to
8 separating these cases for hearing purposes and maybe for further future discovery
9 proceeding? I also want to note that we can keep them consolidated to some
10 extent. Some of them involve less account and there are a couple that involves a
11 hundred plus accounts, so I can keep them consolidated in smaller groups but I
12 thought it would be more manageable if they were separated.

13 MR. DEBROFF: Your Honor, could we just go off the record for one
14 moment?

15 JUDGE VERO: Sure. We are off the record.

16 (Discussion off the record.)

17 JUDGE VERO: We are back on the record.

18 I would like to note that during the period of time we were off the record,
19 the parties were able to discuss some of their concerns and issues with the
20 consolidated cases as it was briefly suggested by me on the record. They have
21 agreed that it would be best if the five consolidated cases would be separated into
22 two groups. Because three of the cases potentially involve accounts that are
23 interrelated, we are going to keep SBG Management Services Inc./Fairmount Manor
24 Realty, LP, at Docket No. C-2012-2304315 and SBG Management Services Inc./Elray
25 Garden Realty, LP, versus Philadelphia Gas Works at C-2012-2304167 along with

1 SBG Management Services Inc./Marshall Square Realty, LP, versus Philadelphia Gas
2 Works at Docket No. C-2012-2304303 together as consolidated but separate from
3 the remaining two complaints, which will eventually be consolidated together for
4 discovery, hearing and decision making purposes. Is that correct, gentlemen?

5 MR. FARINAS: Correct, Your Honor.

6 MR. DEBROFF: Yes, Your Honor.

7 JUDGE VERO: All right. Is there anything else that you would like to cover
8 in this pre-hearing conference?

9 MR. DEBROFF: Yes, Your Honor. I would like to address the discovery
10 process. SBG has filed one set of discovery on PGW and we are potentially halfway
11 through materials that we need. The response is based on what has been provided
12 and there is a due date approaching. To the extent that we believe that there is still
13 a great deal of information out there, I would like to expedite the discovery and
14 request that you lower the response time for discovery from PGW back to us to ten
15 days.

16 MR. FARINAS: And I would object to that, Your Honor. Even though we
17 have now limited –

18 JUDGE VERO: Just a minute, Mr. Farinas. You are asking for expedited
19 discovery proceedings on the grounds of?

20 MR. DEBROFF: In terms of the response time for discovery, we think we
21 are lagging behind getting some of the responses that are due to us. The Company
22 while it has produced discovery within that timeframe and we certainly appreciate
23 that but I think that based on the fact that we have seen some materials come fairly
24 quickly, I don't think that's putting a tremendous burden on the Company to
25 basically respond to some of the requests in a ten day period. It is difficult to do the

1 analysis that we need to do unless we have answers to all of our questions in our
2 first set which is asking for what I consider based on information that should be
3 fairly available particularly when it comes to account information, meter issues and
4 billing concerns that we can't do a complete examination of what we think are the
5 concerns of individual accounts and account numbers in those properties, even just
6 the three, unless we have all of the questions answered with regard to those
7 properties.

8 JUDGE VERO: All right, you are aware as it stands, these cases do not
9 have a hearing date scheduled?

10 MR. DEBROFF: I understand that and I would like to talk a little bit about
11 the hearing schedule.

12 JUDGE VERO: Because there is no complaint filed. You will file it? It has
13 not been filed.

14 MR. DEBROFF: Okay.

15 JUDGE VERO: Okay, just so that you know and there is answer and there
16 is a potential for motions, preliminary objections, so the hearing schedule is not
17 something that concerns me at this point. It is something in the future once
18 everything has been filed. Without pleadings filed, how can we concern ourselves
19 with dates and time when the hearing will be scheduled and if they are in their
20 allotted time for responding to the discovery request, you haven't given me a good
21 enough reason to expedite the discovery proceedings. Just because you are doing
22 an analysis, there is no hearing date fast approaching and the preparation of
23 analysis of the accounts is something that is done in every single case and that is
24 why the discovery proceedings have a set date for responses when they are due
25 because it is already calculated that the opposing party will need some time to

1 respond to it. I don't think the Company's need to conduct an analysis is a good
2 enough reason to ask the other party to expedite their responses. Maybe if you
3 have another reason.

4 MR. DEBROFF: Your Honor, I am a little confused. You said something
5 about the status of the current complaint. I guess based on what I have read in
6 your existing order and the flow of the proceeding procedurally, while we have
7 substitution of Counsel, I don't believe that it was ever our intent to believe that
8 there aren't complaints that are active before this Commission. That to me is not
9 the case. I think the way you described it, it sounds as if your understanding is that
10 there aren't any complaints before the Commission.

11 JUDGE VERO: I did not state that. No, I did not state that. The thing is
12 that we cancelled the hearing. As of today, there is no hearing and while there are
13 these complaints that have been originally filed and I expect you when you file the
14 many complaints to reply to the original docket. Otherwise it will open a whole new
15 can of worms, so please indicate that these are amended complaints so that the
16 Secretary of the Bureau will not have to guess. The fact of the matter is and lets be
17 practical about it, you are filing an amended complaint, you are making new or more
18 detailed allegations which will require an answer from the opposing party – at least
19 an answer, so it is not logical to set a hearing date when we have all these other
20 stages coming up. If I were to schedule it for the next thirty days, I assure you that
21 you would not be ready for it and you would be the one who would be asking for a
22 continuance, so there is no hearing date at this time, which will give the parties
23 sufficient time to conduct discovery. This is my take on it.

24 I understand when we had this conversation, you did state that the way
25 PGW was producing documents was hindering SBG in their preparation of the

1 amended complaints. That was a good reason to expedite discovery and I resolved
2 it by stating, take your time and get all the information you need in order to have
3 those pleadings in a state that they don't run against sufficiency of pleadings
4 problem. So you got the time that you needed and I can grant you more time. I
5 didn't set a deadline for when you can file them. If you are under any other time
6 restraint let me know and I will be flexible but what you just stated, your desire to
7 have it is not a good enough reason, so I don't see the need for an expedited
8 discovery proceeding.

9 MR. FARINAS: Thank you, Your Honor.

10 MR. DEBROFF: Your Honor, if we don't get full response to the rest of our
11 discovery based on our request, then I absolutely have it within my rights to come
12 back to you and say that we have not been satisfied with the answers to our
13 discovery and the only way we can move forward is unless we get the discovery and
14 if I don't get answers to each and every questions that I have asked on Monday,
15 then I will put something in writing and I will request expedited discovery based on
16 the fact that we didn't have the answers provided to us on the initial request.

17 JUDGE VERO: But you don't know. As of today you don't know. You
18 cannot ask for an expedited discovery today when you don't have information and
19 you cannot make a judgment as to whether or not you got everything that you need
20 from PGW, so why not wait until Monday?

21 MR. DEBROFF: And I appreciate that and I will wait until Monday and then
22 get back to you.

23 JUDGE VERO: By all means. Now, what is your goal for a hearing? What
24 would you like to see in terms of hearing date?

25 MR. DEBROFF: Could we just go off the record for a moment, Your Honor?

1 JUDGE VERO: Yes.

2 (Discussion off the record.)

3 JUDGE VERO: We are back on the record.

4 I would like to go over briefly what was discussed between the parties and
5 myself with regard to the discovery proceedings and the possible litigation schedule
6 in these cases. As I probably mentioned before, the parties and I have come to the
7 conclusion that it is best for logistic reasons to separate the five consolidated cases
8 into two sets of consolidated cases with Docket No. C-2012-2304215 consolidated
9 with C-2012-2304167 and C-2012-2304303. The remaining docket numbers are
10 C-2012-2304167 to be consolidated with – I stand corrected. I am sorry. Leaving
11 Docket No. C-2012-2304183 to be consolidated with C-2012-2304324.

12 The importance of the separation of the consolidated cases into two groups
13 of consolidated cases is also reflected in the way the discovery proceedings as well
14 as the evidentiary hearings and the due date for the decision in these cases are also
15 going to be separate and distinct between the two sides.

16 The parties have agreed that with regard to the discovery proceedings,
17 PGW is going to have two additional dates from the original deadline set by our
18 regulations in order to produce the answers to the first set of interrogatories
19 submitted by SBG. Those interrogatories concerns the first group of consolidated
20 cases involving Fairmount Manor Realty, Elray Garden Realty and Marshall Square
21 Realty. Is that correct?

22 MR. DEBROFF: Yes.

23 JUDGE VERO: Leaving PGW's responses to SBG's first set of interrogatories
24 for the complaints involving Colonial Gardens, Simon Gardens to be due and
25 submitted ten days later from the original deadline for responses to interrogatories,

1 making this December 20, 2012. Is that correct?

2 MR. DEBROFF: Correct.

3 JUDGE VERO: Also, we did discuss the manner in which the evidentiary
4 hearings will be scheduled in these cases and we are of the agreement that the first
5 set of the three consolidated complaints will be scheduled first, with the
6 understanding that the second set with the two remaining consolidated complaints
7 will be scheduled soon after and by soon after, I mean a week to ten days following
8 the first evidentiary hearing. Is that satisfactory?

9 MR. FARINAS: Yes.

10 MR. DEBROFF: Yes.

11 JUDGE VERO: Okay. Of course we have to make some concession for
12 everybody's schedule and I do mean work related and family related problems. I
13 would appreciate it if the parties keep me updated with regard to any new issues
14 that come up so that we can address them as soon and as efficiently as possible.
15 Okay, is there anything else that I forget to mention from our off the record
16 discussion?

17 MR. DEBROFF: Maybe just Your Honor, based on the initial discovery that
18 we submitted to the Company, we are going to go back and just confirm whether we
19 did file with the Commission a Certificate of Service. If we did not, we will produce
20 it.

21 JUDGE VERO: It's quite all right. I will make sure that they get a copy of it
22 so that you do not have to concern yourself with it. I will make sure they have a
23 copy to scan into the record in this case, so that is not something to be worried
24 about. I don't think I have anything else. Mr. Farinas, anything else for the record?

25 MR. FARINAS: Nothing further, Your Honor.

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JUDGE DEBROFF: Mr. DeBroff, do you have anything else for the record?

MR. DEBROFF: Nothing further, Your Honor. Thank you.

JUDGE VERO: Okay, then good luck with your informal discussions on Tuesday and I look forward to the complaints to be filed and PGW's answer to it and then we will move forward with these cases. Thank you very much and have a pleasant rest of the day everybody. This concludes this mornings pre-hearing conference.

MR. FARINAS: Thank you, Your Honor.

MR. DEBROFF: Thank you, Your Honor.

(Whereupon, at 12:42 p.m., the hearing was adjourned.)

C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

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