

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION ET AL. V.
PHILADELPHIA GAS WORKS (PGW);
PGW PETITION FOR APPROVAL OF
ENERGY CONSERVATION AND
DEMAND SIDE MANAGEMENT (DSM)
PLAN**

**Public Meeting July 29, 2010
2139884-OSA
Docket No. R-2009-2139884, et al.**

**STATEMENT OF
COMMISSIONER ROBERT F. POWELSON**

Today the Commission is considering a \$16 million settlement agreement for the Philadelphia Gas Works (PGW).

I would first like to thank the parties involved in this case for their genuine concern and commitment to ensuring that the settlement in front of us today is in the public interest. The scope of the settlement is broad and includes solid steps in several key areas, including debt repayment, demand-side management and low-income assistance.

I simply wish to note that, from the time I started at the Commission, I have been keenly focused on the need to replace the infrastructure of PGW, along with that of other gas and water utilities in Pennsylvania. As a result, I am concerned that this rate increase before us is designated solely for funding of PGW's OPEB obligation, and does not address the company's infrastructure needs moving forward.

During my brief tenure, the Commission has been closely monitoring PGW's financial status and has been working proactively with the management to address some of the most pressing issues facing the company.

In December 2008, the Commission granted PGW's petition for \$60 million in emergency rate relief. As part of that approval, Vice Chairman Christy and I sponsored a joint motion requiring PGW to engage in a PUC working group tasked with examining issues facing day-to-day operations of this entity. To date, we have conducted eight meetings.

At the outset, the working group was required to meet at least ten times per year. While these meetings were put on hold due to this pending rate case, after today's action, I trust that PGW management will be calling our Director of Operations to coordinate the remainder of the meetings outlined in our December 18, 2008, joint motion.

PGW has taken steps recently that have resulted in significant improvements, such as an increase in collections, repayment of an emergency City loan and an upgraded credit outlook. The active involvement of the City of Philadelphia, which recently retained a

financial advisor to look at the long-term options for the future of PGW, will also serve to strengthen the company.

I believe this Commission has been very forward-thinking in its decisive actions with PGW thus far. We will continue to work with the company's management – as well as the City of Philadelphia and Mayor Nutter – to strike an appropriate balance for the company and its customers, and I trust that PGW will maintain its fiscal prudence and its steadfast commitment to providing safe and reliable service to the residents of Philadelphia.

DATE: July 29, 2010

**ROBERT F. POWELSON
COMMISSIONER**