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April 12, 2013

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-2008-2073938**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Prehearing Conference 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 this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and Prehearing Conference Memorandum, and kindly return them to our messenger for our filing purposes.

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

/lmc

Enclosures

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

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## 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 Section 1.54 (relating to service by a participant).

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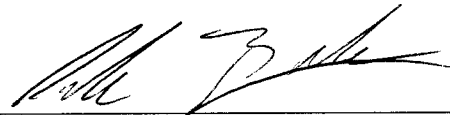
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Adeolu A. Bakare

Dated this 12<sup>th</sup> day of April 2013, in Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC  
UTILITY COMMISSION

v.

PHILADELPHIA GAS WORKS

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DOCKET NO. R-2008-2073938

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

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Pursuant to the April 5, 2013, Prehearing Conference Order issued by Administrative Law Judge ("ALJ") Christopher P. Pell, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") hereby submits this Prehearing Conference Memorandum in the above-captioned proceeding.

**I. HISTORY OF THE PROCEEDING**

On November 14, 2008, Philadelphia Gas Works ("PGW" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Petition for Extraordinary or Emergency Rate Relief ("Petition") requesting, *inter alia*, that the Commission permit PGW to increase distribution delivery service rates, on an across-the-board basis, by \$60 million.<sup>1</sup>

On December 19, 2008, the Commission issued an Order granting PGW's request for emergency rate relief in the amount of \$60 million and further directing PGW to convene a collaborative process to transition some or all of its customers to an alternative default or "last resort" service supplier.

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<sup>1</sup> On November 24, 2008, PICGUG filed a Petition to Intervene and Answer to PGW's Petition. PICGUG's Petition to Intervene and Answer was approved by ALJ Marlane R. Chestnut in the December 1, 2008, Prehearing Order.

Pursuant to this directive, PGW held several Supplier of Last Resort Collaborative ("SOLR Collaborative") meetings between February 2009 and September 2009. On July 23, 2009, PGW and the SOLR Collaborative participants received a joint proposal from certain Natural Gas Suppliers ("NGSs") ("Supplier Proposal"). The Commission issued a Secretarial Letter on April 13, 2011, referring the Supplier Proposal to the Office of Administrative Law Judge ("OALJ") for hearings.

On November 23, 2011, PGW and several NGSs filed a Joint Petition for Settlement ("Settlement") proposing to resolve the SOLR Collaborative by implementing consolidated billing and Electronic Data Interchange ("EDI") upgrades to PGW's billing systems. PICGUG filed a Letter on December 28, 2011, opposing the Settlement, indicating that it was not made aware of the Settlement until it was filed with the Commission, and recommending denial of the Settlement for several reasons, including the fact that the Settlement failed to address cost allocation issues.

On January 13, 2012, the NGSs filed a Motion to hold resolution of the Settlement in abeyance pending resolution of an ongoing Purchase of Receivables ("POR") Collaborative that involved many overlapping parties and several of the same cost recovery and cost allocation issues material to the SOLR Collaborative. On February 15, 2012, ALJ Pell granted the Motion and ordered the proceeding to be held in abeyance for sixty days.

Following granting of the initial Motion, PGW and the NGSs engaged in discussions with collaborative participants.<sup>2</sup> As discussions continued, the NGSs submitted additional requests to

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<sup>2</sup>PICGUG participated in a number of collaborative meetings, but apparently did not receive notice of all collaborative meetings and/or teleconferences. Participants other than NGS entities included the Office of Consumer Advocate ("OCA"), Bureau of Investigation and Enforcement ("I&E"), the Office of Small Business Advocate ("OSBA"), Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN, *et al.*), and the Philadelphia Housing Authority ("PHA").

extend the abeyance period on April 18, 2012, June 25, 2012, and September 21, 2012. Each request was subsequently granted by ALJ Pell.

On December 20, 2012, the NGSs requested a further ninety day extension of the abeyance. On December 27, 2012, I&E filed an objection to the NGSs' request and proposed that the ALJ schedule a Prehearing Conference to develop an evidentiary method in the proceeding. I&E additionally submitted a letter on January 9, 2013, confirming that PGW and the NGS Parties did not object to scheduling a Prehearing Conference.

On January 17, 2013, ALJ Pell directed that a Prehearing Conference be scheduled for April 16, 2013.

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

As discussed in the limited collaborative meetings of which PICGUG was made aware, PICGUG is concerned with rate impacts and cost allocation resulting from the proposals implement consolidated billing and EDI upgrades. PICGUG anticipates further pursuing these issues during this proceeding as necessary and reserves the right to raise further issues and to respond to all matters raised by other parties.

## **III. PROPOSED WITNESSES**

PICGUG is in the process of evaluating whether it will sponsor testimony in this proceeding. In the event that PICGUG decides to sponsor testimony, it will immediately inform the parties and the ALJ of any intended witnesses and topics of testimony. PICGUG also 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 defer to the other parties at the Prehearing Conference in regards to the amount of hearing time needed. Additionally, PICGUG will cooperate with ALJ Pell and the

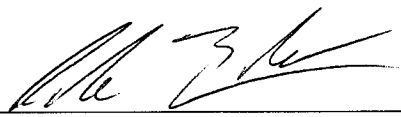
parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

**V. 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

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Dated: April 12, 2013