

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION</b>	:	
	:	
	:	
v.	:	<b>Docket No. R-2009-2139884</b>
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<b>PHILADELPHIA GAS WORKS</b>	:	
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<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION</b>	:	
	:	
	:	
v.	:	<b>Docket No. P-2009-2097639</b>
	:	
<b>PHILADELPHIA GAS WORKS</b>	:	
	:	
<b>PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS GROUP</b>	:	
	:	
	:	
v.	:	<b>Docket No. C-2010-2160512</b>
	:	
<b>PHILADELPHIA GAS WORKS</b>	:	

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**STATEMENT OF PHILADELPHIA INDUSTRIAL AND COMMERCIAL GAS USERS  
GROUP IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

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**I. BACKGROUND**

Philadelphia Industrial And Commercial Gas Users Group ("PICGUG"), by and through its counsel, submits that the Joint Petition for Settlement ("Joint Petition" or "Settlement"), filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceedings, reflects a settlement among the Joint Petitioners with respect to Philadelphia Gas Works' ("PGW" or "Company") November 18, 2009, filing of Supplement No. 36 to Tariff Gas - Pa. P.U.C. No. 2 ("Supplement 36"), which sought to increase PGW's total annual operating revenues by \$102.5 million, including a \$60 million emergency and

extraordinary rate increase approved by the Commission in December 2008,<sup>1</sup> as well as an additional \$42.5 million rate increase primarily to provide funding for the Company's non-pension post-employment benefits liability. The Joint Petition also reflects a settlement among the Joint Petitioners with respect to PGW's proposed Demand Side Management Plan ("DSM Plan").<sup>2</sup>

On February 12, 2010, PICGUG submitted a Complaint in the above-captioned, consolidated proceeding. As noted in its Complaint, PICGUG members receive service from PGW and use substantial volumes of natural gas in their operations. As a result, PICGUG members were concerned that the proposed rate increase would adversely impact their operations.

## II. STATEMENT IN SUPPORT

As a direct result of settlement discussions, the Joint Petitioners in this proceeding have agreed upon the terms embodied in the foregoing Joint Petition.

1. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Joint Petitioners engaged in negotiations in an effort to settle the issues raised by the complainants. These ongoing discussions produced the foregoing Joint Petition.

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<sup>1</sup> See Pennsylvania Pub. Util. Comm'n v. Philadelphia Gas Works, Docket No. R-2008-2073938 (Order entered Dec. 19, 2008).

<sup>2</sup> Upon motion from PGW, the Commission consolidated review of the Company's proposed DSM Plan, which was originally filed on March 26, 2009, with the Company's base rate proceeding.

2. The Joint Petitioners agree that the Company should be authorized to file a tariff supplement containing the rates set forth in the Joint Petition.

3. The Joint Petitioners agree that PGW will maintain the \$60 million revenue increase that was authorized as part of the extraordinary rate proceeding and will further be permitted to increase its level of annual revenues by \$16 million.

4. The Joint Petition is in the public interest for the following reasons:

- a. as a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated;
- b. uncertainties regarding further expenses associated with possible appeals from the final order of the Commission are avoided as a result of the Joint Petition;
- c. the Joint Petition results in an increase in PGW's rates by \$76 million, which is approximately 74% of the Company's original request of \$102.5 million;
- d. the Joint Petition provides PGW with an opportunity to pursue meaningful conservation and demand reduction measures, while preserving the ability of parties and stakeholders to monitor the Company's proposed DSM Plan programs and costs going forward;
- e. the Joint Petition reflects compromises on all sides presented without prejudice to any position that any Joint Petitioner may have advanced so far in this proceeding;
- f. the Joint Petition is presented without prejudice to any position that any party may advance in future proceedings involving the Company; and
- g. the Joint Petition provides that the Company will not file a distribution rate case any sooner than 24 months after the PUC approval of this settlement.

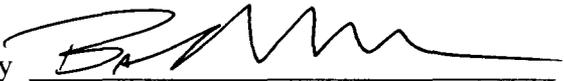
5. PICGUG supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the Administrative Law Judge or the

Commission, PICGUG will reassume its litigation position, which differs from the terms of the Joint Petition.

**WHEREFORE**, the Philadelphia Industrial And Commercial Gas Users Group respectfully requests that Administrative Law Judge Rainey and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Settlement.

Respectfully submitted,

MCNEES WALLACE & NURICK LLC

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