

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	Docket No. R-2009-2139884
	:	
PHILADELPHIA GAS WORKS	:	
	:	
PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	Docket No. P-2009-2097639
	:	
PHILADELPHIA GAS WORKS	:	

**STATEMENT OF THE RETAIL ENERGY SUPPLY ASSOCIATION
IN SUPPORT OF SETTLEMENT**

TO THE HONORABLE CHARLES E. RAINEY, JR. AND THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

Philadelphia Gas Works (“PGW” or the “Company”), Office of Trial Staff (“OTS”), Office of Consumer Advocate (“OCA”), Office of Small Business Advocate (“OSBA”), Philadelphia Housing Authority (“PHA”), Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”), Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN, *et al.*”), Clean Air Council (“CAC” or “Council”), and Retail Energy Supply Association (“RESA”) (collectively, the “Joint Petitioners”), by their respective counsel, submit this Joint Petition For Settlement (“Settlement”) of all of the issues, in the above-captioned proceeding. The settling parties request that the Administrative Law Judge Charles E. Rainey, Jr. (the “ALJ”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”) approve the Settlement without modification.

RESA supports the Settlement and urges the Commission to approve it for the following reasons:

1. The Settlement is a reasonable compromise and lawful resolution of PGW's request for a general rate increase under Chapter 13 of the Public Utility Code.

2. The terms of the Settlement are supported by the testimony entered into the record, and thus, there is a sound evidentiary basis for the Settlement terms. Moreover, the settlement is the result of multiple settlement conferences and conversations held over the course of the proceedings in this docket.

3. From RESA's perspective, the Settlement is a lawful resolution of competitive issues that is in the public interest because it requires numerous tariff modifications that will serve to facilitate retail gas supply competition in the PGW service territory. These modifications will result in the following improvements to PGW's operational rules:

- A 10% tolerance for daily imbalances, which will not increase costs to PGW or to customers, but will enhance competitiveness by creating a reasonable and attainable performance metric. RESA Statement No. 1, pp. 5-9, 13-14.
- The elimination of the carryover for monthly balances to the next month, which ensures a fair price for cashouts and eases the administrative burden of managing imbalances. RESA Statement No. 1, pp. 13-14.
- A modification to the penalty calculation for monthly imbalances so that suppliers are not penalized for erroneous or modified data resulting in an imbalance that cannot be resolved by the end of the month, which promotes fairness and equity. RESA Statement No. 1-S, pp. 5-9.
- An increase in the number of data points used in the calculation of the monthly cashout for imbalances from two to five, which provides a more equitable price that is more representative of the average market price for the month. RESA Statement No. 1, pp. 9-10, 12, 13-14.

4. The Settlement is also in the public interest because it will facilitate the implementation of a Purchase of Receivables ("POR") program and the necessary infrastructure improvements (e.g., utility consolidated billing and EDI) in the PGW service territory. The Commission has recognized the importance of POR programs to competition with its finding that POR programs are critical to immediately increasing supplier participation, and in turn, effective competition in Pennsylvania's retail natural gas market. RESA Statement No. 2, p. 4. This point was supported by uncontroverted record evidence that the existence, or non-existence, of a POR program is an extremely important factor that a supplier will consider in deciding whether to offer service in distribution company service territory, especially with respect to the residential/small commercial customer market. In fact, for some NGSs seeking to serve this market, the availability of a POR program is the single most important factor in determining whether to offer service. RESA Statement No. 2, p. 4. The POR collaborative agreed to as part of the Settlement represents an important step towards implementation of a POR in the PGW service territory

WHEREFORE, RESA respectfully requests that the Administrative Law Judge recommend approval of the Settlement reached by the Parties, and the Settlement's adoption by the Pennsylvania Public Utility Commission.

Dated: May 14, 2010



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