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April 12, 2013

VIA E-FILING

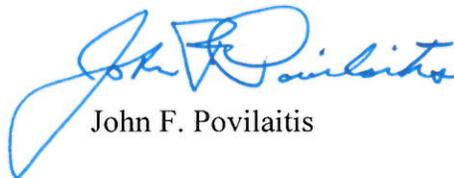
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17105

Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works;
Docket No. R-2008-2073938

Dear Secretary Chiavetta:

I have enclosed for electronic filing the Prehearing Memorandum of Hess Corporation and Direct Energy Services, LLC in the above-captioned matter. Copies have been served on all parties as indicated in the attached certificate of service.

Very truly yours,



John F. Povilaitis

JFP/kra

Enclosure

cc: Administrative Law Judge Christopher P. Pell (Via Email and First Class Mail)
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2008-2073938
	:	
Philadelphia Gas Works	:	

**PREHEARING MEMORANDUM OF HESS CORPORATION AND
DIRECT ENERGY SERVICES, LLC**

Hess Corporation (“Hess”) and Direct Energy Services, LLC (“Direct”), Parties to the above captioned matter, hereby submit this Prehearing Memorandum as directed by the April 5, 2013, Prehearing Conference Order of the Honorable Presiding Administrative Law Judge Christopher P. Pell (“ALJ”) in the above-captioned proceeding.

I. BACKGROUND AND INTRODUCTION

1. Hess and Direct concur with the procedural history and background of this proceeding set forth in the ALJ’s April 5, 2013 Prehearing Conference Order. That Prehearing Conference Order set April 16, 2013 as the date for a Prehearing Conference in this matter.

2. In the time since the ALJ’s January 17, 2013 Order granting the natural gas suppliers’ and other parties to this case, a postponement of a prehearing conference in this matter, Hess and Direct have diligently attempted to complete negotiations on a settlement of this proceeding. Regular settlement discussions among parties have continued and were held as recently as April 10, 2013.

3. In a more typical proceeding, the time that has been provided by the ALJ for completion of settlement discussions would have been more than adequate. In this case however, the parties’ attempts to resolve a broad scope of issues on a gas system that is the

largest municipal gas system subject to the Pennsylvania Public Utility Commission's jurisdiction has proven to be more challenging than anticipated. Nevertheless, up to and including the settlement session held on April 10, 2013, the parties have continued to make progress toward a full settlement in principle. Hess and Direct believe such a full settlement is very close to being achieved.

II. PREHEARING ORDER AGENDA ITEMS

4. The ALJ's Prehearing Order of April 5, 2013 requested that the parties address a series of agenda items in their Prehearing Memorandums that establish a litigation schedule for this case. Hess and Direct believe a settlement of this proceeding is imminent, and therefore address the agenda items in that context. Hess and Direct respectfully request that the ALJ continue the Prehearing Conference set for April 16, 2013 and set a further Prehearing Conference approximately one month after that date.

A. A proposed plan and schedule for discovery – Hess and Direct recommend that a discovery schedule not be set at this time, but will propose such a schedule for consideration by the parties and the ALJ at a further Prehearing Conference set approximately a month from April 16, 2013.

B. Possibility of settlement – Hess and Direct believe a settlement is likely in this case and that a few more days of drafting settlement term language and discussion among the parties will result in a settlement in principle being reached.

C. Issues – the primary issues in this proceeding concern the future of PGW's supplier of last resort role. However, settlement discussions in this case have attempted to resolve additional issues of importance to PGW, its customers and interested parties. Such efforts, if successful, will be in the public interest.

D. Amount of hearing time needed – Hess and Direct will submit an estimate of hearing time needed in advance of the next prehearing conference set in this case.

E. Witnesses – Hess and Direct will identify witnesses in advance of the next prehearing conference set in this case.

F. Schedule for submission of testimony, hearings and briefs – Hess and Direct will submit a schedule addressing these issues in advance of the next prehearing conference in this case.

WHEREFORE, Hess and Direct respectfully request that the ALJ continue the Prehearing Conference set for April 16, 2013 in this matter and schedule a Prehearing Conference approximately one month from April 16, 2013. To the extent Hess and Direct have not specifically addressed agenda items in the April 5, 2013 Prehearing Order, they will address them, as directed, in an update to this Prehearing Memorandum.

Respectfully submitted,



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***Counsel for Hess Corporation
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DATED: April 12, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : Docket No. R-2008-2073938
 :
PHILADELPHIA GAS WORKS :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

VIA FIRST CLASS AND ELECTRONIC MAIL

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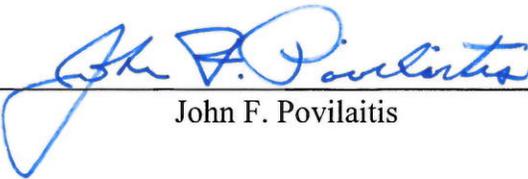
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Date: April 12, 2013



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