

City of Philadelphia



April 24, 2003

CERTIFICATION: This is to certify that Bill No. 030123, was presented to the Mayor on the tenth day of April, 2003, and was not returned to the Council with his signature at a meeting held April 25, 2003 (being more than ten days after it has been presented to him).

THEREFORE, Pursuant to the provisions of Section 2-202 of the Philadelphia Home Rule Charter, the ordinance becomes effective as if the Mayor had approved it.

A handwritten signature in cursive script that reads "Patricia Rafferty".

Patricia Rafferty
Chief Clerk of the City Council

(Bill No. 030123)

AN ORDINANCE

Requiring that any proposed rate filing with the Pennsylvania Public Utility Commission on behalf of the City's natural gas distribution operation include a proposal to continue the existing senior citizen discount; requiring that if any such filing was made prior to the date this Ordinance became law, such filing shall be amended to include a proposal to continue the senior citizen discount; and authorizing and directing the execution of an amendment to the City's agreement with the Philadelphia Facilities Management Corporation to conform with the requirements of this Ordinance; all under certain terms and conditions.

WHEREAS, The City, through gas rates approved by the Philadelphia Gas Commission, has provided a senior citizen discount since 1974; and

WHEREAS, Under the Natural Gas Choice and Competition Act, the Public Utility Commission ("PUC") now approves rates for the provision of natural gas by the City's natural gas distribution operation, based upon its review of a proposed rate filing made on

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behalf of such operation; and

WHEREAS, The Natural Gas Choice and Competition Act expressly “grandfathers” the City’s current senior citizen discount for senior citizens receiving such discount as of a specified date, and it further expressly authorizes the PUC to “approve a program designed to provide discounted rates for natural gas distribution and supply services to senior citizens residing in the service territory of a city natural gas distribution operation provided that such rates and the terms of such program are just and reasonable” (66 Pa. C.S. §2212(r)); and

WHEREAS, The City therefore may include in its proposed rate filings with the PUC a proposal to continue the senior citizen discount under its existing terms, and Council finds that the inclusion of such a proposal to continue the senior citizen discount would be in the best interests of the health, safety and welfare of the residents of Philadelphia, and, in particular, would be a vitally important benefit to the City’s seniors; and

WHEREAS, The Natural Gas Choice and Competition Act provides that nothing in that Act “shall be construed to abrogate or limit the executive or legislative powers of a city that owns a city natural gas distribution operation to legislate or otherwise determine the powers, functions, budgets, activities and mission of the city natural gas distribution operation” (66 Pa. C.S. §2212(s)); and

WHEREAS, Council enacts this Ordinance governing the powers, functions, activities and mission of the City’s natural gas distribution operation pursuant to the legislative powers granted exclusively to it under the Philadelphia Home Rule Charter, and pursuant to the powers preserved to it under the Natural Gas Choice and Competition Act; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Legislative Findings. City Council hereby finds that:

(a) Of the 159,000 Philadelphia households which include senior citizens, approximately 127,000 of these households use natural gas for heating; and

(b) The vast majority of Philadelphia’s senior citizens have difficulty affording the basic necessities of life, and almost 30% of Philadelphia’s senior citizens have incomes which are at or below 150% FPL (Federal Poverty Level), a universally recognized standard of acute energy assistance need; and

(c) Ninety-seven thousand (97,000) Philadelphia senior citizens, almost one half of Philadelphia’s senior citizens population, have a disability, and are therefore more vulnerable to harm caused by insufficient heat or lack of heat caused by natural gas service terminations; and

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(d) Even those senior citizens who are not disabled are more vulnerable than most other adult customers to hypothermia and other physical harms caused by insufficient heat or lack of heat caused by natural gas service terminations; and

(e) Ninety-three percent (93%) of PGW senior citizen customers are heating customers; and

(f) Approximately one third of Philadelphia's senior citizen customers live alone, and run the health risks associated with isolation; and

(g) Pursuant to an Ordinance of City Council approved December 14, 1973 (Bill No. 1021)("1973 Ordinance") the City of Philadelphia has for approximately thirty years provided for a 20% senior citizen discount for PGW customers aged 65 and older who wish to apply for the benefit; and

(h) PGW estimates that its Senior Citizen Discount program provides benefits of approximately \$20 million per year to 80,000 seniors by reducing the cost of natural gas service that since 2000 has increased by approximately 40%; and

(i) While 127,000 Philadelphia households receiving gas service include a Senior Citizen, only 80,000 have chosen to apply for the Senior Citizen Discount program, demonstrating that PGW's SCD program is utilized on the basis of perceived necessity, is not subject to substantial abuse, and does not need to be means tested; and

(j) For over 30 years, younger PGW customers have supported through their gas rates a 20% Senior Citizen Discount, with the justifiable expectation that they would receive the same discount when they reached age 65; and

(k) Senior Citizen Discounts are common for public utilities that are publicly owned by municipalities or other such public authorities, and have been recognized by courts to be just and reasonable; and

(l) For all these reasons, continuing the senior citizen discount under its existing terms would be in the best interests of the health, safety and welfare of the residents of Philadelphia.

SECTION 2. Whenever a proposed rate filing is made to the Public Utility Commission ("PUC") on behalf of the City's natural gas distribution operation, such proposed rate filing shall include a proposal to continue the discount afforded to senior citizens under the same terms that the senior citizen discount was last approved by the Philadelphia Gas Commission.

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SECTION 3. If any proposed rate filings have been made to the PUC on behalf of the City's natural gas distribution operation before this Ordinance became law, the entity making such filing shall, within one week after this Ordinance became law, file an amendment to such proposed rate filing that conforms with the requirements of Section 2 of this Ordinance.

SECTION 4. Council hereby authorizes and directs the Mayor to enter into an amendment to the City's agreement with the Philadelphia Facilities Management Corporation ("PFMC"), as authorized by Ordinance approved December 29, 1972 (Bill No. 455), as amended, to require that any proposed rate filing made by PFMC to the PUC on behalf of the City's natural gas distribution operation shall conform with the requirements of Sections 2 and 3 of this Ordinance.