

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

Petition of Philadelphia Gas Works for Waiver of Provisions of Act 11 to Increase the Distribution System Improvement Charge Cap and to Permit Levelization of DSIC Charges.

**Public Meeting: January 28, 2016
2501500-OSA
Docket P-2015-2501500**

STATEMENT OF VICE CHAIRMAN ANDREW PLACE

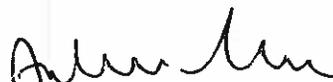
Before us are the Exceptions to the Recommended Decision of Administrative Law Judges (ALJs) Christopher P. Pell and Marta Guhl, issued December 11, 2015 regarding the Petition of Philadelphia Gas Works (PGW or Company) for Waiver of Provisions of Act 11 to Increase the Distribution System Improvement Charge Cap and to Permit Levelization of Distribution System Improvement Charges (DSIC) (Petition).

I support our order which approves the increase in the DSIC from 5% to 7.5%, approves the annualization and levelization of these charges, and imposes additional reporting requirements to track the pipeline replacement activity and revenues related to this Petition. It is clear from the record that PGW requires additional funds to more rapidly replace its aging pipe.

With that said, I am also keenly aware of the additional burdens this places on the ratepayers of PGW. Therefore, I also strongly suggest that PGW work closely with Commission staff to look for additional internally generated funds to supplement these DSIC revenues for the purposes of further acceleration of their pipeline replacement investments. Sources of additional funding may, for example, be obtained through lower debt financing costs, use of working capital that does not put at risk PGW's debt ratings, additional operational savings identified in PGW's recent Stratified Management and Operations Audit Report,¹ as well as a concerted effort to improve customer collections.

In short, by approving this DSIC filing, we are asking PGW's ratepayers to contribute more toward the safety of their underground natural gas infrastructure. However, we also need PGW to ensure every opportunity for efficiency has been pursued in order to accelerate this infrastructure replacement.

DATE: January 28, 2016



Andrew G. Place, Vice Chairman

¹ Id. (citing Philadelphia Gas Works: Final Stratified Management and Operations Audit Report, Docket No. D-2015-2468141 (August 2015) at 10-11).