

Philadelphia Gas Works

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May 28, 2010

VIA EXPRESS MAIL

Rosemary Chiavetta
Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Pa. PUC v. Philadelphia Gas Works; R-2009-2088076,
June 1, 2010 First Quarterly GCR Filing

Dear Secretary Chiavetta:

Enclosed for filing are an original and three (3) copies of PGW's June 1, 2010 Quarterly Gas Cost Rate ("GCR") filing. If you have any questions, please contact me.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory J. Stunder DRV". The signature is written in a cursive style.

Gregory J. Stunder

Enclosures

cc: All Parties of Record
Karen Moury, Esq., Director of Operations (w/enc.)
Robert F. Wilson, Bureau of Fixed Utility Services (w/enc.)

Statement

Known per dekatherm natural gas prices are used through the month of May, 2010. Where known and quantifiable, actual per dekatherm prices for locked-in quantities of gas are used for all other months. Any remaining volumes not locked-in for price for the months of June, 2010 through May, 2011 are based on the NYMEX Futures Closing Prices of 5-3-10. The latest applicable pipeline tariff transportation and fuel charges from specific basin points have been incorporated into these pricing determinants. Forecasted temperatures for the period are assumed to be normal (i.e. the forecast incorporates the normal 4,392 degree-day pattern).

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JUNE 1, 2010

3rd QUARTER GCR FILING

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Philadelphia Gas Works
Levelized Gas Cost Rate
3rd Quarter Filing - June 1, 2010

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Formula:
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales (Mcf)			50,256,635	Schedule 2
<hr/>				
Net Natural Gas Expense	\$ 65,816,492	\$ 295,432,359	\$ 361,248,851	
Purchased Electric & Misc Expense	\$ 0	\$ 1,176,104	\$ 1,176,104	
C = Total Applicable GCR Expense	\$ 65,816,492	\$ 296,608,463	\$ 362,424,955	Schedule 3
SSC = C / S	\$ 1.3096	\$ 5.9019	\$ 7.2115	
<hr/>				
Adjustment For:				
Prior Reconciliation	\$ 2,163,276	\$ (30,278,398)	\$ (28,115,121)	Schedule 5
E = Adjustments to GCR Expenses	\$ 2,163,276	\$ (30,278,398)	\$ (28,115,121)	
GAC = E / S	\$ 0.0430	\$ (0.6025)	\$ (0.5594)	
<hr/>				
Interruptible Revenue Credit			\$ 5,769,594	Schedule 4
IRC = Interruptible Revenue Credit / S			\$ 0.1148	
<hr/>				
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 328,540,240	
<u>GCR = SSC + GAC - IRC</u>			\$ 6.5373	
<hr/>				
SSC in effect 06/01/10	\$ 1.3049	\$ 5.8808	\$ 7.1857	
GAC in effect 06/01/10	\$ 0.0429	\$ (0.6003)	\$ (0.5574)	
IRC in effect 06/01/10			\$ (0.1144)	
GCR in effect 06/01/2010			\$ 6.5139	Schedule 6
<hr/>				
Recovery Test on:				
Firm Sales (Mcf)			50,256,635	
= Total Projected Recovery			\$ 328,538,552	Schedule 6
Compared To				
Net Applicable GCR Expenses			\$ 328,540,240	
= Net Over/(Under) Recovery			\$ (1,687)	Schedule 4
<hr/>				
Degree Days			4,392	

SALES & VOLUMES

June 2010 Through May 2011

MONTH	TOTAL VOLUMES	FIRM TRANSPORT VOLUMES	BILLED SALES	INTERRUPTIBLE SALES	AIR CONDITIONING SALES	GCR FIRM SALES	SENIOR CITIZEN DISCOUNT SALES	APPLICABLE VOLUMES
	1	2	3 = (1 - 2)	4	4A	5 = 3 - 4 - 4A	6	7 = (5 - 6 + 2)
JUNE 2010	1,557,416	101,593	1,455,823	16,980	3,627	1,435,216	12,774	1,524,035
JULY	1,358,274	94,677	1,263,597	17,532	4,972	1,241,093	10,657	1,325,114
AUGUST	1,272,555	90,427	1,182,128	17,447	4,720	1,159,962	9,563	1,240,825
SEPTEMBER	1,141,084	87,655	1,053,429	20,813	3,106	1,029,510	8,619	1,108,545
OCTOBER	1,849,334	148,925	1,700,409	49,732	-	1,650,676	14,963	1,784,639
NOVEMBER	4,088,566	254,585	3,833,981	85,582	-	3,748,399	39,497	3,963,487
DECEMBER	7,031,878	399,275	6,632,603	132,819	-	6,499,785	70,479	6,828,580
JANUARY 2011	11,004,532	499,340	10,505,192	152,214	-	10,352,978	115,534	10,736,784
FEBRUARY	9,481,111	427,894	9,053,217	127,799	-	8,925,418	98,483	9,254,829
MARCH	7,427,897	354,540	7,073,358	108,229	-	6,965,129	74,795	7,244,874
APRIL	5,144,131	228,485	4,915,646	61,844	-	4,853,802	51,254	5,031,032
MAY	<u>2,566,761</u>	<u>139,774</u>	<u>2,426,987</u>	<u>29,958</u>	<u>2,362</u>	<u>2,394,668</u>	<u>23,041</u>	<u>2,511,400</u>
TOTAL	<u>53,923,540</u>	<u>2,827,169</u>	<u>51,096,370</u>	<u>820,949</u>	<u>18,786</u>	<u>50,256,635</u>	<u>529,659</u>	<u>52,554,145</u>

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**PROJECTED APPLICABLE FUEL EXPENSE
SUMMARY
JUNE 2010 - MAY 2011**

	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>TOTAL</u>
NATURAL GAS BILLED													
DEMAND CHARGE	\$5,757,436	\$5,725,308	\$5,721,502	\$5,231,364	5,186,498	5,437,723	5,674,087	5,672,268	5,734,673	5,668,610	5,025,835	4,981,187	65,816,492
COMMODITY CHARGE	14,306,904	14,826,115	14,744,678	16,076,068	23,365,901	26,134,939	35,367,892	38,398,976	32,720,481	27,317,509	25,714,849	26,467,365	295,441,777
TOTAL NATURAL GAS BILLED	20,064,341	20,551,423	20,466,179	21,307,432	28,552,399	31,572,663	41,042,079	44,071,244	38,455,154	32,986,119	30,740,684	31,448,552	361,258,270
INTERRUPTIBLE CREDIT	80,067	85,186	86,729	104,215	252,746	483,796	799,419	942,516	786,046	649,503	364,577	177,550	4,812,351
SENDOUT VOLUME IN MCF	17,640	18,243	18,156	21,624	51,701	88,961	138,065	158,227	132,848	112,508	64,283	31,150	853,404
DKT CONVERSION FACTOR	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	1.0270	
PRICE \$/DKT	4.420	4.547	4.651	4.693	4.760	5.295	5.638	5.800	5.761	5.621	5.522	5.550	
GAS USED FOR UTILITY	26,253	45,182	22,472	49,280	100,252	281,309	613,111	860,947	845,488	641,897	400,232	198,651	4,085,074
NATURAL GAS TO STORAGE FROM STORAGE PGW	(8,720,194)	(9,756,944)	(9,600,391)	(9,792,214)	(8,067,899)	(22,973)	-	-	-	-	(9,727,548)	(14,033,090)	(69,721,253)
					7,940	5,440,783	16,308,079	20,631,101	16,518,811	14,936,960	7,435,612	194,985	81,474,269
NET NATURAL GAS STORAGE	(8,720,194)	(9,756,944)	(9,600,391)	(9,792,214)	(8,059,959)	5,417,809	16,308,079	20,631,101	16,518,811	14,936,960	(2,291,936)	(13,838,105)	11,753,016
LNG TO STORAGE FROM LNG PGW	(832,403)	-	-	(455,483)	(1,646,539)	(2,358,086)	(1,306,178)	-	-	(2,545,030)	(2,159,771)	(1,530,773)	(12,834,263)
	511,076	524,834	524,834	507,116	515,903	486,327	1,059,933	2,442,021	1,938,276	496,253	476,564	486,114	9,969,253
NET LNG STORAGE	(321,327)	524,834	524,834	51,633	(1,130,637)	(1,871,759)	(246,245)	2,442,021	1,938,276	(2,048,777)	(1,683,206)	(1,044,659)	(2,865,010)
NET NATURAL GAS EXPENSE	10,916,499	11,188,944	11,281,422	11,413,357	19,008,806	34,353,608	55,691,383	65,340,904	55,280,707	44,582,901	26,000,733	16,189,587	361,248,851
APPLICABLE GCR EXPENSE													
NET NATURAL GAS EXPENSE	10,916,499	11,188,944	11,281,422	11,413,357	19,008,806	34,353,608	55,691,383	65,340,904	55,280,707	44,582,901	26,000,733	16,189,587	361,248,851
PURCHASED ELECTRIC & MISC	67,536	66,815	61,544	67,015	71,248	78,789	83,840	249,457	123,967	113,442	87,678	104,774	1,176,104
TOTAL APPLICABLE EXPENSES	10,984,035	11,255,759	11,342,965	11,480,372	19,080,054	34,432,398	55,775,223	65,590,361	55,404,674	44,696,343	26,088,411	16,294,361	362,424,955
TOTAL GCR FIRM SALES	1,435,216	1,241,093	1,159,962	1,029,510	1,650,676	3,748,399	6,499,785	10,352,978	8,925,418	6,965,129	4,853,802	2,394,668	50,256,635

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GCR

STATEMENT OF RECONCILIATION

JUNE 2010 THROUGH MAY 2011

			NET COST OF FUEL 1	GCR FIRM SALES 2	IRC FACTOR APPLIED 3	INTERRUPT. REVENUE CREDIT 4 = (2 * 3)	APPLICABLE EXPENSES 5 = (1 - 4)	GCR FACTOR APPLIED 6	GCR REVENUE BILLED 7	SSPC & MIGRATION REVENUE 8	MONTHLY OVER/(UNDER) RECOVERY 9 = (7 + 8 - 5)	E FACTOR DISTRIBUTED ON GCR 10	CUMULATIVE OVER/(UNDER) RECOVERY 11
			\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$	\$
MAY 2010 OVER-COLLECTION													28,115,121
JUNE	2010	Estimated	10,984,035	1,435,216	0.1148	164,767	10,819,268	6.9297	9,945,619	55,519	(818,130)	802,905	27,296,991
JULY		Estimated	11,255,759	1,241,093	0.1148	142,481	11,113,278	6.5139	8,084,357	56,364	(2,972,558)	694,306	24,324,433
AUGUST		Estimated	11,342,965	1,159,962	0.1148	133,167	11,209,799	6.5139	7,555,874	54,145	(3,599,781)	648,919	20,724,653
SEPTEMBER		Estimated	11,480,372	1,029,510	0.1148	118,190	11,362,181	6.5139	6,706,124	54,858	(4,601,200)	575,940	16,123,453
OCTOBER		Estimated	19,080,054	1,650,676	0.1148	189,502	18,890,552	6.5139	10,752,342	49,030	(8,089,181)	923,440	8,034,272
NOVEMBER		Estimated	34,432,398	3,748,399	0.1148	430,326	34,002,072	6.5139	24,416,696	42,959	(9,542,416)	2,096,971	(1,508,144)
DECEMBER		Estimated	55,775,223	6,499,785	0.1148	746,192	55,029,031	6.5139	42,338,948	39,758	(12,650,325)	3,636,181	(14,158,469)
JANUARY	2011	Estimated	65,590,361	10,352,978	0.1148	1,188,549	64,401,812	6.5139	67,438,263	37,130	3,073,582	5,791,777	(11,084,887)
FEBRUARY		Estimated	55,404,674	8,925,418	0.1148	1,024,661	54,380,012	6.5139	58,139,278	38,351	3,797,617	4,993,156	(7,287,270)
MARCH		Estimated	44,696,343	6,965,129	0.1148	799,615	43,896,728	6.5139	45,370,153	60,890	1,534,315	3,896,509	(5,752,955)
APRIL		Estimated	26,088,411	4,853,802	0.1148	557,229	25,531,182	6.5139	31,617,180	35,524	6,121,523	2,715,367	368,567
MAY		Estimated	<u>16,294,361</u>	<u>2,394,668</u>	0.1148	<u>274,914</u>	<u>16,019,446</u>	6.5139	<u>15,598,625</u>	<u>50,567</u>	<u>(370,255)</u>	<u>1,339,651</u>	(1,687)
Total			362,424,955	50,256,635		5,769,594	356,655,361	6.5139	327,963,458	575,094	(28,116,807)	28,115,121	

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STATEMENT OF RECONCILIATION

SEPTEMBER 2009 THROUGH MAY 2010

		DEMAND CHARGES 1	COMMODITY CHARGES 2	NET COST OF FUEL 3 = (1 + 2)	FIRM SALES 4	IRC FACTOR APPLIED 5	INTERRUPT. REVENUE CREDIT 6 = (4 * 5)	APPLICABLE EXPENSES 7 = (3 - 6)	GCR FACTOR APPLIED 8	GCR REVENUE BILLED 9	SSPC & MIGRATION REVENUE 10	MONTHLY OVER/(UNDER) RECOVERY 11 = (9 + 10 - 7)	NATURAL GAS REFUNDS* 12	CUMULATIVE OVER/(UNDER) RECOVERY 13
		\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$	\$
2008-2009 OVER-COLLECTION														\$ 24,637,712
2008-2009 INTEREST														973,740
TOTAL "E" FACTOR														\$ 25,611,453
SEPTEMBER 2009	Actual	5,935,878	4,879,824	10,815,702	1,074,087	0.1650	177,171	10,638,531	7.1358	7,715,994	13,920	(2,908,617)	0	22,702,835
OCTOBER	Actual	6,283,269	11,831,369	18,114,638	1,670,689	0.1140	190,459	17,924,179	7.0900	11,879,385	12,844	(6,031,951)	0	16,670,885
NOVEMBER	Actual	5,982,645	20,458,177	26,440,822	3,081,608	0.1140	351,303	26,089,519	7.0900	22,136,103	36,034	(3,917,382)	33,129	12,786,632
DECEMBER	Actual	6,165,442	48,091,009	54,256,451	5,671,027	0.1140	646,497	53,609,954	7.1699	41,026,407	42,880	(12,540,667)	0	245,965
JANUARY 2010	Actual	6,170,093	62,869,208	69,039,301	9,309,155	0.1140	1,061,244	67,978,057	7.2497	67,885,286	45,932	(46,839)	0	199,126
FEBRUARY	Actual	5,737,177	53,548,981	59,286,158	8,654,184	0.1140	986,577	58,299,581	7.2497	64,137,465	41,596	5,879,480	0	6,078,606
MARCH	Actual	6,167,135	31,402,154	37,569,289	6,633,702	0.1141	756,574	36,812,715	7.2976	49,309,977	28,864	12,526,126	0	18,604,732
APRIL	Estimated	5,762,271	11,814,089	17,576,361	3,564,478	0.1141	406,707	17,169,654	7.3455	26,182,874	68,216	9,081,436	0	27,686,168
MAY	Estimated	5,734,450	9,349,059	15,083,509	2,072,631	0.1141	236,487	14,847,022	7.3455	15,224,514	51,461	428,953	0	28,115,121

* Revised

RECONCILIATION OF DEMAND CHARGES

	DEMAND CHARGES LESS SSPC 1	FIRM SALES 2	DEMAND CHARGE IN EFFECT 3	DEMAND CHARGES BILLED 4 = (2 * 3)	MONTHLY DEMAND OVER/(UNDER) 5 = (4 - 1)	CUMULATIVE DEMAND OVER/(UNDER) 6
	\$	\$	\$	\$	\$	\$

2008-2009 UNDER-COLLECTION

						(4,805,447)
SEPTEMBER 2009	Actual	5,908,863	1,074,087	1,3693	1,470,747	(4,438,215)
OCTOBER	Actual	6,255,889	1,670,689	1.3537	2,261,612	(3,994,277)
NOVEMBER	Actual	5,928,595	3,081,608	1.3537	4,171,573	(1,757,023)
DECEMBER	Actual	6,111,265	5,671,027	1.3450	7,627,247	1,515,982
JANUARY 2010	Actual	6,115,635	9,309,155	1.3362	12,438,893	6,323,257
FEBRUARY	Actual	5,682,504	8,654,184	1.3362	11,563,720	5,881,217
MARCH	Actual	6,119,378	6,633,702	1.3489	8,947,869	2,828,491
APRIL	Estimated	5,710,003	3,564,478	1.3615	4,853,037	(856,967)
MAY	Estimated	5,682,182	2,072,631	1.3615	2,821,888	(2,860,295)

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CALCULATION OF RECOVERED CHARGES

JUNE 1, 2010 - 3rd QUARTER FILING

JUNE 2010 - MAY 2011**RECEIVED**

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	<u>50% of June</u>	<u>11.5 Months</u>	<u>Total</u>
			(MCF) (\$)
Firm Sales (Mcf)	717,608	49,539,027	50,256,635
GCR (\$ / Mcf)	\$ 7.3455	\$ 6.5139	
Total GCR Projected Recovery	\$ 5,271,190	\$ 322,692,268	\$ 327,963,457
SSPC and Migration Revenue			\$ 575,094
Total Projected Recovery			\$ 328,538,552

Change In Rates 3rd Quarter Filing

Rates Effective June 1, 2010

Distribution Charge

	Delivery	Surcharges			Total
	<u>Delivery Charge</u>	<u>Restructuring & Consumer Education</u>	<u>Universal Service & Ener. Cons.</u>	<u>Surcharges</u>	<u>Distribution Charge / Mcf</u>
Residential GS	\$6.1840	\$0.0230	\$2.2032	\$2.2262	\$8.4102
Commercial GS/MUNGS	\$5.2449	\$0.0230	\$2.2032	\$2.2262	\$7.4711
Industrial GS	\$5.2465	\$0.0230	\$2.2032	\$2.2262	\$7.4727
Phila.Housing Authority (PHA)	\$5.1889	\$0.0230	\$2.2032	\$2.2262	\$7.4151
Municipal (MS)	\$3.8178	\$0.0230	\$2.2032	\$2.2262	\$6.0440
Phila.Housing Authority (GS)	\$5.2817	\$0.0230	\$2.2032	\$2.2262	\$7.5079

Proposed Rates

	<u>03/01/09 Distribution Charge</u>	<u>03/01/09 GCR</u>	<u>03/01/09 Commodity Rate</u>	<u>06/01/09 Distribution Charge</u>	<u>06/01/09 GCR</u>	<u>06/01/09 Commodity Rate</u>	<u>Decrease</u>
	(4)	(5)	(6)=(4)+(5)	(4)	(5)	(6)=(4)+(5)	(7)=(6)-(3)
Residential GS	\$8.5753	\$7.3455	\$15.9208	\$8.4102	\$6.5139	\$14.9241	(\$0.9967)
Commercial GS/MUNGS	\$7.6362	\$7.3455	\$14.9817	\$7.4711	\$6.5139	\$13.9850	(\$0.9967)
Industrial GS	\$7.6378	\$7.3455	\$14.9833	\$7.4727	\$6.5139	\$13.9866	(\$0.9967)
Phila.Housing Authority (PHA)	\$7.5802	\$7.3455	\$14.9257	\$7.4151	\$6.5139	\$13.9290	(\$0.9967)
Municipal (MS)	\$6.2091	\$7.3455	\$13.5546	\$6.0440	\$6.5139	\$12.5579	(\$0.9967)
Phila.Housing Authority (GS)	\$7.6730	\$7.3455	\$15.0185	\$7.5079	\$6.5139	\$14.0218	(\$0.9967)

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PHILADELPHIA GAS WORKS
JUNE 1, 2010 - 3rd QUARTER FILING
UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	<u>Expenses in the Surcharge</u>
Conservation Works Program (CWP)	\$ 2,300,000
Customer Responsibility Program (CRP) Discount	\$ 79,500,063
Senior Citizen Discount	\$ 7,602,609
<u>May 2010 Under Collection</u>	<u>\$ 26,386,296</u>
Total \$ to be Recovered	\$ 115,788,969
Total Applicable Volumes	Mcf 52,554,145
Universal Service & Energy Conservation Surcharge	<u><u>\$ 2.2032</u></u>

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* This is the Senior Citizen Discount on the Delivery Charge, GCR and Restructuring Surcharge which is used to calculate the Universal Services Surcharge. The total senior citizen discount is \$8,770,443.

STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2009 THROUGH MAY 2010

<u>Month</u>	<u>Applicable Volumes</u>	<u>USC Charge</u>	<u>USC Revenue Billed</u>	<u>USC Expenses</u>	<u>Monthly Over/(Under) Recovery</u>	<u>Cumulative Over/(Under) Recovery</u> (\$16,969,970)
FY 09 Reconciliation						
September 2009 Actual	1,150,818	\$ 2.1939	\$ 2,524,721	\$ (2,153,841)	\$ 4,678,563	(\$12,291,408)
October Actual	1,767,561	\$ 1.9752	\$ 3,491,286	\$ (40,348)	\$ 3,531,634	(\$8,759,774)
November Actual	3,219,163	\$ 1.9752	\$ 6,358,491	\$ 6,734,653	\$ (376,162)	(\$9,135,937)
December Actual	5,912,752	\$ 1.9935	\$ 11,786,776	\$ 15,321,783	\$ (3,535,008)	(\$12,670,945)
January 2010 Actual	9,588,778	\$ 2.0117	\$ 19,289,745	\$ 27,225,442	\$ (7,935,697)	(\$20,606,641)
February Actual	8,878,561	\$ 2.0117	\$ 17,861,002	\$ 25,214,628	\$ (7,353,627)	(\$27,960,268)
March Actual	6,940,943	\$ 2.1900	\$ 15,200,665	\$ 19,935,730	\$ (4,735,065)	(\$32,695,333)
April Estimated	3,641,862	\$ 2.3683	\$ 8,625,023	\$ 6,387,339	\$ 2,237,684	(\$30,457,649)
May Estimated	2,167,205	\$ 2.3683	\$ 5,132,592	\$ 1,061,240	\$ 4,071,352	(\$26,386,296)

<u>USC Expenses</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>
Conservation Works	\$ 4,831	\$ 6,668	\$ 189,476	\$ 226,108	\$ 6,998	\$ 463,394	\$ 5,757	\$ 250,000	\$ 250,000
CRP Discount	\$ (3,045,003)	\$ (1,064,794)	\$ 5,209,577	\$ 13,204,050	\$ 24,600,611	\$ 22,237,234	\$ 17,581,887	\$ 4,667,956	\$ (342,156)
CRP Forgiveness	\$ 629,746	\$ 652,062	\$ 605,458	\$ 655,452	\$ 707,542	\$ 740,160	\$ 948,482	\$ 725,351	\$ 729,643
Senior Citizen Discount	\$ 256,585	\$ 365,716	\$ 730,142	\$ 1,236,173	\$ 1,910,291	\$ 1,773,840	\$ 1,399,605	\$ 744,032	\$ 423,753
	\$ (2,153,841)	\$ (40,348)	\$ 6,734,653	\$ 15,321,783	\$ 27,225,442	\$ 25,214,628	\$ 19,935,730	\$ 6,387,339	\$ 1,061,240

<u>CRP Participation</u>								
Average participation rate (Actual)	81,483	81,078	81,248	81,905	82,494	81,678	83,149	
Rate case participation rate	(76,500)	(76,500)	(76,500)	(76,500)	(76,500)	(76,500)	(76,500)	
CRP Over (Under) participation	4,983	4,578	4,748	5,405	5,994	5,178	6,649	
<u>Average Shortfall Per CRP Participant</u>								
CRP Discount	\$ (3,045,003)	\$ (1,064,794)	\$ 5,209,577	\$ 13,204,050	\$ 24,600,611	\$ 22,237,234	\$ 17,581,887	
Average participation rate	81,483	81,078	81,248	81,905	82,494	81,678	83,149	
Average shortfall per CRP participant	\$ (37)	\$ (13)	\$ 64	\$ 161	\$ 298	\$ 272	\$ 211	

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Natural Gas Prices Used for PGW - 3rd Quarter GCR Filing

	Futures 5/3/10 Close	Basis Differentials									Prices Used For Gas Cost Inputs								
		TRANSCO			TETCO						TRANSCO			TETCO					
		Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	Average ELA/ETX	M-1	Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	Average ELA/ETX	M-1
2010:05											4.20	4.21	4.21	4.23	4.21	4.04	4.06	4.13	4.10
2010:06	4.000	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	3.99	4.00	4.00	3.94	3.99	3.90	3.92	3.92	4.09
2010:07	4.129	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	4.12	4.13	4.13	4.07	4.12	4.02	4.05	4.05	4.22
2010:08	4.233	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	4.22	4.23	4.23	4.17	4.22	4.13	4.15	4.15	4.32
2010:09	4.296	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	4.29	4.30	4.30	4.24	4.29	4.19	4.22	4.21	4.39
2010:10	4.414	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	4.40	4.41	4.41	4.35	4.40	4.31	4.33	4.33	4.50
2010:11	4.817	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	4.81	4.82	4.82	4.76	4.81	4.71	4.74	4.73	4.91
2010:12	5.250	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.24	5.25	5.25	5.19	5.24	5.15	5.17	5.17	5.34
2011:1	5.472	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.46	5.47	5.47	5.41	5.46	5.37	5.39	5.39	5.56
2011:2	5.432	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.42	5.43	5.43	5.37	5.42	5.33	5.35	5.35	5.52
2011:3	5.342	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.33	5.34	5.34	5.28	5.33	5.24	5.26	5.26	5.43
2011:4	5.173	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.16	5.17	5.17	5.11	5.16	5.07	5.09	5.09	5.26
2011:5	5.193	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.18	5.19	5.19	5.13	5.18	5.09	5.11	5.11	5.28
2011:6	5.245	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.24	5.25	5.25	5.19	5.24	5.14	5.17	5.16	5.34
2011:7	5.313	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.30	5.31	5.31	5.25	5.30	5.21	5.23	5.23	5.40
2011:8	5.365	(0.01)	0.00	0.00	(0.06)	(0.01)	(0.11)	(0.08)	(0.08)	0.09	5.36	5.37	5.37	5.31	5.36	5.26	5.29	5.28	5.46

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Actual Natural Gas Billed

	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>
Williams	\$ 2,539,461	\$ 2,187,279	\$ 2,442,692
Texas Eastern	\$ 2,619,087	\$ 2,582,611	\$ 2,489,847
Dominion	\$ 140,423	\$ 137,723	\$ 123,212
Equitrans	\$ 48,768	\$ 48,656	\$ 48,282
Spot Purchases -Transco	\$ -	\$ 698,731	\$ 195,176
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ -	\$ -	\$ -
Transco Supply2	\$ 4,612,479	\$ 4,074,000	\$ 1,472,000
Transco Supply3	\$ -	\$ -	\$ -
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 2,311,050	\$ 1,388,800	\$ 1,534,252
Transco Supply7	\$ 2,676,529	\$ 3,248,000	\$ 1,170,300
Transco Supply8	\$ 3,154,800	\$ 1,956,200	\$ 2,769,700
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 1,662,995	\$ 1,477,000	\$ 1,618,820
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 901,170	\$ 773,500	\$ 822,275
Transco Supply15	\$ -	\$ -	\$ -
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ -	\$ -	\$ -
Transco Supply18	\$ -	\$ -	\$ -
Transco Supply19	\$ -	\$ -	\$ -
Transco Supply20	\$ 702,925	\$ 639,100	\$ 741,288
Transco Supply21	\$ -	\$ -	\$ -
Transco Supply22	\$ 1,846,050	\$ 1,679,160	\$ 1,842,020
Transco Supply23	\$ 905,200	\$ 773,640	\$ 742,450
Tetco Supply1	\$ 1,792,727	\$ 1,747,037	\$ 421,513
Tetco Supply2	\$ 1,499,625	\$ 1,422,400	\$ 1,658,500
Tetco Supply3	\$ 1,842,223	\$ 720,300	\$ 726,175
Tetco Supply4	\$ 904,425	\$ 739,900	\$ 744,775
Tetco Supply5	\$ 672,700	\$ 719,600	\$ 760,275
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ -	\$ -	\$ -
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ 7,790,888	\$ 7,123,821	\$ 5,474,044
Tetco Supply14	\$ 1,635,095	\$ 1,473,780	\$ 1,706,705
Tetco Supply15	\$ -	\$ -	\$ -
Tetco Supply16	\$ 1,715,903	\$ 1,809,551	\$ 744,000
Tetco Supply17	\$ 1,500,633	\$ 1,364,930	\$ 1,496,680
Total Costs	\$ 43,475,155	\$ 38,785,718	\$ 31,744,979
Capacity Release Credits	\$ 214,048	\$ 241,288	\$ 219,688
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation Purchases	\$ 14,521	\$ 12,619	\$ 11,436
Adjustment/Reconciliation	\$ (798,302)	\$ (1,729,762)	\$ 3,558,756
Total Natural Gas Billed	\$ 42,905,422	\$ 37,309,863	\$ 35,534,859

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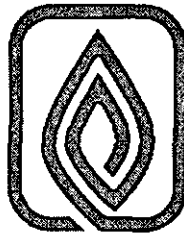
**Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending March 2010**

	<u>Actual</u>				<u>Projected</u>			<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Total</u>	<u>2nd Qtr Filing Jan-10</u>	<u>2nd Qtr Filing Feb-10</u>	<u>2nd Qtr Filing Mar-10</u>		<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Total</u>
Total Natural Gas Billed	\$ 42,905,422	\$ 37,309,863	\$ 35,534,859	\$ 115,750,144	\$ 44,628,144	\$ 44,611,066	\$ 44,092,457	\$ 133,331,667	\$ (1,722,722)	\$ (7,301,203)	\$ (8,557,598)	\$ (17,581,523)
Less Interruptible Credit Gas Used For Utility	\$ 658,230	\$ 660,481	\$ 732,313	\$ 2,051,024	\$ 1,046,532	\$ 895,152	\$ 733,563	\$ 2,675,247	\$ (388,302)	\$ (234,671)	\$ (1,250)	\$ (624,223)
	\$ 970,998	\$ 906,653	\$ 603,947	\$ 2,481,598	\$ 853,860	\$ 954,557	\$ 782,787	\$ 2,591,205	\$ 117,138	\$ (47,904)	\$ (178,840)	\$ (109,607)
	\$ 41,276,194	\$ 35,742,729	\$ 34,198,599	\$ 111,217,522	\$ 42,727,751	\$ 42,761,357	\$ 42,576,107	\$ 128,065,215	\$ (1,451,557)	\$ (7,018,628)	\$ (8,377,508)	\$ (16,847,693)
Pipeline Storages												
(To)	\$ (968,388)	\$ (27,370)	\$ (2,372,253)	\$ (3,368,011)	\$ (1,124,185)	\$ -	\$ -	\$ (1,124,185)	\$ 155,797	\$ (27,370)	\$ (2,372,253)	\$ (2,243,826)
From	\$ 25,951,725	\$ 22,496,705	\$ 7,246,850	\$ 55,695,280	\$ 24,540,499	\$ 14,950,078	\$ 9,477,928	\$ 48,968,505	\$ 1,411,226	\$ 7,546,627	\$ (2,231,078)	\$ 6,726,775
Net Pipeline Storages	\$ 24,983,337	\$ 22,469,335	\$ 4,874,597	\$ 52,327,269	\$ 23,416,314	\$ 14,950,078	\$ 9,477,928	\$ 47,844,320	\$ 1,567,023	\$ 7,519,257	\$ (4,603,331)	\$ 4,482,949
LNG Storage												
(To)	\$ 4,282	\$ -	\$ (2,144,360)	\$ (2,140,078)	\$ -	\$ -	\$ (2,522,313)	\$ (2,522,313)	\$ 4,282	\$ -	\$ 377,953	\$ 382,235
From	\$ 2,668,523	\$ 932,351	\$ 558,908	\$ 4,159,782	\$ 2,436,200	\$ 2,153,354	\$ 546,590	\$ 5,136,145	\$ 232,323	\$ (1,221,003)	\$ 12,318	\$ (976,363)
Net LNG Storage	\$ 2,672,805	\$ 932,351	\$ (1,585,452)	\$ 2,019,704	\$ 2,436,200	\$ 2,153,354	\$ (1,975,723)	\$ 2,613,831	\$ 236,605	\$ (1,221,003)	\$ 390,271	\$ (594,127)
Net Natural Gas	\$ 68,932,336	\$ 59,144,415	\$ 37,487,744	\$ 165,564,495	\$ 68,580,266	\$ 59,864,790	\$ 50,078,311	\$ 178,523,367	\$ 352,070	\$ (720,375)	\$ (12,590,567)	\$ (12,958,872)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 68,932,336	\$ 59,144,415	\$ 37,487,744	\$ 165,564,495	\$ 68,580,266	\$ 59,864,790	\$ 50,078,311	\$ 178,523,367	\$ 352,070	\$ (720,375)	\$ (12,590,567)	\$ (12,958,872)
Purchased Electric & Misc	\$ 106,965	\$ 141,743	\$ 81,545	\$ 330,253	\$ 94,800	\$ 130,400	\$ 112,300	\$ 337,500	\$ 12,165	\$ 11,343	\$ (30,755)	\$ (7,247)
Total GCR Expenses	\$ 69,039,301	\$ 59,286,158	\$ 37,569,289	\$ 165,894,748	\$ 68,675,066	\$ 59,995,190	\$ 50,190,611	\$ 178,860,867	\$ 364,235	\$ (709,032)	\$ (12,621,322)	\$ (12,966,119)

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GAS SERVICE TARIFF



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Issued by: Thomas Knudsen
President and CEO

PHILADELPHIA GAS WORKS
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List of Changes Made by this Tariff Supplement

GAS COST RATE (GCR) – SECTION 1307f, II DEFINITIONS (PAGE No. 67)

In the definition of "GAC," the "GAC" value effective June 1, 2010 decreases from \$(0.01754) per Ccf to \$(0.05574) per Ccf.

In the definition of "IRC," the "IRC" value effective June 1, 2010 increases from \$0.01141 to \$0.01144 per Ccf.

In the definition of "SSC," the "SSC" value effective June 1, 2010 decreases from \$0.76350 per Ccf to \$0.71857 per Ccf.

GAS COST RATE (GCR) – SECTION 1307f, III COMPUTATION OF GAS COST RATE (Page No. 68)

The Gas Cost Rate (GCR) effective June 1, 2010 decreases from \$0.73455 per Ccf to \$0.65139 per Ccf.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective June 1, 2010 decreases from \$0.23683 per Ccf to \$0.22032 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services decreases from \$0.73455 per Ccf to \$0.65139 per Ccf, effective June 1, 2010.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service decreases from \$0.73455 per Ccf to \$0.65139 per Ccf, effective June 1, 2010.

PHILADELPHIA HOUSING AUTHORITY SERVICE – RATE PHA (Page No. 90)

The GCR for Philadelphia Housing Authority Service decreases from from \$0.73455 per Ccf to \$0.65139 per Ccf, effective June 1, 2010.

DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS FIRM SERVICE (Pages 135-136)

The GCR for NGVS Firm decreases from \$0.73455 per Ccf to \$0.65139 per Ccf, effective June 1, 2010.

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GAS COST RATE (GCR) -- SECTION 1307(f)

I. PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) for Firm Retail Sales Service Gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates calculated in a manner set forth below, pursuant to 66 Pa.C.S. §1307(f). Such rates for Firm Sales Service Gas may be increased or decreased from time to time under the procedures set forth in Section II.B. below to reflect changes in the level of Gas costs incurred or projected to be incurred by PGW related to Sales Service.

II. DEFINITIONS

C - The current cost of Natural Gas and other raw materials determined as follows: (a) for all types of Gas, project the cost for each purchase (adjusted for net current Gas stored) for the computation year plus (b) the of (1) the projected book value of non-current Gas at the beginning of the computation year minus (2) the projected book value of non-current Gas at the end of the computation year. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- Commodity Costs and Demand Costs which are defined as follows: Commodity Costs - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and Demand Costs - the fixed costs associated with the transportation and storage of natural gas for firm customers.

Computation Year - The 12-month forecast period as identified in the Company's annual 1307 (f) filing and each quarterly GCR filing.

E - Experienced net over billing (or under billing) of the cost of Natural Gas and other raw materials applicable to the GCR reported in the most recent Section 1307(f) proceeding. Such over billings (or under billings) will be made with interest at the rate and method set forth by the Pennsylvania Public Utility Commission. Additionally, supplier refunds received prior to the end of the August billing period will be included in the Factor "E." The Factor "E" includes two components -- Commodity Costs and Demand Costs which are defined above in the Factor "C" definition.

Firm Sales Service - The service provided to Customers who receive firm supply service from PGW. The term does not include the service provided to Customers who receive interruptible supply service from PGW.

GAC - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$(0.06003) per Ccf for Commodity Costs and \$0.00429 per Ccf for Demand Costs, for service on or after June 1, 2010. The total Gac is \$(0.05574) per Ccf. (D)

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (\$0.0001) to be applied to each Mcf of Gas supplied under Rates GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates and is equal to the SSC plus the GAC minus the IRC.

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01144 per Ccf for service on or after June 1, 2010. (I)

Natural Gas or Gas - The volumes of gas purchased or manufactured by the Company that is delivered to the Company's Customers, plus such portion of the Company-used and unaccounted-for gas as the Commission permits, including, but not limited to, natural gas, liquefied natural gas, synthetic gas,

(D) – Decrease; (I) – Increase

PHILADELPHIA GAS WORKS

liquefied propane and naphtha.

S - Projected applicable Mcf of Gas to be billed to Customers during the computation year.

SSC-Sales Service Charge - The purchased Gas costs determined to the nearest $\frac{1}{100}$ of a cent (\$0.0001). The currently effective SSC is \$0.58808 per Ccf for Commodity Costs and \$0.13049 per Ccf for Demand Costs, for service on or after June 1, 2010. The total SSC is \$0.71857 per Ccf.

(D)

(D) – Decrease

III. COMPUTATION OF GAS COST RATE

A. The GCR shall be computed to the nearest one-thousandth cent (\$0.00001) in accordance with the formula set forth below as the terms are defined in Section II:

$$\begin{aligned} \text{SSC} &= \text{C/S} \\ \text{GAC} &= \text{E/S} \\ \text{GCR} &= \text{SSC} + \text{GAC} - \text{IRC} \end{aligned}$$

B. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September.

The currently effective Gas Cost Rate is \$0.65139 per Ccf, for service on or after June 1, 2010.

(D)

IV. REPORTING REQUIREMENTS

A. The Company's rates are subject to quarterly adjustments for recovery of the Gas Cost Rate under procedures set forth in Section 1307 (f) of the Public Utility Code.

B. The filing of the Company's annual Section 1307(f) filing, annual Gas Cost Rate, effective during the billing period of September through August, shall be submitted to the Commission by March 1 of each year, with a February 1 pre-filing date.

C. The application of the Gas Cost Rate shall be subject to review and audit by the Commission at such intervals as the Commission shall determine.

D. If it shall be determined, from audit by the Commission, or by final order entered after notice and hearing, that the application of this clause has resulted in the overcollection or undercollection of revenues, then the Company shall apply such over/undercollection as a credit or debit against future Gas Cost Rates.

V. PROVISION FOR INCLUSION OF SPECIFIC NON-GAS EXPENSES

The computation of the Gas Cost Rate may include such Non-Gas expenses as may be authorized by this tariff and annually authorized by the Commission.

VI. INTERRUPTIBLE REVENUE CREDIT (IRC)

A. The GCR rate shall be credited with an Interruptible Revenue Credit (IRC) equal to the margin realized from interruptible sales under PGW's Interruptible Sales Tariff Rates: BPS, LBS; and CG (Total Margin Revenue).

B. The IRC shall be set each year in the Company's 1307(f) proceeding to reflect the Total Margin Revenue. The rate per Mcf shall be calculated by dividing the Total Margin Revenue by total applicable firm sales. For the period September 1, 2003 through August 31, 2004 the IRC shall be initially set to reflect the Total Margin Revenue authorized by the Commission in its final order at M-00021612 (entered March 31, 2003).

(D) - Decrease

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE

Universal service and energy conservation program and related costs will be recovered by a *Universal Service and Energy Conservation Surcharge* applicable to all volumes of Gas delivered.

1. The Surcharge will recover: 1) the discounts provided to Customers pursuant to the Customer Responsibility Program (CRP); 2) the discounts provided to Customers pursuant to the Senior Citizen Discount; 3) the costs of the Conservation Works Program (CWP); and, 4) for Customers entering the CRP program on or after September 1, 2003, past due arrearages forgiven pursuant to paragraph A (6) of the CRP/CAP Program Design Stipulation approved by the Commission by its order at M-00021612 (entered March 31, 2003).
2. Computation of the Universal Service and Energy Conservation Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
3. Once the surcharge is in place it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total universal service and energy conservation program costs approved for annual recovery by the estimated applicable throughput in Mcfs.
4. The Universal Service and Energy Conservation Surcharge shall take effect upon the effective date of this Tariff.

Current Universal Service and Energy Conservation Surcharge = \$ 0.22032/Ccf.

(D)

(D) - Decrease

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after June 1, 2010

AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 12.00 per month for Residential and Public Housing Authority Customers.
\$ 18.00 per month for Commercial and Municipal Customers
\$ 50.00 per month for Industrial Customers

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$ 0.65139 per Ccf for Residential and Public Housing (D)
\$ 0.65139 per Ccf for Commercial and Municipal Customers (D)
\$ 0.65139 per Ccf for Industrial Customers (D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.61840 per Ccf for Residential
\$0.52817 per Ccf for Public Housing
\$0.52449 per Ccf for Commercial and Municipal Customers
\$0.52465 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and Restructuring and Consumer Education Surcharge.

(D) – Decrease

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after June 1, 2010.

AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

RATES

CUSTOMER

CHARGE (per Meter (except parallel meters):

\$ 18.00 per month

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$0.65139 per Ccf

(D)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge:

\$0.38178 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge.

Also,

The following Riders may apply:

(ID – Decrease

PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after June 1, 2010

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER

CHARGE (per Meter (except parallel meters);

\$18.00 per month

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.65139 per Ccf (D)

Plus

DISTRIBUTION CHARGE:

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge:

\$0.51889 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; and The Restructuring and Consumer Education Surcharge.

(D) – Decrease

**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS
FIRM SERVICE**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
June 1, 2010

AVAILABILITY

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

CHARACTER OF SERVICE

Service under this rate schedule is firm and shall only be interrupted in the case of operating emergencies experienced by the Company.

MONTHLY RATE

CUSTOMER CHARGE:

\$35.00 per month

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.65139 per Ccf (D)

Plus

DISTRIBUTION CHARGE:

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge:

\$0.13212 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; and The Restructuring and Consumer Education Surcharge.

(D) – Decrease

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



Issued by: Thomas Knudsen
President and CEO
PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff

9.14. LOAD BALANCING SURCHARGE, 9.14.A. (Page No. 39)

The load balancing charge increases from \$41.8579 per design day Mcf to \$44.0475 per design day Mcf.

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9.14. LOAD BALANCING CHARGE.

9.14.A. Suppliers for all gas delivered under Firm Transportation Rates, of this Suppliers Tariff shall be charged at \$ 44.0475 per design day Mcf that is fulfilled by PGW storage and peaking assets, for recovery of those costs for Balancing Service, calculated in the manner set forth in the Commission's Order at M-00021612 (entered March 31, 2003) and as set forth below. Such rate for Balancing Service shall be increased or decreased, from time to time, in accordance with applicable law and procedures. (I)

9.14.B. Computation of Balancing Service Costs per Dth.

9.14.B.1. Formula. Balancing Service Costs, per design day Mcf, that is fulfilled by PGW storage and peaking assets, shall be computed to the nearest one-hundredth cent (\$0.0001) in accordance with the formula set forth below:

$$BSC = ((C - E) / (S))$$

Projected Balancing Service Costs, so computed, shall be charged to Suppliers of Firm Transportation Rates per Customer per design day Mcf that is fulfilled by PGW storage and peaking assets, for an enrollment month. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the PUC's regulations adopted pursuant thereto.

9.14.B.2. Definitions. In computing the Balancing Service Costs, per Dth, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (\$0.0001) to be charged to each design day Mcf that is fulfilled by PGW storage and peaking assets, under Rate Schedule Firm.

"C" - Cost in dollars: for all types of storage and related services, the fixed and variable costs for the projected period when rates will be in effect.

"E" - the net overcollection or undercollection of Balancing Service Costs.
The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the PUC for the Company's Section 1307(f) Tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate. Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Such over billings (or under billings) will be made with interest at the statutory rate.

"S" - projected Mcf of storage gas/LNG to be delivered to Customers to meet design day needs during the projected period when rates will be in effect.

(I) - Increase

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA EMAIL AND REGULAR MAIL

Aron Beatty, Esq.
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McNEES, WALLACE, NURICK
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Stephen Gray, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
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Financial and Regulatory Consultant
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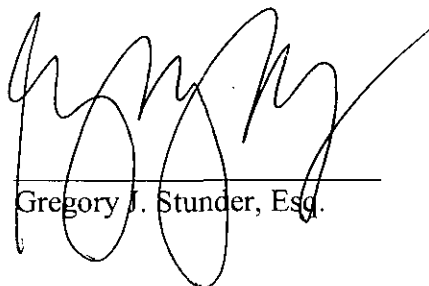
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Gregory J. Stunder, Esq.

Date: May 28, 2010

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2 Your Internal Billing Reference

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Recipient's Name Rosemary Chiavetta Phone _____

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FedEx Standard Overnight
Next business afternoon. Saturday Delivery NOT available.

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EXP SAVER

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SATURDAY Delivery
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