

Philadelphia Gas Works

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May 27, 2011

VIA EXPRESS MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, 1 North
400 North Street
Harrisburg, PA 17120

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Re: Pa. PUC v. Philadelphia Gas Works; R-2010-2157062,
June 1, 2011 Third Quarterly GCR Filing

Dear Secretary Chiavetta:

Enclosed for filing are an original and three (3) copies of PGW's March 1, 2011 Quarterly Gas Cost Rate ("GCR") filing. If you have any questions, please contact me.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Gregory J. Stunder", is written over the typed name. The signature is fluid and cursive.

Gregory J. Stunder

Enclosures

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

Statement

Known per dekatherm natural gas prices are used through the month of May, 2011. 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, 2011 through June, 2012 are based on the NYMEX Futures Closing Prices of May 6, 2011. 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 4,360 degree-day pattern).

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JUNE 1, 2011

3rd QUARTER GCR FILING

TABLE OF CONTENTS

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Levelized Gas Cost Rate.....	Schedule 1
Sales & Volumes.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
GCR Statement of Reconciliation – June 2010 Through May 2011.....	Schedule 4
GCR Statement of Reconciliation – September 2010 Through May 2011.....	Schedule 5
Calculation of Recovered Charges.....	Schedule 6
Efficiency Cost Recovery Surcharge – FY 2012	Schedule 7(a)
Efficiency Cost Recovery Surcharge Reconciliation – FY 2011	Schedule 7(b)
Change in Rates	Schedule 8
Universal Service & Energy Conservation Surcharge (USC)	Schedule 9
USC - Statement of Reconciliation – September 2010 Through May 2011.....	Schedule 10
Natural Gas Prices	Schedule 11
Actual Natural Gas Billed	Schedule 12
Summary of Fuels Purchased	Schedule 13

Philadelphia Gas Works

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Levelized Gas Cost Rate

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3rd Quarter Filing - June 1, 2011PA PUBLIC UTILITY COMMISSION
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Formula:

GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = GCR Firm Sales (Mcf)			50,839,234	Schedule 2
Net Natural Gas Expense	\$ 60,316,980	\$ 273,518,474	\$ 333,835,453	
Purchased Electric & Misc Expenses	\$ -	\$ 1,171,763	\$ 1,171,763	
C = Total Applicable GCR Expense	\$ 60,316,980	\$ 274,690,236	\$ 335,007,216	Schedule 3
SSC = C / S	\$ 1.1864	\$ 5.4031	\$ 6.5895	
Adjustment For:				
Prior Reconciliation	\$ 8,947,526	\$ (26,910,577)	\$ (17,963,051)	Schedule 5
E = Adjustments to GCR Expenses	\$ 8,947,526	\$ (26,910,577)	\$ (17,963,051)	
GAC = E / S	\$ 0.1760	\$ (0.5293)	\$ (0.3533)	
Interruptible Revenue Credit			\$ 6,492,684	Schedule 4
IRC = Interruptible Revenue Credit / S			\$ 0.1277	
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 310,551,480	
<u>GCR = SSC + GAC - IRC</u>			\$ 6.1085	
SSC in effect 06/01/11	\$ 1.1834	\$ 5.3894	\$ 6.5728	
GAC in effect 06/01/11	\$ 0.1756	\$ (0.5280)	\$ (0.3524)	
IRC in effect 06/01/11			\$ (0.1274)	
GCR in effect 06/01/11			\$ <u>6.0930</u>	Schedule 6
Recovery Test on:				
Firm Sales (Mcf)			50,839,234	
= Total Projected Recovery			\$ 310,550,588	Schedule 6
Compared To				
Net Applicable GCR Expenses			\$ 310,551,480	
= Net Over/(Under) Recovery			\$ <u>(893)</u>	Schedule 4
Degree Days			4,360	

SALES & VOLUMES

JUNE 2011 THROUGH MAY 2012

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 2011	1,444,547	114,237	1,330,310	11,551	3,642	1,315,118	10,803	1,418,551
JULY	1,255,069	105,990	1,149,079	11,908	4,761	1,132,410	8,913	1,229,487
AUGUST	1,120,594	95,656	1,024,938	11,964	4,773	1,008,200	7,812	1,096,044
SEPTEMBER	1,053,488	94,709	958,778	14,387	1,548	942,844	7,163	1,030,390
OCTOBER	1,810,804	161,866	1,648,938	35,334	-	1,613,604	13,337	1,762,133
NOVEMBER	4,129,566	270,272	3,859,294	61,973	-	3,797,321	36,873	4,030,721
DECEMBER	7,151,225	421,409	6,729,816	95,963	-	6,633,853	66,459	6,988,803
JANUARY 2012	11,331,821	528,970	10,802,850	107,203	-	10,695,647	110,829	11,113,789
FEBRUARY	9,857,402	463,123	9,394,278	92,489	-	9,301,790	95,875	9,669,038
MARCH	7,716,740	371,806	7,344,934	74,147	-	7,270,787	73,659	7,568,934
APRIL	5,104,240	237,365	4,866,875	41,828	-	4,825,048	47,937	5,014,476
MAY	2,469,883	146,489	2,323,394	19,938	844	2,302,612	20,769	2,428,332
TOTAL	54,445,378	3,011,892	51,433,485	578,683	15,568	50,839,234	500,430	53,350,697

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Projected Applicable Fuel Expense

June 2011 - May 2012

	JUNE 2011	JULY 2011	AUGUST 2011	SEPTEMBER 2011	OCTOBER 2011	NOVEMBER 2011	DECEMBER 2011	JANUARY 2012	FEBRUARY 2012	MARCH 2012	APRIL 2012	MAY 2012	TOTAL
NATURAL GAS BILLED													
DEMAND CHARGE	\$5,348,268	\$5,343,879	\$5,341,446	\$4,798,305	\$4,776,945	\$4,596,832	\$5,253,071	\$5,251,697	\$5,259,222	\$5,223,040	\$4,575,737	\$4,548,537	\$60,316,980
COMMODITY CHARGE	18,612,401	16,693,673	16,344,595	15,651,851	23,538,330	24,367,283	35,274,924	29,538,321	29,870,267	31,224,895	24,886,808	21,842,818	287,846,166
TOTAL NATURAL GAS BILLED	23,960,669	22,037,553	21,686,041	20,450,156	28,315,275	28,964,115	40,527,994	34,790,017	35,129,490	36,447,935	29,462,545	26,391,355	348,163,145
INTERRUPTIBLE CREDIT													
	56,294	58,865	59,723	71,817	176,294	324,280	521,703	587,547	508,667	405,722	222,043	106,352	3,099,307
SENDOUT VOLUME IN MCF													
	11,988	12,378	12,438	14,932	36,621	64,352	99,650	111,322	96,042	76,998	43,432	20,709	600,862
DKT CONVERSION FACTOR													
	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210	1.0210
PRICE \$/DKT													
	4.599	4.658	4.703	4.711	4.715	4.935	5.128	5.169	5.187	5.161	5.007	5.030	
GAS USED FOR UTILITY													
	27,563	37,594	3,062	31,722	77,962	226,372	460,655	719,319	706,927	515,514	286,283	154,634	3,247,608
NATURAL GAS TO STORAGE FROM STORAGE PGW													
	(13,250,642)	(11,844,149)	(11,504,574)	(9,753,272)	(8,683,347)	-	-	-	-	-	(5,833,716)	(11,056,744)	(71,926,443)
	-	-	-	-	48,969	4,914,578	12,095,014	24,078,583	16,555,940	6,018,285	1,549,932	-	65,261,301
NET NATURAL GAS STORAGE	(13,250,642)	(11,844,149)	(11,504,574)	(9,753,272)	(8,634,378)	4,914,578	12,095,014	24,078,583	16,555,940	6,018,285	(4,283,783)	(11,056,744)	(6,665,142)
LNG TO STORAGE FROM LNG PGW													
	(725,355)	-	-	(401,559)	(1,469,043)	(2,086,392)	(1,095,627)	-	-	(1,100,412)	(1,934,486)	(1,388,138)	(10,201,013)
	424,796	436,428	436,428	421,776	474,317	405,139	949,593	2,295,605	1,821,420	413,827	398,222	407,825	8,885,378
NET LNG STORAGE	(300,559)	436,428	436,428	20,217	(994,726)	(1,681,253)	(146,034)	2,295,605	1,821,420	(686,585)	(1,536,264)	(980,313)	(1,315,635)
NET NATURAL GAS EXPENSE	10,325,612	10,533,373	10,555,111	10,613,562	18,431,915	31,646,788	51,494,615	59,857,340	52,291,256	40,858,399	23,134,171	14,093,311	333,835,453
APPLICABLE GCR EXPENSE													
NET NATURAL GAS EXPENSE	10,325,612	10,533,373	10,555,111	10,613,562	18,431,915	31,646,788	51,494,615	59,857,340	52,291,256	40,858,399	23,134,171	14,093,311	333,835,453
PURCHASED ELECTRIC& MISC	70,582	69,731	63,732	63,130	66,993	79,080	105,100	297,646	104,744	93,970	76,691	80,362	1,171,763
TOTAL APPLICABLE EXPENSES	10,396,194	10,603,104	10,618,843	10,676,692	18,498,908	31,725,868	51,599,716	60,154,986	52,396,000	40,952,368	23,210,863	14,173,674	335,007,216
TOTAL GCR FIRM SALES	1,315,118	1,132,410	1,008,200	942,844	1,613,604	3,797,321	6,633,853	10,695,647	9,301,790	7,270,787	4,825,048	2,302,612	50,839,234

PA PUBLIC UTILITY COMMISSION
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GCR

STATEMENT OF RECONCILIATION

JUNE 2011 THROUGH MAY 2012

			GCR	IRC	INTERRUPT.			GCR	GCR	SSPC &	MONTHLY	CUMULATIVE
			NET COST	FACTOR	REVENUE	APPLICABLE	FACTOR	REVENUE	MIGRATION	OVER/(UNDER)	OVER/(UNDER)	
			OF FUEL	APPLIED	CREDIT	EXPENSES	APPLIED	BILLED	REVENUE	RECOVERY	RECOVERY	
			1	3	4 = (2 * 3)	5 = (1 - 4)	6	7	8	9 = (7 + 8 - 5)	11	
			\$	\$	\$	\$	\$	\$	\$	\$	\$	
			MCF									
May 2011 OVER-COLLECTION												17,963,051
JUNE	2011	Estimated	10,396,194	1,315,118	0.1277	167,954	10,228,240	6.3165	8,306,940	42,812	(1,878,488)	16,084,563
JULY		Estimated	10,603,104	1,132,410	0.1277	144,620	10,458,484	6.0930	6,899,775	44,235	(3,514,474)	12,570,089
AUGUST		Estimated	10,618,843	1,008,200	0.1277	128,757	10,490,086	6.0930	6,142,965	46,588	(4,300,532)	8,269,557
SEPTEMBER		Estimated	10,676,692	942,844	0.1277	120,411	10,556,281	6.0930	5,744,749	48,203	(4,763,329)	3,506,228
OCTOBER		Estimated	18,498,908	1,613,604	0.1277	206,074	18,292,834	6.0930	9,831,692	36,784	(8,424,358)	(4,918,131)
NOVEMBER		Estimated	31,725,868	3,797,321	0.1277	484,956	31,240,912	6.0930	23,137,078	34,521	(8,069,313)	(12,987,443)
DECEMBER		Estimated	51,599,716	6,633,853	0.1277	847,210	50,752,506	6.0930	40,420,069	34,915	(10,297,522)	(23,284,966)
JANUARY	2012	Estimated	60,154,986	10,695,647	0.1277	1,365,942	58,789,043	6.0930	65,168,580	25,701	6,405,237	(16,879,728)
FEBRUARY		Estimated	52,396,000	9,301,790	0.1277	1,187,933	51,208,068	6.0930	56,675,804	35,446	5,503,182	(11,376,546)
MARCH		Estimated	40,952,368	7,270,787	0.1277	928,553	40,023,815	6.0930	44,300,904	43,606	4,320,694	(7,055,852)
APRIL		Estimated	23,210,863	4,825,048	0.1277	616,207	22,594,655	6.0930	29,399,016	45,056	6,849,416	(206,436)
MAY		Estimated	14,173,674	2,302,612	0.1277	294,067	13,879,607	6.0930	14,029,813	55,338	205,544	(893)
Total			335,007,216	50,839,234		6,492,684	328,514,531		310,057,383	493,204	(17,963,942)	

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GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2010 THROUGH MAY 2011

		DEMAND CHARGES	COMMODITY CHARGES	NET COST OF FUEL	GCR FIRM SALES	IRC FACTOR APPLIED	INTERRUPT. REVENUE CREDIT	APPLICABLE EXPENSES	GCR FACTOR APPLIED	GCR REVENUE BILLED	SSPC & MIGRATION REVENUE	MONTHLY OVER/(UNDER) RECOVERY	NATURAL GAS REFUNDS	CUMULATIVE OVER/(UNDER) RECOVERY
		1	2	3 = (1 + 2)	4	5	6 = (4 * 5)	7 = (3 - 6)	8	9	10	11 = (9 + 10 - 7)	12	13
		\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009-2010 OVER-COLLECTION														8,939,096
2009-2010 INTEREST														(478,373)
TOTAL "E" FACTOR														<u>8,460,723</u>
SEPTEMBER 2010	Actual	5,270,429	5,669,758	10,940,187	1,034,035	0.1088	112,503	10,827,684	6.7095	6,946,254	60,394	(3,821,036)	0	4,639,687
OCTOBER	Actual	6,348,524	6,553,725	12,902,249	1,400,696	0.1032	144,552	12,757,697	6.9050	9,671,005	56,440	(3,030,252)	0	1,609,434
NOVEMBER	Actual	6,161,596	19,850,795	26,012,391	3,135,214	0.1032	323,554	25,688,837	6.9050	21,659,769	53,762	(3,975,306)	0	(2,365,872)
DECEMBER	Actual	6,174,536	55,720,377	61,894,913	6,557,179	0.1159	759,977	61,134,936	6.5902	43,021,627	65,994	(18,047,314)	0	(20,413,186)
JANUARY 2011	Actual	6,053,832	53,419,902	59,473,734	10,371,854	0.1286	1,333,820	58,139,914	6.2753	65,380,675	66,247	7,307,008	0	(13,106,178)
FEBRUARY	Actual	5,870,634	42,954,273	48,824,907	8,987,717	0.1286	1,155,820	47,669,087	6.2753	56,425,539	4,168	8,760,620	78,491	(4,267,067)
MARCH	Actual	5,468,630	28,320,009	33,788,639	6,518,410	0.1290	840,875	32,947,764	6.4077	41,843,469	131,467	9,027,172	0	4,760,105
APRIL	Estimated	5,051,636	15,235,367	20,287,002	4,854,932	0.1294	628,228	19,658,774	6.5400	31,751,253	47,477	12,139,956	0	16,900,061
MAY	Estimated	5,039,567	9,670,110	14,709,677	2,357,714	0.1294	305,088	14,404,589	6.5400	15,419,452	48,127	1,062,990	0	17,963,051

RECONCILIATION OF DEMAND CHARGES

		DEMAND CHARGES LESS SSPC	GCR FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	ADJUSTMENT FOR ACTUAL REVENUE	ADJUSTED C FACTOR BILLED	MONTHLY DEMAND OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
		1	2	3	4 = (2 * 3)	5	6 = (4 * 5)	7 = (6 - 1)	8
		\$	\$	\$	\$	\$	\$	\$	\$
2009-2010 OVER-COLLECTION									(15,459,382)
SEPTEMBER 2010	Actual	5,207,913	1,034,035	1.2949	1,338,972	1.0012	1,340,602	(3,867,311)	(19,326,693)
OCTOBER	Actual	6,288,804	1,400,696	1.2850	1,799,894	0.9999	1,799,745	(4,489,059)	(23,815,752)
NOVEMBER	Actual	6,097,936	3,135,214	1.2850	4,028,750	1.0005	4,030,819	(2,067,117)	(25,882,869)
DECEMBER	Actual	6,110,759	6,557,179	1.2771	8,374,173	0.9956	8,337,127	2,226,368	(23,656,501)
JANUARY 2011	Actual	5,991,379	10,371,854	1.2692	13,163,957	1.0045	13,223,456	7,232,077	(16,424,424)
FEBRUARY	Actual	5,870,634	8,987,717	1.2692	11,407,210	1.0004	11,412,250	5,541,616	(10,882,808)
MARCH	Actual	5,338,439	6,518,410	1.2609	8,219,063	1.0018	8,233,975	2,895,536	(7,987,272)
APRIL	Estimated	5,003,552	4,854,932	1.2526	6,081,287	1.0000	6,081,287	1,077,735	(6,909,536)
MAY	Estimated	4,991,263	2,357,714	1.2526	2,953,273	1.0000	2,953,273	(2,037,990)	(8,947,526)

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CALCULATION OF RECOVERED CHARGES

JUNE 1, 2011 - 3rd QUARTER FILING

JUNE 2011 - MAY 2012**RECEIVED**

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	<u>50% of June</u>	<u>11.5 Months</u>	<u>Total</u>
			(MCF) (\$)
GCR Firm Sales (Mcf)	657,559	50,181,676	50,839,234
GCR (\$ / Mcf)	\$ 6.5400	\$ 6.0930	
Total GCR Projected Recovery	\$ 4,300,434	\$ 305,756,949	\$ 310,057,383
SSPC and Migration Revenue			\$ 493,204
Total Projected Recovery			\$ 310,550,588

EFFICIENCY COST RECOVERY (ECR) SURCHARGE

June 1, 2011

<u>Program</u>	<u>Residential & PHA GS</u>	<u>Commercial & PHA</u>	<u>Industrial</u>	<u>Total</u>
Residential Heating Equipment Rebates (RHER)	\$965,104	\$9,749	\$0	\$974,853
Commercial & Industrial Retrofit Incentives (CIRI)	\$0	\$153,628	\$18,422	\$172,050
Commercial & Industrial Equipment Rebates (CIER)	\$0	\$2,844	\$2,844	\$5,688
High-Efficiency Construction Incentives (HECI)	\$5,272	\$5,272	\$0	\$10,544
Comprehensive Residential Retrofit Incentives (CRRRI)	\$50,111	\$0	\$0	\$50,111
Prior Period Reconciliation	<u>\$ (252,495)</u>	<u>\$ (17,558)</u>	<u>\$ (15,139)</u>	<u>\$ (285,192)</u>
Total	\$767,992	\$153,935	\$6,127	\$928,054
<hr/>				
Volumes - Mcf (GCR Firm & Firm Transportation)	40,461,513	11,242,454	890,900	
<hr/>				
Efficiency Cost Recovery Surcharge / Mcf	\$0.0190	\$0.0137	\$0.0069	

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EFFICIENCY COST RECOVERY (ECR) SURCHARGE

STATEMENT OF RECONCILIATION

SEPTEMBER 2010 THRU MAY 2011

RESIDENTIAL & PHA GS

		<u>Volumes</u>	<u>ECR Surcharge</u>	<u>Revenue Billed</u>	<u>RHER Expenses</u>	<u>CIRI Expenses</u>	<u>CIER Expenses</u>	<u>HECI Expenses</u>	<u>CRRRI Expenses</u>	<u>Total</u>	<u>Monthly Over/(Under)</u>	<u>Cumulative Over/(Under)</u>
September 2010	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
October	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
November	Actual	-	\$ -	\$ -	\$ 4,888	\$ -	\$ -	\$ 384	\$ 3,549	\$ 8,821	\$ (8,821)	\$ (8,821)
December *	Actual	2,560,740	\$ 0.0168	\$ 43,020	\$ 5,286	\$ -	\$ -	\$ 415	\$ 3,838	\$ 9,539	\$ 33,481	\$ 24,660
January 2011	Actual	8,464,623	\$ 0.0168	\$ 142,206	\$ 8,779	\$ -	\$ -	\$ 689	\$ 6,374	\$ 15,842	\$ 126,364	\$ 151,024
February	Actual	7,264,385	\$ 0.0168	\$ 122,042	\$ 1,654	\$ -	\$ -	\$ 130	\$ 1,201	\$ 2,985	\$ 119,057	\$ 270,081
March	Actual	5,213,151	\$ 0.0168	\$ 87,581	\$ 6,908	\$ -	\$ -	\$ 543	\$ 5,015	\$ 12,466	\$ 75,115	\$ 345,196
April	Estimated	3,987,528	\$ 0.0168	\$ 66,990	\$ 90,278	\$ -	\$ -	\$ 511	\$ 4,727	\$ 95,516	\$ (28,526)	\$ 316,670
May	Estimated	1,865,542	\$ 0.0168	\$ 31,341	\$ 90,278	\$ -	\$ -	\$ 511	\$ 4,727	\$ 95,516	\$ (64,175)	\$ 252,495
Total		29,355,969		\$ 493,180	\$ 208,071	\$ -	\$ -	\$ 3,183	\$ 29,431	\$ 240,685	\$ 252,495	

COMMERCIAL & PHA

		<u>Volumes</u>	<u>ECR Surcharge</u>	<u>Revenue Billed</u>	<u>RHER Expenses</u>	<u>CIRI Expenses</u>	<u>CIER Expenses</u>	<u>HECI Expenses</u>	<u>CRRRI Expenses</u>	<u>Total</u>	<u>Monthly Over/(Under)</u>	<u>Cumulative Over/(Under)</u>
September 2010	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
October	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
November	Actual	-	\$ -	\$ -	\$ 49	\$ 448	\$ 207	\$ 384	\$ -	\$ 1,088	\$ (1,088)	\$ (1,088)
December *	Actual	741,937	\$ 0.0053	\$ 3,932	\$ 53	\$ 484	\$ 224	\$ 415	\$ -	\$ 1,176	\$ 2,756	\$ 1,668
January 2011	Actual	1,922,977	\$ 0.0053	\$ 10,192	\$ 89	\$ 804	\$ 372	\$ 689	\$ -	\$ 1,954	\$ 8,238	\$ 9,906
February	Actual	1,762,507	\$ 0.0053	\$ 9,341	\$ 17	\$ 152	\$ 70	\$ 130	\$ -	\$ 369	\$ 8,972	\$ 18,878
March	Actual	1,366,040	\$ 0.0053	\$ 7,240	\$ 70	\$ 633	\$ 293	\$ 543	\$ -	\$ 1,539	\$ 5,701	\$ 24,579
April	Estimated	903,683	\$ 0.0053	\$ 4,790	\$ 912	\$ 5,651	\$ 276	\$ 511	\$ -	\$ 7,350	\$ (2,560)	\$ 22,019
May	Estimated	545,052	\$ 0.0053	\$ 2,889	\$ 912	\$ 5,651	\$ 276	\$ 511	\$ -	\$ 7,350	\$ (4,461)	\$ 17,558
Total		7,242,196		\$ 38,384	\$ 2,102	\$ 13,823	\$ 1,718	\$ 3,183	\$ -	\$ 20,826	\$ 17,558	

		<u>Volumes</u>	<u>ECR Surcharge</u>	<u>Revenue Billed</u>	<u>RHER Expenses</u>	<u>CIRI Expenses</u>	<u>CIER Expenses</u>	<u>HECI Expenses</u>	<u>CRRRI Expenses</u>	<u>Total</u>	<u>Monthly Over/(Under)</u>	<u>Cumulative Over/(Under)</u>
September 2010	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
October	Actual	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
November	Actual	-	\$ -	\$ -	\$ -	\$ 448	\$ 207	\$ -	\$ -	\$ 655	\$ (655)	\$ (655)
December *	Actual	68,578	\$ 0.0532	\$ 3,648	\$ -	\$ 484	\$ 224	\$ -	\$ -	\$ 708	\$ 2,940	\$ 2,285
January 2011	Actual	162,829	\$ 0.0532	\$ 8,663	\$ -	\$ 804	\$ 372	\$ -	\$ -	\$ 1,176	\$ 7,487	\$ 9,772
February	Actual	124,083	\$ 0.0532	\$ 6,601	\$ -	\$ 152	\$ 70	\$ -	\$ -	\$ 222	\$ 6,379	\$ 16,151
March	Actual	110,521	\$ 0.0532	\$ 5,880	\$ -	\$ 633	\$ 293	\$ -	\$ -	\$ 926	\$ 4,954	\$ 21,105
April	Estimated	66,875	\$ 0.0532	\$ 3,558	\$ -	\$ 5,651	\$ 276	\$ -	\$ -	\$ 5,927	\$ (2,369)	\$ 18,736
May	Estimated	43,800	\$ 0.0532	\$ 2,330	\$ -	\$ 5,651	\$ 276	\$ -	\$ -	\$ 5,927	\$ (3,597)	\$ 15,139
Total		576,686		\$ 30,680	\$ -	\$ 13,823	\$ 1,718	\$ -	\$ -	\$ 15,541	\$ 15,139	

* Volumes include 50% of Dec 2010 billed sales

**Change In Rates
3rd Quarter Filing**

**Rates Effective June 1, 2011
Distribution Charge**

	<u>Delivery</u>	<u>Surcharges</u>				<u>Total</u>	<u>Distribution Charge / Mcf</u>
	<u>Delivery Charge</u>	<u>Other Post Employment Benefit</u>	<u>Efficiency Cost Recovery</u>	<u>Restructuring & Consumer Education</u>	<u>Universal Service & Ener. Cons.</u>	<u>Surcharges</u>	
Residential GS	\$6.3863	\$0.2997	\$0.0190	\$0.0259	\$2.7961	\$3.1407	\$9.5270
Commercial GS	\$4.6530	\$0.2997	\$0.0137	\$0.0259	\$2.7961	\$3.1354	\$7.7884
Industrial GS	\$4.5859	\$0.2997	\$0.0069	\$0.0259	\$2.7961	\$3.1286	\$7.7145
Phila.Housing Authority (PHA)	\$4.1480	\$0.2997	\$0.0137	\$0.0259	\$2.7961	\$3.1354	\$7.2834
Municipal (MS)	\$3.4040	\$0.2997	-	\$0.0259	\$2.7961	\$3.1217	\$6.5257
Phila.Housing Authority (GS)	\$4.9820	\$0.2997	\$0.0190	\$0.0259	\$2.7961	\$3.1407	\$8.1227

Proposed Rates

	<u>03/01/11 Distribution Charge</u> (1)	<u>03/01/11 GCR</u> (2)	<u>03/01/11 Commodity Rate</u> (3)=(1)+(2)	<u>06/01/11 Distribution Charge</u> (4)	<u>06/01/11 GCR</u> (5)	<u>06/01/11 Commodity Rate</u> (6)=(4)+(5)	<u>Difference</u> (7)=(6)-(3)
Residential GS	\$9.3755	\$6.5400	\$15.9155	\$9.5270	\$6.0930	\$15.6200	(\$0.2955)
Commercial GS	\$7.6307	\$6.5400	\$14.1707	\$7.7884	\$6.0930	\$13.8814	(\$0.2893)
Industrial GS	\$7.6115	\$6.5400	\$14.1515	\$7.7145	\$6.0930	\$13.8075	(\$0.3440)
Phila.Housing Authority (PHA)	\$7.1257	\$6.5400	\$13.6657	\$7.2834	\$6.0930	\$13.3764	(\$0.2893)
Municipal (MS)	\$6.3764	\$6.5400	\$12.9164	\$6.5257	\$6.0930	\$12.6187	(\$0.2977)
Phila.Housing Authority (GS)	\$7.9712	\$6.5400	\$14.5112	\$8.1227	\$6.0930	\$14.2157	(\$0.2955)

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PHILADELPHIA GAS WORKS
3rd QUARTER FILING
JUNE 2011 - MAY 2012
UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	Expenses in the Surcharge
Enhanced Low Income Retrofit Program (ELIRP)	\$ 9,180,799
Customer Responsibility Program (CRP) Discount	\$ 100,216,452
Senior Citizen Discount	\$ 8,065,439 *
<u>May 2011 Under Collection</u>	<u>\$ 31,710,759</u>
Total \$ to be Recovered	\$ 149,173,450
 Total Applicable Volumes	 Mcf 53,350,697
 Universal Service & Energy Conservation Surcharge	 <u><u>\$ 2.7961</u></u>

* 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 \$9,813,474.

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STATEMENT OF RECONCILIATION

UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE

SEPTEMBER 2010 THROUGH MAY 2011

Month		<u>Applicable</u> <u>Volumes</u>	<u>USC</u> <u>Charge</u>	<u>USC</u> <u>Revenue</u> <u>Billed</u>	<u>USC</u> <u>Expenses</u>	<u>Monthly</u> <u>Over/(Under)</u> <u>Recovery</u>	<u>Cumulative</u> <u>Over/(Under)</u> <u>Recovery</u> (\$19,939,314)
FY 10 Reconciliation							
September 2010	Actual	1,109,653	\$ 2.2855	\$ 2,536,111	\$ (2,118,783)	\$ 4,654,894	(\$15,284,420)
October	Actual	1,573,678	\$ 2.3678	\$ 3,726,155	\$ (374,819)	\$ 4,100,973	(\$11,183,447)
November	Actual	3,244,696	\$ 2.3678	\$ 7,682,791	\$ 7,224,051	\$ 458,739	(\$10,724,708)
December	Actual	6,848,148	\$ 2.1703	\$ 14,862,536	\$ 17,190,745	\$ (2,328,209)	(\$13,052,917)
January 2011	Actual	10,697,049	\$ 1.9728	\$ 21,103,137	\$ 28,669,860	\$ (7,566,723)	(\$20,619,640)
February	Actual	9,291,679	\$ 1.9728	\$ 18,330,623	\$ 25,370,340	\$ (7,039,716)	(\$27,659,356)
March	Actual	6,780,663	\$ 2.3098	\$ 15,661,974	\$ 20,422,074	\$ (4,760,100)	(\$32,419,456)
April	Estimated	5,002,547	\$ 2.6468	\$ 13,240,741	\$ 14,543,932	\$ (1,303,190)	(\$33,722,646)
May	Estimated	2,471,984	\$ 2.6468	\$ 6,542,847	\$ 4,530,959	\$ 2,011,887	(\$31,710,759)

<u>USC Expenses</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>
Conservation Works	\$ 4,565	\$ 13,656	\$ 179,959	\$ 198,424	\$ 5,494	\$ 221,064	\$ 5,718	\$ -	\$ 100,000
ELIRP**	\$ -	\$ -	\$ 55,192	\$ 59,685	\$ 100,422	\$ 18,679	\$ 161,301	\$ 1,387,532	\$ 1,387,532
CRP Discount	\$ (3,188,435)	\$ (1,488,133)	\$ 5,532,786	\$ 14,965,360	\$ 25,990,955	\$ 22,798,211	\$ 18,046,143	\$ 11,156,441	\$ 1,566,816
CRP Forgiveness	\$ 851,310	\$ 794,420	\$ 762,875	\$ 744,519	\$ 764,345	\$ 769,414	\$ 981,477	\$ 923,375	\$ 964,446
Senior Citizen Discount	\$ 213,777	\$ 305,238	\$ 693,239	\$ 1,222,757	\$ 1,808,644	\$ 1,572,397	\$ 1,258,279	\$ 1,076,584	\$ 512,165
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,426)	\$ (30,844)	\$ -	\$ -
Total	\$ (2,118,783)	\$ (374,819)	\$ 7,224,051	\$ 17,190,745	\$ 28,669,860	\$ 25,370,340	\$ 20,422,074	\$ 14,543,932	\$ 4,530,959

<u>CRP Participation</u>							
Rate Case Participation Rate	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Actual Participation Rate*	81,292	79,732	81,855	82,544	83,198	84,492	86,072
CRP Under(Over) Participation	2,708	4,268	2,145	1,456	802	(492)	(2,072)
<u>Average Shortfall Per CRP Participant</u>							
CRP Discount	\$ (3,188,435)	\$ (1,488,133)	\$ 5,532,786	\$ 14,965,360	\$ 25,990,955	\$ 22,798,211	\$ 18,046,143
Actual Participation Rate	81,292	79,732	81,855	82,544	83,198	84,492	86,072
Average Shortfall per CRP Participant	\$ (39)	\$ (19)	\$ 68	\$ 181	\$ 312	\$ 270	\$ 210
Shortfall*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (132,755)	\$ (434,422)
Bad Debt Expense Offset* 7.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,426)	\$ (30,844)

*Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 84,000

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Schedule 10

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

<u>NYMEX</u>		<u>Basis Differentials</u>								<u>Prices Used For Gas Cost Inputs</u>							
Futures	5/6/2011 Close	<u>TRANSCO</u>			<u>TETCO</u>					<u>TRANSCO</u>			<u>TETCO</u>				
		Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	M-1	Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	M-1
2011:5										4.31	4.34	4.40	4.33	4.32	4.26	4.30	4.22
2011:6	4.235	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.19	4.22	4.28	4.20	4.19	4.10	4.14	4.32
2011:7	4.297	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.25	4.28	4.34	4.26	4.25	4.16	4.20	4.38
2011:8	4.342	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.29	4.32	4.38	4.30	4.29	4.20	4.24	4.42
2011:9	4.364	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.31	4.34	4.40	4.32	4.31	4.22	4.26	4.44
2011:10	4.407	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.36	4.39	4.45	4.37	4.36	4.27	4.31	4.49
2011:11	4.569	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.52	4.55	4.61	4.53	4.52	4.43	4.47	4.65
2011:12	4.789	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.74	4.77	4.83	4.75	4.74	4.65	4.69	4.87
2012:1	4.906	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.86	4.89	4.95	4.87	4.86	4.77	4.81	4.99
2012:2	4.893	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.84	4.87	4.93	4.85	4.84	4.75	4.79	4.97
2012:3	4.831	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.78	4.81	4.87	4.79	4.78	4.69	4.73	4.91
2012:4	4.701	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.65	4.68	4.74	4.66	4.65	4.56	4.60	4.78
2012:5	4.721	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	4.67	4.70	4.76	4.68	4.67	4.58	4.62	4.80

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Actual Natural Gas Billed

	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>
Williams	\$ 2,709,624	\$ 2,401,309	\$ 2,529,367
Texas Eastern	\$ 2,720,957	\$ 2,655,007	\$ 2,567,255
Dominion	\$ 142,530	\$ 134,252	\$ 130,827
Equitrans	\$ 48,768	\$ 48,634	\$ 48,094
Spot Purchases -Transco	\$ 146,499	\$ 264,574	\$ 34,240
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ -	\$ -	\$ -
Transco Supply2	\$ 3,611,500	\$ 2,780,000	\$ 1,626,782
Transco Supply3	\$ 728,500	\$ 658,000	\$ 2,008,399
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 1,920,157	\$ 1,243,200	\$ 1,276,425
Transco Supply7	\$ 2,883,000	\$ 2,044,000	\$ 1,143,378
Transco Supply8	\$ 2,159,000	\$ 2,676,800	\$ 2,056,175
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 739,350	\$ 667,800	\$ 739,350
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ 656,813	\$ 611,100	\$ 620,775
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 1,321,449	\$ 2,458,400	\$ -
Transco Supply15	\$ -	\$ -	\$ -
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ -	\$ -	\$ -
Transco Supply18	\$ -	\$ -	\$ -
Transco Supply19	\$ -	\$ -	\$ -
Transco Supply20	\$ 624,650	\$ 617,400	\$ 595,200
Transco Supply21	\$ -	\$ -	\$ -
Transco Supply22	\$ -	\$ -	\$ -
Transco Supply23	\$ 728,113	\$ 657,650	\$ 728,113
Tetco Supply1	\$ 1,524,386	\$ 864,977	\$ 292,375
Tetco Supply2	\$ 645,575	\$ 605,850	\$ 603,725
Tetco Supply3	\$ 1,873,849	\$ 1,808,734	\$ -
Tetco Supply4	\$ -	\$ -	\$ -
Tetco Supply5	\$ -	\$ -	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ -	\$ -	\$ -
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ 7,077,765	\$ 5,233,140	\$ 4,698,281
Tetco Supply14	\$ 2,021,975	\$ 1,796,900	\$ 1,986,325
Tetco Supply15	\$ -	\$ -	\$ -
Tetco Supply16	\$ 626,975	\$ 566,300	\$ 706,884
Tetco Supply17	\$ 1,727,320	\$ 1,560,160	\$ 1,727,320
Tetco Supply18	\$ 639,375	\$ 567,700	\$ 626,200
Tetco Supply19	\$ 629,300	\$ 603,400	\$ 607,600
Total Costs	\$ 37,907,430	\$ 33,525,287	\$ 27,353,090
Sharing Mechanism	\$ 123,484	\$ 112,794	\$ 157,597
Asset Management Agreement	\$ (133,234)	\$ (68,375)	\$ (68,375)
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation Purchases	\$ 27,698	\$ (50,000)	\$ 1,485
Adjustment/Reconciliation	\$ (41,067)	\$ 3,033,928	\$ (3,280,768)
Total Natural Gas Billed	\$ 37,884,311	\$ 36,553,633	\$ 24,163,029

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**Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending March 2011**

	<u>Actual</u>				<u>Projected</u>			<u>Actual Over/Under vs Projected</u>				
	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Total</u>	<u>2nd Qtr Filing Jan-11</u>	<u>2nd Qtr Filing Feb-11</u>	<u>2nd Qtr Filing Mar-11</u>	<u>Total</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Total</u>
Total Natural Gas Billed	\$ 37,884,311	\$ 36,553,633	\$ 24,163,029	\$ 98,600,973	\$ 40,430,281	\$ 37,109,236	\$ 36,172,654	\$ 113,712,172	\$ (2,545,970)	\$ (555,603)	\$ (12,009,625)	\$ (15,111,199)
Less Interruptible Credit Gas Used For Utility	\$ 966,693	\$ 1,585,859	\$ 788,048	\$ 3,340,600	\$ 823,568	\$ 623,174	\$ 515,813	\$ 1,962,556	\$ 143,125	\$ 962,685	\$ 272,235	\$ 1,378,044
	\$ 597,569	\$ 522,270	\$ 367,439	\$ 1,487,278	\$ 734,132	\$ 738,597	\$ 568,401	\$ 2,041,130	\$ (136,563)	\$ (216,327)	\$ (200,962)	\$ (553,852)
	\$ 36,320,049	\$ 34,445,504	\$ 23,007,542	\$ 93,773,095	\$ 38,872,580	\$ 35,747,465	\$ 35,088,440	\$ 109,708,486	\$ (2,552,531)	\$ (1,301,961)	\$ (12,080,898)	\$ (15,935,391)
<u>Pipeline Storages</u>												
(To)	\$ (356,875)	\$ (732,970)	\$ (452,299)	\$ (1,542,144)	\$ (324,916)	\$ -	\$ -	\$ (324,916)	\$ (31,959)	\$ (732,970)	\$ (452,299)	\$ (1,217,228)
From	\$ 21,054,071	\$ 14,167,643	\$ 11,209,597	\$ 46,431,411	\$ 18,609,492	\$ 11,096,447	\$ 6,377,344	\$ 36,083,283	\$ 2,444,579	\$ 3,071,196	\$ 4,832,353	\$ 10,348,128
Net Pipeline Storages	\$ 20,697,196	\$ 13,434,673	\$ 10,757,398	\$ 44,889,267	\$ 18,284,576	\$ 11,096,447	\$ 6,377,344	\$ 35,758,368	\$ 2,412,620	\$ 2,338,226	\$ 4,380,054	\$ 9,130,899
<u>LNG Storage</u>												
(To)	\$ 6,725	\$ -	\$ (561,398)	\$ (554,673)	\$ -	\$ -	\$ (2,274,973)	\$ (2,274,973)	\$ 6,725	\$ -	\$ 1,713,575	\$ 1,720,300
From	\$ 2,308,117	\$ 849,384	\$ 509,401	\$ 3,666,902	\$ 986,242	\$ 1,492,750	\$ 442,127	\$ 2,921,119	\$ 1,321,875	\$ (643,366)	\$ 67,274	\$ 745,783
Net LNG Storage	\$ 2,314,842	\$ 849,384	\$ (51,997)	\$ 3,112,229	\$ 986,242	\$ 1,492,750	\$ (1,832,846)	\$ 646,146	\$ 1,328,600	\$ (643,366)	\$ 1,780,849	\$ 2,466,083
Net Natural Gas	\$ 59,332,087	\$ 48,729,561	\$ 33,712,943	\$ 141,774,591	\$ 58,143,399	\$ 48,336,662	\$ 39,632,938	\$ 146,112,999	\$ 1,188,688	\$ 392,899	\$ (5,919,995)	\$ (4,338,408)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 59,332,087	\$ 48,729,561	\$ 33,712,943	\$ 141,774,591	\$ 58,143,399	\$ 48,336,662	\$ 39,632,938	\$ 146,112,999	\$ 1,188,688	\$ 392,899	\$ (5,919,995)	\$ (4,338,408)
Purchased Electric & Misc	\$ 141,647	\$ 95,346	\$ 75,696	\$ 312,689	\$ 249,457	\$ 123,967	\$ 113,442	\$ 486,866	\$ (107,810)	\$ (28,621)	\$ (37,746)	\$ (174,177)
Total GCR Expenses	\$ 59,473,734	\$ 48,824,907	\$ 33,788,639	\$ 142,087,280	\$ 58,392,856	\$ 48,460,629	\$ 39,746,380	\$ 146,599,865	\$ 1,080,878	\$ 364,278	\$ (5,957,741)	\$ (4,512,585)

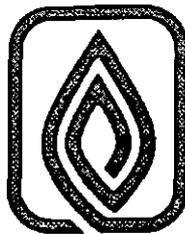
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PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF

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Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

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, 2011 decreases from \$(0.00084) per Ccf to \$(0.03524) per Ccf; In the definition of "IRC," the "IRC" value effective June 1, 2011 decreases from \$0.01294 to \$0.01274 per Ccf; In the definition of "SSC," the "SSC" value effective June 1, 2011 decreases from \$0.66778 per Ccf to \$0.65728 per Ccf.

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

The Gas Cost Rate (GCR) effective June 1, 2011 decreases from \$0.65400 per Ccf to \$0.60930 per Ccf.

EFFICIENCY COST RECOVERY SURCHARGE (PAGE No. 80)

The Efficiency Cost Recovery Surcharges effective June 1, 2011 are: a) \$0.00190 per Ccf for Residential and Public Housing Customers on Rate GS; b) \$0.00137 per Ccf for Commercial Customers on Rate GS; c) \$0.00069 per Ccf for Industrial Customers on Rate GS; d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and e) \$0.00137 per Ccf for The Philadelphia Housing Authority on Rate PHA.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective June 1, 2011 increases from \$0.26468 per Ccf to \$0.27961 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services decreases from \$0.65400 per Ccf to \$0.60930 per Ccf, effective June 1, 2011.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service decreases from \$0.65400 per Ccf to \$0.60930 per Ccf, effective June 1, 2011.

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

The GCR for Philadelphia Housing Authority Service decreases from \$0.65400 per Ccf to \$0.60930 per Ccf, effective June 1, 2011.

DEVELOPMENTAL NATURAL GAS VEHICLE SVC - RATE NGVS FIRM SERVICE (Page Nos. 135-136)

The GCR for NGVS Firm decreases from \$0.65400 per Ccf to \$0.60930 per Ccf, effective June 1, 2011.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Forty Sixth Revised 2
Description of Territory Served _____	5
Table of Contents _____	Forty Sixth Revised 6
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
1. The Gas Service Tariff _____	First Revised 15
2. Application and Contract for Gas Service _____	Fourth Revised 17
3. Credit and Deposit _____	First Revised 21
4. Billing and Payment _____	First Revised 26
5. Termination and/or Discontinuance of Gas Service _____	First Revised 30
6. Termination of Service for Safety Reasons and Curtailment of Service/ Service Continuity _____	First Revised 38
7. Inquiry, Review, Dispute, and Appeals Process _____	First Revised 41
8. Customer's Responsibility for Company's Property _____	First Revised 44
9. Conditions of Service, Point of Delivery, and Application of Rates _____	Third Revised 47
10. Extensions And Rights-Of-Way _____	First Revised 50
11. Meters: Measurements, Readings, Errors, and Tests _____	First Revised 53
12. Service Charges and Miscellaneous Fees and Provisions _____	First Revised 57
13. Universal Service And Energy Conservation Programs _____	Second Revised 59
14. Gas Choice Enrollment and Switching _____	63
15. Supplier of Last Resort _____	First Revised 65

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Thirty Eighth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	72
Migration/Reverse Migration Rider _____	75
Exit Fee Rider _____	77
Restructuring and Consumer Education Surcharge _____	Fourteenth Revised 79
Efficiency Cost Recovery Mechanism _____	Sixth Revised 80
Universal Services Surcharge _____	Thirty Ninth Revised 81
Other Post Employment Benefit Surcharge _____	Second Revised Page 82
General Service - Rate GS _____	Forty Second Revised 83
Municipal Service - Rate MS _____	Forty Second Revised 87
Philadelphia Housing Authority Service –Rate PHA _____	Forty Second Revised 90
Boiler and Power Plant Service – Rate BPS _____	Second Revised 93
Load Balancing Service – RATE LBS _____	Second Revised 97
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Second Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	Fifteenth Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
WEATHER NORMALIZATION ADJUSTMENT CLAUSE _____	Third Revised 149

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.

Effective 9/1/08, 75% of off system sales margin and capacity release credits will be allocated to the Factor "C" and 25% to the Company. Effective 9/1/09, 75% of storage asset management fees will be allocated to the Factor "C" and 25% to the Company.

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 \$(0.05280) per Ccf for Commodity Costs and \$0.01756 per Ccf for Demand Costs, for service on or after June 1, 2011. The total Gac is \$(0.03524) 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.

(D) – Decrease

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01274 per Ccf for service on or after June 1, 2011.

(D)

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, 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 \$0.53894 per Ccf for Commodity Costs and \$0.11834 per Ccf for Demand Costs, for service on or after June 1, 2011. The total SSC is \$0.65728 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 \$0.60930 per Ccf, for service on or after June 1, 2011.

(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

EFFICIENCY COST RECOVERY SURCHARGE

The cost of the energy efficiency programs (i.e. the demand side management programs) for the firm customer rate classes listed below will be recovered by an Efficiency Cost Recovery Surcharge applicable to all volumes of Gas delivered.

- 1) The Surcharge will recover the program costs and the administrative costs of the energy efficiency program.
- 2) Computation of the Efficiency Cost Recovery 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 energy efficiency program costs approved for annual recovery plus (or minus) any over (or under) recovery from the prior period by the estimated applicable throughput in Mcfs. The costs related to customers other than low income residential customers are tracked and will be recovered separately from each of the following firm customer rate classes if the customer class is served by the energy efficiency program:
 - a) Residential and Public Housing Customers on Rate GS;
 - b) Commercial Customers on Rate GS;
 - c) Industrial Customers on Rate GS;
 - d) Municipal Customers on Rate MS; and
 - e) The Philadelphia Housing Authority on Rate PHA.

The surcharge shall be a cents per Ccf charge calculated to the nearest one-thousandth of a cent (0.00001) which shall be added to the distribution rates for billing purposes for all customers in each of the above rate classes. The rate shall be calculated separately for each rate class as follows:

- | | |
|---|------|
| a) \$0.00190 per Ccf for Residential and Public Housing Customers on Rate GS; | (I) |
| b) \$0.00137 per Ccf for Commercial Customers on Rate GS; | (I) |
| c) \$0.00069 per Ccf for Industrial Customers on Rate GS; | (D) |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and | (NC) |
| e) \$0.00190 per Ccf for The Philadelphia Housing Authority on Rate PHA. | (I) |

The Enhanced Low Income Retrofit Program costs shall be recovered through the Universal Services Surcharge beginning on September 1, 2010.

(I) – Increase; (D) – Decrease; (NC) – No Change

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 the Enhanced Low Income Retrofit Program (ELIRP); 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 = \$ 0.27961/Ccf.

(I)

(I) - Increase

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, 2011

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 Customers
\$ 50.00 per month for Industrial Customers

Plus,

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

\$ 0.60930 per Ccf for Residential and Public Housing (D)
\$ 0.60930 per Ccf for Commercial Customers (D)
\$ 0.60930 per Ccf for Industrial Customers (D)

Plus,

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

(A) Delivery Charge:

\$0.63863 per Ccf for Residential
\$0.49820 per Ccf for Public Housing
\$0.46530 per Ccf for Commercial and Municipal Customers
\$0.45859 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; Restructuring and Consumer Education Surcharge; Efficiency Cost Recovery Surcharge; and Other Post Employment Benefit 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, 2011.

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):

\$0.60930 per Ccf

(D)

Plus,

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

(A) Delivery Charge:

\$0.34040 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; and Other Post Employment Benefit Surcharge.

Also,

The following Riders may apply:

(D) – 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, 2011

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):

\$ 0.60930 per Ccf

(D)

Plus

DISTRIBUTION CHARGE:

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

(A) Delivery Charge:

\$0.41480 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; and Other Post Employment Benefit 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, 2011

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):

\$ 0.60930 per Ccf (D)

Plus

DISTRIBUTION CHARGE:

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

(A) Delivery Charge:

\$0.13212 per Ccf

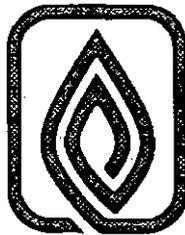
(B) Surcharges:

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

(D) – Decrease

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



Issued by: Craig White
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 \$ 42.9546 per design day Mcf to \$ 44.4069 per design day Mcf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Fortieth Revised 2
Checksheet _____	3
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
1. The Supplier Tariff _____	14
2. Availability _____	16
3. Character of Service _____	18
4. Supplier Qualification _____	20
5. Customer List _____	23
6. Supplier Selection Procedures _____	25
7. Supplier Obligations _____	29
8. Operational Requirements _____	33
9. Special Provisions _____	37
10. Nomination Procedure _____	44
11. Financial Security _____	46
12. Supplier Billing and Payment _____	48
13. Supplier Exit Procedures _____	54
14. Breach of Obligations _____	57
15. Standards of Conduct _____	60

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 \$44.4069 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 REGULAR MAIL

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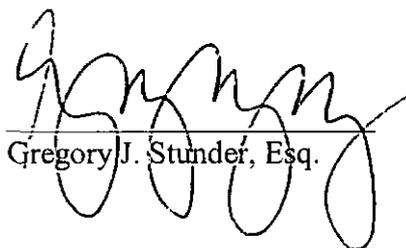
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Gregory J. Stunder, Esq.

Date: May 27, 2011

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City PHILADELPHIA State PA ZIP 19122-2898

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Rosemary Chiavetta Phone _____

Company PA POC

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FedEx 2Day to select locations.

City Philadelphia State PA ZIP 17100

0419164894



8720 7344 3000

4a Express Package Service * To most locations. Packages up to 150 lbs.

FedEx Priority Overnight Next business morning * Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Standard Overnight Saturday Delivery NOT available.
 FedEx First Overnight Earliest next business morning delivery to select locations.
 FedEx 2Day Second business day ** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx Express Saver Next business afternoon. Saturday Delivery NOT available. **EXP SAVER**

4b Express Freight Service ** To most locations. Packages over 150 lbs.

FedEx 1Day Freight Next business day ** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx 1Day Freight Booking No.
 FedEx 2Day Freight Second business day ** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
 FedEx 3Day Freight Third business day ** Saturday Delivery NOT available.

5 Packaging * Declared value limit \$500.

FedEx Envelope* FedEx Pak* Includes FedEx Small Pak and FedEx Large Pak. FedEx Box FedEx Tube Other

6 Special Handling and Delivery Signature Options

SATURDAY Delivery NOT available for FedEx S* * FedEx Express Saver, or FedEx 3Day Freight.
 No Signature Required Package may be left without obtaining a signature for delivery.
 Signature at recipient's address on for delivery. Fee applies.
 Indirect Signature If no one is available at recipient's address, someone at a neighboring address may sign for delivery for residential deliveries only. Fee applies.

Does this shipment contain dangerous goods?

One box must be checked.
 No Yes As per attached Shipper's Declaration. Yes Shipper's Declaration not required. Dry Ice Dry ice, 3, UN 1845 _____ x _____ kg.
Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box. Cargo Aircraft Only

7 Payment Bill to:

Enter FedEx Acct. No. or Credit Card No. below. Obtain recip. Acct. No.
 Sender Acct. No. in Section 1 will be billed. Recipient Third Party Credit Card Cash/Check

Total Packages _____ Total Weight _____ lbs. Credit Card Acct. _____

*Our liability is limited to \$100 unless you declare a higher value. See the current FedEx Service Guide for details.

605

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