

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 684-6878 – Fax (215) 684-6798
Email: greg.stunder@pgworks.com

March 28, 2013

VIA EXPRESS MAIL

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

RECEIVED

MAR 28 2013

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

RE: Docket No. M-00021612; Philadelphia Gas Works' Petition for Approval of Field Operations Initiative Implementation Plan and Restructuring Surcharge

Dear Secretary Chiavetta,

The attached Secretarial Letter issued on March 18, 2013 directs PGW to file a February 5, 2013 letter which provides PGW's Class A meter testing data to Paul Metro of the Pennsylvania Public Utility Commission. The Secretarial Letter also directs PGW to serve a copy of the February 5, 2013 letter to all parties of record in PGW's Restructuring Proceeding at Docket No. M-00021612. In response to this Secretarial Letter, PGW is also providing a March 11, 2013 letter (also addressed to Paul Metro) which updates the meter testing data, the inventory level of the oldest meters and PGW's plan to replace the oldest meters set forth in the previous, February 5, 2013 correspondence.

Please contact me if you have any questions regarding this filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory J. Stunder", is written over a printed name. The signature is fluid and cursive, with the first and last names being most prominent.

Gregory J. Stunder

Enclosures:

March 11, 2013 letter (Paul Mondimore to Paul Metro)
February 5, 2013 letter (Paul Mondimore to Paul Metro)
March 18, 2013 Secretarial Letter

cc: All Parties of Record
Terrence Buda, PaPUC – Law Bureau
Paul Metro, PaPUC – Bureau of Investigation and Enforcement
Paul Diskin, PaPUC – Bureau of Technical Utility Services

17473



PHILADELPHIA GAS WORKS

800 West Montgomery Avenue • Philadelphia, PA 19122

March 11, 2013

Mr. Paul Metro
Manager, Gas Safety Division
PA Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Mr. Metro,

In lieu of the reporting requirements set forth in 52 Pa.Code § 59.21,¹ PGW submitted the attached letter dated November 1, 2007 containing FY 2005 to FY 2007 Class A meter testing data, along with other information, which supports a 20 year Class A meter testing program. Responsive to your recent request, PGW is also providing 2004 to 2012 Class A meter testing data. The following table lists testing results for the most recent nine (9) calendar years:

SUMMARY OF METER TEST RESULTS FOR THE YEARS 2004 THROUGH 2012

Year	Meters Tested	Meters Passed	Meters Failed	% Passed	% Failed	Slow Meters	Fast Meters	% Slow	% Fast
2004	9,754	8,918	836	91.4%	8.6%	221	615	2.3%	6.3%
2005	13,834	11,903	1,931	86.0%	14.0%	604	1,327	4.4%	9.6%
2006	20,981	18,689	2,292	89.1%	10.9%	764	1,528	3.6%	7.3%
2007	52,894	47,805	5,089	90.4%	9.6%	1,163	3,926	2.2%	7.4%
2008 ²	66,689	60,363	6,326	90.5%	9.5%	2,000	4,326	3.0%	6.5%
2009	45,752	41,093	4,659	89.8%	10.2%	1,610	3,049	3.5%	6.7%
2010	40,673	36,058	4,615	88.7%	11.3%	1,078	3,537	2.7%	8.7%
2011	37,325	32,123	5,202	86.1%	13.9%	1,251	3,951	3.4%	10.6%
2012	37,299	32,389	4,910	86.8%	13.2%	1,274	3,636	3.4%	9.7%

Total	325,201	289,341	35,860	89.0%	11.0%	9,965	25,895	3.1%	8.0%
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¹ Pursuant to Ordering paragraph I of the September 8, 2003 Order entered in PGW's Restructuring Proceeding (Docket No. M-00021612).

² Revised meter testing numbers for calendar year 2008.

As the data shows, PGW has tested 325,201 Class A meters during a nine year period. Given that PGW's Class A meter inventory totals approximately 550,000 meters, the Company's testing program during the last nine years has outpaced a 20 year testing program. Additionally, at this pace, PGW reasonably anticipates testing all Class A meters by 2018 which represents a 15 year testing program.

In addition to the accelerated pace of meter testing, PGW is also seeking to decrease the number of "fast" meter percentages by reducing the oldest Class A meter inventory. This reduction is based on the finding that approximately 40% are older than 35+ years. Accordingly, PGW plans to replace all meters older than 35+ years³ during FY 2014 to FY 2019. PGW also plans to closely monitor the prospective meter testing data in order to determine if this replacement program continues to be the appropriate remedial measure.

Please contact me if you have any further questions about this matter.

Sincerely,



Paul A. Mondimore
Vice President, Field Operations

PAM/dls

Messrs. Terrence Buda
Douglas A. Moser
Daniel P. Murray
Gregory Stunder

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MAR 28 2013

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SECRETARY'S BUREAU

³ PGW's Class A meter inventory includes approximately 63,300 meters manufactured before 1984.



PHILADELPHIA GAS WORKS

800 West Montgomery Avenue • Philadelphia, PA 19122

February 5, 2013

Mr. Paul Metro
Manager, Gas Safety Division
PA Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION
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Dear Mr. Metro,

In lieu of the reporting requirements set forth in 52 Pa. Code § 59.21,¹ PGW submitted the attached letter dated November 1, 2007 containing FY 2005 to FY 2007 Class A meter testing data, along with other information, which supports a 20 year Class A meter testing program. Responsive to your recent request, PGW is also providing 2004 to 2012 Class A meter testing data. The following table lists testing results for the most recent nine (9) calendar years:

SUMMARY OF METER TEST RESULTS FOR THE YEARS 2004 THROUGH 2012

Year	Meters Tested	Meters Passed	Meters Failed	% Passed	% Failed	Slow Meters	Fast Meters	% Slow	% Fast
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2006	20,981	18,689	2,292	89.1%	10.9%	764	1,528	3.6%	7.3%
2007	52,894	47,805	5,089	90.4%	9.6%	1,163	3,926	2.2%	7.4%
2008	74,310	65,255	9,055	87.8%	12.2%	2,237	6,818	3.0%	9.2%
2009	45,752	41,093	4,659	89.8%	10.2%	1,610	3,049	3.5%	6.7%
2010	40,673	36,058	4,615	88.7%	11.3%	1,078	3,537	2.7%	8.7%
2011	37,325	32,123	5,202	86.1%	13.9%	1,251	3,951	3.4%	10.6%
2012	37,299	32,389	4,910	86.8%	13.2%	1,274	3,636	3.4%	9.7%
Total	332,822	294,233	38,589	88.4%	11.6%	10,202	28,387	3.1%	8.5%

¹ Pursuant to Ordering paragraph 1 of the September 8, 2003 Order entered in PGW's Restructuring Proceeding (Docket No. M-00021612).

As the data shows, PGW has tested 332,822 Class A meters during a nine year period. Given that PGW's Class A meter inventory totals approximately 550,000 meters, the Company's testing program during the last nine years has outpaced a 20 year testing program. Additionally, at this pace, PGW reasonably anticipates testing all Class A meters by 2018 which represents a 15 year testing program.

In addition to the accelerated pace of meter testing, PGW is also seeking to decrease the number of "fast" meter percentages by reducing the oldest Class A meter inventory. This reduction is based on the finding that approximately 76% of the fast Class A meters were manufactured before 1982. Accordingly, PGW plans to replace all of the pre-1982 meters² during FY 2014 to FY 2020. PGW also plans to closely monitor the prospective meter testing data in order to determine if this replacement program continues to be the appropriate remedial measure.

Please contact me if you have any further questions about this matter.

Sincerely,



Paul A. Mondimore
Vice President, Field Operations

PAM/dls

Messrs. Terrence Buda
Douglas A. Moser
Daniel P. Murray
Gregory Stunder

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MAR 28 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

² PGW's Class A meter inventory includes approximately 96,000 meters manufactured before 1982.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

Bp8# 1168555

March 18, 2013

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Greg Stunder, Esquire
Philadelphia Gas Works
800 W. Montgomery Ave.
Philadelphia, PA 19122

Re: Docket No. M-00021612; Philadelphia Gas Works' Petition for Approval of Field Operations Initiative Implementation Plan and Restructuring Surcharge

Dear Mr. Stunder:

By Opinion and Order issued September 8, 2003, the Commission addressed the Petition of Philadelphia Gas Works for Approval of Field Operations Initiative Implementation Plan and its Restructuring Surcharge, consistent with our Opinion and Order adopted January 23, 2003 and the Settlement to PGW's Restructuring Proceeding as well as our final Restructuring Order, entered March 31, 2003. A key component of PGW's Chapter 59/56 Implementation Plan included the following:

- The implementation of a 20 year replacement/testing program (for Class A meters), concurrent with the Automatic Meter Reading (AMR) replacement schedule, which was represented to be consistent with those programs of other Pennsylvania gas distribution companies.

Section 59.21 of the Pennsylvania Code permits a utility to depart from the 8-year meter testing cycle requirement if it can meet certain statistical benchmarks with respect to meter performance. 52 Pa. Code §59.21(c)(5).

The Commission in the September 8, 2003 Opinion and Order determined that PGW's proposed 20 year replacement/testing of Class A meters would be accepted on an experimental basis for a three year period beginning September 1, 2004, through August 31, 2007. However, during the three year period PGW would be required to gather the statistical data required by Commission regulations and report back to the Commission with its findings by November 1, 2007. Pursuant to Ordering Paragraph 1, of the Opinion and Order, PGW's data would then be evaluated to determine if the 20 year replacement/testing period is acceptable or if PGW's proposal should be modified.

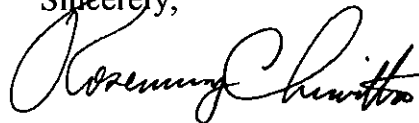
On November 1, 2007, PGW filed a letter with the Secretary providing the results of the meter testing data for the evaluation of the Company's 20 year Class A meter replacement/testing program (Appendix "A"). Based on this data and a number of other considerations, PGW asserted that the 20 year Class "A" meter replacement/testing schedule is appropriate and prudent. Although the Opinion and Order recognized that the data would be evaluated to determine if the 20 year replacement/testing period was acceptable or if PGW's proposal should be modified, this evaluation was never undertaken and/or completed by the Commission. Even though this evaluation was not done, PGW still continued to compile the data required by regulation, and reported that information to Paul Metro (Manager, Gas Safety Division) by letter dated February 5, 2013 (Appendix "B").

Since the Commission never took the action contemplated in Ordering Paragraph 1 of the Order entered September 8, 2003, PGW is directed to file, within 10 days, the February 5, 2013 letter with the Secretary and to serve a copy of the letter on all parties of record in PGW's Restructuring Proceeding, at Docket No. M-00021612, thereby providing the parties with the most recent statistical meter data.

The Commission will review the PGW meter data to determine if the 20 year period is acceptable or if PGW's proposal should be modified. The Commission will then issue a tentative order for public comment before issuing a final order.

Please direct any questions to Terrence J. Buda, Assistant Counsel, Law Bureau, at (717) 783-3459.

Sincerely,



Rosemary Chiavetta
Secretary

cc: Terrence J. Buda, Assistant Counsel

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

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MAR 28 2013

Appendix "A"

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Philadelphia Gas Works
Michael W. Handwerk
Vice President
Technical Compliance



800 W. Montgomery Ave., Philadelphia, PA 19122
Telephone: 215-684-8544
Fax: 215-684-6360
E-mail: Michael.Handwerk@pgworks.com

ORIGINAL November 1, 2007

VIA OVERNIGHT MAIL

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NOV 01 2007

James J. McNulty
Secretary, Secretary's Bureau
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: PA PUC v. Philadelphia Gas Works
Docket No. M-00021612

DOCUMENT
FOLDER

Dear Secretary McNulty:

Pursuant to Ordering paragraph 1 of the Order entered in the above referenced proceeding on September 8, 2003, PGW is providing the following meter testing data for the evaluation of PGW's 20 year Class A meter replacement/testing program. The data below represents three fiscal years of class "A" meter testing results beginning on 9/1/04 and ending on 8/31/07:

Fiscal Year	Meters Tested	Meters Passed	Meters Failed	% Passed	% Failed	Slow Meters	Fast Meters	% Slow	% Fast
9/1/04 to 8/31/05	12,960	11,255	1,705	86.8%	13.2%	583	1,122	4.5%	8.7%
9/1/05 to 8/31/06	13,238	11,657	1,581	88.1%	11.9%	524	1,057	4.0%	8.0%
9/1/06 to 8/31/07	49,931	45,051	4,880	90.2%	9.8%	1,170	3,710	2.3%	7.4%

ETL

When coupling the above results with both 52 Pa.Code §59.21(c) (5) and the following considerations, a 20 year class "A" meter replacement/testing schedule is appropriate and

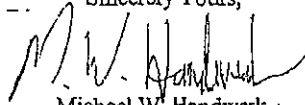
DOCKETED
NOV 17 2007

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prudent: (1) PGW's current replacement/testing program involves the testing and replacement of 287,000 meters from September 1, 2006 to August 31, 2011 with the remainder of the Class A meters being replaced by 2018. (2) The above testing information shows that the percentage of meters that passed testing increased significantly in FY 2007 while at the same time the number of meters tested increased almost fourfold. (3) 98 % of PGW's meters are indoors, therefore, PGW's meters are not affected by adverse environmental conditions.

For further assistance in this matter, please contact Michael Handwerk (215-684-6544) or Gregory Stunder (215-684-6878).

Sincerely Yours,



Michael W. Handwerk

Vice President - Technical Compliance

PGW:MWH:ccm

cc: All Parties of Record

J. Cleaton
S. Groeber
R. Gyory
P. Mondimore
W. Muntzer
C. Murray
A. Pozefsky
G. Stunder

Wayne Scott, Esq.
Deputy Chief Counsel, Law Bureau
PA Public Utility Commission

Paul Metro
Chief, Gas Safety Division
PA Public Utility Commission

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Appendix "B"

MAR 28 2013

PA PUBLIC UTILITY COMMISSION
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PHILADELPHIA GAS WORKS
800 West Montgomery Avenue • Philadelphia, PA 19122

February 5, 2013

Mr. Paul Metro
Manager, Gas Safety Division
PA Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

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2013 FEB 11 PM 1:46
PA P.U.C.
LAW BUREAU

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Please contact me if you have any further questions about this matter.

Sincerely,



Paul A. Mondimore
Vice President, Field Operations

PAM/dls

Messrs. Terrence Buda ✓
Douglas A. Moser
Daniel P. Murray
Gregory Slunder

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MAR 28 2013

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

² PGW's Class A meter inventory includes approximately 96,000 meters manufactured before 1982.

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 FIRST CLASS MAIL

Charis M. (Burak) Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Johnnie Simms, Esq.
Richard A. Kanaskie, Esq.
Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Stephen Gray, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

Tanya McCloskey, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921

Robert Ballenger, Esq.
Philip Bertocci, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
Fax: (215) 981-0434

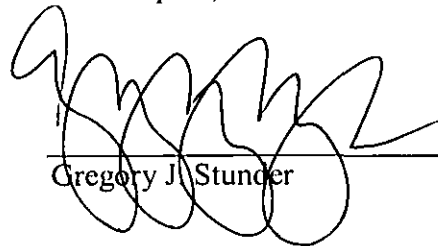
Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870

James P. Leonard, Esq.
Cooper Leonard & Schaffer, LLC
1525 Locust St., 13th Fl.
Philadelphia, PA 19102

James P. Melia, Esquire
Daniel Delaney, Esquire
Kirkpatrick & Lockhart LLP
240 North Third Street
Harrisburg, PA 17101-1507

PECO Legal Department
Kent Murphy, Esq.
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19103

Dated: March 28, 2013



Gregory J. Stunder

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MAR 28 2013

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

FedEx Package Express **US Airbill**

FedEx Tracking Number

8026 9840 4670

Form ID No. 0215

Recipient's Copy

1 From [Redacted] Date 3-28-13

Sender's Name Greg Dunder, Inc. Phone 215 684-6878

Company PHILADELPHIA GAS WORKS

Address 800 W MONTGOMERY AVE

City PHILADELPHIA State PA ZIP 19106

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2 Your Internal Billing Reference

3 To Recipient's Name Secretary Rosemary PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

Company PA PIC

Address 400 North Street Dept./Floor/State/Room

HOLD Weekday FedEx location address REQUIRED NOT available for FedEx First Overnight

Address 2nd Floor 130 North City Harrisburg State PA ZIP 17120

HOLD Saturday FedEx location address REQUIRED Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations

Use this line for the HOLD location address or for continuation of your shipping address

City Harrisburg State PA ZIP 17120

0104714559



8026 9840 4670

4 Express Package Service * To most locations. NOTE: Service order has changed. Please select carefully. Packages up to 150 lbs. For packages over 150 lbs., use the FedEx Express Freight US Airbill.

- Next Business Day
FedEx First Overnight
FedEx Priority Overnight
FedEx Standard Overnight
2 or 3 Business Days
FedEx 2Day A.M.
FedEx 2Day
FedEx Express Saver

5 Packaging * Declared value limit \$500
FedEx Envelope
FedEx Pak
FedEx Box
FedEx Tube
Other

6 Special Handling and Delivery Signature Options

- SATURDAY Delivery
No Signature Required
Direct Signature
Indirect Signature

Does this shipment contain dangerous goods?
One box must be checked.
No Yes
Cargos Aircraft Only

7 Payment Bill to:

- Sender
Recipient
Third Party
Credit Card
Cash/Check

Total Packages Total Weight

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

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