

Philadelphia Gas Works

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VIA OVERNIGHT MAIL

July 10, 2013

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

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Philadelphia Gas Works ("PGW") Natural Gas Procurement Cost and
Uncollectible Expense Unbundling Filing, Docket No. R-2012-2333993

Dear Secretary Chiavetta:

The Pennsylvania Public Utility Commission ordered the following on June 20, 2013 in response to the March 27, 2013 Joint Petition submitted in the above-referenced matter:

That, within twenty (20) days of the entry date of this Opinion and Order, Philadelphia Gas Works shall submit a Compliance Filing removing, from base rates, the estimated costs for PGW's storage gas working capital and cash working capital relating to gas procurement, and shall file a revised Gas Procurement Charge and revised distribution rates reflecting the removal of these *estimated working capital costs from base rates, and the incorporation of such costs into the Gas Procurement Charge.*

Enclosed is PGW's compliance filing which removes from base rates the estimated costs for PGW's storage gas working capital and cash working capital relating to gas procurement. The compliance filing also includes revised distribution rates reflecting the removal of the estimated working capital costs from base rates and the incorporation of such costs into the Gas Procurement Charge.

If you have any questions regarding this filing, please contact me. Thank you for your assistance with this matter.

Respectfully submitted,

Gregory J. Stunder

cc: Parties of record
Administrative Law Judge Christopher Pell

**PHILADELPHIA GAS WORKS
GAS PROCUREMENT CHARGE (GPC)
COMPLIANCE FILING**

Line	Description	Reference	Amount		
1	Natural gas supply service, acquisition and management	3/27/2013 Settlement Agreement	\$650,000		
2	Benefits @	3/27/2013 Settlement Agreement	Included above		
3	Storage Gas WC plus CWC	Line 21	1,372,021		
4	Total GPC Costs	Sum Line 1 thru Line 3	<u>\$2,022,021</u>		
5					
6	Annual firm sales service volumes, mcf	Proof of Revenue, Settlement (a)	50,580,027		
7					
8	GPC per mcf - to be included in price to compare for firm sales service customers	Line 4 / Line 6	<u>\$0.0400</u>		
9					
10	Annual firm sales service volumes, mcf	Proof of Revenue, Settlement (a)	50,580,027		
11	Annual firm transportation volumes, mcf	Proof of Revenue, Settlement (a)	<u>2,804,958</u>		
12	Annual firm sales service and firm transportation volumes, mcf	Proof of Revenue, Settlement (a)	<u>53,384,985</u>		
13					
14	GPC (credit) - firm sales service and firm transportation per mcf delivery charge reduction	Line 4 / Line 12	<u>(\$0.0379)</u>		
15					
16	(a) Docket R-2009-2139884				
17					
18	Storage Gas WC plus CWC:	Balance	Basis for Rate	Rate	Cost
19	Base level (minimum balance)	(a) 28,807,443	Long-term debt	4.51%	1,299,216
20	Seasonal	(c) 52,003,809	CP30	0.14%	72,805
21	Average balance	(b) 80,811,252		1.70%	1,372,021
22					
23	(a) Minimum annual total balance of Storage Gas WC plus CWC, at current gas cost of \$4.56 per mcf				
24	(b) Average annual total balance of Storage Gas WC plus CWC, at current gas cost				
25	(c) Average annual total balance of Storage Gas WC plus CWC = (b)-(c)				
26					

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**PHILADELPHIA GAS WORKS
GAS PROCUREMENT CHARGE (GPC)
COMPLIANCE FILING**

Description of Gas Procurement Charge- Exhibit HSG-1 (C)

- The Total Working Capital (TWC) balance was computed for each month end in the period September 2009 to March 2013. TWC equals Cash Working Capital (CWC) plus Storage Gas Working Capital (SGWC).
- CWC is the supply-related components from PGW's most recent rate case, Docket R-2009-2139884, of the following items: Accounts receivable- Gas and Accounts Payable- Gas. The historical balances were adjusted to reflect current gas costs.
- SGWC reflects historical average volumes, stated at current gas costs.
- The average monthly balance for TWC was \$80.8 million, and the lowest monthly balance was \$28.8 million. As stated in the rebuttal testimony offered by PGW witness Gorman in this docket (PGW ST. 2R, p. 3, lines 8-10 and p. 4, lines 4-9), the carrying cost for TWC is PGW's long-term debt cost applied to the minimum balance, and PGW's short-term debt rate applied to the remaining amount. OSBA witness Knecht agrees with this approach "As a theoretical matter" (OSBA Statement No.2, p.3, lines 10-12).
- The carrying costs are computed on this basis, as shown on Exhibit HSG-1 (C), lines 19-21.

Settlement Petition Appendix A - Updated

<p align="center">PHILADELPHIA GAS WORKS GAS PROCUREMENT CHARGE (GPC) COMPLIANCE FILING</p>					
	<u>Volumes*</u>	<u>Exhibit HSG-1 (C) Line 14</u>	<u>Base Rate Decrease</u>	<u>Exhibit HSG-1 (C) Line 8</u>	<u>GPC Increase</u>
<u>Firm</u>					
GS Residential	39,841,054	\$ (0.0379)	\$ (1,509,976)	\$ 0.0400	\$ 1,593,642
GS Commercial	8,547,305	\$ (0.0379)	\$ (323,943)	\$ 0.0400	\$ 341,892
GS Industrial	670,154	\$ (0.0379)	\$ (25,399)	\$ 0.0400	\$ 26,806
GS PHA	209,424	\$ (0.0379)	\$ (7,937)	\$ 0.0400	\$ 8,377
Municipal/MS	718,421	\$ (0.0379)	\$ (27,228)	\$ 0.0400	\$ 28,737
PHA	593,669	\$ (0.0379)	\$ (22,500)	\$ 0.0400	\$ 23,747
NGVS	-	\$ (0.0379)	\$ -	\$ 0.0400	\$ -
Subtotal	50,580,027				
<u>Firm Transportation</u>					
GS Residential	-				
GS Commercial	1,906,837	\$ (0.0379)	\$ (72,269)		
GS Industrial	318,999	\$ (0.0379)	\$ (12,090)		
GS PHA	-				
Municipal/MS	579,122	\$ (0.0379)	\$ (21,949)		
PHA					
Total	53,384,985		\$ (2,023,291)		\$ 2,023,201
		Rounding	\$ (1,180)	Rounding	\$ (1,180)
			<u>(\$2,022,021)</u>		<u>\$2,022,021</u>

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 OVERNIGHT MAIL

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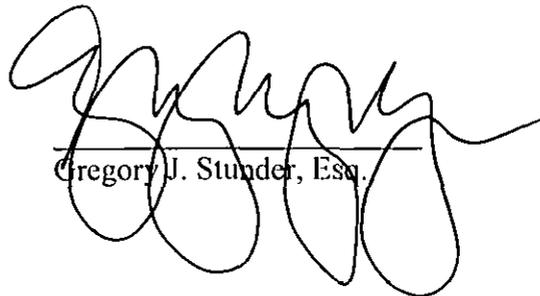
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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**



Gregory J. Stunder, Esq.

Date: July 10, 2013

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FedEx Package Express **US Airbill**

FedEx Tracking Number

8026 9840 5600

Form ID No. 0215

Recipient's Copy

1 From

Date 7-10-13

Sender's Name Greg Stuneler Esq Phone _____

Company PHILADELPHIA GAS WORKS

Address 800 W MONTGOMERY AVE

City PHILADELPHIA State PA ZIP 19122-2898

2 Your Internal Billing Reference

3 To

Recipient's Name Rosemarie Chiovetta Sec. Phone _____

Company PA PVC

Address 4100 North Street, 2nd Floor

City Harrisburg State PA ZIP 17120

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

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

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For packages over 150 lbs., use the FedEx Express Freight US Airbill.

Next Business Day

FedEx First Overnight
Fastest FedEx business morning delivery to select locations. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Priority Overnight
Next business morning. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

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

2 or 3 Business Days

FedEx 2Day A.M.
Second business morning. Saturday Delivery NOT available.

FedEx 2Day
Second business afternoon. Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Express Saver
Third business day. Saturday Delivery NOT available.

5 Packaging * Declared value limit \$500

FedEx Envelope* FedEx Pak* FedEx Box FedEx Tube Other

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SATURDAY Delivery
NOT available for FedEx Standard Overnight, FedEx 2Day A.M. or FedEx Express Saver.

No Signature Required
Package may be left without obtaining a signature for delivery.

Direct Signature
Someone at recipient's address may sign 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.)

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box.

Dry Ice (Dry Ice, 9, UN 1845) _____ x _____ kg

Cargo Aircraft Only

7 Payment Bill to:

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Sender (Rec'd. No. in Section 1 will be billed.) Recipient Third Party Credit Card Cash/Check

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

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