



February 28, 2002

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James McNulty, 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: Philadelphia Gas Works v. Pennsylvania
Public Utility Commission, Docket No. R-
R-00016378 Quarterly Filing

Dear Secretary McNulty,

Enclosed for filing is PGW's March 1, 2002 Quarterly Gas Cost Rate (GCR) update including Tariff Supplement No. 18. This information and the supporting schedules are filed pursuant to 52 Pa. Code § 53.64 as well as the Joint Petition for Complete Settlement of Philadelphia Gas Works' 2001-2002 GCR Proceeding, and the Commission's September 11, 2001 Order approving such settlement entered at the above docket.

A proposed tariff supplement, to be effective March 1, 2002, is enclosed reflecting a **decrease** in PGW's current December 1, 2001 GCR from \$3.1307 to \$2.0203.

This decrease reflects the removal of the \$7 million Bad Debt Allowance, which PGW began to recover in December 2001, as part of the implementation of a provision of the Interim Rate Settlement. As directed by the Commission in its February 7, 2002 Order at Docket Nos. R-00005654 and R-00016378, the overcollection resulting from the inclusion of the \$7 million will be refunded through the GCR calculation mechanism beginning March 1, 2002.

PGW will notify its customers of this decrease with a message on their bills. Please contact me if you have any questions regarding this filing at 215-684-6631.

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Respectfully submitted,

Margaret Flores, Esq.

cc: All Parties of Record
Karen Moury, Esq. w/enc.
Veronica Smith, Executive Director w/enc.
Robert Rosenthal, Bureau of Fixed Utility Services w/enc.

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).

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

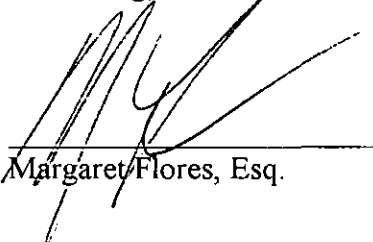
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March 1, 2002


Margaret Flores, Esq.

Statement

Known per dekatherm natural gas prices are used through the month of January 2002. Where known and quantifiable, actual per dekatherm prices for locked-in quantities of gas are used for all months. Any remaining volumes not locked-in for price for the months of February 2002 through April 2002 are based on the NYMEX Futures Closing Prices (1-25-02). For the period May 2002 through December 2002; the average price of the NYMEX Futures Closing Prices (1-25-02) and the January 2002 DRI (Standard and Poors' Fuel Price Service Report) were used. For the period January 2003 through February 2003 the Company used DRI pricing. 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 estimate incorporates the degree-day pattern from the normal 4,555 pattern).

This filing has Net Applicable Raw Material Expenses of \$303,295,447 with Applicable Sales of 57,433,316 Mcf. This calculated GCR factor in this filing is \$2.0203 per Mcf .

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Levelized Gas Cost Rate

Second Quarter GCR Filing
March 1, 2002

Formula:

$$\text{GCR} = ((\text{C}-\text{E}) / \text{S}) - \text{B}$$

where:

S = Applicable Sales Volume (Mcf)	57,433,316	(Schedule 2)
<i>Fuel</i>		
Net Natural Gas Expense	\$ 284,263,126	
Plus: Purchased Electric Expense	1,433,184	
Total Applicable Fuel Expense	\$ 285,696,310	
<i>Non-Fuel</i>		
Conservation Programs	2,614,734	
CRP Discounts	17,437,548	
Total Applicable Non-Fuel Expenses	\$ 20,052,282	
C = Applicable Raw Material Expense	\$ 305,748,592	(Schedule 4)
E = Adjustment For: Natural Gas Refunds	89,485	(Schedule 5)
Prior Reconciliation	2,363,660	
Total Adjustment	\$ 2,453,145	(Schedules 6,7,8)*
C-E = Net Applicable Raw Material Expense	\$ 303,295,447	
Interim Settlement Bad Debt Allowance *	0	
Total Net Applicable Raw Material Expense	<u>303,295,447</u>	
B = Base Fuel Charge/Mcf	\$ 3.1800	
Projected Unit Cost of Fuel	\$ 5.2808	
Recovery Test on: Applicable Sales Volume of (Mcf)	57,433,316	
@ GCR in effect 3/01/02	\$ 2.0203	(Schedules 9 & 10)
@ Base Fuel Rate Effective 9/1/90	\$ 3.1800	
GCR Charge	\$ 120,658,477	
+ Base Fuel Charge	182,637,945	
= Total Projected Recovery	\$ 303,296,422	
Compared To		
Net Applicable Raw Material Expense	\$ <u>303,295,447</u>	
= Net Over/(Under) Recovery	\$ <u>975</u>	
Degree Days	4,555	

* The Interim Settlement Bad Debt Allowance of \$7,000,000 has been removed and the overcollection is being refunded through the GCR rate. (See Schedule 6)

Applicable Sales
March 2002 Through February 2003
GCR Calculations

<u>MONTH</u>	<u>TOTAL BILLED SALES</u>	<u>LESS LBS & RELATED</u>	<u>LESS SENIOR CITIZENS</u>	<u>TOTAL APPLICABLE SALES</u>
March-02	9,415,800	840,815	242,944	8,332,041
April	6,473,022	777,128	159,691	5,536,203
May	3,382,127	558,367	71,827	2,751,933
June	2,444,676	464,724	41,717	1,938,235
July	1,987,461	499,023	30,019	1,458,419
August	1,996,314	513,251	30,017	1,453,046
September	1,853,193	498,316	26,963	1,327,914
October	2,621,549	660,888	40,922	1,919,739
November	4,853,758	902,548	96,605	3,854,605
December	8,755,665	1,199,756	203,721	7,352,188
January-03	12,835,535	1,271,977	327,786	11,235,772
February	<u>11,425,288</u>	<u>852,929</u>	<u>299,138</u>	<u>10,273,221</u>
TOTAL	<u><u>68,044,388</u></u>	<u><u>9,039,722</u></u>	<u><u>1,571,350</u></u>	<u><u>57,433,316</u></u>

Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending January 2002

	Actual				Projected				Actual Over/Under vs Projected			
	Nov-01	Dec-01	Jan-02	Total	Nov-01	Dec-01	Jan-02	Total	Nov-01	Dec-01	Jan-02	Total
Total Natural Gas Billed	\$ 29,926,923	\$ 36,965,708	\$ 39,141,173	\$ 106,063,804	\$ 36,094,931	\$ 43,470,135	\$ 45,954,711	\$ 127,519,777	\$ (8,168,008)	\$ (6,474,427)	\$ (6,813,538)	\$ (21,455,973)
Less Interruptible Credit	\$ 3,493,969	\$ 4,848,741	\$ 5,057,846	\$ 13,400,556	\$ 4,425,160	\$ 3,890,073	\$ 4,615,065	\$ 12,930,298	\$ (931,191)	\$ 958,668	\$ 442,781	\$ 470,258
Pipeline Storages												
(To)	\$ (3,960,008)	\$ (3,604,472)	\$ -	\$ (7,564,480)	\$ (2,532,321)	\$ -	\$ -	\$ (2,532,321)	\$ (1,427,687)	\$ (3,604,472)	\$ -	\$ (5,032,159)
From	\$ 2,132,295	\$ 12,879,184	\$ 10,448,371	\$ 25,459,850	\$ 5,159,326	\$ 10,887,003	\$ 15,664,920	\$ 31,931,249	\$ (3,027,031)	\$ 1,992,181	\$ (5,436,549)	\$ (6,471,399)
Net Pipeline Storages	\$ (1,827,713)	\$ 9,274,712	\$ 10,448,371	\$ 17,895,370	\$ 2,627,005	\$ 10,887,003	\$ 15,664,920	\$ 29,398,928	\$ (4,454,718)	\$ (1,612,291)	\$ (5,436,549)	\$ (11,503,558)
LNG Storage												
(To)	\$ (3,355,166)	\$ (419,380)	\$ -	\$ (3,774,546)	\$ (2,824,482)	\$ -	\$ -	\$ (2,824,482)	\$ (530,684)	\$ (419,380)	\$ -	\$ (950,064)
From	\$ 459,835	\$ 1,290,984	\$ 539,262	\$ 2,290,081	\$ 529,882	\$ 3,048,841	\$ 7,728,018	\$ 11,304,739	\$ (79,047)	\$ (1,757,847)	\$ (7,186,754)	\$ (9,014,648)
Net LNG Storage	\$ (2,895,331)	\$ 871,604	\$ 539,262	\$ (1,484,465)	\$ (2,294,600)	\$ 3,048,841	\$ 7,728,018	\$ 8,480,257	\$ (600,731)	\$ (2,177,227)	\$ (7,186,754)	\$ (9,964,712)
NET NATURAL GAS	\$ 21,709,910	\$ 42,293,293	\$ 45,070,960	\$ 109,074,183	\$ 34,002,176	\$ 53,515,908	\$ 64,950,582	\$ 152,468,684	\$ (12,292,266)	\$ (11,222,613)	\$ (19,878,622)	\$ (43,394,501)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 21,709,910	\$ 42,293,293	\$ 45,070,960	\$ 109,074,183	\$ 34,002,176	\$ 53,515,908	\$ 64,950,582	\$ 152,468,684	\$ (12,292,266)	\$ (11,222,613)	\$ (19,878,622)	\$ (43,394,501)
Electric	\$ 89,932	\$ 91,758	\$ 124,887	\$ 306,387	\$ 114,167	\$ 114,167	\$ 114,167	\$ 342,501	\$ (24,235)	\$ (22,406)	\$ 10,530	\$ (36,114)
Non Fuel Expense:												
Conservation Works Program	\$ 117,334	\$ 58,066	\$ 252,456	\$ 427,856	\$ 183,333	\$ 183,333	\$ 183,333	\$ 549,999	\$ (65,999)	\$ (125,267)	\$ 69,123	\$ (122,143)
Customer Responsibility Program	\$ 2,145,077	\$ (1,487,254)	\$ 6,904,709	\$ 7,282,532	\$ 1,409,395	\$ 4,509,143	\$ 9,201,874	\$ 15,120,212	\$ 735,882	\$ (5,878,397)	\$ (2,596,665)	\$ (7,337,680)
Total GCR Expenses	\$ 24,062,253	\$ 40,975,863	\$ 52,052,822	\$ 117,060,938	\$ 35,709,071	\$ 58,322,549	\$ 74,448,756	\$ 168,481,376	\$ (11,646,818)	\$ (17,348,686)	\$ (22,396,934)	\$ (51,390,438)

Projected Applicable GCR Expense

	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Total
Natural Gas Billed													
LBS Credit	\$ 25,739,032	\$ 22,272,360	\$ 22,966,575	\$ 20,480,331	\$ 18,667,792	\$ 16,727,014	\$ 12,957,669	\$ 18,045,655	\$ 26,520,092	\$ 34,471,834	\$ 34,054,781	\$ 33,354,894	\$ 286,258,029
	\$ (2,863,879)	\$ (2,124,721)	\$ (1,575,870)	\$ (1,339,369)	\$ (1,502,591)	\$ (1,598,625)	\$ (1,646,117)	\$ (2,236,656)	\$ (3,225,550)	\$ (4,659,382)	\$ (5,304,913)	\$ (3,512,898)	\$ (31,590,551)
Sendout Volume In MCF													
LBS and Related													
Price \$/Dkt	\$ 872,487	\$ 805,763	\$ 578,871	\$ 481,785	\$ 517,386	\$ 532,170	\$ 516,880	\$ 685,526	\$ 936,333	\$ 1,244,759	\$ 1,320,450	\$ 885,659	\$ 9,378,069
	\$ 3,1745	\$ 2,5502	\$ 2,6328	\$ 2,6886	\$ 2,8087	\$ 2,9052	\$ 3,0800	\$ 3,1554	\$ 3,3316	\$ 3,6201	\$ 3,8854	\$ 3,8360	
Natural Gas													
To Storage	\$ -	\$ 5,004,401	\$ 8,508,365	\$ 7,693,285	\$ 6,617,320	\$ 4,888,382	\$ 625,388	\$ 30,405	\$ 120,040	\$ -	\$ -	\$ -	\$ 33,487,586
From Storage	\$ 8,887,624	\$ 1,704,172	\$ 158,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,286,076	\$ 9,464,806	\$ 19,701,410	\$ 12,390,644	\$ 55,592,957
Net Natural Gas Storage	\$ 8,887,624	\$ (3,300,229)	\$ (8,350,140)	\$ (7,693,285)	\$ (6,617,320)	\$ (4,888,382)	\$ (625,388)	\$ (30,405)	\$ 3,166,036	\$ 9,464,806	\$ 19,701,410	\$ 12,390,644	\$ 22,105,371
LNG													
To Storage	\$ -	\$ -	\$ 1,331,019	\$ 1,814,701	\$ 643,127	\$ 274,241	\$ 268,237	\$ 285,869	\$ -	\$ -	\$ -	\$ -	\$ 4,617,194
From Storage	\$ 604,445	\$ 472,290	\$ 488,704	\$ 444,540	\$ 429,891	\$ 421,928	\$ 405,461	\$ 416,233	\$ 400,284	\$ 2,061,289	\$ 3,626,028	\$ 2,336,378	\$ 12,107,471
Net LNG Storage	\$ 604,445	\$ 472,290	\$ (842,315)	\$ (1,370,161)	\$ (213,236)	\$ 147,687	\$ 137,224	\$ 130,364	\$ 400,284	\$ 2,061,289	\$ 3,626,028	\$ 2,336,378	\$ 7,490,277
Net N. G. Expense	\$ 32,367,222	\$ 17,319,700	\$ 12,198,250	\$ 10,077,516	\$ 10,334,645	\$ 10,387,694	\$ 10,823,388	\$ 15,908,958	\$ 26,860,862	\$ 41,338,567	\$ 52,077,306	\$ 44,569,018	\$ 284,263,126
Applicable GCR Expense													
Net N.G. Expense	\$ 32,367,222	\$ 17,319,700	\$ 12,198,250	\$ 10,077,516	\$ 10,334,645	\$ 10,387,694	\$ 10,823,388	\$ 15,908,958	\$ 26,860,862	\$ 41,338,567	\$ 52,077,306	\$ 44,569,018	\$ 284,263,126
Purch Electric	\$ 124,697	\$ 124,697	\$ 124,697	\$ 124,697	\$ 124,697	\$ 124,697	\$ 114,167	\$ 114,167	\$ 114,167	\$ 114,167	\$ 114,167	\$ 114,167	\$ 1,433,184
Non-Fuel Expenses													
Conservation Works	\$ 252,456	\$ 252,456	\$ 252,456	\$ 252,456	\$ 252,456	\$ 252,456	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 2,614,734
Customer Responsibility Program	\$ 7,361,203	\$ 2,945,150	\$ 544,688	\$ (1,126,862)	\$ (1,484,886)	\$ (1,273,966)	\$ (4,889,708)	\$ (814,049)	\$ (31,083)	\$ 3,036,227	\$ 6,798,597	\$ 6,372,237	\$ 17,437,548
Total Applicable GCR Expense	\$ 40,105,578	\$ 20,642,003	\$ 13,120,091	\$ 9,327,807	\$ 9,226,912	\$ 9,490,881	\$ 6,231,180	\$ 15,392,409	\$ 27,127,279	\$ 44,672,294	\$ 59,173,403	\$ 51,238,755	\$ 305,748,592
Total Applicable Sales	8,332,041	5,536,203	2,751,933	1,938,295	1,458,419	1,453,046	1,327,914	1,919,739	3,854,605	7,352,188	11,235,772	10,273,221	57,433,316

PGW
NATURAL GAS REFUNDS
2001-02 ACTUAL

<u>Month</u>	<u>Pipeline</u>	<u>Amount</u>	<u>TOTAL</u>
September 2001	Transco	\$ 43,760	43,760
February 2002	Dominion	\$ 45,725	<u>45,725</u>
Total Refunds			\$ 89,485

FUEL ADJUSTMENT
STATEMENT OF RECONCILIATION
SECOND QUARTER GCR FILING
Forecast

NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2000-2001 OVER/(UNDER) RECOVERY	CARRYOVER	NET OVER/(UNDER) RECOVERY
								DISTRIBUTED ON GCR BUDGET VOLUME	
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9
\$	(mcf)	\$	\$	\$	\$	\$	\$	\$	\$
								2,363,660	
								89,485	
								2,453,145	
PRIOR CARRYOVER:									
OVER/(UNDER) BILLING AS OF FEBRUARY 28, 2002								2,363,660	
2001-2002 NATURAL GAS REFUNDS								89,485	
TOTAL "E" FACTOR								2,453,145	
2002-2003									
MARCH	40,105,578	8,332,041	3.1800	26,495,890	2.5755	21,459,172	7,849,484	355,886	8,205,367
APRIL	20,642,003	5,536,203	3.1800	17,605,126	2.0203	11,184,791	8,147,913	236,467	8,384,384
MAY	13,120,091	2,751,933	3.1800	8,751,147	2.0203	5,559,730	1,190,786	117,543	1,308,329
JUNE	9,327,807	1,938,235	3.1800	6,163,587	2.0203	3,915,816	751,596	82,788	834,384
JULY	9,226,912	1,458,419	3.1800	4,637,772	2.0203	2,946,444	(1,642,696)	62,293	(1,580,402)
AUGUST	9,490,881	1,453,046	3.1800	4,620,686	2.0203	2,935,589	(1,934,606)	62,064	(1,872,542)
SEPTEMBER	6,231,180	1,327,914	3.1800	4,222,767	2.0203	2,682,785	674,371	56,719	731,090
OCTOBER	15,392,409	1,919,739	3.1800	6,104,770	2.0203	3,878,449	(5,409,190)	81,998	(5,327,193)
NOVEMBER	27,127,279	3,854,605	3.1800	12,257,644	2.0203	7,787,458	(7,082,177)	164,641	(6,917,535)
DECEMBER	44,672,294	7,352,188	3.1800	23,379,958	2.0203	14,853,625	(6,438,711)	314,033	(6,124,677)
JANUARY	59,173,403	11,235,772	3.1800	35,729,755	2.0203	22,699,630	(744,018)	479,913	(264,105)
FEBRUARY	51,238,755	10,273,221	3.1800	32,668,843	2.0203	20,754,988	2,185,076	438,799	2,623,875
TOTAL	305,748,592	57,433,316		182,637,945		120,658,477	(2,452,170)	2,453,145	975

FUEL ADJUSTMENT
STATEMENT OF RECONCILIATION

September 01 Through February 2002

NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2001-2002 OVER/(UNDER) RECOVERY	CARRYOVER DISTRIBUTED ON GCR BUDGET VOLUMES	NET OVER/(UNDER) RECOVERY
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9
\$	(mcf)	\$	\$	\$	\$	\$	\$	\$	\$

PRIOR YEAR'S CARRYOVER:

0

2001-2002

SEPTEMBER	ACTUAL	9,810,161	1,482,129	3.1800	4,713,170	5,096,991	5.5341	8,030,309	2,933,318	0	2,933,318
OCTOBER	ACTUAL	17,402,604	1,894,724	3.1800	6,025,222	11,377,382	4.3724	7,771,443	(3,605,939)	0	(3,605,939)
NOVEMBER	ACTUAL	24,062,253	3,373,129	3.1800	10,726,550	13,335,703	4.3724	14,520,916	1,185,213	0	1,185,213
DECEMBER	ACTUAL	40,975,863	4,554,504	3.1800	14,483,323	26,492,540	3.7315	16,804,617	(9,687,923)	0	(9,687,923)
JANUARY	ESTIMATED	52,052,822	9,014,054	3.1800	28,664,692	23,388,130	3.1307	28,220,299	4,832,169	0	4,832,169
FEBRUARY	ESTIMATED	49,932,392	8,975,108	3.1800	28,540,843	21,391,549	3.1307	28,098,371	6,706,822	0	6,706,822
TOTAL		194,236,095	29,293,648		93,153,801	101,082,294		103,445,954	2,363,660		2,363,660

Sept Thru February 2002 OVER/(UNDER) BILLING
2001-2002 NATURAL GAS REFUNDS
TOTAL "E" FACTOR

2,363,660
89,485
2,453,145

CALCULATION OF RECOVERED CHARGES

Schedule 9

March 1, 2002 Through February 28, 2003

	Usage		Usage		Total	
	MCFs	\$	MCFs	\$	MCFs	\$
Applicable Sales (MCFs)					57,433,316	
50% of March	4,166,021	⁽¹⁾				
Remainder (11.5 Months)			53,267,296	⁽²⁾		
Base Fuel Factor \$/MCF	\$ 3.18		\$ 3.18			
Base Fuel Charge		13,247,945		169,390,000		182,637,945
GCR Fuel Factor \$/Mcf	\$ 3.1307		\$ 2.0203			
GCR Fuel Charge		13,042,560		107,615,917		120,658,477
Total Projected Recovery		26,290,506		277,005,917		303,296,422

⁽¹⁾ Proper utilization of sales include 15 days of average March billed sales recognizing PGW's cycle billing.

⁽²⁾ Proper utilization of sales include 15 days of average March billed sales and billed sales for the months of April 2002 through February 2003 recognizing PGW's cycle billing.

NOTE: The "Total Projected Recovery" includes the Base Fuel Factor of \$3.18 plus the GCR Fuel Factor which fluctuates based on actual natural gas prices times Applicable Sales.

Philadelphia Gas Works

PROPOSED GCR RATES
Effective March 1, 2002 *

<u>Rate</u>	<u>Current ** Base Rate</u>	<u>Current GCR</u>	<u>Current Commodity Rate</u>	<u>Proposed GCR</u>	<u>Proposed Commodity Rate</u>	<u>Decrease</u>
	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(1)+(4)	(6)=(5)-(3)
Residential GS/PHAGS	\$ 6.7770	\$ 3.1307	\$ 9.9077	\$ 2.0203	\$ 8.7973	\$ (1.1104)
Commercial GS/MUNGS	\$ 7.1200	\$ 3.1307	\$ 10.2507	\$ 2.0203	\$ 9.1403	\$ (1.1104)
Industrial GS	\$ 7.1200	\$ 3.1307	\$ 10.2507	\$ 2.0203	\$ 9.1403	\$ (1.1104)
Phila.Housing Authority (PHA)	\$ 7.1260	\$ 3.1307	\$ 10.2567	\$ 2.0203	\$ 9.1463	\$ (1.1104)
Municipal (M)S	\$ 6.4130	\$ 3.1307	\$ 9.5437	\$ 2.0203	\$ 8.4333	\$ (1.1104)

* Excludes customer charges

** PUC Compliance Rates

Schedule 12

Actual Gas Cost

	<u>Nov-01</u>	<u>Dec-01</u>	<u>Jan-02</u>
	(Actual)	(Actual/Estimated)*	(Actual/Estimated)*
Williams	\$2,672,507	\$2,674,900	\$2,862,577
Texas Eastern	\$2,479,761	\$2,994,824	\$3,003,259
Dominion	\$125,920	\$132,443	\$132,515
Equitrans	\$40,992	\$41,348	\$41,659
ANR	\$136,134	\$141,790	\$155,472
Spot Purchases -Transco	\$820,025	\$0	\$3,941,618
Spot Purchases -Tetco	\$0	\$0	\$4,643,861
Transco Supply1	\$452,898	\$265,861	\$4,864,729
Transco Supply2	\$0	\$0	\$0
Transco Supply3	\$1,730,995	\$1,825,900	\$1,839,850
Transco Supply4	\$0	\$0	\$0
Transco Supply5	\$1,753,500	\$1,852,250	\$1,807,500
Transco Supply6	\$39,000	\$0	\$0
Transco Supply7	\$1,306,510	\$1,630,617	\$0
Transco Supply8	\$3,410,073	\$2,833,042	\$0
Transco Supply9	\$0	\$0	\$0
Transco Supply10	\$4,137,915	\$4,337,848	\$4,353,084
Transco Supply11	\$0	\$0	\$0
Transco Supply12	\$1,041,000	\$1,168,700	\$1,162,531
Transco Supply13	\$1,043,625	\$1,171,800	\$1,164,050
Transco Supply14	\$721,500	\$935,038	\$0
Transco Supply15		\$830,180	\$0
Tetco Supply1	\$197,276	\$693,183	\$138,128
Tetco Supply2	\$0	\$0	\$0
Tetco Supply3	\$1,059,517	\$1,111,956	\$543,000
Tetco Supply4	\$1,699,500	\$1,791,800	\$1,746,000
Tetco Supply5	\$0	\$0	\$0
Tetco Supply6	\$0	\$243,611	\$0
Tetco Supply7	\$972,126	\$1,097,530	\$1,075,500
Tetco Supply8	\$1,489,085	\$1,849,068	\$0
Tetco Supply9	\$0	\$129,064	\$0
Tetco Supply10	\$902,880	\$1,080,797	\$545,263
Tetco Supply11	\$3,329,754	\$3,555,195	\$3,282,195
Tetco Supply12	\$1,725,000	\$1,822,800	\$1,838,300
Sub Total	\$33,287,493	\$36,211,544	\$39,141,091
Deferred Gas Payment	(\$2,519,073)	\$0	\$0
Off System Sales		\$0	\$0
Gas Transportation	\$30,636	\$6,283	\$0
Adjustment	(\$872,133)	\$777,881	\$82
Total Costs	\$ 29,926,923	\$ 36,995,708	\$ 39,141,173

* January 2002 costs are not finalized

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Issued by: Les A. Fyock
Vice President
Regulatory Affairs
PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

NOTICE

This Tariff Supplement Makes a Decrease in the Gas Cost Rate

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

THE GAS COST RATE CLAUSE - Section 11.2 – (Seventh Revised Page No. 71)

Decreases the current effective Gas Cost Rate effective March 1, 2002.

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11. GAS COST RATE CLAUSE

11.1 PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) of gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates.

11.2 COMPUTATION OF GAS COST RATE

- a. The Gas Cost Rate shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$GCR = ((C - E) / S) - B$$

- b. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September; provided, however, that for the 2001-2002 GCR period, that such rate may be revised on an interim basis subject to the following procedures: If there is known and measurable change in gas cost during the effective period of the Gas Cost Rate and the change would result in an increase or decrease in the Gas Cost Rate of 2% or more, PGW may file a petition with the Commission to implement an update early for a proposed revision to its Gas Cost Rate incorporating the recalculated rate, which revision shall become effective on one's days notice. Such filing shall be made in accordance with applicable provisions of 52 Pa Code § 53.64 (i)(5).

The currently effective Gas Cost Rate is \$ 2.0203 for service on or after March 1, 2002.

(D)

11.3 DEFINITIONS

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (0.01¢) to be applied to each Mcf of gas supplied under Rate Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates

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 arithmetical sum 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.

E - experienced net over billings (or under billing) of the cost of natural gas and other raw materials as of the end of the computation year.

Additionally, supplier refunds received prior to the end of the August billing period will be included in the factor "E." Commencing with the Fiscal Year 1991-92 GCR calculation, supplier refunds anticipated to be received within the computation year will be included in Factor "E."

(D) – Decrease

Philadelphia Gas Works



800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 236-0500

August 30, 2002

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

RE: Philadelphia Gas Works v. Pennsylvania
Public Utility Commission,
September 1, 2002 Forth Quarterly GCR
Filing Docket No. R-00016378;
Compliance Filing 2002-2003 Annual GCR
Proceeding R-00027133; and
Update on Commodity Charge Credit
Docket No. R-00006042

Dear Secretary McNulty,

Enclosed for filing is PGW's September 1, 2002 Forth Quarterly Gas Cost Rate (GCR) update as well as its compliance filing for the 2002-2003 Annual GCR Proceeding. As stated in the Joint Petition for Settlement of PGW's 2002-2003 GCR Proceeding and the Commission's July 11, 2002 Order approving the same, the GCR to be effective September 1, 2002 is to be subject to quarterly adjustments as permitted by Commission regulations, including a quarterly adjustment to be effective on September 1, 2002, to reflect actual experience and changes in forecasted natural gas prices.

Tariff Supplement No. 28, to be effective September 1, 2002 is enclosed reflecting such actual experience and changes in forecasted natural gas prices. The GCR for September 1, 2002 is an increase over PGW's current June 1, 2002 GCR from \$2.7932 per Mcf to \$3.0385 per Mcf.

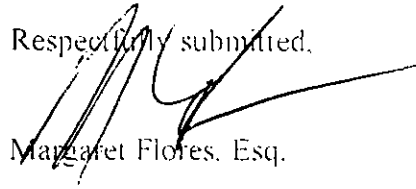
This information and the supporting schedules are filed pursuant to 52 Pa. Code § 53.64. PGW calculated the GCR using the agreed upon methodology as established in the Settlement as well as a \$2.2 million credit for capacity release and off system sales (Schedule 13). In its June 1, 2002 Quarterly GCR adjustment, PGW had forecasted that the refund from the pending settlement proceeding in Transcontinental Gas Pipeline Corporation at Docket No. RP01-25 would be effective at the end of August 2002. Since

the settlement has still not been finalized, the Company is now anticipating that the settlement will be complete November 2002 (Schedule 5)

Also effecting residential customer's bills for September 1, 2002 is the removal of the commodity charge credit that the Company began refunding March 1, 2002 pursuant to the Commission's Order entered February 21, 2002 at Docket No. R-00006042. The Commission in an April 11, 2002 Order instructed that this commodity charge credit shall be in effect for six months. At the end of the six months PGW shall stop this refund to its customers and reconcile the credit with PGW's actual overcollection experience, since Supplement No. 20 (which implemented the credit) only included actual data through January 2002. Included with this filing is PGW's actual overcollection data through March 2002. In accordance with the Commission's April 11, 2002 Order, PGW will make a subsequent filing reconciling this overcollection amount with the amount refunded to its customers through the credit.

PGW will notify its customers of both the GCR increase as well as the cessation of the commodity charge credit with a message on their bills. Please contact me if you have any questions regarding this filing at 215-684-6631.

Respectfully submitted,



Margaret Flores, Esq.

cc: All Parties of Record
Karen Moury, Esq. w/enc.
Veronica Smith, Executive Director w/enc.
Robert Rosenthal, Bureau of Fixed Utility Services w/enc.

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).

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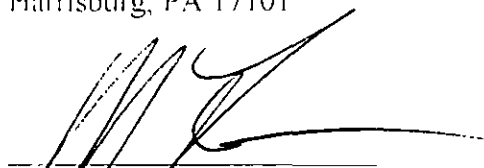
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August 30, 2002


Margaret Flores, Esq.

Statement

Known per dekatherm natural gas prices are used through the month of July, 2002. Where known and quantifiable, actual per dekatherm prices for locked-in quantities of gas are used for all months. Any remaining volumes not locked-in for price for the months of August, 2002 through October, 2002 are based on the NYMEX Futures Closing Prices (7-18-02). For the period November, 2002 through June, 2003, the average price of the NYMEX Futures Closing Prices (7-18-02) and the July, 2002 DRI (Standard and Poors' Fuel Price Service Report) were used. For the period July, 2003 through August, 2003, PGW used DRI pricing. 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 estimate incorporates the degree-day pattern from the normal 4,555 pattern).

This filing has Net Applicable Raw Material Expenses of \$351,238,460 with Applicable Sales of 56,507,855 Mcf. This calculated GCR factor in this filing is \$3.0385 per Mcf.

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Levelized Gas Cost Rate

Fourth Quarter GCR Filing
September 1, 2002

Formula:

$$\text{GCR} = ((\text{C}-\text{E}) / \text{S}) - \text{B}$$

where:

S = Applicable Sales Volume (Mcf)	56,507,855	(Schedule 2)
<i>Fuel</i>		
Net Natural Gas Expense	\$ 313,576,205	
Plus: Purchased Electric Expense	1,040,000	
Total Applicable Fuel Expense	\$ 314,616,205	
<i>Non-Fuel</i>		
Conservation Programs	2,200,000	
CRP Discounts	35,452,224	
Total Applicable Non-Fuel Expenses	\$ 37,652,224	
C = Applicable Raw Material Expense	\$ 352,268,429	(Schedule 4)
E =	Adjustment For: Natural Gas Refunds	6,000,000 (Schedule 5)
	Prior Reconciliation	(4,970,031)
	Total Adjustment	\$ 1,029,969 (Schedules 6,7,8)
C-E = Net Applicable Raw Material Expense	\$ 351,238,460	
Total Net Applicable Raw Material Expense	<u>351,238,460</u>	
B = Base Fuel Charge/Mcf	\$ 3.1800	
Projected Unit Cost of Fuel	\$ 6.2157	
Recovery Test on:	Applicable Sales Volume of (Mcf)	56,507,855
	@ GCR in effect 9/01/02	\$ 3.0385 (Schedules 9 & 10)
	@ Base Fuel Rate Effective 9/1/90	\$ 3.1800
	GCR Charge	\$ 171,543,389
	+ Base Fuel Charge	179,694,979
	= Total Projected Recovery	\$ 351,238,368
	Compared To	
	Net Applicable Raw Material Expense	\$ 351,238,460
	= Net Over/(Under) Recovery	\$ <u>(93)</u>
Degree Days	4,555	

Applicable Sales
September 2002 Through August 2003
GCR Calculations

<u>MONTH</u>	<u>TOTAL BILLED SALES</u>	<u>LESS LBS & RELATED</u>	<u>LESS SENIOR CITIZENS</u>	<u>TOTAL APPLICABLE SALES</u>
September-02	1,611,492	317,123	24,679	1,269,690
October	2,351,476	431,889	38,836	1,880,752
November	4,584,591	599,628	99,966	3,884,998
December	8,119,905	801,360	203,204	7,115,341
January-03	11,989,715	850,329	324,412	10,814,974
February	10,946,960	731,031	299,180	9,916,749
March	9,266,656	660,979	249,723	8,355,954
April	5,947,820	468,695	156,090	5,323,035
May	3,306,742	314,327	77,517	2,914,899
June	2,274,426	256,335	40,354	1,977,737
July	1,853,653	273,464	29,705	1,550,484
August	1,808,642	276,496	28,903	1,503,243
TOTAL	<u><u>64,062,079</u></u>	<u><u>5,981,655</u></u>	<u><u>1,572,569</u></u>	<u><u>56,507,855</u></u>

Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending June 2002

	Actual				Third Quarter GCR Filing Projection				Actual Over/Under vs Projected			
	Apr-02	May-02	Jun-02	Total	Apr-02	May-02	Jun-02	Total	Apr-02	May-02	Jun-02	Total
Total Natural Gas Billed	\$ 14,998,648	\$ 24,402,654	\$ 24,576,568	\$ 63,977,870	\$ 25,699,641	\$ 23,257,940	\$ 19,721,594	\$ 68,679,175	\$(10,700,993)	\$ 1,144,714	\$ 4,854,974	\$ (4,701,305)
Less Interruptible Credit	\$ 2,811,113	\$ 1,602,797	\$ 1,561,492	\$ 5,975,402	\$ 2,492,420	\$ 1,971,801	\$ 1,774,654	\$ 6,238,875	\$ 318,693	\$ (369,004)	\$ (213,162)	\$ (263,473)
Pipeline Storages												
(To)	\$ (1,822,962)	\$ (8,183,160)	\$(10,872,105)	\$(20,878,227)	\$ (4,361,983)	\$ (7,271,272)	\$ (6,758,778)	\$(18,392,033)	\$ 2,539,021	\$ (911,888)	\$ (4,113,327)	\$ (2,486,194)
From	\$ 8,181,135	\$ (153,755)	\$ -	\$ 8,027,380	\$ 537,969	\$ 100,705	\$ -	\$ 638,674	\$ 8,643,186	\$ (254,450)	\$ -	\$ 8,388,706
Net Pipeline Storages	\$ 7,358,173	\$ (8,336,915)	\$(10,872,105)	\$(11,850,847)	\$ (3,824,014)	\$ (7,170,567)	\$ (6,758,778)	\$(17,753,359)	\$ 11,182,187	\$ (1,166,348)	\$ (4,113,327)	\$ 5,902,512
LNG Storage												
(To)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From	\$ 364,138	\$ 355,015	\$ 332,836	\$ 1,051,989	\$ 456,861	\$ 472,980	\$ 460,797	\$ 1,390,638	\$ (92,723)	\$ (117,965)	\$ (127,961)	\$ (338,649)
Net LNG Storage	\$ 364,138	\$ 355,015	\$ 332,836	\$ 1,051,989	\$ 456,861	\$ 472,980	\$ 460,797	\$ 1,390,638	\$ (92,723)	\$ (117,965)	\$ (127,961)	\$ (338,649)
NET NATURAL GAS	\$ 19,909,846	\$ 14,817,957	\$ 12,475,807	\$ 47,203,610	\$ 19,840,068	\$ 14,588,552	\$ 11,648,959	\$ 46,077,579	\$ 69,778	\$ 229,405	\$ 826,848	\$ 1,126,031
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 19,909,846	\$ 14,817,957	\$ 12,475,807	\$ 47,203,610	\$ 19,840,068	\$ 14,588,552	\$ 11,648,959	\$ 46,077,579	\$ 69,778	\$ 229,405	\$ 826,848	\$ 1,126,031
Electric	\$ 86,699	\$ 74,254	\$ 55,364	\$ 216,317	\$ 72,891	\$ 72,891	\$ 72,891	\$ 218,673	\$ 13,808	\$ 1,363	\$ (17,527)	\$ (2,356)
Non Fuel Expense:												
Conservation Works Program	\$ 231,058	\$ 70,575	\$ 54,075	\$ 355,708	\$ 282,843	\$ 282,843	\$ 282,843	\$ 848,529	\$ (51,785)	\$ (212,268)	\$ (228,768)	\$ (492,821)
Customer Responsibility Program	\$ 2,573,123	\$ (342,418)	\$ (112,315)	\$ 2,118,390	\$ 2,834,972	\$ 1,867,668	\$ (687,282)	\$ 3,835,358	\$ (261,849)	\$ (2,010,086)	\$ 554,967	\$ (1,716,968)
Total GCR Expenses	\$ 22,800,726	\$ 14,620,368	\$ 12,472,931	\$ 49,894,025	\$ 23,030,774	\$ 16,611,954	\$ 11,337,411	\$ 50,980,139	\$ (230,048)	\$ (1,991,586)	\$ 1,135,520	\$ (1,086,114)

Projected Applicable GCR Expense

	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Total
Natural Gas Billed	\$ 22,410,422	\$ 23,428,043	\$ 30,130,447	\$ 35,634,863	\$ 37,952,747	\$ 35,922,385	\$ 33,826,760	\$ 30,454,799	\$ 28,620,590	\$ 23,077,577	\$ 19,061,013	\$ 18,167,790	\$ 338,687,237
LBS Credit	\$ (1,317,137)	\$ (1,645,789)	\$ (2,366,121)	\$ (3,371,143)	\$ (3,669,095)	\$ (3,121,889)	\$ (2,744,468)	\$ (1,841,317)	\$ (1,214,110)	\$ (987,089)	\$ (1,011,901)	\$ (1,023,632)	\$ (24,333,689)
Sendout Volume in MCF	\$ 329,086	\$ 448,106	\$ 622,128	\$ 831,411	\$ 882,325	\$ 758,545	\$ 685,899	\$ 486,403	\$ 326,363	\$ 266,181	\$ 283,973	\$ 287,123	\$ 6,207,543
LBS and Related	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340	\$ 1,0340
Price \$/Dkt	\$ 3.8708	\$ 3.5520	\$ 3.7093	\$ 3.9214	\$ 4.0217	\$ 3.9803	\$ 3.8697	\$ 3.6611	\$ 3.5978	\$ 3.5864	\$ 3.4462	\$ 3.4479	
Natural Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
To Storage	\$ 7,278,781	\$ 2,685,077	\$ 85,123	\$ -	\$ -	\$ -	\$ -	\$ 6,356,644	\$ 11,377,953	\$ 9,739,356	\$ 7,064,778	\$ 6,130,146	\$ 50,717,858
From Storage	\$ -	\$ -	\$ 2,426,631	\$ 10,685,839	\$ 17,439,222	\$ 11,236,534	\$ 6,845,004	\$ 216,114	\$ 218,098	\$ -	\$ -	\$ -	\$ 49,067,440
Net Natural Gas Storage	\$ (7,278,781)	\$ (2,685,077)	\$ 2,341,508	\$ 10,685,839	\$ 17,439,222	\$ 11,236,534	\$ 6,845,004	\$ (6,140,530)	\$ (11,159,857)	\$ (9,739,356)	\$ (7,064,778)	\$ (6,130,146)	\$ (1,650,418)
LNG													
To Storage	\$ 1,987,131	\$ 1,427,324	\$ 540,777	\$ -	\$ -	\$ -	\$ -	\$ 975,701	\$ 1,757,069	\$ 1,248,400	\$ -	\$ -	\$ 7,936,402
From Storage	\$ 470,510	\$ 453,175	\$ 420,687	\$ 757,629	\$ 2,530,455	\$ 1,640,444	\$ 494,651	\$ 416,875	\$ 422,424	\$ 396,704	\$ 402,941	\$ 402,982	\$ 8,809,477
Net LNG Storage	\$ (1,516,621)	\$ (974,150)	\$ (120,090)	\$ 757,629	\$ 2,530,455	\$ 1,640,444	\$ 494,651	\$ (558,826)	\$ (1,334,645)	\$ (851,696)	\$ 402,941	\$ 402,982	\$ 873,075
Net N. G. Expense	\$ 12,297,882	\$ 18,123,028	\$ 29,965,745	\$ 43,706,987	\$ 54,253,329	\$ 45,677,475	\$ 38,421,948	\$ 21,914,126	\$ 14,911,978	\$ 11,499,436	\$ 11,387,276	\$ 11,416,993	\$ 313,576,205
Applicable GCR Expense													
Net N.G. Expense	\$ 12,297,882	\$ 18,123,028	\$ 29,965,745	\$ 43,706,987	\$ 54,253,329	\$ 45,677,475	\$ 38,421,948	\$ 21,914,126	\$ 14,911,978	\$ 11,499,436	\$ 11,387,276	\$ 11,416,993	\$ 313,576,205
Purch Electric	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,666	\$ 86,666	\$ 86,666	\$ 86,666	\$ 1,040,000
Non-Fuel Expenses													
Conservation Works	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,333	\$ 183,334	\$ 183,334	\$ 183,334	\$ 183,334	\$ 2,200,000
Customer Responsibility Program	\$ (1,173,997)	\$ (570,947)	\$ 968,201	\$ 5,429,199	\$ 10,576,324	\$ 9,569,626	\$ 7,949,517	\$ 3,967,896	\$ 1,001,521	\$ (372,193)	\$ (927,243)	\$ (965,680)	\$ 35,452,224
Total Applicable GCR Expense	11,393,885	17,822,081	31,203,946	49,406,186	65,099,653	55,517,101	46,641,465	26,152,022	16,183,499	11,397,243	10,730,033	10,721,313	\$ 352,268,429
Total Applicable Sales	1,269,690	1,880,752	3,884,998	7,115,341	10,814,974	9,916,749	8,355,954	5,323,035	2,914,899	1,977,737	1,550,484	1,503,243	\$ 56,507,855

PGW
NATURAL GAS REFUNDS
FY 2002-03

<u>Month</u>		<u>Pipeline</u>	<u>Amount</u>
November 2002	(Estimated)	Transco	\$6,000,000

FUEL ADJUSTMENT
STATEMENT OF RECONCILIATION
 FOURTH QUARTER GCR FILING
 Forecast

NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2001-2002 OVER/(UNDER) RECOVERY	CARRYOVER DISTRIBUTED ON GCR BUDGET VOLUME	NET OVER/(UNDER) RECOVERY	
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9	
\$	(Mcf's)	\$	\$	\$	\$	\$	\$	\$	\$	
PRIOR CARRYOVER:										
OVER/(UNDER) BILLING AS OF August 31, 2002								(4,970,031)		
NATURAL GAS REFUNDS								6,000,000		
TOTAL "E" FACTOR								1,029,969		
2002-2003										
SEPTEMBER	11,393,885	1,269,690	3.1800	4,037,615	7,356,271	2.9158	3,702,226	(3,654,045)	32,675	(3,621,370)
OCTOBER	17,822,081	1,880,752	3.1800	5,980,790	11,841,292	3.0385	5,714,664	(6,126,628)	41,771	(6,084,857)
NOVEMBER	31,203,946	3,884,998	3.1800	12,354,294	18,849,652	3.0385	11,804,566	(7,045,086)	74,363	(6,970,722)
DECEMBER	49,406,186	7,115,341	3.1800	22,626,785	26,779,402	3.0385	21,619,964	(5,159,438)	100,408	(5,059,030)
JANUARY	65,099,653	10,814,974	3.1800	34,391,619	30,708,035	3.0385	32,861,300	2,153,265	193,168	2,346,433
FEBRUARY	55,517,101	9,916,749	3.1800	31,535,261	23,981,840	3.0385	30,132,041	6,150,201	163,991	6,314,192
MARCH	46,641,465	8,355,954	3.1800	26,571,932	20,069,533	3.0385	25,389,565	5,320,032	145,248	5,465,280
APRIL	26,152,022	5,323,035	3.1800	16,927,252	9,224,770	3.0385	16,174,043	6,949,272	112,602	7,061,874
MAY	16,183,499	2,914,899	3.1800	9,269,377	6,914,122	3.0385	8,856,919	1,942,797	58,878	2,001,675
JUNE	11,387,243	1,977,737	3.1800	6,289,202	5,108,041	3.0385	6,009,353	901,312	41,232	942,544
JULY	10,730,033	1,550,484	3.1800	4,930,538	5,799,495	3.0385	4,711,145	(1,088,350)	33,337	(1,055,013)
AUGUST	10,721,313	1,503,243	3.1800	4,780,314	5,940,999	3.0385	4,567,605	(1,373,395)	32,296	(1,341,098)
TOTAL	352,268,429	56,507,855		179,694,978	172,573,451		171,543,389	(1,030,062)	1,029,969	(93)

FUEL ADJUSTMENT
STATEMENT OF RECONCILIATION

September 01 Through August 02

									CARRYOVER DISTRIBUTED ON		
NET COST OF FUEL	APPLICABLE SALES	BASE FUEL FACTOR	BASE FUEL CREDIT	FUEL COST REMAINING TO BE RECOVERED	GCR FACTOR APPLIED	GCR REVENUE BILLED	2001-2002 OVER/(UNDER) RECOVERY	GCR BUDGET VOLUMES	NET OVER/(UNDER) RECOVERY		
1	2	3	4=2*3	5=1-4	6	7	8=7-5	9	10=8+9		
\$	(mcf's)	\$	\$	\$	\$	\$	\$	\$	\$		
PRIOR YEAR'S CARRYOVER:									0		
2001-2002											
SEPTEMBER	Actual	9,810,161	1,482,129	3.1800	4,713,170	5,096,991	5.5341	8,030,309	2,933,318	0	2,933,318
OCTOBER	Actual	17,402,604	1,894,724	3.1800	6,025,222	11,377,382	4.3724	7,771,443	(3,605,939)	0	(3,605,939)
NOVEMBER	Actual	24,062,253	3,373,129	3.1800	10,726,550	13,335,703	4.3724	14,520,916	1,185,213	0	1,185,213
DECEMBER	Actual	40,975,863	4,554,505	3.1800	14,483,326	26,492,537	3.7315	16,804,617	(9,687,920)	0	(9,687,920)
JANUARY	Actual	54,406,349	8,762,126	3.1800	27,863,561	26,542,788	3.1307	27,327,698	784,910	0	784,910
FEBRUARY	Actual	37,406,593	7,438,635	3.1800	23,654,859	13,751,734	3.1307	23,231,325	9,479,591	0	9,479,591
MARCH	Actual	39,099,483	6,588,468	3.1800	20,951,328	18,148,155	2.5576	16,877,458	(1,270,697)	0	(1,270,697)
APRIL	Actual	22,800,726	5,107,623	3.1800	16,242,241	6,558,485	2.0203	10,178,328	3,619,843	0	3,619,843
MAY	Actual	14,620,368	2,670,708	3.1800	8,492,851	6,127,517	2.0203	5,281,592	(845,925)	0	(845,925)
JUNE	Actual	12,472,931	1,870,306	3.1800	5,947,573	6,525,358	2.4067	4,307,654	(2,217,704)	0	(2,217,704)
JULY	Estimated	11,645,922	1,512,176	3.1800	4,808,720	6,837,202	2.7932	4,223,809	(2,613,393)	0	(2,613,393)
AUGUST	Estimated	11,611,736	1,464,963	3.1800	4,658,583	6,953,152	2.7932	4,091,936	(2,861,217)	0	(2,861,217)
TOTAL		296,314,988	46,719,492		148,567,985	147,747,004		142,647,085	(5,099,919)		(5,099,919)

Sept Thru August 2002 OVER/(UNDER) BILLING
2001-2002 NATURAL GAS REFUNDS
TOTAL "E" FACTOR

(5,099,919)
129,888
(4,970,032)

CALCULATION OF RECOVERED CHARGES

Schedule 9

September 1, 2002 Through August 31, 2003

	<u>Usage</u>		<u>Usage</u>		<u>Total</u>		<u>Total</u>	
	MCFs	\$	MCFs	\$	MCFs	\$	MCFs	\$
Applicable Sales (MCFs)							56,507,855	
50% of September	634,845							
Remainder (11.5 Months)			55,873,010					
Base Fuel Factor \$/MCF	3.18		3.18					
Base Fuel Charge		2,018,807			177,676,172		179,694,979	
GCR Fuel Factor \$/Mcf	2.7932		3.0385					
GCR Fuel Charge		1,773,249			169,770,141		171,543,390	
Total Projected Recovery		<u>3,792,056</u>			<u>347,446,313</u>		<u>351,238,369</u>	

⁽¹⁾ Proper utilization of sales include 15 days of average September billed sales recognizing PGW's cycle billing.

⁽²⁾ Proper utilization of sales include 15 days of average September billed sales and billed sales for the months of October 2002 through August 2003 recognizing PGW's cycle billing.

Philadelphia Gas Works

PROPOSED GCR RATES
Effective September 1, 2002 *

<u>Rate</u>	<u>Current Base Rate**</u> (1)	<u>Current GCR</u> (2)	<u>Current Commodity Rate</u> (3)=(1)+(2)	<u>Proposed GCR</u> (4)	<u>Proposed Commodity Rate</u> (5)=(1)+(4)	<u>Increase</u> (6)=(5)-(3)
Residential GS/PHAGS	\$ 7.4784	\$ 2.7932	\$ 10.2716	\$ 3.0385	\$ 10.5169	\$ 0.2453
Commercial GS/MUNGS	\$ 7.5716	\$ 2.7932	\$ 10.3648	\$ 3.0385	\$ 10.6101	\$ 0.2453
Industrial GS	\$ 7.5689	\$ 2.7932	\$ 10.3621	\$ 3.0385	\$ 10.6074	\$ 0.2453
Phila.Housing Authority (PHA)	\$ 7.5612	\$ 2.7932	\$ 10.3544	\$ 3.0385	\$ 10.5997	\$ 0.2453
Municipal (MS)	\$ 6.4130	\$ 2.7932	\$ 9.2062	\$ 3.0385	\$ 9.4515	\$ 0.2453

* Excludes customer charges

** Rate in effective as of April 16, 2002

Natural Gas Prices Used In PGW's Fourth Quarter Filing
Prepared - July 23, 2002

Schedule 11

	DRI Prices											Basis Differentials										Prices Used For Gas Cost Inputs														
	Transco			TETCO								Henry Hub	Transco			TETCO							NYMEX Futures 7/18/02 Close	Actual NYMEX	Transco			TETCO								
	Sta. 30	Sta. 45	Sta. 65	FLA	WLA	ETX	STX	Average FLA/ETX	M-I	Sta. 30	Sta. 45		Sta. 65	FLA	WLA	ETX	STX	Average FLA/ETX	M-I	Sta. 30	Sta. 45	Sta. 65			FLA	WLA	ETX	STX	Average FLA/ETX	M-I						
2002:7	3.27	3.31	3.35	3.26	3.28	3.24	3.23	3.25	3.37	3.35	(0.08)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.12)	(0.10)	0.02	2.943		3.15	3.22	3.27	3.19	3.17	3.13	3.13	3.16	3.28						
2002:8	3.23	3.26	3.30	3.21	3.23	3.19	3.19	3.20	3.32	3.30	(0.07)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.11)	(0.10)	0.02			2.87	2.90	2.94	2.85	2.87	2.83	2.83	2.84	2.96						
2002:9	3.13	3.16	3.20	3.11	3.14	3.10	3.11	3.11	3.21	3.20	(0.07)	(0.04)	0.00	(0.09)	(0.06)	(0.10)	(0.09)	(0.10)	0.01	2.950	NYMEX	2.88	2.91	2.95	2.86	2.89	2.85	2.86	2.86	2.96						
2002:10	3.41	3.45	3.50	3.42	3.43	3.39	3.40	3.41	3.51	3.50	(0.07)	(0.05)	0.00	(0.08)	(0.07)	(0.11)	(0.10)	(0.09)	0.01	2.985	NYMEX	2.92	2.94	2.99	2.91	2.92	2.88	2.89	2.89	3.00						
2002:11	3.46	3.50	3.55	3.46	3.47	3.43	3.42	3.45	3.58	3.55	(0.09)	(0.05)	0.00	(0.09)	(0.08)	(0.12)	(0.13)	(0.11)	0.03	3.009	DRIFut.	3.14	3.18	3.43	3.14	3.15	3.31	3.30	3.32	3.39						
2002:12	3.54	3.60	3.65	3.57	3.56	3.50	3.47	3.54	3.71	3.65	(0.11)	(0.05)	0.00	(0.08)	(0.09)	(0.15)	(0.18)	(0.12)	0.06	3.596	DRIFut.	3.51	3.57	3.62	3.54	3.53	3.47	3.44	3.51	3.60						
2003:1	3.58	3.64	3.69	3.63	3.60	3.55	3.52	3.59	3.77	3.70	(0.12)	(0.06)	(0.01)	(0.07)	(0.10)	(0.15)	(0.18)	(0.11)	0.07	3.741	DRIFut.	3.60	3.66	3.71	3.65	3.62	3.57	3.54	3.61	3.70						
2003:2	3.48	3.54	3.59	3.55	3.50	3.45	3.43	3.50	3.66	3.60	(0.12)	(0.06)	(0.01)	(0.05)	(0.10)	(0.15)	(0.17)	(0.10)	0.06	3.716	DRIFut.	3.54	3.60	3.65	3.61	3.56	3.51	3.49	3.46	3.64						
2003:3	3.38	3.42	3.47	3.42	3.39	3.35	3.35	3.39	3.52	3.48	(0.10)	(0.06)	(0.01)	(0.06)	(0.09)	(0.13)	(0.13)	(0.10)	0.04	3.676	DRIFut.	3.48	3.52	3.57	3.52	3.49	3.45	3.45	3.48	3.54						
2003:4	3.22	3.24	3.29	3.24	3.23	3.18	3.20	3.21	3.32	3.30	(0.08)	(0.06)	(0.01)	(0.06)	(0.07)	(0.12)	(0.10)	(0.09)	0.02	3.624	DRIFut.	3.38	3.40	3.45	3.40	3.39	3.34	3.36	3.37	3.43						
2003:5	3.20	3.22	3.27	3.20	3.20	3.16	3.18	3.18	3.28	3.27	(0.07)	(0.05)	0.00	(0.07)	(0.07)	(0.14)	(0.09)	(0.09)	0.01	3.639	DRIFut.	3.38	3.40	3.45	3.38	3.38	3.34	3.36	3.36	3.41						
2003:6	3.22	3.24	3.29	3.21	3.22	3.18	3.19	3.20	3.30	3.29	(0.07)	(0.05)	0.00	(0.08)	(0.07)	(0.14)	(0.10)	(0.09)	0.01	3.676	DRIFut.	3.41	3.43	3.48	3.40	3.41	3.37	3.38	3.39	3.44						
2003:7	3.24	3.28	3.32	3.23	3.25	3.21	3.20	3.22	3.34	3.32	(0.08)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.12)	(0.10)	0.02	3.715	DRI	3.24	3.28	3.32	3.23	3.25	3.21	3.20	3.22	3.31						
2003:8	3.28	3.31	3.35	3.26	3.28	3.24	3.24	3.25	3.37	3.35	(0.07)	(0.04)	0.00	(0.09)	(0.07)	(0.11)	(0.11)	(0.10)	0.02	3.764	DRI	3.28	3.31	3.35	3.26	3.28	3.24	3.24	3.25	3.37						

Actual Gas Cost

	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>
Williams	\$ 2,698,631	\$ 2,619,187	\$ 2,611,299
Texas Eastern	\$ 2,772,229	\$ 2,776,760	\$ 2,455,648
Dominion	\$ 129,909	\$ 131,495	\$ 129,472
Equitrans	\$ 33,558	\$ 34,540	\$ 34,491
ANR	\$ 156,519	\$ 163,660	\$ 163,429
Spot Purchases -Transco	\$ 1,052,100	\$ 1,847,385	\$ 2,370,113
Spot Purchases -Tetco	\$ -	\$ 39,112	\$ -
Transco Supply1	\$ 551,690	\$ 5,787,627	\$ 1,996,639
Transco Supply2	\$ -	\$ -	\$ -
Transco Supply3	\$ -	\$ 795,720	\$ 80,250
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ 45,122
Transco Supply6	\$ -	\$ 291,160	\$ 220,399
Transco Supply7	\$ -	\$ -	\$ 1,076,921
Transco Supply8	\$ 2,569,750	\$ 1,033,650	\$ 3,079,350
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 1,052,100	\$ 1,052,250	\$ 2,292,607
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply13	\$ -	\$ 580,375	\$ 23,152
Transco Supply14	\$ 1,161,360	\$ 1,353,099	\$ 1,233,000
Transco Supply15	\$ -	\$ -	\$ -
Tetco Supply1	\$ 49,910	\$ 953,444	\$ 85,585
Tetco Supply2	\$ 1,025,100	\$ 1,011,840	\$ 1,093,500
Tetco Supply3	\$ -	\$ -	\$ -
Tetco Supply4	\$ -	\$ 129,912	\$ 17,626
Tetco Supply5	\$ -	\$ 55,048	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ 507,675	\$ 501,367	\$ 541,875
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ 510,675	\$ 539,753	\$ 544,875
Tetco Supply10	\$ -	\$ -	\$ 1,074,000
Tetco Supply11	\$ 507,300	\$ 500,495	\$ 526,500
Tetco Supply12	\$ 512,925	\$ 506,308	\$ 544,125
Sub Total	\$15,291,432	\$ 22,704,186	\$ 22,239,978
Deferred Gas Payment	\$0	\$2,375,865	\$1,156,000
Off System Sales	\$0	\$0	\$0
Gas Transportation	\$12,867	\$12,867	\$10,843
Adjustment	<u>(\$305,651)</u>	<u>(\$690,264)</u>	<u>\$1,169,747</u>
Total Costs	\$ 14,998,648	\$ 24,402,654	\$ 24,576,568

Capacity Release Credit and Off System Sales Gross Revenue
September 2002 through August 2003

	<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>June</u>	<u>July</u>	<u>August</u>	<u>TOTAL</u>
Capacity Release Credit													
Tetco	\$60,271	\$58,326	\$90,480	\$50,800	\$42,480	\$0	\$0	\$118,800	\$132,160	\$120,880	\$86,400	\$89,280	\$849,877
Transco	<u>\$121,675</u>	<u>\$69,750</u>	<u>\$66,000</u>	<u>\$49,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,200</u>	<u>\$54,000</u>	<u>\$96,000</u>	<u>\$99,200</u>	<u>\$575,025</u>
Total Release Credit	\$181,946	\$128,076	\$156,480	\$100,000	\$42,480	\$0	\$0	\$118,800	\$151,360	\$174,880	\$182,400	\$188,480	\$1,424,902
Gross OSS Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393,120	\$393,120	\$786,240
Total	\$181,946	\$128,076	\$156,480	\$100,000	\$42,480	\$0	\$0	\$118,800	\$151,360	\$174,880	\$575,520	\$581,600	\$2,211,142

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Les A. Fyock
Vice President
Regulatory Affairs
PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

NOTICE

This Tariff Supplement Makes an Increase in the Gas Cost Rate and Change in Existing Rate

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

THE GAS COST RATE CLAUSE - Section 11.2 - (Tenth Revised Page No. 71)

Increases the current effective Gas Cost Rate effective September 1, 2002.

GENERAL SERVICE - RATE GS - COMMODITY CHARGE - (Seventh Revised Page No. 83)

Eliminates Commodity Charge Credit for Residential Customers served by this rate as ordered in Docket R-00006042 entered February 21, 2002

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11. GAS COST RATE CLAUSE

11.1 PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) of gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates.

11.2 COMPUTATION OF GAS COST RATE

- a. The Gas Cost Rate shall be computed to the nearest one-hundredth cent (0.01c) in accordance with the formula set forth below:

$$GCR = (C + E - S) - B$$

- b. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September; provided, however, that for the 2001-2002 GCR period, that such rate may be revised on an interim basis subject to the following procedures: If there is known and measurable change in gas cost during the effective period of the Gas Cost Rate and the change would result in an increase or decrease in the Gas Cost Rate of 2% or more, PGW may file a petition with the Commission to implement an update early for a proposed revision to its Gas Cost Rate incorporating the recalculated rate, which revision shall become effective on one's days notice. Such filing shall be made in accordance with applicable provisions of 52 Pa Code § 53.64 (i)(5).

The currently effective Gas Cost Rate is \$ 7.0385 for service on or after September 1, 2002.

(I)

11.3 DEFINITIONS

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (0.01c) to be applied to each Mcf of gas supplied under Rate Schedules GS, MS, PHA, and NGVS-Firm, except for gas usage under the Special Provisions – Air Conditioning of those rates

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 arithmetical sum 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.

E - experienced net over billings (or under billing) of the cost of natural gas and other raw materials as of the end of the computation year.

Additionally, supplier refunds received prior to the end of the August billing period will be included in the factor "E." Commencing with the Fiscal Year 1991-92 GCR calculation, supplier refunds anticipated to be received within the computation year will be included in Factor "E."

(I) – Increase

POOR ORIGINAL

GENERAL SERVICE - RATE GS

Rate: Applicable to all gas consumed on or after September 1, 2002

(C)

Air Conditioning Provision: Effective July 14, 2000

Compressed Natural Gas Provision: Effective July 14, 2000

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 required. Gas service is also available under this rate for comfort cooling and/or pilot usage for buildings served under seasonal rates, during those periods of the year when gas service is not ordinarily available under such seasonal rates.

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

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 Plus

- COMMODITY CHARGE** 74.784c per 100 cubic feet for Residential and Public Housing Authority Customers
- COMMODITY CHARGE** 75.716c per 100 cubic feet for Commercial Customers
- COMMODITY CHARGE** 75.689c per 100 cubic feet for Industrial Customers

(C)

SPECIAL PROVISION – AIR CONDITIONING - For the billing months May through September, the Commodity Charge shall become 40.00 cents per 100 cubic feet for all gas used for cooling purposes. Provided, however, if one hundred and ten percent (110%) of the incremental gas costs for gas sold under this rate schedule plus an adjustment for all applicable taxes as determined by the Company exceeds 40.00 cents per 100 cubic feet, then the rate under this provision shall be the lesser of one hundred and ten percent (110%) of the incremental gas costs for gas sold under this rate schedule plus an adjustment for all applicable taxes as determined by the Company, or the applicable Commodity Charge set forth above. This rate is applicable for directly and indirectly fired gas cooling equipment of minimum cooling capacity of 3 tons, installed on or after September 1, 1990. Where practicable, such equipment must be separately metered and the cost for any additional metering, related equipment and installation shall be subject to Regulation 10 of the Rules and Regulations of this tariff. Where separate metering is impracticable for directly or indirectly fired gas cooling and heating equipment, one meter shall be installed for the heating/cooling equipment and such gas rendered to the Customer through such meter will be charged the full Rate GS for the billing months October through April. Under no circumstances will Customers be permitted to use gas rendered through such meter for any purpose other than cooling or heating.

(C) - Change

POOR ORIGINAL

Reconciliation of Overcollection - 33.5MM Rate Increase

	October 01 (actual)	November 01 (actual)	December 01 (actual)	January 02 (actual)	February 02 (actual)	March 02 (actual)
Residential GS/PHA GS Sales(MCF)	1,453,875	2,548,958	3,491,860	7,037,472	5,883,687	5,222,954
Less-Discounted MCF	49,512	93,308	127,265	254,475	210,235	185,961
Applicable Sales	1,404,363	2,455,650	3,364,595	6,782,997	5,673,452	5,036,993
Overcollection-Cust. Count & Usage (\$/MCF) \$	0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081	\$ 0.0081
" " " -Revenue	\$ 1,468	\$ 19,891	\$ 27,253	\$ 54,942	\$ 45,955	\$ 19,742
" " " -\$39MM vs. \$33.5MM (\$/MCF)			\$ 0.1268	\$ 0.1268	\$ 0.1268	\$ 0.1268
" " " -Revenue			<u>\$ 137,623</u>	<u>\$ 860,084</u>	<u>\$ 719,394</u>	<u>\$ 309,044</u>
Total Overcollection	\$ 1,468	\$ 19,891	\$ 164,876	\$ 915,026	\$ 765,349	\$ 328,786
Cumulative Overcollection	\$ 1,468	\$ 21,359	\$ 186,235	\$ 1,101,261	\$ 1,866,610	\$ 2,195,395