

Philadelphia Gas Works

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September 20, 2013

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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SEP 20 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Petition of Philadelphia Gas Works ("PGW") for Approval of a Distribution System Improvement Charge; Docket No. P-2012-2337737; October 1, 2013 Quarterly DSIC Filing

Dear Secretary Chiavetta:

Enclosed is PGW's Quarterly DSIC filing. The October 1, 2013 DSIC percentage is 4.14%. 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 a circular stamp or seal. The signature is fluid and cursive.

Gregory J. Stunder

Enclosures

cc: All Parties of Record
Bhodan R. Pankiw, Esquire, Law Bureau (bpankiw@pa.gov)
Paul T. Diskin, Technical Utility Services (pdiskin@pa.gov)
Lori A. Burger, Bureau of Audits (lburger@pa.gov)
Brian T. Shuey, Bureau of Audits (bshucy@pa.gov)

**PHILADELPHIA GAS WORKS
OCTOBER 1, 2013 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

Recoverable Costs (DSI) \$ 4,939,583 (Page 2)

Annual Reconciliation (e) \$ -

Projected Quarterly Revenues (PQR) \$ 119,311,376 (Page 3)

Distribution System Improvement Charge (DSIC) 4.14%

Formula: The formula for calculation of the DSIC is as follows:

$$DSIC = \frac{DSI + e}{PQR}$$

Where:

DSI = Recoverable costs

e = The amount calculated under the annual reconciliation feature or Commission audit.

PQR = Projected quarterly revenues for distribution service (including all applicable clauses and riders) including any revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Revenues will be determined as one-fourth (1/4) of projected annual revenues.

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**PHILADELPHIA GAS WORKS
OCTOBER 1, 2013 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

RECOVERABLE COSTS - 6/1/13 to 8/31/13

FERC <u>Account #</u>	PGW <u>Project #</u>	<u>Location</u>	<u>Type</u>	<u>Costs</u>			
				<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Total</u>
376	410805	Scotts Ln. (Ridge to Abbottsford)	12 inch main	\$ -	\$ -	\$ 434,384	\$ 434,384
376	410920	Gorgas Ln. (Chew to Germantown) Germantown Ave. (Gorgas to Carpenter) Carpenter Ln. (Germantown to Cresheim) Cresheim Rd. (Carpenter to Mount Pleasant)	12 inch main	\$ -	\$ -	\$ 1,555,317	\$ 1,555,317
376	410957	County Line Rd. (Lawson to Overhill)	Regulator / Valve	\$ -	\$ -	\$ 1,771,502	\$ 1,771,502
376	410910 410951	Ontario St. (Kensington to Frankford) Frankford Ave. (Ontario to Tioga) Tioga St. (Frankford to Brabant) Tioga and Brabant to Castor and Balfour	Abandonment for Non-Use*	\$ -	\$ -	\$ 1,178,380	\$ 1,178,380
Recoverable Costs (DSI)				\$ -	\$ -	\$ 4,939,583	\$ 4,939,583

* Abandonment for Non-Use is included in PGW's LTIP -- see page 20 of PGW's LTIP for more information.

Philadelphia Gas Works
October 1, 2013 DSIC Filing
Annual Tariff Revenue

	4th Quarter Filing 9/1/2013			October 1, 2013 PUC Approved Tariff Rates					Amounts in \$000s					
	No. of Customers	No. of Annual Bills	Annual Deliveries (mcf)	Monthly Cust. Charge	OPEB	Univ. Service Charge	Efficiency Cost Recovery Charge	Delivery Charge	Cust. Charge Revenue	OPEB Revenue	Univ. Service Charge Revenue	Efficiency Cost Recovery Revenue	Delivery Charge Revenue	Total Distribution Revenue
1 Non-Heating:														
2 Residential	24,459	293,508	520,626	\$12.00	\$0.3482	\$1.8732	\$0.1071	\$6.0067	3,522	181	975	56	3,127	7,862
3 Commercial	4,328	51,936	1,157,388	\$18.00	\$0.3482	\$1.8732	\$0.0961	\$4.5984	935	403	2,168	111	5,322	8,939
4 Industrial	156	1,872	150,812	\$50.00	\$0.3482	\$1.8732	\$(0.2276)	\$4.5332	94	53	283	(34)	684	1,078
5 Municipal/MS	100	1,200	130,123	\$18.00	\$0.3482	\$1.8732	-	\$3.3661	22	45	244	0	438	749
6 NGV	2	24	1,420	\$18.00	-	\$1.8732	-	\$1.2833	0	0	3	0	2	5
7 <i>Total Non-Heat Firm</i>	29,045	348,540	1,960,370						4,573	682	3,672	133	9,573	18,632
8														
9 Heating:														
10 Residential	443,074	5,316,888	36,949,196	\$12.00	\$0.3482	\$1.8732	\$0.1071	\$6.0067	63,803	12,866	69,213	3,957	221,943	371,782
11 Commercial	17,468	209,616	6,527,353	\$18.00	\$0.3482	\$1.8732	\$0.0961	\$4.5984	3,773	2,273	12,227	627	30,015	48,916
12 Industrial	404	4,848	378,388	\$50.00	\$0.3482	\$1.8732	\$(0.2276)	\$4.5332	242	132	709	(86)	1,715	2,712
13 Municipal/MS	384	4,608	500,057	\$18.00	\$0.3482	\$1.8732	-	\$3.3661	83	174	937	0	1,683	2,877
14 PHA Rate 8	834	10,008	571,917	\$18.00	\$0.3482	\$1.8732	\$0.0961	\$4.1101	180	199	1,071	55	2,351	3,856
15 PHA/GS	1,663	19,956	169,870	\$12.00	\$0.3482	\$1.8732	\$0.1071	\$4.9441	239	59	318	18	840	1,475
16 <i>Total Heat Firm</i>	463,827	5,565,924	45,096,781						68,321	15,703	84,475	4,572	258,547	431,617
17 <i>Total Heat & Non-Heat Firm</i>	492,872	5,914,464	47,057,151						72,893	16,385	88,147	4,704	268,120	450,250
18														
19 Firm Transport														
20 Non-Heating:														
21 Residential	0	0	0	\$12.00	\$0.3482	\$1.8732	\$0.1071	\$6.0067	0	0	0	0	0	0
22 Commercial	637	7,644	541,860	\$18.00	\$0.3482	\$1.8732	\$0.0961	\$4.5984	138	189	1,015	52	2,492	3,885
23 Industrial	36	432	176,063	\$50.00	\$0.3482	\$1.8732	\$(0.2276)	\$4.5332	22	61	330	(40)	798	1,171
24 Municipal/MS	216	2,592	109,161	\$18.00	\$0.3482	\$1.8732	-	\$3.3661	47	38	204	0	367	657
25 <i>Total Non Heat FT</i>	889	10,668	827,084						206	288	1,549	12	3,657	5,712
26														
27 Heating:														
28 Residential	0	0	0	\$12.00	\$0.3482	\$1.8732	\$0.1071	\$6.0067	0	0	0	0	0	0
29 Commercial	2,039	24,468	2,482,031	\$18.00	\$0.3482	\$1.8732	\$0.0961	\$4.5984	440	864	4,649	239	11,413	17,606
30 Industrial	64	768	192,301	\$50.00	\$0.3482	\$1.8732	\$(0.2276)	\$4.5332	38	67	360	(44)	872	1,294
31 Municipal/MS	197	2,364	419,025	\$18.00	\$0.3482	\$1.8732	-	\$3.3661	43	146	785	0	1,410	2,384
32 <i>Total Heat FT</i>	2,300	27,600	3,093,358						521	1,077	5,794	195	13,696	21,283
33 <i>Total FT</i>	3,189	38,268	3,920,442						727	1,365	7,344	207	17,353	26,996
34														
35 <i>Total PGW</i>	496,061	5,952,732	50,977,593						73,621	17,750	95,491	4,911	285,473	477,246

Projected Quarterly Revenue \$ 119,311,376
(1/4 of Annual Revenue)

VERIFICATION

I, Daniel Furtek, hereby state that:

- 1) qualified employees or contractors¹ were used for the work to repair, improve, or replace eligible property placed in service during the three-month recovery period; and
- 2) work performed by independent contractors were inspected by utility employees, in compliance with 66 Pa.C.S.A. §1359,² for the work to repair, improve, or replace eligible property placed in service during the three-month recovery period.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:



Date: September 20, 2013

Recovery Period: June, July and August 2013

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¹ Qualification standards are set forth in Philadelphia Gas Works's ("PGW") Long Term Infrastructure Improvement Plan ("LTIIIP") submitted on December 3, 2012 and approved by the Pennsylvania Public Utility Commission on April 4, 2013 (Docket No. P-2012-2337737).

² 66 Pa.C.S.A. §1359 provides: "(b) Inspection.--Projects for which work to repair, improve or replace eligible property is performed by independent contractors shall be subject to reliability and safety standards and to inspection by utility employees." See PGW's LTIIIP for a discussion regarding contractor training and the inspection of contractor work.

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF

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SECRETARY'S BUREAU



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

PHILADELPHIA GAS WORKS

List of Changes Made by this Tariff Supplement

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") (PAGE No. 151)

Effective October 1, 2013, the DSIC percentage increases from 3.02% to 4.14%.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 4.14% will apply consistent with the Commission Order dated May 9, 2013 at Docket No. P-2012-2337737 approving the DSIC.

(I)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

2. Computation of the DSIC

A. Calculation: The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rates and have been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC. The DSIC will be updated on July 1, 2013 and on a quarterly basis thereafter to reflect eligible plant additions that have not previously been reflected in the Utility's rates and will have been placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

(I) - Increase

CERTIFICATE OF SERVICE

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

VIA EMAIL

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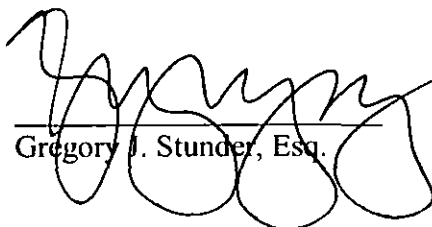
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Gregory J. Stunder, Esq.

Date: September 20, 2013

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1 From 
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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 **Rosemary Chiavetta, Secretary**

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