

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



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December 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

Re: Pctition of Philadelphia Gas Works ("PGW") for Approval of a Distribution System Improvement Charge; Docket No. P-2012-2337737; January 1, 2014 Quarterly DSIC Filing

Dear Secretary Chiavetta:

Enclosed is PGW's Quarterly DSIC filing. The January 1, 2014 DSIC percentage is 4.34%. 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)

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**PHILADELPHIA GAS WORKS
JANUARY 1, 2014 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

Recoverable Costs (DSI) \$ 5,076,289 (Page 2)

Annual Reconciliation (e) \$ -

Projected Quarterly Revenues (PQR) \$ 116,961,476 (Page 3)

Distribution System Improvement Charge (DSIC) 4.34%

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
 JANUARY 1, 2014 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

RECOVERABLE COSTS - 9/1/13 to 11/30/13

FERC Account #	PGW Project #	Location	Type	Cost			
				Sep-13	Oct-13	Nov-13	Total
376	410933	20th and Hamilton to 22nd and Arch	30 inch main	\$ -	\$ -	\$5,076,289	\$5,076,289
Recoverable Costs (DSI)				\$ -	\$ -	\$5,076,289	\$5,076,289

**Philadelphia Gas Works
January 1, 2014 DSIC Filing
Annual Tariff Revenue**

	1st Quarter Filing 12/1/2013			January 1, 2014 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	24,102	289,224	517,460	\$12.00	\$0.3482	\$1.7028	\$0.0804	\$6.0067	3,471	180	881	42	3,108	7,682
3 Commercial	4,262	51,144	1,145,635	\$18.00	\$0.3482	\$1.7028	\$0.0871	\$4.5984	921	399	1,951	100	5,268	8,638
4 Industrial	156	1,872	153,416	\$50.00	\$0.3482	\$1.7028	\$(0.3862)	\$4.5332	94	53	261	(59)	695	1,044
5 Municipal/MS	104	1,248	135,488	\$18.00	\$0.3482	\$1.7028	-	\$3.3661	22	47	231	0	456	756
6 NGV	2	24	1,420	\$18.00	-	\$1.7028	-	\$1.2833	0	0	2	0	2	5
7 Total Non-Heat Firm	28,626	343,512	1,953,419						4,508	680	3,326	82	9,530	18,126
8														
9 Heating:														
10 Residential	446,091	5,353,092	37,063,944	\$12.00	\$0.3482	\$1.7028	\$0.0804	\$6.0067	64,237	12,906	63,112	2,980	222,632	365,867
11 Commercial	17,307	207,684	6,402,052	\$18.00	\$0.3482	\$1.7028	\$0.0871	\$4.5984	3,738	2,229	10,901	558	29,439	46,866
12 Industrial	406	4,872	377,497	\$50.00	\$0.3482	\$1.7028	\$(0.3862)	\$4.5332	244	131	643	(146)	1,711	2,583
13 Municipal/MS	386	4,632	504,103	\$18.00	\$0.3482	\$1.7028	-	\$3.3661	83	176	858	0	1,697	2,814
14 PHA Rate 8	828	9,936	567,538	\$18.00	\$0.3482	\$1.7028	\$0.0871	\$4.1101	179	198	966	49	2,333	3,725
15 PHA/GS	1,655	19,860	169,009	\$12.00	\$0.3482	\$1.7028	\$0.0804	\$4.9441	238	59	288	14	836	1,434
16 Total Heat Firm	466,673	5,600,076	45,084,143						68,720	15,698	76,769	3,455	258,648	423,289
17 Total Heat & Non-Heat Firm	495,299	5,943,588	47,037,561						73,227	16,378	80,096	3,537	268,177	441,415
18														
19 Firm Transport														
20 Non-Heating:														
21 Residential	0	0		\$12.00	\$0.3482	\$1.7028	\$0.0804	\$6.0067	0	0	0	0	0	0
22 Commercial	652	7,824	548,919	\$18.00	\$0.3482	\$1.7028	\$0.0871	\$4.5984	141	191	935	48	2,524	3,839
23 Industrial	33	396	167,921	\$50.00	\$0.3482	\$1.7028	\$(0.3862)	\$4.5332	20	58	286	(65)	761	1,061
24 Municipal/MS	213	2,556	107,645	\$18.00	\$0.3482	\$1.7028	-	\$3.3661	46	37	183	0	362	629
25 Total Non Heat FT	898	10,776	824,485						207	287	1,404	(17)	3,648	5,528
26														
27 Heating:														
28 Residential	0	0		\$12.00	\$0.3482	\$1.7028	\$0.0804	\$6.0067	0	0	0	0	0	0
29 Commercial	2,086	25,032	2,506,477	\$18.00	\$0.3482	\$1.7028	\$0.0871	\$4.5984	451	873	4,268	218	11,526	17,335
30 Industrial	58	696	196,810	\$50.00	\$0.3482	\$1.7028	\$(0.3862)	\$4.5332	35	69	335	(76)	892	1,255
31 Municipal/MS	197	2,364	419,025	\$18.00	\$0.3482	\$1.7028	-	\$3.3661	43	146	714	0	1,410	2,312
32 Total Heat FT	2,341	28,092	3,122,312						528	1,087	5,317	142	13,828	20,903
33 Total FT	3,239	38,868	3,946,798						735	1,374	6,721	125	17,476	26,431
34														
35 Total PGW	498,538	5,982,456	50,984,359						73,962	17,752	86,816	3,662	285,653	467,846

Projected Quarterly Revenue \$ 116,961,476
(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:

December 20, 2013

Recovery Period:

September, October and November 2013

¹ Qualification standards are set forth in Philadelphia Gas Works's ("PGW") Long Term Infrastructure Improvement Plan ("LTIP") 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 LTIP for a discussion regarding contractor training and the inspection of contractor work.

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

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

Effective January 1, 2014, the DSIC percentage increases from 4.14% to 4.34%.

TABLE OF CONTENTS

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

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Forty Eighth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	72
Migration/Reverse Migration Rider _____	75
Exit Fee Rider _____	77
Merchant Function & Gas Procurement Charges; Price to Compare _____	Third Revised 78
Restructuring and Consumer Education Surcharge _____	Twentieth Revised 79
Efficiency Cost Recovery Mechanism _____	Eighteenth Revised 80
Universal Services Surcharge _____	Fifty First Revised 81
Other Post Employment Benefit Surcharge _____	Fifth Revised Page 82
General Service - Rate GS _____	Fifty Seventh Revised 83
Municipal Service - Rate MS _____	Fifty Seventh Revised 87
Philadelphia Housing Authority Service –Rate PHA _____	Fifty Seventh Revised 90
Boiler and Power Plant Service – Rate BPS _____	Second Revised 93
Load Balancing Service – RATE LBS _____	Second Revised 97
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Second Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	Thirtieth Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
Liquefied Natural Gas Service – Rate LNG _____	Third Revised 142
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
WEATHER NORMALIZATION ADJUSTMENT CLAUSE _____	Third Revised 149
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE _____	Sixth Revised 151

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 4.34% 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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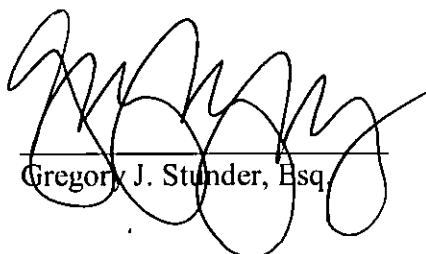
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**PA PUBLIC UTILITY COMMISSION
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Gregory J. Stunder, Esq

Date: December 20, 2013

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Next business afternoon. Saturday Delivery NOT available.

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Second business morning. Saturday Delivery NOT available.

FedEx 2Day
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No Signature Required
Package may be left without obtaining a signature for delivery.

Direct Signature
Someone at recipient's address may sign for delivery.

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Someone other than recipient may sign for delivery. For Restricted Access, see the Service Guide.

DEC 23 2013

Does this shipment contain dangerous goods?
One box must be checked.

No Yes As per attached Shipper's Declaration Yes Shipper's Declaration not required Dry Ice Dry ice, 3 UN 1845 _____ kg Cargo Aircraft Only

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