

Philadelphia Gas Works

Gregory J. Stunder
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February 28, 2014

VIA EXPRESS MAIL

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

RECEIVED

FEB 28 2014

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: **Pa. PUC v. Philadelphia Gas Works; R-2013-2346376,
March 1, 2014 Second Quarterly GCR Filing**

Dear Secretary Chiavetta:

Enclosed for filing is an original of PGW's Quarterly Gas Cost Rate ("GCR") filing. 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 printed name. The signature is stylized and cursive.

Gregory J. Stunder

Enclosures

cc: All Parties of Record
Erin Laudenslager, Fixed Utility Services (w/enc.)

MARCH 1, 2014

2ND QUARTER GCR FILING

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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Philadelphia Gas Works
Levelized Gas Cost Rate
2nd Qtr Filing - March 1, 2014

Formula:
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales (Mcf)			46,643,985	Schedule 2
<hr/>				
Net Natural Gas Expense	\$ 58,683,470	\$ 212,932,874	\$ 271,616,344	
Purchased Electric & Misc Expenses	\$ -	\$ 788,443	\$ 788,443	
Total Natural Gas Expense	\$ 58,683,470	\$ 213,721,317	\$ 272,404,787	Schedule 3
C-Factor Reconciliation	\$ (8,676,051)	\$ 25,039,824	\$ 16,363,773	Schedule 4(b)
C = Total Applicable GCR Expense	\$ 50,007,418	\$ 238,761,142	\$ 288,768,560	
SSC = C / S	\$ 1.0721	\$ 5.1188	\$ 6.1909	
<hr/>				
Adjustment For:				
E-Factor Volumes (Mcf)			16,781,378	
E-Factor Reconciliation	\$ 752,908	\$ (3,799,886)	\$ (3,046,978)	Schedule 4(c)
E = E-Factor	\$ 0.0449	\$ (0.2264)	\$ (0.1816)	
<hr/>				
Interruptible Revenue Credit			\$ (718,374)	Schedule 5(a)
IRC = Interruptible Revenue Credit / S			\$ (0.0154)	
<hr/>				
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 286,439,956	
<u>GCR = SSC + GAC - IRC</u>			\$ 6.0247	
<hr/>				
SSC in effect 3/01/14	\$ 1.0706	\$ 5.1116	\$ 6.1822	
GAC in effect 3/01/14	\$ 0.0479	\$ (0.2416)	\$ (0.1937)	
IRC in effect 3/01/14			\$ 0.0131	
GCR in effect 3/01/14			\$ 6.0016	Schedule 6
<hr/>				
Recovery Test on:				
Firm Sales (Mcf)			46,643,985	
= GCR Projected Recovery			\$ 283,837,933	
= Load Balancing Revenue			\$ 1,048,239	
= LNG Sales Demand Revenue			\$ 1,555,185	
= Total Projected Recovery			\$ 286,441,357	Schedule 6
Compared To				
Net Applicable GCR Expenses			\$ 286,439,956	
= Net Over/(Under) Recovery			\$ 1,401	
<hr/>				
Degree Days			4,256	

Philadelphia Gas Works

Price To Compare (\$ / MCF)

March 1, 2014

	<u>GCR</u>	<u>GCA</u>	<u>SSC</u>	<u>MFC</u>	<u>MFC</u>	<u>GPC</u>	<u>GAC</u>	<u>Price to Compare</u>
	<u>1</u>	<u>2</u>	<u>3 = (1 - 2)</u>	<u>4</u>	<u>5 = (1 * 4)</u>	<u>6</u>	<u>7</u>	<u>8 = (3 + 5 + 6 + 7)</u>
ResidentialGS	\$6.0016	(\$0.1806)	\$6.1822	4.68%	\$0.2809	\$0.0400	(\$0.1937)	\$6.3094
Commercial GS	\$6.0016	(\$0.1806)	\$6.1822	0.28%	\$0.0168	\$0.0400	(\$0.1937)	\$6.0453
Industrial GS	\$6.0016	(\$0.1806)	\$6.1822	0.30%	\$0.0180	\$0.0400	(\$0.1937)	\$6.0465
Phila. Housing Authority (PHA)	\$6.0016	(\$0.1806)	\$6.1822	0%	\$0.0000	\$0.0400	(\$0.1937)	\$6.0285
Municipal (MS)	\$6.0016	(\$0.1806)	\$6.1822	0%	\$0.0000	\$0.0400	(\$0.1937)	\$6.0285
NGV Firm	\$6.0016	(\$0.1806)	\$6.1822	0%	\$0.0000	\$0.0400	(\$0.1937)	\$6.0285
Phila. Housing Authority (GS)	\$6.0016	(\$0.1806)	\$6.1822	0%	\$0.0000	\$0.0400	(\$0.1937)	\$6.0285

SALES & VOLUMES

MARCH 2014 THROUGH FEBRUARY 2015

MONTH	TOTAL VOLUMES	FIRM TRANSPORT VOLUMES	BILLED SALES	INTERRUPTIBLE SALES	LNG SALES	AIR CONDITIONING SALES	GCR FIRM SALES	SENIOR CITIZEN DISCOUNT SALES	APPLICABLE VOLUMES
	1	2	3 = (1 - 2)	4	4A	4B	5 = (3 - 4 - 4A - 4B)	6	7 = (5 - 6 + 2)
MARCH 2014	7,222,700	489,144	6,733,556	2,245	178,064	-	6,553,247	55,870	6,986,521
APRIL	5,099,293	338,359	4,760,934	2,173	182,610	-	4,576,151	38,356	4,876,154
MAY	2,642,037	212,909	2,429,129	2,242	178,684	-	2,248,203	17,116	2,443,996
JUNE	1,519,402	175,456	1,343,947	2,170	119,880	1,466	1,220,431	7,333	1,388,554
JULY	1,344,537	163,606	1,180,931	2,242	108,004	2,214	1,068,471	6,132	1,225,945
AUGUST	1,231,230	150,771	1,080,459	2,242	98,611	2,453	977,153	5,568	1,122,356
SEPTEMBER	1,207,344	153,475	1,053,869	2,110	103,290	1,838	946,631	5,344	1,094,762
OCTOBER	1,864,800	223,329	1,641,471	2,180	114,278	-	1,525,013	9,646	1,738,696
NOVEMBER	3,897,252	368,452	3,528,800	2,110	99,373	-	3,427,317	25,248	3,770,521
DECEMBER	6,682,569	565,109	6,117,460	2,180	94,761	-	6,020,518	45,794	6,539,833
JANUARY 2015	10,492,478	739,939	9,752,539	2,114	90,641	-	9,659,784	75,681	10,324,042
FEBRUARY	<u>9,138,352</u>	<u>632,975</u>	<u>8,505,377</u>	<u>1,909</u>	<u>82,401</u>	<u>-</u>	<u>8,421,066</u>	<u>65,241</u>	<u>8,988,800</u>
TOTAL	52,341,995	4,213,524	48,128,470	25,918	1,450,597	7,971	46,643,985	357,329	50,500,179

**Projected Applicable Fuel Expense
SUMMARY
FY 2013-2014 2nd Quarter Filing**

	MARCH 2014	APRIL 2014	MAY 2014	JUNE 2014	JULY 2014	AUGUST 2014	SEPTEMBER 2014	OCTOBER 2014	NOVEMBER 2014	DECEMBER 2014	JANUARY 2015	FEBRUARY 2015	TOTAL
NATURAL GAS BILLED													
DEMAND CHARGE	\$5,173,475	\$4,890,506	\$4,871,597	\$4,890,506	\$4,871,597	\$4,871,597	\$4,584,170	\$4,555,049	\$4,836,864	\$5,031,780	\$5,031,780	\$5,074,549	\$58,683,470
COMMODITY CHARGE	\$24,429,020	\$18,649,804	\$18,509,339	\$11,391,953	\$10,448,801	\$10,063,241	\$11,992,286	\$18,307,631	\$22,003,371	\$28,824,472	\$20,724,491	\$20,146,320	\$215,490,729
TOTAL NATURAL GAS BILLED	\$29,602,495	\$23,540,310	\$23,380,936	\$16,282,459	\$15,320,397	\$14,934,837	\$16,576,456	\$22,862,680	\$26,840,235	\$33,856,252	\$25,756,271	\$25,220,870	\$274,174,198
INTERRUPTIBLE & A/C CREDIT	\$10,014	\$9,615	\$9,662	\$15,400	\$19,012	\$20,087	\$16,996	\$9,640	\$9,542	\$10,182	\$9,957	\$9,001	\$149,110
SENDOUT VOLUME IN MCF	2,324	2,249	2,321	3,764	4,612	4,861	4,087	2,257	2,184	2,257	2,188	1,977	35,081
DKT CONVERSION FACTOR	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049	
PRICE \$/DKT	\$4.1076	\$4.0753	\$3.9684	\$3.9006	\$3.9294	\$3.9395	\$3.9641	\$4.0713	\$4.1646	\$4.3005	\$4.3378	\$4.3414	
GAS USED FOR UTILITY	\$304,029	\$130,867	\$7,481	\$13,471	\$12,268	\$26,385	\$38,889	\$59,658	\$154,904	\$255,264	\$429,075	\$443,453	\$1,875,744
NATURAL GAS TO STORAGE	\$0	(\$3,904,564)	(\$10,233,800)	(\$6,945,541)	(\$6,521,381)	(\$6,128,117)	(\$6,926,318)	(\$6,279,625)	\$0	\$0	\$0	\$0	(\$46,939,346)
FROM STORAGE PGW	\$4,125,659	\$1,298,134	\$0	\$0	\$0	\$0	\$0	\$0	\$1,016,560	\$8,277,531	\$21,278,907	\$15,425,940	\$51,422,730
FT FROM STORAGE	\$126,975	\$3,011	\$0	\$0	\$0	\$0	\$0	\$0	\$51,799	\$452,912	\$689,673	\$510,685	\$1,835,056
NET NATURAL GAS STORAGE	\$4,125,659	(\$2,606,430)	(\$10,233,800)	(\$6,945,541)	(\$6,521,381)	(\$6,128,117)	(\$6,926,318)	(\$6,279,625)	\$1,016,560	\$8,277,531	\$21,278,907	\$15,425,940	\$4,483,384
LNG TO STORAGE	(\$1,552,680)	(\$1,549,301)	(\$1,146,575)	(\$660,844)	\$0	\$0	(\$357,418)	(\$1,309,639)	(\$1,747,030)	(\$1,187,124)	(\$442,471)	(\$550,632)	(\$10,803,715)
FROM LNG PGW	\$1,174,580	\$1,182,437	\$1,168,705	\$881,079	\$835,675	\$792,211	\$802,961	\$863,625	\$781,378	\$868,021	\$1,572,385	\$1,398,384	\$12,321,441
FT FROM LNG	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET LNG STORAGE	(\$478,100)	(\$366,864)	\$22,130	\$220,235	\$835,675	\$792,211	\$445,543	(\$446,014)	(\$965,651)	(\$319,102)	\$1,129,914	\$847,751	\$1,717,727
LNG SALES FROM LNG TANK	\$834,782	\$854,743	\$831,595	\$555,716	\$499,756	\$456,293	\$477,943	\$528,341	\$458,338	\$436,716	\$418,653	\$381,236	\$6,734,112
SENDOUT VOLUMES (MCF)	178,064	182,610	178,684	119,880	108,004	98,611	103,290	114,278	99,373	94,761	90,641	82,401	1,450,597
@ AVG LNG COMMODITY RATE	\$4.6881	\$4.6807	\$4.6540	\$4.6356	\$4.6272	\$4.6272	\$4.6272	\$4.6233	\$4.6123	\$4.6086	\$4.6188	\$4.6266	
NET NATURAL GAS EXPENSE	\$32,101,228	\$19,571,792	\$12,320,527	\$8,972,566	\$9,103,655	\$9,096,166	\$9,561,853	\$15,539,402	\$26,268,359	\$41,112,520	\$47,307,407	\$40,660,870	\$271,616,344
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NET NATURAL GAS EXPENSE	\$32,101,228	\$19,571,792	\$12,320,527	\$8,972,566	\$9,103,655	\$9,096,166	\$9,561,853	\$15,539,402	\$26,268,359	\$41,112,520	\$47,307,407	\$40,660,870	\$271,616,344
PURCHASED ELECTRIC & MISC	\$62,029	\$53,580	\$44,520	\$37,987	\$44,247	\$40,885	\$45,985	\$46,644	\$52,884	\$59,403	\$106,801	\$68,480	\$663,443
PLANALYTICS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000	\$0	\$125,000
TOTAL APPLICABLE EXPENSES	\$32,163,257	\$19,625,372	\$12,365,047	\$9,010,553	\$9,147,901	\$9,137,050	\$9,607,837	\$15,586,046	\$26,321,243	\$41,171,922	\$47,539,208	\$40,729,350	\$272,404,787
TOTAL GCR FIRM SALES	6,553,247	4,576,151	2,248,203	1,220,431	1,068,471	977,153	946,631	1,525,013	3,427,317	6,020,518	9,659,784	8,421,066	46,643,985

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FT FROM LNG	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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PURCHASED ELECTRIC & MISC	\$62,029	\$53,580	\$44,520	\$37,987	\$44,247	\$40,885	\$45,985	\$46,644	\$52,884	\$59,403	\$106,801	\$68,480	\$663,443
PLANALYTICS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000	\$0	\$125,000
TOTAL APPLICABLE EXPENSES	\$32,163,257	\$19,625,372	\$12,365,047	\$9,010,553	\$9,147,901	\$9,137,050	\$9,607,837	\$15,586,046	\$26,321,243	\$41,171,922	\$47,539,208	\$40,729,350	\$272,404,787
TOTAL GCR FIRM SALES	6,553,247	4,576,151	2,248,203	1,220,431	1,068,471	977,153	946,631	1,525,013	3,427,317	6,020,518	9,659,784	8,421,066	46,643,985

**ACTUAL / ESTIMATED DATA - FISCAL YEAR 2014
PHILADELPHIA GAS WORKS**

Rate	Split Month		Split Month		Split Month		04/01/2014
	07/01/2013	09/01/2013	10/01/2013	12/01/2013	01/01/2014	03/01/2014	
SSC in Effect	\$ 5.8725	\$ 5.6920	\$ 5.5115	\$ 5.5115	\$ 5.5115	\$ 5.8469	\$ 6.1822
GAC in Effect	\$ 0.1409	\$ 0.0045	\$ (0.1319)	\$ (0.1319)	\$ (0.1319)	\$ (0.1628)	\$ (0.1937)
IRC in Effect	\$ 0.0575	\$ 0.0519	\$ 0.0463	\$ 0.0463	\$ 0.0463	\$ 0.0297	\$ 0.0131
Total Effective	\$ 6.0709	\$ 5.7484	\$ 5.4259	\$ 5.4259	\$ 5.4259	\$ 5.7138	\$ 6.0016
Percentage of Total							
C-Factor	96.7%	99.0%	101.6%	101.6%	101.6%	102.3%	103.0%
E-Factor	2.3%	0.1%	-2.4%	-2.4%	-2.4%	-2.8%	-3.2%
IRC-Factor	0.9%	0.9%	0.9%	0.9%	0.9%	0.5%	0.2%
Total	100%	100%	100%	100%	100%	100%	100%

C-Factor							
Demand Charge in Effect	\$ 1.0868	\$ 1.2055	\$ 1.3242	\$ 1.3242	\$ 1.3242	\$ 1.1974	\$ 1.0706
Commodity in Effect	\$ 4.7857	\$ 4.4865	\$ 4.1873	\$ 4.1873	\$ 4.1873	\$ 4.6495	\$ 5.1116
	\$ 5.8725	\$ 5.6920	\$ 5.5115	\$ 5.5115	\$ 5.5115	\$ 5.8469	\$ 6.1822
Percentage of Total							
Demand Charge in Effect	18.5%	21.2%	24.0%	24.0%	24.0%	20.5%	17.3%
Commodity in Effect	81.5%	78.8%	76.0%	76.0%	76.0%	79.5%	82.7%
	100%	100%	100%	100%	100%	100%	100%

Fiscal Year 2013 E-Factor	C-Factor	E-Factor	Interest	FY 2013
	Over/(Under)	Over/(Under)	Over/(Under)	Final E-Factor
	\$ 6,846,997	\$ 14,542	\$ 123,747	\$ 6,985,286

Actual Fiscal Year 2013-2014	Sep-2013	Oct-2013	Nov-2013	Dec-2013	Jan-2014	Feb-2014
	Actual	Actual	Actual	Actual	Estimated	Estimated
GCR Firm Sales	1,052,463	1,258,848	3,134,336	6,234,050	9,909,880	9,026,931
Migration Rider Sales	11,206	9,520	30,540	46,749	67,249	54,811
GCR Revenue Billed	\$ 6,080,882	\$ 6,840,967	\$ 17,006,643	\$ 33,832,133	\$ 53,770,016	\$ 48,979,228
Migration Rider Revenue Billed	\$ (1,589)	\$ (4,211)	\$ (8,099)	\$ (13,148)	\$ (8,870)	\$ (7,230)
Load Balancing Billed	\$ 91,349	\$ 95,292	\$ 93,730	\$ 99,033	\$ 84,816	\$ 85,694
LNG Sales Demand Charge Credit	\$ 120,609	\$ 100,825	\$ 92,138	\$ 96,182	\$ 258,247	\$ 224,579
Total Revenue Billed	\$ 6,291,251	\$ 7,032,872	\$ 17,184,412	\$ 34,014,200	\$ 54,104,208	\$ 49,282,271
Natural Gas Refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charges	\$ 4,256,093	\$ 6,520,510	\$ 5,447,957	\$ 5,703,825	\$ 5,691,427	\$ 5,564,083
Supply Charges	\$ 5,580,589	\$ 8,598,302	\$ 21,835,904	\$ 32,632,513	\$ 50,477,880	\$ 34,478,367
Net Cost of Fuel	\$ 9,836,662	\$ 15,118,812	\$ 27,283,861	\$ 38,336,338	\$ 56,169,307	\$ 40,042,450

**FISCAL YEAR 2014
PHILADELPHIA GAS WORKS
C-FACTOR RECONCILIATION**

MONTH	NET COST	TOTAL	C FACTOR	C FACTOR	LOAD BALANCING	LNG SALES GCR	TOTAL	NATURAL GAS	OVER/	CUMULATIVE
	OF FUEL	GCR		REVENUE			REVENUE		C FACTOR	
	1	2	3	4 = (2 * 3)	5	6	7 = (4 + 5 + 6)	8	9 = (7 + 8 - 1)	10
	(\$)	(\$)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
SEPTEMBER 2013	9,836,662	6,080,882	99.0%	6,021,220	91,349	120,609	6,233,178	0	(3,603,484)	(3,603,484)
OCTOBER	15,118,812	6,840,967	101.6%	6,948,891	95,292	100,825	7,145,008	0	(7,973,804)	(11,577,288)
NOVEMBER	27,283,861	17,006,643	101.6%	17,274,943	93,730	92,138	17,460,811	0	(9,823,050)	(21,400,338)
DECEMBER	38,336,338	33,832,133	101.6%	34,365,875	99,033	96,182	34,561,090	0	(3,775,248)	(25,175,586)
JANUARY 2014	56,169,307	53,770,016	101.6%	54,618,301	84,816	258,247	54,961,364	0	(1,207,943)	(26,383,529)
FEBRUARY	40,042,450	48,979,228	101.6%	49,751,933	85,694	224,579	50,062,206	0	10,019,756	(16,363,773)

**FISCAL YEAR 2014
PHILADELPHIA GAS WORKS
E-FACTOR RECONCILIATION**

		GCR SALES 1 (MCF)	MIGRATION RIDER SALES 2 (MCF)	TOTAL E-FACTOR VOLUMES 3=(1 + 2) (MCF)	TOTAL GCR REVENUE BILLED 4 (\$)	E-FACTOR % of GCR 5	E-FACTOR GCR REVENUE BILLED 6=(4 * 5) (\$)	MIGRATION RIDER REVENUES 7 (\$)	TOTAL E-FACTOR REVENUE 8=(6 + 7) (\$)	OVER/(UNDER) PROJECTED RECOVERY (9) (\$)
PRIOR YEAR E-FACTOR										
										\$ 6,985,286
MONTH										
SEPTEMBER 2013	Actual	1,052,463	11,206	1,063,669	\$ 6,080,882	0.1%	\$ 4,760	\$ (1,589)	\$ 3,171	\$ 6,988,457
OCTOBER	Actual	1,258,848	9,520	1,268,368	\$ 6,840,967	-2.4%	\$ (166,299)	\$ (4,211)	\$ (170,511)	\$ 6,817,947
NOVEMBER	Actual	3,134,336	30,540	3,164,876	\$ 17,006,643	-2.4%	\$ (413,420)	\$ (8,099)	\$ (421,519)	\$ 6,396,428
DECEMBER	Actual	6,234,050	46,749	6,280,799	\$ 33,832,133	-2.4%	\$ (822,437)	\$ (13,148)	\$ (835,585)	\$ 5,560,843
JANUARY 2014	Estimated	9,909,880	67,249	9,977,129	\$ 53,770,016	-2.4%	\$ (1,307,113)	\$ (8,870)	\$ (1,315,983)	\$ 4,244,860
FEBRUARY	Estimated	9,026,931	54,811	9,081,742	\$ 48,979,228	-2.4%	\$ (1,190,652)	\$ (7,230)	\$ (1,197,882)	\$ 3,046,978
							6 = (Col 1 * -.1816)	7 = (Col 2 * -.1816)		
MARCH	Estimated	6,553,247	44,023	6,597,270	\$ 37,443,614		\$ (1,189,867)	\$ (7,993)	\$ (1,197,860)	
APRIL	Estimated	4,576,151	30,452	4,606,603	\$ 27,464,228		\$ (830,887)	\$ (5,529)	\$ (836,416)	
MAY	Estimated	2,248,203	19,162	2,267,364	\$ 13,492,813		\$ (408,204)	\$ (3,479)	\$ (411,683)	
JUNE	Estimated	1,220,431	15,791	1,236,222	\$ 7,324,539		\$ (221,592)	\$ (2,867)	\$ (224,460)	
JULY	Estimated	1,068,471	14,725	1,083,196	\$ 6,412,538		\$ (194,001)	\$ (2,674)	\$ (196,675)	
AUGUST	Estimated	977,153	13,569	990,722	\$ 5,864,480		\$ (177,421)	\$ (2,464)	\$ (179,884)	
TOTAL		16,643,656	137,722	16,781,378	98,002,212		(3,021,972)	(25,006)	(3,046,978)	
MARCH 1, 2014 E-FACTOR		-0.1816								

**FISCAL YEAR 2014
PHILADELPHIA GAS WORKS
IRC FACTOR REVENUE BILLED**

MONTH	TOTAL GCR REVENUE BILLED 1	IRC- FACTOR % of GCR 2	IRC-FACTOR REVENUE BILLED 3 = (1 * 2)
	\$		\$
SEPTEMBER 2013	6,080,882	0.90%	54,902
OCTOBER	6,840,967	0.85%	58,375
NOVEMBER	17,006,643	0.85%	145,120
DECEMBER	33,832,133	0.85%	288,695
JANUARY 2014	53,770,016	0.85%	458,827
FEBRUARY	48,979,228	0.85%	417,947

**FISCAL YEAR 2014
PHILADELPHIA GAS WORKS
RECONCILIATION OF DEMAND CHARGES**

MONTH	DEMAND CHARGES		MONTHLY DEMAND OVER/(UNDER) 3 = (2 - 1)	CUMULATIVE DEMAND OVER/(UNDER) 4
	LESS LOAD BALANCING CHARGE REVENUE 1	DEMAND REVENUE BILLED 2		
	\$	\$	\$	\$
SEPTEMBER 2013	4,044,135	1,268,744	(2,775,390)	(2,775,390)
OCTOBER	6,324,393	1,666,967	(4,657,427)	(7,432,817)
NOVEMBER	5,262,089	4,150,488	(1,111,601)	(8,544,419)
DECEMBER	5,508,610	8,255,129	2,746,519	(5,797,900)
JANUARY 2014	5,348,364	13,122,663	7,774,298	1,976,398
FEBRUARY	5,253,810	11,953,463	6,699,653	8,676,051

INTERRUPTIBLE REVENUE CREDIT
March 1, 2014

Fiscal Year 2013 Reconciliation (8/31/13) \$ (2,477,535)

<u>MONTH</u>	<u>IRC CREDIT</u>	<u>MARGIN</u>
September-13	Actual \$ 54,902	35,539
October	Actual \$ 58,375	58,686
November	Actual \$ 145,120	81,901
December	Actual \$ 288,695	94,013
January-14	Estimated \$ 458,827	24,212
February	Estimated \$ <u>417,947</u>	<u>21,505</u>

Act/Est IRC Credit September 2013 to February 2014	\$ <u>1,423,866</u>	
Act/Est Margin September 2013 to February 2014		\$ <u>315,855</u> \$ <u>315,855</u>

FY 2013 Reconciliation PLUS Act/Est Margin September 2013 to February 2014 \$ (2,161,679)

FY 2013 Reconciliation PLUS Act/Est Margin September 2013 to February 2014	\$ (2,161,679)
Act/Est IRC Credit September 2013 to February 2014	\$ <u>1,423,866</u>
Reconciliation as of February 28, 2014	\$ (737,813)
Margin - March 2014 through February 2015	\$ <u>19,439</u>
March 1, 2014 Interruptible Revenue Credit	\$ (718,374)

GCR Firm Sales	Sch 2	46,643,985
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March 1, 2014 IRC/Mcf \$ (0.0154)

INTERRUPTIBLE REVENUE MARGIN
2nd Qtr FILING

<u>MONTH</u>		<u>MARGIN</u>
March-14	Estimated \$	1,684
April	Estimated \$	1,630
May	Estimated \$	1,681
June	Estimated \$	1,627
July	Estimated \$	1,682
August	Estimated \$	1,682
September	Estimated \$	1,583
October	Estimated \$	1,635
November	Estimated \$	1,583
December	Estimated \$	1,635
January-15	Estimated \$	1,586
February	Estimated \$	<u>1,432</u>
Total	\$	19,439

CALCULATION OF RECOVERED CHARGES

2nd Qtr Filing

March 1, 2014

	<u>50% March</u>	<u>11.5 Months</u>	<u>Total</u>	
			(MCF)	(\$)
S - Firm Sales (Mcf)	3,276,624	43,367,361	46,643,985	
C-Factor	\$ 5.5115	\$ 6.1822		
Projected Recovery	18,059,110	268,105,699		\$ 286,164,810
S - Firm Sales (Mcf)	3,276,624	43,367,361	46,643,985	
IRC-Factor	\$ 0.0463	\$ 0.0131		
Projected Recovery	151,708	568,112		\$ 719,820
E-Factor Volumes (Mcf)	3,298,635	13,482,743	16,781,378	
E-Factor	\$ (0.1319)	\$ (0.1937)		
Projected Recovery	(435,090)	(2,611,607)		\$ (3,046,697)
GCR (\$ / Mcf)	\$ 5.4259	\$ 6.0016		
<hr/>				
GCR Projected Recovery				\$ 283,837,933
Load Balancing Revenue				\$ 1,048,239
LNG Sales Demand Revenue				\$ 1,555,185
TOTAL PROJECTED RECOVERY				\$ 286,441,357

**Change In Rates
2nd Quarter Filing
Rates Effective March 1, 2014**

Current Rates

	<u>12/01/13 Distribution Charge</u> (1)	<u>12/01/13 GCR</u> (2)	<u>12/01/13 MFC</u> (3)	<u>12/01/13 GPC</u> (4)	<u>12/01/13 Commodity Rate</u> (5)=(1)+(2)+(3)+(4)
Residential GS	\$8.1381	\$5.4259	\$0.2539	\$0.0400	\$13.8579
Commercial GS	\$6.7365	\$5.4259	\$0.0152	\$0.0400	\$12.2176
Industrial GS	\$6.1980	\$5.4259	\$0.0163	\$0.0400	\$11.6802
Phila.Housing Authority (PHA)	\$6.2482	\$5.4259	\$0.0000	\$0.0400	\$11.7141
Municipal (MS)	\$5.4171	\$5.4259	\$0.0000	\$0.0400	\$10.8830
Phila.Housing Authority (GS)	\$7.0755	\$5.4259	\$0.0000	\$0.0400	\$12.5414

March 1, 2014 - Distribution Charge

	<u>Delivery</u>	<u>Surcharges</u>			<u>Total Distribution Charge / Mcf</u> (11)=(10)+(6)
	<u>Delivery Charge</u> (6)	<u>Other Post Employment Benefit</u> (7)	<u>Efficiency Cost Recovery</u> (8)	<u>Universal Service & Ener. Cons.</u> (9)	
Residential GS	\$6.0067	\$0.3482	\$0.0705	\$1.9969	\$8.4223
Commercial GS	\$4.5984	\$0.3482	\$0.0782	\$1.9969	\$7.0217
Industrial GS	\$4.5332	\$0.3482	(\$0.2059)	\$1.9969	\$6.6724
Phila.Housing Authority (PHA)	\$4.1101	\$0.3482	\$0.0782	\$1.9969	\$6.5334
Municipal (MS)	\$3.3661	\$0.3482	\$0.0000	\$1.9969	\$5.7112
Phila.Housing Authority (GS)	\$4.9441	\$0.3482	\$0.0705	\$1.9969	\$7.3597

Proposed Rates

	<u>03/01/14 Distribution Charge</u> (11)	<u>03/01/14 GCR</u> (12)	<u>03/01/14 MFC</u> (13)	<u>03/01/14 GPC</u> (14)	<u>03/01/14 Commodity Rate</u> (15)=(11)+(12)+(13)+(14)	<u>Difference</u> (16)=(15)-(5)
Residential GS	\$8.4223	\$6.0016	\$0.2809	\$0.0400	\$14.7448	\$0.8869
Commercial GS	\$7.0217	\$6.0016	\$0.0168	\$0.0400	\$13.0801	\$0.8625
Industrial GS	\$6.6724	\$6.0016	\$0.0180	\$0.0400	\$12.7320	\$1.0518
Phila.Housing Authority (PHA)	\$6.5334	\$6.0016	\$0.0000	\$0.0400	\$12.5750	\$0.8609
Municipal (MS)	\$5.7112	\$6.0016	\$0.0000	\$0.0400	\$11.7528	\$0.8698
Phila.Housing Authority (GS)	\$7.3597	\$6.0016	\$0.0000	\$0.0400	\$13.4013	\$0.8599

PHILADELPHIA GAS WORKS
March 1, 2014 - 2ND QTR FILING
UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	<u>Expenses in the Surcharge</u>
Enhanced Low Income Retrofit Program (ELIRP)	\$ 8,722,402
Customer Responsibility Program (CRP)	\$ 74,728,168
Senior Citizen Discount *	\$ 5,182,500
<u>March 2014 Under Collection</u>	<u>\$ 12,209,004</u>
Total \$ to be Recovered	\$ 100,842,074
 Total Applicable Volumes	 Mcf 50,500,179
 Universal Service & Energy Conservation Surcharge	 <u><u>\$ 1.9969</u></u>

* This is the Senior Citizen Discount based on the Distribution Charge without the Universal Services Surcharge plus the GCR. This is used to calculate the Universal Services Surcharge. The total senior citizen discount is \$5,915,297.

**STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2013 THROUGH FEBRUARY 2014**

<u>Month</u>		<u>Applicable Volumes</u>	<u>USC Charge</u>	<u>USC Revenue Billed</u>	<u>USC Expenses</u>	<u>Monthly Over/(Under) Recovery</u>	<u>Cumulative Over/(Under) Recovery</u>
FY 13 Reconciliation							
September 2013	Actual	1,177,368	\$ 1.9462	\$ 2,291,393	\$ (1,707,399)	\$ 3,998,792	(\$2,920,902)
October	Actual	1,435,177	\$ 1.8732	\$ 2,688,374	\$ (369,357)	\$ 3,057,730	\$136,828
November	Actual	3,421,654	\$ 1.8732	\$ 6,409,441	\$ 5,764,138	\$ 645,303	\$782,131
December	Actual	6,701,383	\$ 1.7880	\$ 11,982,073	\$ 13,299,609	\$ (1,317,536)	(\$535,405)
January 2014	Estimated	10,570,170	\$ 1.7028	\$ 17,998,885	\$ 23,836,671	\$ (5,837,786)	(\$6,373,191)
February	Estimated	9,556,337	\$ 1.7028	\$ 16,272,531	\$ 22,108,344	\$ (5,835,813)	(\$12,209,004)

<u>USC Expenses</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>
ELIRP Expense	\$ 31,547	\$ 530,549	\$ 763,865	\$ 799,164	\$ 756,344	\$ 756,344
ELIRP Labor	\$ 7,337	\$ 7,370	\$ 19,928	\$ 7,314	\$ 8,947	\$ 8,947
CRP Discount	\$ (2,491,002)	\$ (1,676,044)	\$ 3,993,630	\$ 11,198,218	\$ 21,252,250	\$ 19,617,258
CRP Forgiveness	\$ 583,851	\$ 572,257	\$ 514,189	\$ 462,173	\$ 560,000	\$ 568,000
Senior Citizen Discount	\$ 160,868	\$ 196,511	\$ 472,526	\$ 832,740	\$ 1,259,130	\$ 1,157,795
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,707,399)	\$ (369,357)	\$ 5,764,138	\$ 13,299,609	\$ 23,836,671	\$ 22,108,344

CRP Participation					
Rate Case Participation Rate		84,000	84,000	84,000	84,000
Actual Participation Rate*		73,924	72,598	70,464	68,458
CRP Under(Over) Participation		10,076	11,402	13,536	15,542
Average Shortfall Per CRP Participant					
CRP Discount	\$ (2,491,002)	\$ (1,676,044)	\$ 3,993,630	\$ 11,198,218	
Actual Participation Rate		73,924	72,598	70,464	68,458
Average Shortfall per CRP Participant	\$ (34)	\$ (23)	\$ 57	\$ 164	
Shortfall*	\$ -	\$ -	\$ -	\$ -	
Bad Debt Expense Offset* 7.1%	\$ -	\$ -	\$ -	\$ -	

*Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 84,000

EFFICIENCY COST RECOVERY (ECR) SURCHARGE

March 1, 2014

<u>Program</u>	<u>Residential & PHA GS</u>	<u>Commercial & PHA</u>	<u>Industrial</u>	<u>Total</u>
Residential Heating Equipment Rebate (RHER)				
Program Expense	\$1,574,776	\$109,143	\$0	\$1,683,919
Labor Expense	\$22,785	\$1,627	\$0	\$24,412
Commercial & Industrial Retrofit Incentive (CIRI)				
Program Expense	\$314,562	\$598,457	\$0	\$913,019
Labor Expense	\$4,635	\$8,073	\$0	\$12,708
Commercial & Industrial Equipment Rebate (CIER)				
Program Expense	\$59,185	\$651,075	\$0	\$710,260
Labor Expense	\$943	\$9,872	\$0	\$10,815
High-Efficiency Construction Incentive (HECI)				
Program Expense	\$287,509	\$287,509	\$0	\$575,018
Labor Expense	\$4,013	\$4,013	\$0	\$8,027
Comprehensive Residential Retrofit Incentive (CRRRI)				
Program Expense	\$3,531,010	\$0	\$0	\$3,531,010
Labor Expense	<u>\$50,349</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,349</u>
Total Expense	\$5,849,768	\$1,669,769	\$0	\$7,519,537
Prior Period Reconciliation (2/28/14)	<u>\$ (3,210,181)</u>	<u>\$ (786,452)</u>	<u>\$ (197,452)</u>	<u>(\$4,194,086)</u>
Total	2,639,587	883,316	(197,452)	3,325,451
Volumes - Mcf (GCR Firm & Firm Transportation)	37,447,539	11,293,470	959,044	

Efficiency Cost Recovery Surcharge / Mcf	\$0.0705	\$0.0782	(\$0.2059)
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**EFFICIENCY COST RECOVERY (ECR) SURCHARGE
STATEMENT OF RECONCILIATION
2ND QUARTER FILING**

		<u>Actual</u> <u>Sep-13</u>	<u>Actual</u> <u>Oct-13</u>	<u>Actual</u> <u>Nov-13</u>	<u>Actual</u> <u>Dec-13</u>	<u>Estimated</u> <u>Jan-14</u>	<u>Estimated</u> <u>Feb-14</u>
RESIDENTIAL & PHA GS							
FY 2013 Over-Collection		\$ 2,522,992					
Volume Billed		778,681	915,798	2,461,096	5,056,256	8,051,868	7,456,711
ECR Surcharge		\$ 0.0924	\$ 0.1071	\$ 0.1071	\$ 0.0938	\$ 0.0804	\$ 0.0804
Revenue Billed		\$ 71,911	\$ 98,082	\$ 263,583	\$ 474,024	\$ 647,370	\$ 599,520
RHER	Expense	5,701	51,711	78,789	93,954	143,380	143,380
RHER	Labor	1,326	1,332	595	1,322	1,993	1,993
HECY	Expense	633	80	74	4,107	23,666	23,666
HECI	Labor	194	195	(78)	193	312	312
CRR1	Expense	11,267	54,613	33,007	51,388	320,000	320,000
CRR1	Labor	2,620	2,632	(2,463)	2,612	4,393	4,393
CIRI	Expense	1,049	100	(1,150)	9,621	30,564	30,564
CIRI	Labor	244	245	(489)	243	442	442
CIER	Expense	200	628	(828)	1,104	5,308	5,308
CIER	Labor	46	47	(93)	46	84	84
Total		\$ 23,481	\$ 111,582	\$ 107,364	\$ 164,591	\$ 530,142	\$ 530,142
Monthly Over/(Under)		\$ 48,430	\$ (13,500)	\$ 156,219	\$ 309,433	\$ 117,228	\$ 69,378
Cumulative Over/(Under)		\$ 2,571,423	\$ 2,557,923	\$ 2,714,142	\$ 3,023,575	\$ 3,140,803	\$ 3,210,181
COMMERCIAL & PHA							
FY 2013 Over-Collection		\$ 537,575					
Volume Billed		365,998	469,135	851,536	1,426,426	2,157,622	1,810,211
ECR Surcharge		\$ 0.0883	\$ 0.0961	\$ 0.0961	\$ 0.0916	\$ 0.0871	\$ 0.0871
Revenue Billed		32,299	45,084	81,833	130,661	187,929	157,669
RHER	Expense	377	3,417	(1,563)	6,209	10,321	10,321
RHER	Labor	88	88	(122)	87	152	152
CIRI	Expense	2,058	20,697	2,076	18,873	56,855	56,855
CIRI	Labor	479	481	401	477	696	696
CIER	Expense	2,227	7,005	2,907	12,312	57,694	57,694
CIER	Labor	518	520	(178)	516	830	830
HECI	Expense	833	80	74	4,107	23,666	23,666
HECI	Labor	194	195	(78)	193	312	312
Total		\$ 6,773	\$ 32,483	\$ 3,515	\$ 42,775	\$ 150,526	\$ 150,526
Monthly Over/(Under)		\$ 25,526	\$ 12,601	\$ 78,317	\$ 87,885	\$ 37,403	\$ 7,144
Cumulative Over/(Under)		\$ 563,102	\$ 575,703	\$ 654,020	\$ 741,906	\$ 779,309	\$ 786,452
INDUSTRIAL							
FY 2013 Over-Collection		\$ 378,851					
Volume Billed		24,001	40,832	59,249	103,098	174,735	138,877
ECR Surcharge		\$ (0.2443)	\$ (0.2276)	\$ (0.2276)	\$ (0.3069)	\$ (0.3862)	\$ (0.3862)
Revenue Billed		\$ (5,862)	\$ (9,293)	\$ (13,485)	\$ (31,641)	\$ (67,483)	\$ (53,634)
CIRI	Expense	-	-	-	-	-	-
CIRI	Labor	-	-	-	-	-	-
CIER	Expense	-	-	-	-	-	-
CIER	Labor	-	-	-	-	-	-
Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Over/(Under)		\$ (5,862)	\$ (9,293)	\$ (13,485)	\$ (31,641)	\$ (67,483)	\$ (53,634)
Cumulative Over/(Under)		\$ 372,989	\$ 363,695	\$ 350,210	\$ 318,569	\$ 251,087	\$ 197,452

Natural Gas Prices March 1, 2014 - 2nd Quarter GCR Filing

Basis Differentials

Prices Used For Gas Cost Inputs

	NYMEX Futures 1/10/14 Close	TRANSCO			TETCO							TRANSCO			TETCO						
		Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	Average ELA/ETX	M-1	M-2	Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX	ELA/ETX	M-1	M-2
		2014:1												4.29	4.32	4.39	4.34	4.32	4.25	4.29	4.30
2014:2	4.053	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	4.00	4.03	4.09	4.01	4.00	3.91	3.95	3.96	4.13	3.98
2014:3	4.021	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.97	4.00	4.06	3.98	3.97	3.88	3.92	3.93	4.10	3.95
2014:4	3.905	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.86	3.89	3.95	3.87	3.86	3.77	3.81	3.82	3.99	3.84
2014:5	3.894	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.84	3.87	3.93	3.85	3.84	3.75	3.79	3.80	3.97	3.82
2014:6	3.916	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.87	3.90	3.96	3.88	3.87	3.78	3.82	3.83	4.00	3.85
2014:7	3.948	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.90	3.93	3.99	3.91	3.90	3.81	3.85	3.86	4.03	3.88
2014:8	3.959	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.91	3.94	4.00	3.92	3.91	3.82	3.86	3.87	4.04	3.89
2014:9	3.946	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.90	3.93	3.99	3.91	3.90	3.81	3.85	3.86	4.03	3.88
2014:10	3.961	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.91	3.94	4.00	3.92	3.91	3.82	3.86	3.87	4.04	3.89
2014:11	4.009	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	3.96	3.99	4.05	3.97	3.96	3.87	3.91	3.92	4.09	3.94
2014:12	4.119	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	4.07	4.10	4.16	4.08	4.07	3.98	4.02	4.03	4.20	4.05
2015:1	4.204	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	4.15	4.18	4.24	4.16	4.15	4.06	4.10	4.11	4.28	4.13
2015:2	4.184	(0.05)	(0.02)	0.04	(0.04)	(0.05)	(0.14)	(0.10)	(0.09)	0.08	(0.07)	4.13	4.16	4.22	4.14	4.13	4.04	4.08	4.09	4.26	4.11

Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending December 2013

	<u>Actual</u>				<u>Projected 4th Qtr Filing Oct-13</u>	<u>Projected 1st Qtr Filing Nov-13</u>	<u>Projected 1st Qtr Filing Dec-13</u>	<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Total</u>					<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Total</u>
Total Natural Gas Billed	\$ 18,370,873	\$ 23,980,062	\$ 32,466,883	\$ 74,817,818	\$ 21,294,066	\$ 25,916,677	\$ 31,523,877	\$ 78,734,620	\$ (2,923,193)	\$ (1,936,615)	\$ 943,006	\$ (3,916,802)
Less Interruptible Credit Gas Used For Utility	\$ 382,521	\$ 379,891	\$ 384,855	\$ 1,147,067	\$ 518,764	\$ 576,402	\$ 687,042	\$ 1,782,209	\$ (136,243)	\$ (196,511)	\$ (302,387)	\$ (635,142)
	\$ 45,828	\$ 112,852	\$ 208,714	\$ 367,194	\$ 46,481	\$ 142,722	\$ 245,494	\$ 434,696	\$ (853)	\$ (29,870)	\$ (36,780)	\$ (67,502)
	\$ 17,942,724	\$ 23,487,319	\$ 31,873,514	\$ 73,303,557	\$ 20,728,821	\$ 25,197,553	\$ 30,591,341	\$ 76,517,715	\$ (2,786,097)	\$ (1,710,234)	\$ 1,282,173	\$ (3,214,158)
Pipeline Storages												
(To)	\$ (3,920,668)	\$ (1,993,660)	\$ (1,934,990)	\$ (7,849,318)	\$ (5,436,674)	\$ (1,477,162)	\$ -	\$ (6,913,836)	\$ 1,516,006	\$ (516,498)	\$ (1,934,990)	\$ (935,482)
From	\$ 1,114,256	\$ 6,853,493	\$ 8,910,184	\$ 16,877,933	\$ -	\$ 864,029	\$ 6,574,591	\$ 7,438,621	\$ 1,114,256	\$ 5,989,464	\$ 2,335,593	\$ 9,439,312
Net Pipeline Storages	\$ (2,806,412)	\$ 4,859,833	\$ 6,975,194	\$ 9,028,615	\$ (5,436,674)	\$ (613,133)	\$ 6,574,591	\$ 524,785	\$ 2,630,262	\$ 5,472,966	\$ 400,603	\$ 8,503,830
LNG Storage												
(To)	\$ (740,975)	\$ (1,739,065)	\$ (1,319,305)	\$ (3,799,345)	\$ (1,200,151)	\$ (1,545,507)	\$ (1,146,234)	\$ (3,891,892)	\$ 459,176	\$ (193,558)	\$ (173,071)	\$ 92,547
From	\$ 679,276	\$ 628,160	\$ 730,119	\$ 2,037,555	\$ 824,180	\$ 861,656	\$ 1,089,476	\$ 2,775,313	\$ (144,904)	\$ (233,496)	\$ (359,357)	\$ (737,758)
Net LNG Storage	\$ (61,699)	\$ (1,110,905)	\$ (589,186)	\$ (1,761,790)	\$ (375,971)	\$ (683,850)	\$ (56,758)	\$ (1,116,580)	\$ 314,272	\$ (427,055)	\$ (532,428)	\$ (645,210)
Net Natural Gas	\$ 15,074,613	\$ 27,236,247	\$ 38,259,522	\$ 80,570,382	\$ 14,916,176	\$ 23,900,570	\$ 37,109,174	\$ 75,925,920	\$ 158,437	\$ 3,335,677	\$ 1,150,348	\$ 4,644,462
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 15,074,613	\$ 27,236,247	\$ 38,259,522	\$ 80,570,382	\$ 14,916,176	\$ 23,900,570	\$ 37,109,174	\$ 75,925,920	\$ 158,437	\$ 3,335,677	\$ 1,150,348	\$ 4,644,462
Purchased Electric & Misc	\$ 44,199	\$ 47,614	\$ 76,816	\$ 168,629	\$ 47,867	\$ 55,519	\$ 50,696	\$ 154,082	\$ (3,668)	\$ (7,905)	\$ 26,120	\$ 14,547
Total GCR Expenses	\$ 15,118,812	\$ 27,283,861	\$ 38,336,338	\$ 80,739,011	\$ 14,964,043	\$ 23,956,089	\$ 37,159,870	\$ 76,080,002	\$ 154,769	\$ 3,327,772	\$ 1,176,468	\$ 4,659,009

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

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PHILADELPHIA GAS WORKS

List of Changes Made by this Tariff Supplement

GAS COST RATE (GCR) – SECTION 1307f, II DEFINITIONS (PAGE No. 67)

In the definition of "GAC," the "GAC" value effective March 1, 2014 decreases from \$(0.01319) per Ccf to \$(0.01937) per Ccf; In the definition of "IRC," the "IRC" value effective March 1, 2014 increases from \$(0.00463) to \$(0.00131) per Ccf; In the definition of "SSC," the "SSC" value effective March 1, 2014 increases from \$0.55115 per Ccf to \$0.61822 per Ccf.

GAS COST RATE (GCR) – SECTION 1307f, III COMPUTATION OF GCR (Page No. 68)

The Gas Cost Rate (GCR) effective March 1, 2014 increases from \$0.54259 per Ccf to \$0.60016 per Ccf.

PRICE TO COMPARE (PAGE No. 78)

The Prices to Compare effective March 1, 2014 are: a) \$0.63094 per Ccf for Residential; b) \$0.60453 per Ccf for Commercial Customers on Rate GS; c) \$0.60465 per Ccf for Industrial Customers on Rate GS; and d) \$0.60285 per Ccf for Municipal Customers on Rate MS, The Philadelphia Housing Authority on Rate PHA, Public Housing Customers on Rate GS & Natural Gas Vehicle Service on Rate NGVS.

EFFICIENCY COST RECOVERY SURCHARGE (PAGE No. 80)

The Efficiency Cost Recovery Surcharges effective March 1, 2014 are: a) \$0.00705 per Ccf for Residential and Public Housing Customers on Rate GS; b) \$0.00782 per Ccf for Commercial Customers on Rate GS; c) \$(0.02059) per Ccf for Industrial Customers on Rate GS; d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and e) \$0.00782 per Ccf for The Philadelphia Housing Authority on Rate PHA.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective March 1, 2014 increases from \$0.17028 per Ccf to \$0.19969 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services increases from \$0.54259 per Ccf to \$0.60016 per Ccf, effective March 1, 2014.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service increases from \$0.54259 per Ccf to \$0.60016 per Ccf, effective March 1, 2014.

PHILADELPHIA HOUSING AUTHORITY SERVICE – RATE PHA (Page No. 90)

The GCR for Philadelphia Housing Authority Service increases from \$0.54259 per Ccf to \$0.60016 per Ccf, effective March 1, 2014.

DEVELOPMENTAL NATURAL GAS VEHICLE SVC - RATE NGVS FIRM SERVICE (Page Nos. 135-136)

The GCR for NGVS Firm increases from \$0.54259 per Ccf to \$0.60016 per Ccf, effective March 1, 2014.

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GAS COST RATE (GCR) -- SECTION 1307(f)

I. PROVISION FOR ADJUSTMENT

The Gas Cost Rate shall be applied to each Mcf (1,000 cubic feet) for Firm Retail Sales Service Gas supplied under Rates Schedules GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates calculated in a manner set forth below, pursuant to 66 Pa.C.S. §1307(f). Such rates for Firm Sales Service Gas may be increased or decreased from time to time under the procedures set forth in Section II.B. below to reflect changes in the level of Gas costs incurred or projected to be incurred by PGW related to Sales Service.

II. DEFINITIONS

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 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. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- *Commodity Costs and Demand Costs* which are defined as follows: *Commodity Costs* - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and *Demand Costs* - the fixed costs associated with the transportation and storage of natural gas for firm customers.

Effective 9/1/08, 75% of off system sales margin and capacity release credits will be allocated to the Factor "C" and 25% to the Company. Effective 9/1/09, 75% of storage asset management fees will be allocated to the Factor "C" and 25% to the Company.

Computation Year - The 12-month forecast period as identified in the Company's annual 1307 (f) filing and each quarterly GCR filing.

E - Experienced net over billing (or under billing) of the cost of Natural Gas and other raw materials applicable to the GCR reported in the most recent Section 1307(f) proceeding. Such over billings (or under billings) will be made with interest at the rate and method set forth by the Pennsylvania Public Utility Commission. Additionally, supplier refunds received prior to the end of the August billing period will be included in the Factor "E." The Factor "E" includes two components -- *Commodity Costs and Demand Costs* which are defined above in the Factor "C" definition.

Firm Sales Service - The service provided to Customers who receive firm supply service from PGW. The term does not include the service provided to Customers who receive interruptible supply service from PGW.

GAC (Gas Adjustment Charge) - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$(0.02416) per Ccf for Commodity Costs and \$0.00479 per Ccf for Demand Costs, for service on or after March 1, 2014. The total Gac is \$(0.01937) per Ccf.

(D)

GCR - Gas Cost Rate determined to the nearest one-hundredth cent (\$0.0001) to be applied to each Mcf of Gas supplied under Rates GS, MS, PHA, and NGVS-Firm, except for Gas usage under the Special Provisions – Air Conditioning of those rates and is equal to the SSC plus the GAC minus the IRC.

(D) – Decrease

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$(0.00131) per Ccf for service on or after March 1, 2014. (I)

Natural Gas or Gas - The volumes of gas purchased or manufactured by the Company that is delivered to the Company's Customers, plus such portion of the Company-used and unaccounted-for gas as the Commission permits, including, but not limited to, natural gas, liquefied natural gas, synthetic gas, liquefied propane and naphtha.

S - Projected applicable Mcf of Gas to be billed to Customers during the computation year.

SSC-Sales Service Charge - The purchased Gas costs determined to the nearest $\frac{1}{100}$ of a cent (\$0.0001). The currently effective SSC is \$0.51116 per Ccf for Commodity Costs and \$0.10706 per Ccf for Demand Costs, for service on or after March 1, 2014. The total SSC is \$0.61822 per Ccf. (I)

(I) - Increase

III. COMPUTATION OF GAS COST RATE

A. The GCR shall be computed to the nearest one-thousandth cent (\$0.00001) in accordance with the formula set forth below as the terms are defined in Section II:

$$\begin{aligned} \text{SSC} &= \text{C/S} \\ \text{GAC} &= \text{E}/(\text{S} + \text{Migration Rider Volumes}) \\ \text{GCR} &= \text{SSC} + \text{GAC} - \text{IRC} \end{aligned}$$

B. Each Gas Cost Rate so computed shall be applied to Customers' bills for twelve monthly billing periods commencing with September.

The currently effective Gas Cost Rate is \$0.60016 per Ccf, for service on or after March 1, 2014.

(I)

IV. REPORTING REQUIREMENTS

A. The Company's rates are subject to quarterly adjustments for recovery of the Gas Cost Rate under procedures set forth in Section 1307 (f) of the Public Utility Code.

B. The filing of the Company's annual Section 1307(f) filing, annual Gas Cost Rate, effective during the billing period of September through August, shall be submitted to the Commission by March 1 of each year, with a February 1 pre-filing date.

C. The application of the Gas Cost Rate shall be subject to review and audit by the Commission at such intervals as the Commission shall determine.

D. If it shall be determined, from audit by the Commission, or by final order entered after notice and hearing, that the application of this clause has resulted in the overcollection or undercollection of revenues, then the Company shall apply such over/undercollection as a credit or debit against future Gas Cost Rates.

V. PROVISION FOR INCLUSION OF SPECIFIC NON-GAS EXPENSES

The computation of the Gas Cost Rate may include such Non-Gas expenses as may be authorized by this tariff and annually authorized by the Commission.

VI. INTERRUPTIBLE REVENUE CREDIT (IRC)

A. The GCR rate shall be credited with an Interruptible Revenue Credit (IRC) equal to the margin realized from interruptible sales under PGW's Interruptible Sales Tariff Rates: BPS, LBS; and CG (Total Margin Revenue).

B. The IRC shall be set each year in the Company's 1307(f) proceeding to reflect the Total Margin Revenue. The rate per Mcf shall be calculated by dividing the Total Margin Revenue by total applicable firm sales. For the period September 1, 2003 through August 31, 2004 the IRC shall be initially set to reflect the Total Margin Revenue authorized by the Commission in its final order at M-00021612 (entered March 31, 2003).

(I) – Increase

MERCHANT FUNCTION CHARGE (“MFC”)

The MFC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The MFC is based on Gas Cost Rate multiplied by a fixed uncollectible percentage established in the Company's last general base rate proceeding. The MFC will not be reconciled to reflect actual results. The MFC is intended to make the Company's Price to Compare more comparable to the gas supply services price offers of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses. The following percentages will be applied to the quarterly Gas Cost Rate in order to calculate the quarterly MFC: 4.68% - GS Residential (“GS RES”); 0.28% - GS Commercial (“GS COM”); and 0.30% - GS Industrial (“GS IND”). The current MFC is set forth below in the Price to Compare table.

GAS PROCUREMENT CHARGE (“GPC”)

The GPC is a volumetric charge, applied to firm sales service customers, which will be included in the Price to Compare. The GPC will remain in effect until reviewed and updated in the Company's next general base rate proceeding.

Current Gas Procurement Charge = \$0.00400/Ccf

PRICE TO COMPARE (“PTC”)

The PTC is composed of the Sales Service Charge (“SSC”), Gas Adjustment Charge (“GAC”), the Merchant Function Charge and the Gas Procurement Charge. The PTC will change whenever any of the components of the PTC change. The current PTC is (per Ccf):

	GS RES	GS PH	GS COM	GS IND	MS	PHA	NGVS
SSC	\$0.61822	\$0.61822	\$0.61822	\$0.61822	\$0.61822	\$0.61822	\$0.61822
GAC	(\$0.01937)	(\$0.01937)	(\$0.01937)	(\$0.01937)	(\$0.01937)	(\$0.01937)	(\$0.01937)
MFC	\$0.02809	\$0.00000	\$0.00168	\$0.00180	\$0.00000	\$0.00000	\$0.00000
GPC	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400
PTC	\$0.63094	\$0.60285	\$0.60453	\$0.60465	\$0.60285	\$0.60285	\$0.60285

EFFICIENCY COST RECOVERY SURCHARGE

The cost of the energy efficiency programs (i.e. the demand side management programs) for the firm customer rate classes listed below will be recovered by an Efficiency Cost Recovery Surcharge applicable to all volumes of Gas delivered.

- 1) The Surcharge will recover the program costs and the administrative costs of the energy efficiency program.
- 2) Computation of the Efficiency Cost Recovery Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
- 3) Once the surcharge is in place, it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge *will be determined by dividing the total energy efficiency program costs approved for annual recovery plus (or minus) any over (or under) recovery from the prior period by the estimated applicable throughput in Mcfs.* The costs related to customers other than low income residential customers are tracked and will be recovered separately from each of the following firm customer rate classes if the customer class is served by the energy efficiency program:
 - a) Residential and Public Housing Customers on Rate GS;
 - b) Commercial Customers on Rate GS;
 - c) Industrial Customers on Rate GS;
 - d) Municipal Customers on Rate MS; and
 - e) The Philadelphia Housing Authority on Rate PHA.

The surcharge shall be a cents per Ccf charge calculated to the nearest one-thousandth of a cent (0.00001) which shall be added to the distribution rates for billing purposes for all customers in each of the above rate classes. The rate shall be calculated separately for each rate class as follows:

- | | |
|-------------------------------------------------------------------------------|------|
| a) \$0.00705 per Ccf for Residential and Public Housing Customers on Rate GS; | (D) |
| b) \$0.00782 per Ccf for Commercial Customers on Rate GS; | (D) |
| c) \$(0.02059) per Ccf for Industrial Customers on Rate GS; | (I) |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and | (NC) |
| e) \$0.00782 per Ccf for The Philadelphia Housing Authority on Rate PHA. | (D) |

The Enhanced Low Income Retrofit Program costs shall be recovered through the Universal Services Surcharge beginning on September 1, 2010.

(D) – Decrease; (I) – Increase; (NC) – No Change

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE

Universal service and energy conservation program and related costs will be recovered by a Universal Service and Energy Conservation Surcharge applicable to all volumes of Gas delivered.

1. The Surcharge will recover: 1) the discounts provided to Customers pursuant to the Customer Responsibility Program (CRP); 2) the discounts provided to Customers pursuant to the Senior Citizen Discount; 3) the costs of the Conservation Works Program (CWP) and the Enhanced Low Income Retrofit Program (ELIRP); and, 4) for Customers entering the CRP program on or after September 1, 2003, past due arrearages forgiven pursuant to paragraph A (6) of the CRP/CAP Program Design Stipulation approved by the Commission by its order at M-00021612 (entered March 31, 2003).
2. Computation of the Universal Service and Energy Conservation Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307(f) of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
3. Once the surcharge is in place it will be automatically adjusted effective March 1, June 1, September 1, and December 1 of each year in accordance with Section 1307(f) quarterly adjustment procedures. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total universal service and energy conservation program costs approved for annual recovery by the estimated applicable throughput in Mcfs.
4. The Universal Service and Energy Conservation Surcharge shall take effect upon the effective date of this Tariff.

Current Universal Service and Energy Conservation Surcharge = \$ 0.19969/Ccf.

(I)

(I) - Increase

GENERAL SERVICE - RATE GS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2014

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 or Transportation Services required.

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 Customers
\$ 50.00 per month for Industrial Customers

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to GS Customers who transport gas through a qualified NGS):

\$ 0.60016 per Ccf for Residential and Public Housing (I)
\$ 0.60016 per Ccf for Commercial Customers (I)
\$ 0.60016 per Ccf for Industrial Customers (I)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.60067 per Ccf for Residential
\$0.49441 per Ccf for Public Housing
\$0.45984 per Ccf for Commercial and Municipal Customers
\$0.45332 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; Restructuring and Consumer Education Surcharge; Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(I) – Increase

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2014.

AVAILABILITY

Available to properties owned or occupied by the City of Philadelphia or the Board of Education, or any of their respective agencies or instrumentalities, for any type of Gas Service, unless purchased for resale to others, and where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required; provided, however, that the rate shall not be available to Commercial Tenants of any such property.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters):

\$ 18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to MS Customers who transport Gas through a qualified NGS):

\$ 0.60016 per Ccf

(I)

Plus,

DISTRIBUTION CHARGE (consisting of items (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.33661 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(I) – Increase

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate
Schedule on or after March 1, 2014

AVAILABILITY

Available for all Gas usage in multiple dwelling Residential buildings containing 10 or more dwelling units, owned and operated by the Philadelphia Housing Authority, where cooking shall be performed exclusively with Gas and where Gas Service shall be supplied through one or more single point metering arrangements at locations where the Company's distribution mains adjacent to the proposed Gas Service locations are, or can economically be made, suitable to supply the quantities of Gas required.

This rate is also available for all Gas usage in single and multiple dwelling Residential buildings, containing less than 10 dwelling units, provided, and only so long as, Gas is used exclusively for cooking, water heating and space heating for all such Residential buildings owned and operated by the Philadelphia Housing Authority, except (a) buildings operated by the Philadelphia Housing Authority, prior to the original effective date of this rate (January 1, 1969), and (b) buildings for which, in the judgment of the Company, such Gas Service cannot be provided economically.

RATES

CUSTOMER CHARGE (per Meter (except parallel meters);

\$18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.60016 per Ccf

(l)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.41101 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge; the Efficiency Cost Recovery Surcharge; Other Post Employment Benefit Surcharge; and Distribution System Improvement Charge.

(l) – Increase

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

**DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE - RATE NGVS
FIRM SERVICE**

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after
March 1, 2014

AVAILABILITY

This service is available to provide uncompressed Natural Gas to any Customer for the exclusive purpose of compressing such Gas for use as fuel for motor vehicles. The compression of the Natural Gas to the pressure required for use as a motor vehicle fuel will be conducted by the Customer, at the Customer's designated premises. Service shall only be available where the Company's distribution system is, or can economically be made available to supply the service. Each Customer will be required to execute a service agreement which will specify terms and conditions of service.

CHARACTER OF SERVICE

Service under this rate schedule is firm and shall only be interrupted in the case of operating emergencies experienced by the Company.

MONTHLY RATE

CUSTOMER CHARGE:

\$35.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

GCR (not applicable to PHA customers who transport gas through a qualified NGS):

\$ 0.60016 per Ccf (I)

Plus

DISTRIBUTION CHARGE (consisting of item (A) and (B), below):

(A) Delivery Charge (Updated in Supplement No. 65 – Issued: July 10, 2013; Effective: October 1, 2013):

\$0.12833 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; The Restructuring and Consumer Education Surcharge; and Distribution System Improvement Charge..

(I) – Increase

Note: The Commodity Charge includes the Sales Service Charge, the Merchant Function Charge and the Gas Procurement Charge.

PHILADELPHIA GAS WORKS

GAS SUPPLIER 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

9.14. LOAD BALANCING SURCHARGE, 9.14.A. (Page No. 39)

The load balancing charge decreases from \$40.5400 per design day Mcf to \$39.7804 per design day Mcf.

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PHILADELPHIA GAS WORKS

9.14. LOAD BALANCING CHARGE.

9.14.A. Suppliers for all gas delivered under Firm Transportation Rates, of this Suppliers Tariff shall be charged at \$39.7804 per design day Mcf that is fulfilled by PGW storage and peaking assets, for recovery of those costs for Balancing Service, calculated in the manner set forth in the Commission's Order at M-00021612 (entered March 31, 2003) and as set forth below. Such rate for Balancing Service shall be increased or decreased, from time to time, in accordance with applicable law and procedures.

(D)

9.14.B. Computation of Balancing Service Costs per Dth.

9.14.B.1. Formula. Balancing Service Costs, per design day Mcf, that is fulfilled by PGW storage and peaking assets, shall be computed to the nearest one-hundredth cent (\$0.0001) in accordance with the formula set forth below:

$$BSC = ((C - E) / (S))$$

Projected Balancing Service Costs, so computed, shall be charged to Suppliers of Firm Transportation Rates per Customer per design day Mcf that is fulfilled by PGW storage and peaking assets, for an enrollment month. The amount of those costs, per Mcf, will vary, if appropriate, based upon annual filings by the Company pursuant to Section 1307(f) of the Public Utility Code and such supplemental filings as may be required or be appropriate under Section 1307(f) or the PUC's regulations adopted pursuant thereto.

9.14.B.2. Definitions. In computing the Balancing Service Costs, per Dth, pursuant to the formula above, the following definitions shall apply:

"BSC" - Balancing Service Costs determined to the nearest one-hundredth cent (\$0.0001) to be charged to each design day Mcf that is fulfilled by PGW storage and peaking assets, under Rate Schedule Firm.

"C" - Cost in dollars: for all types of storage and related services, the fixed and variable costs for the projected period when rates will be in effect.

"E" - the net overcollection or undercollection of Balancing Service Costs. The net overcollection or undercollection shall be determined for the most recent period permitted under law, which shall begin with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. The annual filing date shall be the date specified by the PUC for the Company's Section 1307(f) Tariff filing.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Balancing Service Costs Rate. Interest shall be computed monthly at the rate as provided for in Section 1307(f) of the Public Utility Code from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Such over billings (or under billings) will be made with interest at the statutory rate.

"S" - projected Mcf of storage gas/LNG to be delivered to Customers to meet design day needs during the projected period when rates will be in effect.

(D) - Decrease

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 REGULAR MAIL

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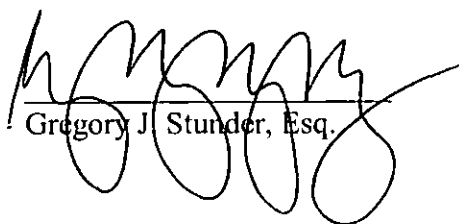
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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU


Gregory J. Stunder, Esq.

Date: February 28, 2014