

# Philadelphia Gas Works

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June 20, 2014

## VIA EXPRESS MAIL

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

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JUN 20 2014

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; July 1, 2014 Quarterly DSIC Filing

Dear Secretary Chiavetta:

Enclosed is PGW's Quarterly DSIC filing. The July 1, 2014 DSIC percentage is 5.00%. 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 fluid and cursive, with large loops for the letters "G" and "S".

Gregory J. Stunder

Enclosures

cc: All Parties of Record  
Bhodan R. Pankiw, Esquire, Law Bureau ([bpankiw@pa.gov](mailto:bpankiw@pa.gov))  
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**PHILADELPHIA GAS WORKS**  
**GAS SERVICE TARIFF**



Issued by: Craig White  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

List of Changes Made by this Tariff Supplement

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

Effective July 1, 2014, the DSIC percentage increases from 2.60% to 5.00%.

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**PHILADELPHIA GAS WORKS**

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**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

In addition to the net charges provided for in this Tariff, a charge of 5.00% 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**

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

Recoverable Costs (DSI) \$ 5,685,180 (Page 2)

Annual Reconciliation (e) \$ 781,332 (Page 3)  
(1/4 of the Over /  
Under Collection)

Total Recoverable Costs ( DSI + e ) \$ 6,466,512

Projected Quarterly Revenues (PQR) \$ 116,414,826 (Page 4)

**Distribution System Improvement Charge (DSIC) 5.00% \***

\* DSIC is capped at 5.0%

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

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

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.

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

**RECOVERABLE COSTS - 3/1/14 to 5/31/14**

<u>FERC Account #</u>	<u>PGW Project #</u>	<u>Location</u>	<u>Type</u>	<u>Cost</u>			<u>Total</u>
				<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	
376	410968	3000 & 3100 Amber, 2100 E. Allegheny, 3200 & 3300 Collins, 2000 E. Ann, 2000 Auburn, 2800-3200 Frankford	30" Inch Main	\$ -	\$ -	\$ 5,685,180	\$ 5,685,180
Recoverable Costs (DSI)				\$ -	\$ -	\$ 5,685,180	\$ 5,685,180

**PHILADELPHIA GAS WORKS**  
**2013 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION**

<u>Month</u>	<u>DSIC Recoverable Costs</u>		<u>DSIC Revenue Billed</u>		<u>Over/(Under) Collection</u>	<u>Interest Weighting</u>	<u>Interest Rate</u>	<u>Interest*</u>
January 2013	\$	-	\$	-	\$ -	21	4.50%	\$ -
February	\$	-	\$	-	\$ -	20	4.50%	\$ -
March	\$	-	\$	-	\$ -	19	4.75%	\$ -
April	\$	-	\$	-	\$ -	18	5.25%	\$ -
May	\$	-	\$	-	\$ -	17	5.25%	\$ -
June	\$	-	\$	-	\$ -	16	5.00%	\$ -
July (a)	\$	1,262,448	\$	238,646	\$ (1,023,802)	15	5.00%	\$ (63,987.6)
August (a)	\$	1,262,448	\$	442,329	\$ (820,119)	14	5.50%	\$ (52,624.3)
September (a)	\$	1,262,448	\$	473,982	\$ (788,466)	13	5.75%	\$ (49,114.9)
October (b)	\$	1,646,528	\$	631,215	\$ (1,015,313)	12	5.75%	\$ (58,380.5)
November (b)	\$	1,646,528	\$	1,374,992	\$ (271,536)	11	6.00%	\$ (14,934.5)
December (b)	\$	1,646,528	\$	2,440,437	\$ 793,909	10	5.75%	\$ 38,041.5
<b>Total</b>	\$	<b>8,726,928</b>	\$	<b>5,601,602</b>	\$ <b>(3,125,326)</b>			\$ <b>(201,000.3)</b>

\*Interest is not recoverable on net under collections.

(a)	\$	3,787,344
(b)	\$	4,939,584

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

	3rd Quarter Filing 6/1/2014			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	22,936	275,232	468,338	\$12.00	\$0.3482	\$1.8864	\$(0.0268)	\$6.0067	3,303	163	883	(13)	2,813	7,150
3 Commercial	4,198	50,376	1,053,874	\$18.00	\$0.3482	\$1.8864	\$(0.0102)	\$4.5984	907	367	1,988	(11)	4,846	8,097
4 Industrial	148	1,776	107,998	\$50.00	\$0.3482	\$1.8864	\$(0.1441)	\$4.5332	89	38	204	(16)	490	804
5 Municipal/MS	105	1,260	192,959	\$18.00	\$0.3482	\$1.8864	-	\$3.3661	23	67	364	0	650	1,103
6 NGV	2	24	1,534	\$35.00	-	\$1.8864	-	\$1.2833	1	0	3	0	2	6
7 Total Non-Heat Firm	27,389	328,668	1,824,703						4,322	635	3,442	(39)	8,800	17,160
8														
9 Heating:														
10 Residential	446,159	5,353,908	36,099,348	\$12.00	\$0.3482	\$1.8864	\$(0.0268)	\$6.0067	64,247	12,570	68,098	(967)	216,838	360,785
11 Commercial	17,140	205,680	6,273,670	\$18.00	\$0.3482	\$1.8864	\$(0.0102)	\$4.5984	3,702	2,184	11,835	(64)	28,849	46,506
12 Industrial	406	4,872	377,243	\$50.00	\$0.3482	\$1.8864	\$(0.1441)	\$4.5332	244	131	712	(54)	1,710	2,742
13 Municipal/MS	382	4,584	491,229	\$18.00	\$0.3482	\$1.8864	-	\$3.3661	83	171	927	0	1,654	2,834
14 PHA Rate 8	821	9,852	555,895	\$18.00	\$0.3482	\$1.8864	\$(0.0102)	\$4.1101	177	194	1,049	(6)	2,285	3,699
15 PHA/GS	1,672	20,064	167,883	\$12.00	\$0.3482	\$1.8864	\$(0.0268)	\$4.9441	241	58	317	(4)	830	1,441
16 Total Heat Firm	466,580	5,598,960	43,965,269						68,693	15,309	82,936	(1,096)	252,165	418,007
17 Total Heat & Non-Heat Firm	493,969	5,927,628	45,789,972						73,015	15,944	86,378	(1,135)	260,966	435,168
18														
19 Firm Transport														
20 Non-Heating:														
21 Residential	0	0	0	\$12.00	\$0.3482	\$1.8864	\$(0.0268)	\$6.0067	0	0	0	0	0	0
22 Commercial	650	7,800	579,871	\$18.00	\$0.3482	\$1.8864	\$(0.0102)	\$4.5984	140	202	1,094	(6)	2,666	4,097
23 Industrial	44	528	222,166	\$50.00	\$0.3482	\$1.8864	\$(0.1441)	\$4.5332	26	77	419	(32)	1,007	1,498
24 Municipal/MS	211	2,532	82,822	\$18.00	\$0.3482	\$1.8864	-	\$3.3661	46	29	156	0	279	509
25 Total Non Heat FT	905	10,860	884,859						212	308	1,669	(38)	3,952	6,104
26														
27 Heating:														
28 Residential	0	0	0	\$12.00	\$0.3482	\$1.8864	\$(0.0268)	\$6.0067	0	0	0	0	0	0
29 Commercial	2,226	26,712	2,913,325	\$18.00	\$0.3482	\$1.8864	\$(0.0102)	\$4.5984	481	1,014	5,496	(30)	13,397	20,358
30 Industrial	62	744	226,382	\$50.00	\$0.3482	\$1.8864	\$(0.1441)	\$4.5332	37	79	427	(33)	1,026	1,537
31 Municipal/MS	196	2,352	437,545	\$18.00	\$0.3482	\$1.8864	-	\$3.3661	42	152	825	0	1,473	2,493
32 Total Heat FT	2,484	29,808	3,577,252						560	1,246	6,748	(62)	15,896	24,387
33 Total FT	3,389	40,668	4,462,110						773	1,554	8,417	(100)	19,848	30,492
34														
35 Total PGW	497,358	5,968,296	50,252,082						73,788	17,497	94,796	(1,235)	280,814	465,659

Projected Quarterly Revenue \$ 116,414,826  
(1/4 of Annual Revenue)

**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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Erin Gannon, Esquire  
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Gregory J. Stunder, Esq.

Date: June 20, 2014

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City PHILADELPHIA State PA ZIP 19122-2898

**2 Your Internal Billing Reference** 071114 Quarterly Filing

**3 To**

Recipient's Name Rosemary Chiavetta Phone

Company PA Public Utilities Commission

Address 400 North Street Dept./Floor/Suite/Room

Address 2nd Floor 1 North

City Harrisburg State PA ZIP 17120

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**FedEx Priority Overnight**  
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**FedEx Standard Overnight**  
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**FedEx 2Day**  
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**FedEx 2Day Express**  
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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. Fee applies.

**Indirect Signature**  
If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only. Fee applies.

**Does this shipment contain dangerous goods?**

No  Yes  Yes  Yes  
As per attached Shipper's Declaration. Shipper's Declaration not required.

**Dry Ice**  
Dry Ice, 9, UN 1845 \_\_\_\_\_ x \_\_\_\_\_ kg

**Cargo Aircraft Only**

**7 Payment Bill to:**

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**Sender**  **Recipient**  **Third Party**  **Credit Card**  **Cash/Check**

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