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July 15, 2014

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016,
Submitted in Compliance with 52 Pa. Code § 62.4 – Docket No. M-2013-2366301

Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works (“PGW”), below is a supplemental response to PGW’s July 8, 2014 response (“Response”) to the Commission’s request for additional information as set forth in its June 27, 2014 Secretarial Letter. As indicated in the Response and as discussed with staff from the Bureau of Consumer Services (“Staff”), at the time of the Response filing PGW was still in the process of analyzing its billing system to provide a complete answer to a portion of question number 1. Below is its supplement to question number 1 of the Response. In addition, Staff contacted PGW and requested that the Company provide additional clarification regarding question number 3 of the Response, which is also provided below.

I. Estimated costs to implement program changes to PGW’s current arrearage forgiveness program (Supplemental Response)

The Commission requested that PGW provide programming cost estimates that would be incurred to revise its current arrearage forgiveness program to apply arrearage forgiveness either: (1) for each on-time and in-full monthly payment, regardless of existing CRP arrears; or, (2) retroactively for months missed once the CRP account is paid in full. The Response provided a breakdown of the programming costs for each method (numbers 1 and 2), and with respect to number 2 the cost effect on all customers of expanding PGW’s arrearage program. In addition, the cost effect on non-CRP customers of PGW revising its arrearage forgiveness program to option number 1 (each on-time and in-full monthly payment, regardless of existing CRP arrears) could be approximately \$4,900,000 (plus programming costs of approximately \$22,000). This amount was determined by performing an analysis of CRP accounts from 2013 where the customers paid at least the CRP ask to pay amount, but less than the total outstanding arrears. This additional amount would be credited to customers’ accounts and thus added to

PGW's CRP arrearage forgiveness budgets – assuming CRP customers' payment practices, and related arrearages, in the future are consistent with PGW's experience in 2013.

II. Updated projections for CRP enrollment and budget through 2016 (Additional Information Requested Informally by BCS)

Subsequent to filing its Response, staff from the Bureau of Consumer Services requested additional information about PGW's projections for CRP enrollment and budget through 2016. Specifically, PGW was asked to explain why its CY16 projections indicate a forecasted decrease in the total annual CRP discount and total annual forgiveness in comparison to the forecasted increased CY15 projections. A portion of the amount of the CRP discount is based on PGW's cost of gas. For 2014, PGW's projected gas cost was under-forecasted and the effect of this will be trued up in 2015. This increase is not factored into the CY16 projections. In addition, for CY16, PGW's projections factored in the conclusion of all PGW's demand side management ("DSM") programs consistent with the Order entered July 29, 2010 at docket number R-2009-2139884. However, as stated in PGW's April 24, 2014 Response to the Commission's Tentative Order entered April 3, 2014, PGW preliminarily expects to request that the Commission approve continuation of a DSM plan but a final determination is not required until Spring 2015.¹

Please feel free to contact me if you have further questions or require further clarification.

Sincerely,



Deanne M. O'Dell

DMO/lww

cc: Cert. of Service
Grace McGovern via email
Joseph Magee via email
Louise Fink Smith via email
Cyndi Page w/enc. via email

¹ Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4, docket No. M-2013-2366301, Response of Philadelphia Gas Works to Tentative Order entered April 3, 2014 Regarding the Enhanced Low Income Retrofit Program, filed April 23, 2014 at 6-7.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Supplemental Response to Commission's Request for Additional Information upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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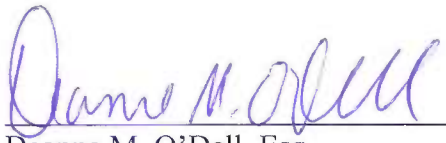
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