

ORIGINAL

Philadelphia Gas Works

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August 31, 2005

VIA EXPRESS MAIL

James J. McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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AUG 31 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Pa. PUC v. Philadelphia Gas Works; R-00049157,
September 1, 2005 Fourth Quarterly GCR Filing

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of PGW's September 1, Quarterly ("GCR") filing.

If you have any questions, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory J. Stunder".

Gregory J. Stunder

Enclosures

cc: All Parties of Record
Karen Moury, Esq.
Robert Rosenthal
Kerry Klinefelter

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FOLDER

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SEPTEMBER 1, 2005

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4th QUARTER GCR FILING

AUG 31 2005

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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Philadelphia Gas Works
Levelized Gas Cost Rate
4th Quarter Filing September 1, 2005

Formula:
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales Volume (Mcf)			58,006,244	(Schedule 2)
<hr/>				
Net Natural Gas Expense	\$ 68,448,383	\$ 527,414,259	\$ 595,862,642	
Purchased Electric Expense	\$	\$ 1,055,000	\$ 1,055,000	
C = Total Applicable GCR Expense	\$ 68,448,383	\$ 528,469,259	\$ 596,917,642	(Schedule 3)
<hr/>				
SSC = C / S	\$ 1.1800	\$ 9.1106	\$ 10.2906	
<hr/>				
Adjustment For:				
Interest	417,322	(627,613)	(210,291)	(Schedule 5B)
Prior Reconciliation	\$ 8,198,366	\$ (31,038,398)	\$ (22,840,032)	(Schedule 7)
E = Adjustments to GCR Expenses	\$ 8,615,688	\$ (31,666,011)	\$ (23,050,323)	
<hr/>				
GAC = E / S	\$ 0.1485	\$ (0.5459)	\$ (0.3974)	
<hr/>				
Interruptible Revenue Credit			\$ 11,334,645	(Schedule 4A)
IRC = Interruptible Revenue Credit / S			\$ 0.1954	
<hr/>				
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 562,532,675	
<u>GCR = SSC + GAC - IRC</u>			\$ 9.6978	
<hr/>				
SSC in effect 09/01/05	\$ 1.1810	\$ 9.1179	\$ 10.2989	
GAC in effect 09/01/05	\$ 0.1486	\$ (0.5463)	\$ (0.3977)	
IRC in effect 09/01/05			\$ (0.1956)	
GCR in effect 09/01/05			\$ 9.7056	(Schedule 8)
<hr/>				
Recovery Test on:				
Firm Sales Volume (Mcf)			58,006,244	
= Total Projected Recovery			\$ 562,530,956	(Schedule 8)
Compared To				
Net Applicable GCR Expenses			\$ 562,532,675	
= Net Over/(Under) Recovery			\$ (1,718)	(Schedule 6)
<hr/>				
Degree Days			4,555	

SalesSeptember 2005 Through August 2006

<u>MONTH</u>	<u>TOTAL BILLED SALES</u>	<u>INTERRUPTIBLE SALES</u>	<u>TOTAL FIRM SALES</u>	<u>SENIOR CITIZEN DISCOUNT SALES</u>	<u>TOTAL APPLICABLE SALES</u>
SEPTEMBER 2005	1,427,092	139,355	1,287,737	17,043	1,270,694
OCTOBER	2,240,070	241,330	1,998,740	28,477	1,970,263
NOVEMBER	4,779,870	379,100	4,400,770	74,006	4,326,763
DECEMBER	7,979,422	541,873	7,437,549	132,332	7,305,217
JANUARY 2006	12,036,759	592,881	11,443,878	214,857	11,229,020
FEBRUARY	10,878,370	504,955	10,373,416	193,558	10,179,858
MARCH	8,523,233	434,958	8,088,274	147,234	7,941,040
APRIL	5,910,673	278,469	5,632,204	102,373	5,529,831
MAY	2,918,947	154,061	2,764,886	45,794	2,719,092
JUNE	1,833,676	105,445	1,728,232	22,537	1,705,695
JULY	1,565,362	113,573	1,451,789	18,546	1,433,243
AUGUST	<u>1,514,714</u>	<u>115,944</u>	<u>1,398,770</u>	<u>17,764</u>	<u>1,381,006</u>
TOTAL	<u>61,608,188</u>	<u>3,601,945</u>	<u>58,006,244</u>	<u>1,014,520</u>	<u>56,991,724</u>

**PROJECTED APPLICABLE FUEL EXPENSE
SUMMARY
SEPTEMBER 2005 - AUGUST 2006**

	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>TOTAL</u>
NATURAL GAS BILLED													
DEMAND CHARGE	5,299,579	5,523,555	5,935,967	6,019,574	6,019,574	5,988,684	5,953,696	5,619,411	5,520,865	5,526,547	5,520,864	5,520,067	68,448,383
COMMODITY CHARGE	32,822,580	44,925,901	43,560,298	62,746,110	67,488,867	57,391,981	52,680,988	53,329,691	46,796,259	37,969,112	36,626,860	35,477,239	571,815,886
TOTAL NATURAL GAS BILLED	38,122,160	50,449,456	49,496,265	68,765,684	73,508,441	63,380,665	58,634,684	58,949,102	52,317,124	43,495,659	42,147,724	40,997,307	640,264,269
INTERRUPTIBLE CREDIT	(1,118,119)	(2,005,451)	(3,328,238)	(5,105,976)	(5,542,019)	(4,632,571)	(3,970,658)	(2,335,901)	(1,247,356)	(838,307)	(906,645)	(913,681)	(31,944,921)
SENDOUT VOLUME IN MCF	145,083	251,305	394,818	584,370	617,512	525,929	453,009	290,002	160,407	109,768	118,232	120,702	3,751,138
DKT CONVERSION FACTOR	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	1.0380	
PRICE \$/DKT	7.425	7.688	8.121	8.716	8.646	8.486	8.444	7.760	7.492	7.358	7.388	7.293	
GAS USED FOR UTILITY	(46,562)	(62,079)	(84,447)	(113,495)	(124,039)	(110,278)	(97,621)	(69,087)	(51,461)	(43,754)	(44,010)	(43,365)	(890,197)
NATURAL GAS TO STORAGE	17,469,266	8,353,557	1,229,070	-	-	-	-	18,616,113	24,657,659	24,268,881	23,028,885	22,169,609	139,793,039
FROM STORAGE	-	135,612	15,640,160	27,902,873	37,671,081	30,679,510	20,029,772	5,061,369	175,791	-	-	-	137,296,167
NET NATURAL GAS STORAGE	(17,469,266)	(8,217,945)	14,411,090	27,902,873	37,671,081	30,679,510	20,029,772	(13,554,744)	(24,481,869)	(24,268,881)	(23,028,885)	(22,169,609)	(2,496,873)
LNG TO STORAGE	2,109,427	9,065,621	2,827,932	-	-	-	-	2,709,380	3,082,076	2,201,368	1,747,813	1,642,862	25,386,479
FROM STORAGE	500,147	523,237	932,477	2,366,825	5,216,457	2,863,400	735,893	955,881	556,397	541,747	561,567	562,815	16,316,844
NET LNG STORAGE	(1,609,279)	(8,542,384)	(1,895,454)	2,366,825	5,216,457	2,863,400	735,893	(1,753,499)	(2,525,679)	(1,659,620)	(1,186,247)	(1,080,048)	(9,069,635)
NET NATURAL GAS EXPENSE	17,878,934	31,621,597	58,599,216	93,815,911	110,729,922	92,180,726	75,332,070	41,235,871	24,010,759	16,685,097	16,981,938	16,790,604	595,862,642
APPLICABLE GCR EXPENSE													
NET NATURAL GAS EXPENSE	17,878,934	31,621,597	58,599,216	93,815,911	110,729,922	92,180,726	75,332,070	41,235,871	24,010,759	16,685,097	16,981,938	16,790,604	595,862,642
PURCHASED ELECTRIC	87,917	87,917	87,917	87,917	87,917	87,917	87,917	87,917	87,916	87,916	87,916	87,916	1,055,000
TOTAL APPLICABLE EXPENSES	17,966,851	31,709,514	58,687,133	93,903,828	110,817,837	92,268,643	75,419,988	41,323,789	24,098,675	16,773,012	17,069,854	16,878,520	596,917,642
TOTAL FIRM SALES	1,287,737	1,998,740	4,400,770	7,437,549	11,443,878	10,373,416	8,088,274	5,632,204	2,764,886	1,728,232	1,451,789	1,398,770	58,006,244

INTERRUPTIBLE REVENUE CREDIT
FISCAL YEAR 2006

Fiscal Year 2004 Reconciliation \$ 1,680,303 (Schedule 4b)

<u>MONTH</u>		<u>MARGIN</u>
September 04 *	Actual	\$ 273,119
October *	Actual	\$ 475,968
November	Actual	\$ 1,314,222
December *	Actual	\$ 1,456,208
January 05	Actual	\$ 1,555,716
February	Actual	\$ 1,731,658
March	Actual	\$ 1,572,658
April	Actual	\$ 663,937
May	Actual	\$ 470,135
June	Actual	\$ 288,701
July	Estimated	\$ 270,588
<u>August</u>	<u>Estimated</u>	\$ <u>264,397</u>
Fiscal Year 2005 Margin	Act/Est	\$ 10,337,307

* Revised

FY 2005 Act/Est Margin and FY 2004 Reconciliation	\$ 12,017,610
Fiscal Year 2005 Actual/Estimated Credit	\$ <u>9,138,223</u> (Schedule 7)
Reconciliation as of August 2005	\$ 2,879,387
	;
Fiscal Year 2004 Actual Margin	\$ 6,573,209 (Schedule 4b)
Fiscal Year 2005 Act/Est Margin	\$ <u>10,337,307</u>
Fiscal Year 2006 Estimated Margin	\$ 8,455,258
Reconciliation as of August 2005	\$ <u>2,879,387</u>
Fiscal Year 2006 Interruptible Revenue Credit	\$ 11,334,645

Fiscal Year 2006 Firm Sales 58,006,244

Fiscal Year 2006 IRC Credit \$ 0.1954

:

STATEMENT OF RECONCILIATION
INTERRUPTIBLE REVENUE CREDIT (IRC)
SEPTEMBER 2003 TO AUGUST 2004

<u>MONTH</u>		<u>MARGIN</u>
September-03	Actual	\$ 167,154
October	Actual	\$ 479,016
November	Actual	\$ 674,437
December	Actual	\$ 912,705
January-04	Actual	\$ 946,010
February	Actual	\$ 825,427
March	Actual	\$ 892,561
April	Actual	\$ 535,156
May	Actual	\$ 265,238
June	Actual	\$ 387,331
July	Actual	\$ 311,554
<u>August</u>	<u>Actual</u>	<u>\$ 176,619</u>
Fiscal Year 2004 Margin	Actual	\$ 6,573,209
Fiscal Year 2004 Actual Credit		\$ 4,892,906
Fiscal Year 2004 Actual Margin		<u>\$ 6,573,209</u>
Fiscal Year 2004 Over/(Under) Credit		\$ (1,680,303)

**FISCAL YEAR 2005
PHILADELPHIA GAS WORKS
INTEREST RATE CALCULATION**

	<u>06/01/2004</u>	<u>Split Month</u>	<u>09/01/2004</u>	<u>Split Month</u>	<u>12/01/2004</u>
SSC in Effect	\$ 8.1653	\$ 8.3299	\$ 8.4944	\$ 9.0292	\$ 9.5639
GAC in Effect	\$ (0.0057)	\$ (0.0054)	\$ (0.0164)	\$ 0.2383	\$ 0.4931
IRC in Effect	\$ (0.0897)	\$ (0.1296)	\$ (0.1695)	\$ (0.1704)	\$ (0.1713)
Total Effective	\$ 8.0699	\$ 8.1949	\$ 8.3085	\$ 9.0971	\$ 9.8857

MONTH	NET COST	FIRM	C FACTOR	C FACTOR	ADJUSTMENT	ADJUSTED	OVER/	INTEREST
	OF FUEL	SALES	RECOVERY	REVENUES	FOR ACTUAL	C FACTOR	(UNDER)	
	(1)	(2)	RATE	BILLED	REVENUE	BILLED	RECOVERY	
	(\$)		(\$)	(\$)	(5)	(\$)=(4)*(5)	(\$)=(7)-(1)	(8)
Sep-04	14,306,080	1,313,917	8.3299	10,944,784	1.0167	11,127,654	(3,178,426)	
Oct-04	25,050,336	1,798,124	8.4944	15,274,065	0.9949	15,195,555	(9,854,781)	
Nov-04	44,097,022	3,885,082	8.4944	33,001,614	0.9991	32,971,073	(11,125,949)	
Dec-04	72,011,060	6,165,669	9.0292	55,670,876	1.0050	55,947,227	(16,063,833)	
	155,464,498	13,162,792		114,891,339		115,241,509	(40,222,989)	6%

**FISCAL YEAR 2005
PHILADELPHIA GAS WORKS
INTEREST CALCULATION**

	<u>06/01/2004</u>	<u>Split Month</u>	<u>09/01/2004</u>	<u>Split Month</u>	<u>12/01/2004</u>	<u>Split Month</u>	<u>03/01/2005</u>	<u>Split Month</u>	<u>06/01/2005</u>
SSC in Effect	\$ 8.1653	\$ 8.3299	\$ 8.4944	\$ 9.0292	\$ 9.5639	\$ 9.0465	\$ 8.5292	\$ 9.0557	\$ 9.5822
GAC in Effect	\$ (0.0057)	\$ (0.0054)	\$ (0.0164)	\$ 0.2383	\$ 0.4931	\$ 0.1214	\$ (0.2503)	\$ (0.3302)	\$ (0.4102)
IRC in Effect	\$ (0.0897)	\$ (0.1296)	\$ (0.1695)	\$ (0.1704)	\$ (0.1713)	\$ (0.1690)	\$ (0.1667)	\$ (0.1695)	\$ (0.1722)
Total Effective	\$ 8.0699	\$ 8.1949	\$ 8.3085	\$ 9.0971	\$ 9.8857	\$ 8.9990	\$ 8.1122	\$ 8.5560	\$ 8.9998

MONTH	NET COST OF FUEL (1) (\$)	FIRM SALES (2)	C FACTOR RECOVERY RATE (3) (\$)	C FACTOR REVENUES BILLED (4)=(2)*(3) (\$)	ADJUSTMENT FOR ACTUAL REVENUE (5)	ADJUSTED C FACTOR REVENUES BILLED (6)=(4)*(5) (\$)	OVER/ (UNDER) RECOVERY (7)=(6)-(1) (\$)	(1) INTEREST RATE (8)	TIME FACTOR (9)	INTEREST EXPENSE (10)=(7)*(8)*(9) (\$)	(2)	
											INTEREST ON REFUNDS 11 (\$)	TOTAL INTEREST 12= (10 + 11) (\$)
Sep-04	14,306,080	1,313,917	8.3299	10,944,784	1.0167	11,127,654	(3,178,426)	6%	18/12	(286,058)	0	(286,058)
Oct-04	25,050,336	1,798,124	8.4944	15,274,065	0.9949	15,195,555	(9,854,781)	6%	17/12	(837,656)	3,063	(834,593)
Nov-04	44,097,022	3,885,082	8.4944	33,001,614	0.9991	32,971,073	(11,125,949)	6%	16/12	(890,076)	3,999	(886,077)
Dec-04	72,011,060	6,165,669	9.0292	55,670,876	1.0050	55,947,227	(16,063,833)	6%	15/12	(1,204,787)	1,109	(1,203,678)
Jan-05	87,811,049	9,207,202	9.5639	88,056,721	1.0018	88,219,340	408,291	6%	14/12	28,580	0	28,580
Feb-05	72,019,552	9,967,593	9.5639	95,329,022	0.9972	95,058,947	23,039,395	6%	13/12	1,497,561	0	1,497,561
Mar-05	65,479,201	8,687,786	9.0465	78,594,263	1.0210	80,241,864	14,762,663	6%	12/12	885,760	19,821	905,581
Apr-05	35,037,339	5,559,491	8.5292	47,417,745	1.0016	47,492,197	12,454,858	6%	11/12	685,017	0	685,017
May-05	15,660,373	2,742,679	8.5292	23,392,725	1.0043	23,493,761	7,833,388	6%	10/12	391,669	0	391,669
Jun-05	13,345,655	1,928,570	9.0557	17,464,505	0.9663	16,875,947	3,530,292	6%	9/12	158,863	0	158,863
Jul-05	16,530,167	1,449,877	9.5822	13,893,015	1.0000	13,893,015	(2,637,152)	6%	8/12	(105,486)	0	(105,486)
Aug-05	<u>17,424,528</u>	<u>1,397,740</u>	9.5822	<u>13,393,424</u>	1.0000	<u>13,393,426</u>	<u>(4,031,102)</u>	6%	7/12	<u>(141,089)</u>	<u>0</u>	<u>(141,089)</u>
	478,772,362	54,103,731		492,432,759		493,910,005				182,298	27,993	210,291

(1) See Schedule 5 A

(2) See Schedule 5C

FISCAL YEAR 2005
 PHILADELPHIA GAS WORKS
INTEREST ON NATURAL GAS REFUNDS

MONTH	NATURAL GAS REFUNDS (9)	INTEREST RATE (10)	TIME FACTOR (11)	INTEREST ON REFUNDS (13)=(9)*(10)*(11) (\$)
Sep-04	0	6%	18/12	0
Oct-04	36,038	6%	17/12	3,063
Nov-04	49,991	6%	16/12	3,999
Dec-04	14,790	6%	15/12	1,109
Jan-05	0	6%	14/12	0
Feb-05	0	6%	13/12	0
Mar-05	330,356	6%	12/12	19,821
Apr-05	0	6%	11/12	0
May-05	0	6%	10/12	0
Jun-05	0	6%	9/12	0
Jul-05	0	6%	8/12	0
Aug-05	<u>0</u>	<u>6%</u>	<u>7/12</u>	<u>0</u>
	<u>431,175</u>			<u>27,993</u>

**FISCAL YEAR 2005
PHILADELPHIA GAS WORKS
DEMAND AND COMMODITY INTEREST CALCULATION**

MONTH	(1)	(2)	COMMODITY CHARGE			DEMAND INTEREST EXPENSE	COMMODITY INTEREST EXPENSE	TOTAL INTEREST EXPENSE	(3)	TOTAL INTEREST
	OVER/(UNDER)	DEMAND CHARGE OVER/(UNDER)	OVER/(UNDER)	INTEREST RATE	TIME FACTOR				ON REFUNDS	
	(1)	(2)	(3)=(1)-(2)	(4)	(5)	(6)=(2)*(4)*(5)	(7)=(3)*(4)*(5)	(8)=(6)+(7)	(9)	(10)=(8)+(9)
	(\$)	(\$)	(\$)			(\$)	(\$)	(\$)	(\$)	(\$)
Sep-04	(3,178,426)	(3,966,972)	788,546	6%	18/12	(357,028)	70,969	(286,058)	0	(286,058)
Oct-04	(9,854,781)	(3,378,802)	(6,475,979)	6%	17/12	(287,198)	(550,458)	(837,656)	3,063	(834,593)
Nov-04	(11,125,949)	(1,533,096)	(9,592,853)	6%	16/12	(122,648)	(767,428)	(890,076)	3,999	(886,077)
Dec-04	(16,063,833)	1,272,972	(17,336,805)	6%	15/12	95,473	(1,300,260)	(1,204,787)	1,109	(1,203,678)
Jan-05	408,291	5,315,197	(4,906,906)	6%	14/12	372,064	(343,483)	28,580	0	28,580
Feb-05	23,039,395	532,067	22,507,327	6%	13/12	34,584	1,462,976	1,497,561	0	1,497,561
Mar-05	14,762,663	5,139,226	9,623,437	6%	12/12	308,354	577,406	885,760	19,821	905,581
Apr-05	12,454,858	1,136,913	11,317,944	6%	11/12	62,530	622,487	685,017	0	685,017
May-05	7,833,388	(1,787,539)	9,620,926	6%	10/12	(89,377)	481,046	391,669	0	391,669
Jun-05	3,530,292	(3,263,865)	6,794,157	6%	9/12	(146,874)	305,737	158,863	0	158,863
Jul-05	(2,637,152)	(3,789,276)	1,152,124	6%	8/12	(151,571)	46,085	(105,486)	0	(105,486)
Aug-05	(4,031,102)	(3,875,191)	(155,910)	6%	7/12	(135,632)	(5,457)	(141,089)	0	(141,089)
Total	15,137,643	(8,198,366)	23,336,009			(417,322)	599,620	182,298	27,993	210,291

- (1) See Schedule 5B
- (2) See Schedule 7
- (3) See Schedule 5C

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2005 THROUGH AUGUST 2006

NET COST OF FUEL	FIRM SALES	IRC FACTOR APPLIED	INTERRUPTIBLE REVENUE CREDIT	APPLICABLE EXPENSES	GCR FACTOR APPLIED	GCR REVENUE BILLED	OVER/(UNDER) RECOVERY	E FACTOR DISTRIBUTED ON GCR	CUMULATIVE OVER/(UNDER) RECOVERY
1	2	3	4 = (2 * 3)	5 = (1 - 4)	6	7	8 = (7 - 5)	9	10
\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$

AUGUST 2005 OVER-COLLECTION
 SEPTEMBER 2005 INTEREST
 TOTAL "E" FACTOR

(22,840,032)
 (210,291)
 (23,050,323)

2005-2006

SEPTEMBER	Estimated	17,966,851	1,287,737	0.1954	251,629	17,715,222	9.3527	12,043,820	(5,671,402)	511,717	17,378,922
OCTOBER	Estimated	31,709,514	1,998,740	0.1954	390,562	31,318,952	9.7056	19,398,969	(11,919,983)	794,252	5,458,938
NOVEMBER	Estimated	58,687,133	4,400,770	0.1954	859,928	57,827,205	9.7056	42,712,110	(15,115,095)	1,748,763	(9,656,157)
DECEMBER	Estimated	93,903,828	7,437,549	0.1954	1,453,326	92,450,502	9.7056	72,185,879	(20,264,623)	2,955,508	(29,920,780)
JANUARY	Estimated	110,817,837	11,443,878	0.1954	2,236,178	108,581,659	9.7056	111,069,698	2,488,040	4,547,529	(27,432,741)
FEBRUARY	Estimated	92,268,642	10,373,416	0.1954	2,027,006	90,241,636	9.7056	100,680,225	10,438,589	4,122,153	(16,994,152)
MARCH	Estimated	75,419,988	8,088,274	0.1954	1,580,480	73,839,508	9.7056	78,501,556	4,662,048	3,214,091	(12,332,104)
APRIL	Estimated	41,323,789	5,632,204	0.1954	1,100,555	40,223,234	9.7056	54,663,915	14,440,681	2,238,106	2,108,577
MAY	Estimated	24,098,675	2,764,886	0.1954	540,269	23,558,406	9.7056	26,834,877	3,276,471	1,098,701	5,385,048
JUNE	Estimated	16,773,012	1,728,232	0.1954	337,703	16,435,309	9.7056	16,773,524	338,215	686,759	5,723,263
JULY	Estimated	17,069,854	1,451,789	0.1954	283,685	16,786,169	9.7056	14,090,480	(2,695,689)	576,907	3,027,574
AUGUST	Estimated	<u>16,878,520</u>	<u>1,398,770</u>	0.1954	<u>273,325</u>	<u>16,605,195</u>	9.7056	<u>13,575,902</u>	<u>(3,029,293)</u>	<u>555,838</u>	<u>(1,718)</u>
TOTAL		596,917,642	58,006,244		11,334,645	585,582,998		562,530,956	(23,052,042)	23,050,323	(1,718)

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2004 THROUGH AUGUST 2005

		DEMAND CHARGES	COMMODITY CHARGES	NET COST OF FUEL	FIRM SALES	IRC FACTOR APPLIED ⁽¹⁾	INTERRUPTIBLE REVENUE CREDIT	APPLICABLE EXPENSES	GCR FACTOR APPLIED	GCR REVENUE BILLED	MONTHLY OVER/(UNDER) RECOVERY	NATURAL GAS REFUNDS	CUMULATIVE OVER/(UNDER) RECOVERY
		1	2	3 = (1 + 2)	4	5	6 = (4 * 5)	7 = (3 - 6)	8	9	10 = (9 - 7)	11	12
		\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2003-2004 OVER-COLLECTION													(336,711)
2003-2004 INTEREST													1,067,431
TOTAL "E" FACTOR													730,720
SEPTEMBER 04	Actual	5,553,786	8,752,294	14,306,080	1,313,917	0.1296	170,284	14,135,796	8.1892	10,939,710	(3,196,086)		(3,926,806)
OCTOBER	Actual	5,544,780	19,505,556	25,050,336	1,798,124	0.1695	304,782	24,745,554	8.3085	14,862,922	(9,882,632)	36,038	(13,773,100)
NOVEMBER	Actual	6,232,800	37,864,222	44,097,022	3,885,082	0.1695	658,521	43,438,501	8.3085	32,249,331	(11,189,170)	49,991	(24,913,109)
DECEMBER	Actual	6,363,318	55,647,742	72,011,060	6,165,669	0.1704	1,050,630	70,960,430	9.0971	56,368,138	(14,592,292)	14,790	(39,490,981)
JANUARY 05	Actual	6,251,957	81,559,092	87,811,049	9,207,202	0.1713	1,577,194	86,233,855	9.8857	91,187,727	4,953,872		(34,536,210)
FEBRUARY	Actual	11,931,883	60,087,669	72,019,552	9,967,593	0.1713	1,707,449	70,312,103	9.8857	98,257,472	27,945,369		(6,590,841)
MARCH	Actual	5,954,372	59,524,829	65,479,201	8,667,786	0.1690	1,468,236	64,010,965	8.9990	79,819,889	15,808,924	330,356	9,548,439
APRIL	Actual	5,808,885	29,228,454	35,037,339	5,559,491	0.1667	926,767	34,110,572	8.1122	45,170,518	11,059,946		20,608,385
MAY	Actual	5,223,533	10,436,840	15,660,373	2,742,679	0.1667	457,205	15,203,168	8.1122	22,345,257	7,142,089		27,750,474
JUNE	Actual	5,526,806	7,818,849	13,345,655	1,928,570	0.1695	326,796	13,018,859	8.5560	15,944,763	2,925,904		30,676,378
JULY	Estimated	5,501,871	11,028,296	16,530,167	1,449,877	0.1722	249,569	16,280,498	8.9998	13,048,606	(3,231,892)		27,444,486
AUGUST	Estimated	5,526,202	11,898,326	17,424,528	1,397,740	0.1722	240,691	17,183,837	8.9998	12,579,382	(4,604,455)		22,840,032
Total		75,420,193	403,352,169	478,772,362	54,103,731		9,138,223	469,634,139		492,773,716	23,139,677	431,175	22,840,032

(1) IRC Factor revised

RECONCILIATION OF DEMAND CHARGES

		DEMAND CHARGES	FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	ADJUSTMENT FOR ACTUAL REVENUE	ADJUSTED C FACTOR REVENUES BILLED	DEMAND CHARGE OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
		1	2	3	4 = (2 * 3)	5	6	7 = (6 - 1)	8
		\$	MCF	\$	\$	\$	\$	\$	\$
SEPTEMBER 04	Actual	5,553,786	1,313,917	1.1879	1,560,736	1.0167	1,586,814	(3,966,972)	(3,966,972)
OCTOBER	Actual	5,544,780	1,798,124	1.2108	2,177,169	0.9949	2,165,978	(3,378,802)	(7,345,775)
NOVEMBER	Actual	6,232,800	3,885,082	1.2108	4,704,057	0.9991	4,699,704	(1,533,096)	(8,878,871)
DECEMBER	Actual	6,363,318	6,165,669	1.2324	7,598,570	1.0050	7,636,290	1,272,972	(7,605,899)
JANUARY 05	Actual	6,251,957	9,207,202	1.2540	11,545,831	1.0018	11,567,154	5,315,197	(2,290,702)
FEBRUARY	Actual	11,931,883	9,967,593	1.2540	12,499,362	0.9972	12,463,950	532,067	(1,758,635)
MARCH	Actual	5,954,372	8,687,786	1.2507	10,865,814	1.0210	11,093,598	5,139,226	3,380,591
APRIL	Actual	5,808,885	5,559,491	1.2474	6,934,910	1.0016	6,945,798	1,136,913	4,517,504
MAY	Actual	5,223,533	2,742,679	1.2474	3,421,218	1.0043	3,435,994	(1,787,539)	2,729,966
JUNE	Actual	5,526,806	1,928,570	1.2143	2,341,863	0.9663	2,262,941	(3,263,865)	(533,899)
JULY	Estimated	5,501,871	1,449,877	1.1812	1,712,595	1.0000	1,712,595	(3,789,276)	(4,323,175)
AUGUST	Estimated	5,526,202	1,397,740	1.1812	1,651,010	1.0000	1,651,011	(3,875,191)	(8,198,366)
Total		75,420,193	54,103,731		67,013,135		67,221,827	(8,198,366)	(8,198,366)

GCR
 CALCULATION OF RECOVERED CHARGES
 4TH QUARTER FILING
SEPTEMBER 2005 - AUGUST 2006

	50% of September	11.5 Months	Total
			(MCF) (\$)
Firm Sales (MCF)	643,869	57,362,376	58,006,244
GCR (\$/Mcf)	8.9998	9.7056	
Total Projected Recovery	\$ 5,794,686	\$ 556,736,270	\$ 562,530,956

Change In Rates 4TH Quarter GCR Filing

Rates Effective September 1, 2005 *

Distribution Charge

	<u>Delivery Charge</u>			<u>Surcharges</u>			<u>Total Distribution Charge / Mcf</u>
	<u>Base Charge</u>	<u>Revenue Realignment Adjustment</u>	<u>Sub-Total Delivery Charge</u>	<u>Restructuring & Consumer Education</u>	<u>Universal Service & Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0771	\$1.8787	\$1.9558	\$6.1682
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0771	\$1.8787	\$1.9558	\$6.2614
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0771	\$1.8787	\$1.9558	\$6.2587
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0771	\$1.8787	\$1.9558	\$6.2510
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0771	\$1.8787	\$1.9558	\$5.1028

Proposed Rates

	<u>6/1/05 Distribution Charge</u> (1)	<u>6/1/05 GCR</u> (2)	<u>6/1/05 Commodity Rate</u> (3)=(1)+(2)	<u>9/1/05 Distribution Charge</u> (4)	<u>9/1/05 GCR</u> (5)	<u>9/1/05 Commodity Rate</u> (6)=(4)+(5)	<u>Increase</u> (7)=(6)-(3)
Residential GS/PHAGS	\$6.0688	\$8.9998	\$15.0686	\$6.1682	\$9.7056	\$15.8738	\$0.8052
Commercial GS/MUNGS	\$6.1620	\$8.9998	\$15.1618	\$6.2614	\$9.7056	\$15.9670	\$0.8052
Industrial GS	\$6.1593	\$8.9998	\$15.1591	\$6.2587	\$9.7056	\$15.9643	\$0.8052
Phila.Housing Authority (PHA)	\$6.1516	\$8.9998	\$15.1514	\$6.2510	\$9.7056	\$15.9566	\$0.8052
Municipal (MS)	\$5.0034	\$8.9998	\$14.0032	\$5.1028	\$9.7056	\$14.8084	\$0.8052

* Excludes Customer Charge

**Philadelphia Gas Works
September 1, 2005**

UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	<u>Expenses in the Surcharge</u>
Conservation Works Program (CWP)	\$ 2,000,000
Customer Responsibility Program (CRP) Discount	\$ 74,470,936
Senior Citizen Discount	\$ 15,742,734 *
August 2005 Under Collection	<u>\$ 14,856,312</u>
Total Dollars(\$) <i> to be Recovered</i>	\$ 107,069,982
Applicable Sales Volume	Mcf 56,991,724
Universal Service & Energy Conservation Surcharge	\$ 1.8787

* This is the Senior Citizen Discount on the Delivery Charge, GCR and Restructuring Surcharge which is used to calculate the Universal Services Surcharge. The total Senior Citizen Discount is \$17,648,050.

RESTRUCTURING & CONSUMER EDUCATION SURCHARGE
FISCAL YEAR 2006

<u>Month</u>		<u>Firm Sales</u>	<u>Restructuring & Consumer Education Surcharge</u>	<u>Revenue Billed</u>	
FY 2004 Overcollection				\$ 313,963	(See Schedule 11B)
September 2004	Actual	1,313,917	\$0.0615	\$ 80,806	
October	Actual	1,798,124	\$0.0555	\$ 99,796	
November	Actual	3,885,082	\$0.0555	\$ 215,622	
December	Actual	6,165,669	\$0.0555	\$ 342,195	
January 2005	Actual	9,207,202	\$0.0555	\$ 511,000	
February	Actual	9,967,593	\$0.0555	\$ 553,201	
March	Actual	8,687,786	\$0.0555	\$ 482,172	
April	Actual	5,559,491	\$0.0555	\$ 308,552	
May	Actual	2,742,679	\$0.0555	\$ 152,219	
June	Actual	1,928,570	\$0.0555	\$ 107,036	
July	Estimated	1,449,877	\$0.0555	\$ 80,468	
<u>August</u>	<u>Estimated</u>	<u>1,397,740</u>	<u>\$0.0555</u>	<u>\$ 77,575</u>	
Total	A/E	54,103,731		\$ 3,324,604	
FY 2005 R&CES Revenue Billed		\$ 3,324,604			
FY 2005 R&CES Expenses Through August 2005		\$ 3,831,101			(See Schedule 12)
FY 2005 Over/(Under) Collection		\$ (506,497)			
FY 2006 Estimated Expenses		\$ 3,966,391			(See Schedule 12)
FY 2005 Reconciliation		\$ 506,497			
FY 2006 Adjusted Expenses		\$ 4,472,888			
FY 2006 Firm Sales		58,006,244			
FY 2006 Restructuring Surcharge / Mcf		\$ 0.0771			

FINALIZED STATEMENT OF RECONCILIATION
RESTRUCTURING & CONSUMER EDUCATION SURCHARGE
SEPTEMBER 2003 THROUGH AUGUST 2004

<u>Month</u>		<u>Firm Sales</u>	<u>Restructuring & Consumer Education Surcharge</u>	<u>Revenue Billed</u>
September 2003 ⁽¹⁾	Actual	717,941	\$0.0675	\$ 48,461
October	Actual	2,027,591	\$0.0675	\$ 136,862
November	Actual	3,571,537	\$0.0675	\$ 241,079
December	Actual	7,477,425	\$0.0675	\$ 504,726
January 2004	Actual	10,226,887	\$0.0675	\$ 690,315
February	Actual	11,511,584	\$0.0675	\$ 777,032
March	Actual	7,455,809	\$0.0675	\$ 503,267
April	Actual	5,610,211	\$0.0675	\$ 378,689
May	Actual	2,518,323	\$0.0675	\$ 169,987
June	Actual	1,593,978	\$0.0675	\$ 107,594
July	Actual	1,363,189	\$0.0675	\$ 92,015
August	Actual	<u>1,341,098</u>	\$0.0675	<u>\$ 90,524</u>
Total		55,415,573		\$ 3,740,551
FY 2004 R&CES Revenue Billed		\$ 3,740,551		
FY 2004 R&CES Expenses Through August 2004 ⁽²⁾		<u>\$ 3,426,588</u>	(See Schedule 12)	
FY 2004 Over/(Under)		\$ 313,963		

⁽¹⁾ September's firm sales includes only the portion of firm sales billed in September that were charged the Restructuring Surcharge.

⁽²⁾ Revised

**PHILADELPHIA GAS WORKS
RESTRUCTURING COSTS**

<u>General Start-Up Operating Costs</u>		<u>General Start-Up Capital Costs</u>		<u>FOI Integrated Solution Start Up Operating Costs</u>		<u>08/31/2004</u>	<u>8/31/05</u>	<u>8/31/06</u>	<u>08/31/2007</u>	<u>08/31/2008</u>	<u>08/31/2009</u>	<u>08/31/2010</u>	<u>08/31/2011</u>
Legal:		# 792082 - \$1.0 M											
Wolf Block Consulting:	\$ 382,171	Web Site Design / EBB	\$ 1,205,211	Costs To Replace Class C Meters With Rotary Meters (Note 1)	\$ 79,577	\$ 103,440	\$ 155,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RJ Rudden	\$ 113,882	# 787101 - \$1.3 M		Renovation of Meter Shop	\$ -	\$ 21,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pinkerton	\$ 153,887	BCCS Phase 1 Gas Choice / Enhancements	\$ 1,810,940	Release 1 External Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gil Peach	\$ 136,200	# 787102 - \$2.3 M		Total	\$ 79,577	\$ 124,760	\$ 155,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deloitte Consulting	\$ 28,171	BCCS Phase 2 Gas Choice / Enhancements	\$ 2,332,502	3 Year Amortization	\$ 26,526	\$ 41,587	\$ 51,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Energy	\$ 194,853	# 787103 - \$5 M											
Accenture	\$ 1,864,156	BCCS PUC Compliance/ Deregulation	\$ 216,344	<u>FOI Integrated Solution Start Up Capital Costs</u>	<u>08/31/2004</u>	<u>08/31/2005</u>	<u>08/31/2006</u>	<u>08/31/2007</u>	<u>08/31/2008</u>	<u>08/31/2009</u>	<u>08/31/2010</u>	<u>08/31/2011</u>	
EPOS Corp.	\$ 23,600			Release 1 External Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,896,921			Release 1 Infrastructure Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising:	\$ 64,052			Desktop Computers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PGW Training Incremental Labor	\$ 171,119			Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Education & Postage	\$ 131,864			5 Year Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous:	\$ 6,626												
Safety Training/Operator Qualification Costs 1st Yr	\$ 872,000			<u>FOI Integrated Solution General Capital Costs</u>	<u>08/31/2004</u>	<u>08/31/2005</u>	<u>08/31/2006</u>	<u>08/31/2007</u>	<u>08/31/2008</u>	<u>08/31/2009</u>	<u>08/31/2010</u>	<u>08/31/2011</u>	
Total	\$ 4,142,582	Total	\$ 5,564,997	Purch. Repl. Rotary Meters (Note 1)	\$ 254,235	\$ 776,680	\$ 684,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Year Amortization	\$ 1,380,861	5 Year Amortization	\$ 1,112,999	Renovation of Meter Shop	\$ -	\$ 1,039,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Restructuring Surcharge FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>		Total	\$ 254,235	\$ 1,815,680	\$ 684,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Start Up	\$ 1,380,861	\$ 1,380,861	\$ 1,380,861	10 Year Amortization	\$ 25,424	\$ 181,568	\$ 68,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Start Up	\$ 1,112,999	\$ 1,112,999	\$ 1,112,999	<u>Ongoing Costs</u>	<u>08/31/2004</u>	<u>08/31/2005</u>	<u>08/31/2006</u>	<u>08/31/2007</u>	<u>08/31/2008</u>	<u>08/31/2009</u>	<u>08/31/2010</u>	<u>08/31/2011</u>	
FOI Integrated Solution Start Up Operating Costs	\$ 26,526	\$ 58,112	\$ 119,832	Office Based Infrastructure Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FOI Integrated Solution Start Up Capital Costs	\$ -	\$ -	\$ -	Payroll Office Based Workers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FOI Integrated Solution General Capital Costs	\$ 25,424	\$ 206,992	\$ 275,402	Shop Based Infrastructure Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ongoing Costs/Safety Trng	\$ 880,779	\$ 1,062,137	\$ 1,077,296	Leak Survey	\$ 555,032	\$ 416,783	\$ 419,035	\$ 427,416	\$ 435,964	\$ 444,683	\$ 453,577	\$ 462,500	\$ 471,426
Total FY 2004 Surcharge	\$ 3,426,588	\$ 3,831,101	\$ 3,966,391	Safety Trng / Operator Qualification	\$ 325,747	\$ 645,354	\$ 658,261	\$ 671,426	\$ 684,855	\$ 698,552	\$ 712,523	\$ 726,426	\$ 740,296
<u>Restructuring Surcharge Costs</u>				Total Same Year Recovery	\$ 880,779	\$ 1,062,137	\$ 1,077,296	\$ 1,098,842	\$ 1,120,819	\$ 1,143,235	\$ 1,166,100	\$ 1,189,422	\$ 1,212,748
FY 2005	\$ 3,831,101												
FY 2006	\$ 3,966,391												
FY 2007	\$ 2,580,550												
FY 2008	\$ 2,560,941												
FY 2009	\$ 1,418,638												
FY 2010	\$ 1,441,502												
FY 2011	\$ 1,464,824												

Note 1: The Class C Meter Replacement Program has been delayed from the expected completion date of 8/31/05 until the revised completion date of 8/31/06.

Natural Gas Prices Used In PGW's 4th Quarter GCR 1307 Filing

September 1, 2005

	GLOBAL INSIGHT(GI) PRICES										Basis Differentials								NYMEX Futures 07/25/05 Close	Prices Used For Gas Cost Inputs															
	Transco			TETCO				Aug. 2005 Henry Hub	Transco			TETCO				Average ELA/ETX	M-1	Transco			TETCO														
	Sta.30	Sta. 45	Sta. 65	ELA	WLA	ETX	STX		Sta 30	Sta 45	Sta 65	ELA	WLA	ETX	STX			Sta 30		Sta 45	Sta 65	ELA	WLA	ETX	STX	ELA/ETX	M-1								
2005:8																									7.284	ACTUAL	7.66	7.68	7.76	7.60	7.54	7.38	7.38	7.49	7.58
2005:9	7.46	7.44	7.52	7.44	7.44	7.41	7.40	7.43	7.52	7.51	(0.05)	(0.08)	0.01	(0.07)	(0.07)	(0.10)	(0.11)	(0.09)	0.01	7.325	NYMEX	7.27	7.25	7.34	7.26	7.26	7.22	7.22	7.24	7.33					
2005:10	7.72	7.70	7.79	7.71	7.71	7.66	7.66	7.69	7.79	7.78	(0.06)	(0.08)	0.01	(0.06)	(0.07)	(0.11)	(0.11)	(0.09)	0.01	7.393	NYMEX	7.34	7.31	7.41	7.33	7.32	7.28	7.28	7.30	7.41					
2005:11	8.61	8.60	8.70	8.64	8.62	8.54	8.54	8.59	8.72	8.69	(0.07)	(0.09)	0.01	(0.05)	(0.07)	(0.15)	(0.15)	(0.10)	0.03	8.008	NYMEX	7.93	7.92	8.02	7.96	7.94	7.86	7.86	7.91	8.04					
2005:12	9.04	9.05	9.15	9.10	9.06	8.97	8.94	9.03	9.20	9.14	(0.10)	(0.09)	0.01	(0.04)	(0.08)	(0.17)	(0.20)	(0.11)	0.06	8.538	GI / NYMEX	8.74	8.75	8.85	8.80	8.76	8.67	8.64	8.73	8.90					
2006:1	8.79	8.86	8.95	8.91	8.86	8.71	8.75	8.81	9.01	8.94	(0.16)	(0.09)	0.01	(0.04)	(0.08)	(0.23)	(0.20)	(0.13)	0.07	8.898	GI / NYMEX	8.76	8.83	8.93	8.89	8.84	8.69	8.72	8.79	8.99					
2006:2	8.09	8.16	8.25	8.21	8.17	8.03	8.06	8.12	8.31	8.25	(0.15)	(0.09)	0.01	(0.04)	(0.08)	(0.21)	(0.18)	(0.12)	0.06	8.906	GI / NYMEX	8.42	8.49	8.58	8.54	8.50	8.36	8.39	8.45	8.64					
2006:3	7.84	7.90	7.98	7.92	7.89	7.79	7.82	7.86	8.01	7.97	(0.14)	(0.07)	0.01	(0.05)	(0.08)	(0.18)	(0.15)	(0.11)	0.04	8.757	GI / NYMEX	8.23	8.29	8.37	8.32	8.29	8.18	8.21	8.25	8.40					
2006:4	7.18	7.18	7.25	7.18	7.17	7.16	7.13	7.17	7.26	7.24	(0.07)	(0.06)	0.01	(0.06)	(0.07)	(0.08)	(0.11)	(0.07)	0.02	7.677	GI / NYMEX	7.39	7.39	7.47	7.40	7.39	7.38	7.34	7.39	7.38					
2006:5	7.09	7.08	7.16	7.08	7.07	7.07	7.04	7.07	7.15	7.14	(0.05)	(0.06)	0.01	(0.06)	(0.07)	(0.08)	(0.10)	(0.07)	0.01	7.542	GI / NYMEX	7.29	7.28	7.35	7.28	7.27	7.27	7.24	7.27	7.35					
2006:6	7.10	7.10	7.17	7.10	7.09	7.08	7.04	7.09	7.17	7.16	(0.06)	(0.06)	0.01	(0.06)	(0.07)	(0.08)	(0.12)	(0.07)	0.02	7.583	GI / NYMEX	7.31	7.31	7.38	7.31	7.30	7.29	7.25	7.30	7.39					
2006:7	7.01	7.03	7.09	7.02	7.01	7.00	6.95	7.01	7.10	7.08	(0.07)	(0.05)	0.01	(0.06)	(0.07)	(0.09)	(0.13)	(0.07)	0.02	7.633	GI / NYMEX	7.29	7.30	7.37	7.30	7.29	7.27	7.22	7.28	7.38					
2006:8	6.77	6.77	6.85	6.77	6.76	6.75	6.71	6.76	6.85	6.83	(0.06)	(0.06)	0.01	(0.06)	(0.07)	(0.08)	(0.12)	(0.07)	0.02	7.678	GI / NYMEX	7.19	7.20	7.27	7.19	7.18	7.17	7.13	7.18	7.27					

Actual Natural Gas Billed

	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>
Williams	\$ 2,460,942	\$ 2,435,831	\$ 2,231,082
Texas Eastern	\$ 2,659,225	\$ 2,493,865	\$ 2,528,370
Dominion	\$ 132,027	\$ 133,424	\$ 131,177
Equitrans	\$ 43,399	\$ 43,739	\$ 43,682
Spot Purchases -Transco	\$ 1,789,065	\$ 1,953,916	\$ 10,304
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ -	\$ 134,165	\$ -
Transco Supply2	\$ 1,296,050	\$ 501,925	\$ 2,091,753
Transco Supply3	\$ -	\$ -	\$ -
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 3,792,583	\$ 2,356,437	\$ 1,908,000
Transco Supply7	\$ 2,886,647	\$ 1,492,762	\$ 3,553,399
Transco Supply8	\$ 4,689,800	\$ 6,756,997	\$ 3,742,500
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 5,038,197	\$ 4,608,995	\$ 4,459,960
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 2,988,124	\$ 3,662,036	\$ 1,848,004
Transco Supply15	\$ -	\$ -	\$ -
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ 2,220,900	\$ 2,116,680	\$ 1,917,000
Transco Supply18	\$ -	\$ -	\$ -
Tetco Supply 1	\$ 543,654	\$ 568,230	\$ 2,281,085
Tetco Supply2	\$ -	\$ -	\$ -
Tetco Supply3	\$ -	\$ -	\$ -
Tetco Supply4	\$ -	\$ 580,954	\$ -
Tetco Supply5	\$ -	\$ -	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ -	\$ 185,709	\$ -
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ -	\$ -	\$ -
Tetco Supply14	\$ 2,189,400	\$ 2,242,850	\$ 1,885,500
Tetco Supply15	\$ 1,765,920	\$ 1,682,184	\$ 1,532,400
<u>Tetco Supply16</u>	<u>\$ 181,192</u>	<u>\$ 1,451,674</u>	<u>\$ 1,824,000</u>
Total Costs	\$34,677,125	\$35,402,373	\$31,988,216
Deferred Gas Payment	\$ 4,483,504	\$ 4,510,500	\$ 3,975,000
Off System Sales	\$ -	\$ -	\$ (1,754,550)
Gas Transportation Purchases	\$ 9,931	\$ 16,056	\$ 2,134
Adjustment/Reconciliation	<u>\$ (4,213,159)</u>	<u>\$ 4,156,234</u>	<u>\$ (1,419,306)</u>
Total Natural Gas Billed	\$34,957,401	\$44,085,163	\$32,791,494

**Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending June 2005**

	<u>Actual</u>				<u>Projected</u>			<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Total</u>	<u>3rd Qtr Filing Apr-05</u>	<u>3rd Qtr Filing May-05</u>	<u>3rd Qtr Filing Jun-05</u>		<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Total</u>
Total Natural Gas Billed	\$ 34,957,401	\$ 44,085,163	\$ 32,791,494	\$ 111,834,058	\$ 43,061,136	\$ 48,482,489	\$ 37,146,387	\$ 128,690,012	\$ (8,103,735)	\$ (4,397,326)	\$ (4,354,893)	\$ (16,855,954)
Less Interruptible Credit	\$ 2,265,584	\$ 1,645,912	\$ 950,917	\$ 4,862,413	\$ 2,043,199	\$ 1,347,683	\$ 873,266	\$ 4,264,148	\$ 222,385	\$ 298,229	\$ 77,651	\$ 598,265
Gas Used For Utility	\$ 50,601	\$ 26,300	\$ 40,936	\$ 117,837	\$ 80,781	\$ 52,072	\$ 39,407	\$ 172,260	\$ (30,180)	\$ (25,772)	\$ 1,529	\$ (54,423)
	32,641,216	42,412,951	31,799,641	106,853,808	40,937,156	47,082,734	36,233,714	124,253,604	(8,295,940)	(4,669,783)	(4,434,073)	(17,399,796)
<u>Pipeline Storages</u>												
(To)	\$ 140,762	\$ (25,984,552)	\$ (18,215,452)	\$ (44,059,242)	\$ (9,350,274)	\$ (22,151,124)	\$ (19,294,390)	\$ (50,795,788)	\$ 9,491,036	\$ (3,833,428)	\$ 1,078,938	\$ 6,736,546
From	\$ 4,251,670	\$ 203,751	\$ 5,539	\$ 4,460,960	\$ 3,822,156	\$ 79,472	\$ -	\$ 3,901,628	\$ 429,514	\$ 124,279	\$ 5,539	\$ 559,332
Net Pipeline Storages	\$ 4,392,432	\$ (25,780,801)	\$ (18,209,913)	\$ (39,598,282)	\$ (5,528,118)	\$ (22,071,652)	\$ (19,294,390)	\$ (46,894,160)	\$ 9,920,550	\$ (3,709,149)	\$ 1,084,477	\$ 7,295,878
<u>LNG Storage</u>												
(To)	\$ (2,543,453)	\$ (1,489,676)	\$ (688,066)	\$ (4,721,195)	\$ (2,582,848)	\$ (2,855,829)	\$ (1,929,652)	\$ (7,368,329)	\$ 39,395	\$ 1,386,153	\$ 1,241,586	\$ 2,647,134
From	\$ 455,789	\$ 443,967	\$ 377,929	\$ 1,277,685	\$ 479,030	\$ 505,243	\$ 494,211	\$ 1,478,484	\$ (23,241)	\$ (61,276)	\$ (116,282)	\$ (200,799)
Net LNG Storage	\$ (2,087,664)	\$ (1,045,709)	\$ (310,137)	\$ (3,443,510)	\$ (2,103,818)	\$ (2,350,586)	\$ (1,435,441)	\$ (5,889,845)	\$ 16,154	\$ 1,304,877	\$ 1,125,304	\$ 2,446,335
Net Natural Gas	\$ 34,845,984	\$ 15,586,441	\$ 13,279,591	\$ 63,812,016	\$ 33,305,220	\$ 22,860,496	\$ 15,503,883	\$ 71,469,599	\$ 1,640,764	\$ (7,074,055)	\$ (2,224,292)	\$ (7,657,583)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 34,945,984	\$ 15,586,441	\$ 13,279,591	\$ 63,812,016	\$ 33,305,220	\$ 22,860,496	\$ 15,503,883	\$ 71,469,599	\$ 1,640,764	\$ (7,074,055)	\$ (2,224,292)	\$ (7,657,583)
Electric	\$ 91,355	\$ 73,932	\$ 66,064	\$ 231,351	\$ 75,600	\$ 78,750	\$ 21,000	\$ 175,350	\$ 15,755	\$ (4,818)	\$ 45,064	\$ 56,001
Non Fuel Expense:												
Total GCR Expenses	\$ 35,037,339	\$ 15,660,373	\$ 13,345,655	\$ 64,043,367	\$ 33,380,820	\$ 22,739,246	\$ 15,524,883	\$ 71,644,949	\$ 1,656,519	\$ (7,078,873)	\$ (2,179,228)	\$ (7,601,582)

PHILADELPHIA GAS WORKS

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Thomas Knudsen
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

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 September 1, 2005 increases from \$(0.04102) per Ccf to \$(0.03977) per Ccf.

In the definition of "IRC," the "IRC" value effective September 1, 2005 increases from \$0.01722 per Ccf to \$0.01956 per Ccf.

In the definition of "SSC," the "SSC" value effective September 1, 2005 increases from \$0.95822 per Ccf to \$1.02989 per Ccf.

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

The Gas Cost Rate (GCR) effective September 1, 2005 increases from \$0.89998 per Ccf to \$0.97056 per Ccf.

RESTRUCTURING AND CONSUMER EDUCATION SURCHARGE (PAGE No. 79)

The Restructuring and Consumer Education Surcharge effective September 1, 2005 increases from \$0.00555 per Ccf to \$0.00771 per Ccf.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective September 1, 2005 increases from \$0.18009 per Ccf to \$0.18787 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services increases from \$0.89998 per Ccf to \$0.97056 per Ccf, effective September 1, 2005.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service increases from \$0.89998 per Ccf to \$0.97056 per Ccf, effective September 1, 2005.

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

The GCR for Philadelphia Housing Authority Service increases from \$0.89998 per Ccf to \$0.97056 per Ccf, effective September 1, 2005.

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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.

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 - 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 \$(0.05463) per Ccf for Commodity Costs and \$0.01486 per Ccf for Demand Costs, for service on or after September 1, 2005. The total Gac is \$(0.03977) per Ccf. (I)

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.

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01956 per Ccf for service on or after September 1, 2005. (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,

(I) – Increase

PHILADELPHIA GAS WORKS

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 \$0.91179 per Ccf for Commodity Costs and \$0.11810 per Ccf for Demand Costs, for service on or after September 1, 2005. The total SSC is \$1.02989 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:

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

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 \$0.97056 per Ccf, for service on or after September 1, 2005. (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

RESTRUCTURING AND CONSUMER EDUCATION SURCHARGE

Non-Gas restructuring and consumer education costs will be recovered by a Restructuring and Consumer Education Surcharge applicable to all volumes of Gas delivered.

1. Computation of the Restructuring and Consumer Education Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307 of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Restructuring and Consumer Education costs recovered through the Surcharge mechanism are the Commission approved costs which the Company has or will incur to meet the requirements of the Natural Choice and Competition Act and applicable Commission regulations, orders and other regulatory requirements, other than those costs pertaining to universal service and energy conservation programs.
3. Once the surcharge is in place, PGW shall file reconciliation statements quarterly and shall submit a claim for over/under recovery on an annual basis, at the same time it submits its projected Restructuring costs and Restructuring Surcharge claim for the next year; provided however, that if a project for which costs were included in the Restructuring Surcharge is cancelled or delayed beyond the year in which the cost was originally scheduled to be incurred, the Company will withdraw the projected costs of that project from the Restructuring Surcharge in its next quarterly update. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the restructuring and consumer education costs approved for annual recovery by the estimated applicable throughput in Mcf.
4. The Restructuring and Consumer Education Surcharge shall remain in effect until restructuring and consumer education costs have been collected or as otherwise directed by the Commission.
5. The Restructuring and Consumer Education Surcharge is effective on and after September 1, 2005.

Current Restructuring and Consumer Education Surcharge = \$0.00771/Ccf

(I)

(I) – Increase

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, 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 = \$ 0.18787/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 September 1, 2005

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 and Municipal Customers
\$ 50.00 per month for Industrial Customers

Plus,

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

\$ 0.97056 per Ccf for Residential and Public Housing (I)
\$ 0.97056 per Ccf for Commercial and Municipal Customers (I)
\$ 0.97056 per Ccf for Industrial Customers (I)

Plus,

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

(A) Delivery Charge:

\$0.42124 per Ccf for Residential and Public Housing
\$0.43056 per Ccf for Commercial and Municipal Customers
\$0.43029 per Ccf for Industrial Customers

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and Restructuring and Consumer
Education Surcharge.

(I) - Increase

MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after September 1, 2005.

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

Plus,

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

\$0.97056 per Ccf

(I)

Plus,

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

(A) Delivery Charge:

\$0.31470 per Ccf

(B) Surcharges:

Universal Service and Energy Conservation Surcharge; and The Restructuring and Consumer Education Surcharge.

Also,

The following Riders may apply:

(I) - Increase

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 September 1, 2005

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

Plus,

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

\$0 .97056 per Ccf

(I)

Plus

DISTRIBUTION CHARGE:

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

(A) Delivery Charge:

\$0 .42952 per Ccf

(B) Surcharges:

Universal Service and Energy Conversation Surcharge; and The Restructuring and Consumer Education Surcharge.

(I) – Increase

PHILADELPHIA GAS WORKS

GAS SUPPLIER TARIFF



Issued by: Thomas Knudsen
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 \$54.7754 per design day Mcf to \$52.6722 per design day Mcf.

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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 \$ 52.6722 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).

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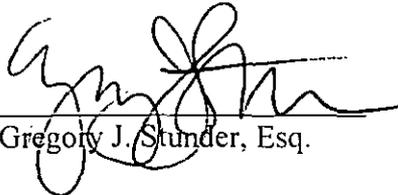
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Gregory J. Stunder, Esq.

Date: August 31, 2005

RECEIVED

AUG 31 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Statement

Known per dekatherm natural gas prices are used through the month of August 2005. Where known and quantifiable, actual per dekatherm prices for locked-in quantities of gas are used for all other months. Any remaining volumes not locked-in for price for the months of September 2005 through November 2005 are based on the NYMEX Futures Closing Prices of 7-25-05. For the period of December 2005 through August 2006, the average price of the NYMEX Futures Closing Prices of 7-25-05 and the August 2005 Global Insight Forecast were used. The latest applicable pipeline tariff transportation and fuel charges from specific basin points have been incorporated into these pricing determinants. Forecasted temperatures for the period are assumed to be normal (i.e. the estimate incorporates the normal 4,555 degree-day pattern).

This filing has Net Applicable GCR Expense of \$562,532,675 with Firm Sales of 58,006,244 Mcf. The GCR in effect in this filing is **\$9.7056** per Mcf.

DOCUMENT
FOLDER

DOCKETED
SEP 12 2005

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AUG 8 1 2005
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU