

**Philadelphia Gas Works**

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November 29, 2004

**VIA OVERNIGHT MAIL**

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

**DOCUMENT  
FOLDER**

Re: Pa. PUC v. Philadelphia Gas Works; R-00049157,  
December 1, 2004 First Quarterly GCR Filing

Dear Secretary McNulty:

Enclosed for filing, please find an original and three (3) copies of PGW's December 1, 2004 Quarterly ("GCR") filing.

If you have any questions, please contact me at my direct dial number listed above.

Respectfully submitted,

  
Gregory J. Stunder

Enclosures

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

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NOV 29 2004

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

129

### Statement

Known per dekatherm natural gas prices are used through the month of November 2004. 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 December 2004 through February 2005 are based on the NYMEX Futures Closing Prices of 10-28-04. For the period of March 2005 through November 2005, the average price of the NYMEX Futures Closing Prices of 10-28-04 and the November 2004 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 Total Applicable GCR Expense of \$562,946,073 with Firm Sales of 59,468,991 Mcf. The GCR in effect in this filing is **\$9.8857** per Mcf.

## TABLE OF CONTENTS

Levelized Gas Cost.....	Schedule 1
Sales.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
Interest Calculation.....	Schedule 4
Interest on Natural Gas Refunds.....	Schedule 4(a)
GCR Statement of Reconciliation – December 2004 Through November 2005.....	Schedule 5
GCR Statement of Reconciliation – September 2004 Through November 2004.....	Schedule 6
GCR Finalized Statement of Reconciliation - Fiscal Year 2003-2004.....	Schedule 7
Calculation of Recovered Charges.....	Schedule 8
Changes in Rates.....	Schedule 9
Universal Service & Energy Conservation Surcharge (USC).....	Schedule 10
FY 05 USC - Statement of Reconciliation.....	Schedule 11
FY 04 USC - Finalized Statement of Reconciliation .....	Schedule 12
Natural Gas Prices .....	Schedule 13
Actual Natural Gas Billed.....	Schedule 14
Summary of Fuels Purchased .....	Schedule 15

Philadelphia Gas Works  
Levelized Gas Cost Rate  
1st Quarter Filing December 1, 2004

Formula:  
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales Volume (Mcf)			59,468,991	(Schedule 2)
Net Natural Gas Expense	\$ 68,824,342	\$ 493,106,133	\$ 561,930,475	
Purchased Electric Expense	\$	\$ 1,015,598	\$ 1,015,598	
C = Total Applicable GCR Expense	\$ 68,824,342	\$ 494,121,731	\$ 562,946,073	(Schedule 3)
SSC = C / S	\$ 1.1573	\$ 8.3089	\$ 9.4662	
Adjustment For:				
Prior Reconciliation	\$ 8,114,742	\$ 20,908,481	\$ 29,023,223	(Schedule 5)
E = Adjustments to GCR Expenses	8,114,742	\$ 20,908,481	\$ 29,023,223	
GAC = E / S	0.1364	\$ 0.3516	\$ 0.4880	
Interruptible Revenue Credit			\$ 10,081,323	
IRC = Interruptible Revenue Credit / S			\$ 0.1695	
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 581,887,973	
<u>GCR = SSC + GAC - IRC</u>			\$ 9.7847	
SSC in effect 12/01/04	\$ 1.1693	\$ 8.3946	\$ 9.5639	
GAC in effect 12/01/04	\$ 0.1379	\$ 0.3552	\$ 0.4931	
IRC in effect 12/01/04			\$ (0.1713)	
GCR in effect 12/01/04			\$ 9.8857	(Schedule 8)
Recovery Test on:				
Firm Sales Volume (Mcf)			59,468,991	
= Total Projected Recovery			\$ 581,889,149	(Schedule 8)
Compared To				
Net Applicable GCR Expenses			\$ 581,887,973	
= Net Over/(Under) Recovery			\$ 1,175	(Schedule 5)
Degree Days			4,555	

SalesDecember 2004 through November 2005

<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>
DECEMBER 2004	8,157,959	545,156	7,612,803	146,560	7,466,243
JANUARY 2005	12,223,655	577,782	11,645,873	235,527	11,410,346
FEBRUARY	11,078,877	493,826	10,585,051	212,371	10,372,680
MARCH	8,699,813	442,123	8,257,690	163,304	8,094,386
APRIL	6,096,071	308,258	5,787,813	114,412	5,673,401
MAY	3,022,321	212,524	2,809,797	50,864	2,758,933
JUNE	1,987,913	169,013	1,818,900	26,570	1,792,330
JULY	1,653,076	180,387	1,472,689	20,883	1,451,806
AUGUST	1,589,307	160,551	1,428,756	20,344	1,408,412
SEPTEMBER	1,484,497	164,177	1,320,321	18,516	1,301,805
OCTOBER	2,320,064	236,359	2,083,705	30,898	2,052,807
NOVEMBER	<u>4,982,829</u>	<u>337,236</u>	<u>4,645,593</u>	<u>81,443</u>	<u>4,564,150</u>
TOTAL	<u>63,296,382</u>	<u>3,827,391</u>	<u>59,468,991</u>	<u>1,121,692</u>	<u>58,347,299</u>

**PROJECTED APPLICABLE FUEL EXPENSE  
SUMMARY  
DECEMBER 2004 - NOVEMBER 2005**

	<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>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>TOTAL</u>
NATURAL GAS BILLED													
DEMAND CHARGE	5,995,010	6,099,137	6,023,929	6,074,762	6,303,334	6,143,308	6,157,652	6,143,302	6,132,227	6,124,675	6,138,086	6,474,482	73,809,904
COMMODITY CHARGE	62,406,460	52,617,579	55,037,903	52,321,114	42,425,138	44,750,751	36,447,704	36,508,741	35,247,280	34,714,133	44,251,676	42,898,400	539,626,879
<b>TOTAL NATURAL GAS BILLED</b>	<b>68,401,470</b>	<b>58,716,716</b>	<b>61,061,832</b>	<b>58,395,876</b>	<b>48,728,472</b>	<b>50,894,059</b>	<b>42,605,357</b>	<b>42,652,043</b>	<b>41,379,507</b>	<b>40,838,809</b>	<b>50,389,761</b>	<b>49,372,882</b>	<b>613,436,784</b>
INTERRUPTIBLE CREDIT	(4,576,251)	(4,658,329)	(4,386,630)	(3,707,331)	(2,315,918)	(1,532,434)	(1,166,923)	(1,245,731)	(1,091,324)	(1,116,053)	(1,678,493)	(2,601,370)	(30,076,787)
SENDOUT VOLUME IN MCF	565,837	599,459	512,384	458,922	320,206	221,034	175,965	187,810	167,147	170,840	245,535	349,985	3,771,124
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	7.792	7.486	8.248	7.783	6.968	6.679	6.389	6.390	6.290	6.294	6.586	7.161	
GAS USED FOR UTILITY	(77,907)	(134,376)	(128,314)	(99,129)	(50,348)	(27,429)	(41,373)	(42,609)	(44,777)	(41,710)	(63,337)	(125,158)	(876,467)
NATURAL GAS TO STORAGE	-	-	-	-	9,772,368	21,780,353	20,710,564	20,277,782	19,460,181	17,984,276	13,994,144	3,153,524	127,133,192
FROM STORAGE	18,107,161	35,830,920	26,049,544	15,225,221	5,056,053	126,417	-	-	-	-	66,341	13,877,821	114,339,478
<b>NET NATURAL GAS STORAGE</b>	<b>18,107,161</b>	<b>35,830,920</b>	<b>26,049,544</b>	<b>15,225,221</b>	<b>(4,716,315)</b>	<b>(21,653,937)</b>	<b>(20,710,564)</b>	<b>(20,277,782)</b>	<b>(19,460,181)</b>	<b>(17,984,276)</b>	<b>(13,927,803)</b>	<b>10,724,297</b>	<b>(12,793,714)</b>
LNG TO STORAGE	-	-	-	-	2,735,200	5,117,232	4,860,432	5,014,029	4,933,736	4,735,767	4,931,833	3,580,452	35,908,681
FROM STORAGE	3,786,006	8,520,585	8,951,262	1,491,860	499,583	576,977	560,148	574,926	573,041	552,971	568,768	1,493,217	28,149,344
<b>NET LNG STORAGE</b>	<b>3,786,006</b>	<b>8,520,585</b>	<b>8,951,262</b>	<b>1,491,860</b>	<b>(2,235,617)</b>	<b>(4,540,255)</b>	<b>(4,300,284)</b>	<b>(4,439,104)</b>	<b>(4,360,695)</b>	<b>(4,182,796)</b>	<b>(4,363,065)</b>	<b>(2,087,236)</b>	<b>(7,759,337)</b>
<b>NET NATURAL GAS EXPENSE</b>	<b>85,640,479</b>	<b>98,275,516</b>	<b>91,547,694</b>	<b>71,306,497</b>	<b>39,410,274</b>	<b>23,140,004</b>	<b>16,386,213</b>	<b>16,646,817</b>	<b>16,422,530</b>	<b>17,513,974</b>	<b>30,357,063</b>	<b>55,283,415</b>	<b>561,930,474</b>
<b>APPLICABLE GCR EXPENSE</b>													
NET NATURAL GAS EXPENSE	85,640,479	98,275,516	91,547,694	71,306,497	39,410,274	23,140,004	16,386,213	16,646,817	16,422,530	17,513,974	30,357,063	55,283,415	561,930,474
PURCHASED ELECTRIC	55,125	145,425	102,375	90,300	75,600	78,750	21,000	92,400	102,375	84,083	84,083	84,083	1,013,599
<b>TOTAL APPLICABLE EXPENSE</b>	<b>85,695,604</b>	<b>98,420,941</b>	<b>91,650,069</b>	<b>71,396,797</b>	<b>39,485,874</b>	<b>23,218,754</b>	<b>16,407,213</b>	<b>16,739,217</b>	<b>16,524,905</b>	<b>17,598,056</b>	<b>30,441,147</b>	<b>55,367,498</b>	<b>562,946,073</b>
<b>TOTAL FIRM SALES</b>	<b>7,612,803</b>	<b>11,645,873</b>	<b>10,585,051</b>	<b>8,257,690</b>	<b>5,787,813</b>	<b>2,809,797</b>	<b>1,818,900</b>	<b>1,472,689</b>	<b>1,428,756</b>	<b>1,320,320</b>	<b>2,083,705</b>	<b>4,645,593</b>	<b>59,468,991</b>

**FISCAL YEAR 2004  
PHILADELPHIA GAS WORKS  
INTEREST CALCULATION**

	<u>06/01/2003</u>	<u>Split Month</u>	<u>09/01/2003</u>	<u>Split Month</u>	<u>12/01/2003</u>	<u>Split Month</u>	<u>03/01/2004</u>	<u>Split Month</u>	<u>06/01/2004</u>
SSC in Effect	\$ 8.6950	\$ 8.1696	\$ 7.6442	\$ 7.4070	\$ 7.1697	\$ 7.4014	\$ 7.6331	\$ 7.8992	\$ 8.1653
GAC in Effect	\$ (0.2537)	\$ 0.2822	\$ 0.3107	\$ 0.4302	\$ 0.5496	\$ 0.4655	\$ 0.3814	\$ 0.1878	\$ (0.0057)
IRC in Effect	\$ -	\$ (0.0440)	\$ (0.0879)	\$ (0.0880)	\$ (0.0880)	\$ (0.0886)	\$ (0.0891)	\$ (0.0894)	\$ (0.0897)
Total Effective	\$ 8.9487	\$ 8.4079	\$ 7.8670	\$ 7.7492	\$ 7.6313	\$ 7.7784	\$ 7.9254	\$ 7.9977	\$ 8.0699

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	INTEREST RATE (8)	TIME FACTOR (9)	INTEREST EXPENSE (10)=(7)*(8)*(9)	INTEREST ON REFUNDS 11	TOTAL	
						C FACTOR REVENUES BILLED (6)=(4)*(5)					OVER/ (UNDER) RECOVERY (7)=(6)-(1)	INTEREST (12)=(10 + 11)
	(\$)		(\$)	(\$)		(\$)			(\$)	(\$)	(\$)	
Sep-03	13,607,595	1,470,978	8.1696	12,017,302	0.9911	11,909,954	(1,697,641)	6%	18/12	(152,788)	3,900	(148,887)
Oct-03	22,345,181	2,027,591	7.6442	15,499,311	0.9085	14,081,443	(8,263,738)	6%	17/12	(702,418)	1,598	(700,820)
Nov-03	36,774,551	3,571,537	7.6442	27,301,543	1.0493	28,648,253	(8,126,298)	6%	16/12	(650,104)	-	(650,104)
Dec-03	64,001,989	7,477,425	7.4070	55,384,913	0.9987	55,311,538	(8,690,451)	6%	15/12	(651,784)	-	(651,784)
Jan-04	90,243,783	10,226,887	7.1697	73,323,712	1.0042	73,634,373	(16,609,410)	6%	14/12	(1,162,659)	5,436	(1,157,223)
Feb-04	65,244,992	11,511,584	7.1697	82,534,604	0.9960	82,204,930	16,959,938	6%	13/12	1,102,396	-	1,102,396
Mar-04	43,452,152	7,455,809	7.4014	55,183,425	0.9971	55,022,572	11,570,420	6%	12/12	694,225	-	694,225
Apr-04	29,789,004	5,610,211	7.6331	42,823,302	0.9957	42,640,530	12,851,526	6%	11/12	706,834	-	706,834
May-04	16,787,563	2,518,323	7.6331	19,222,611	0.9845	18,925,189	2,137,626	6%	10/12	106,881	-	106,881
Jun-04	15,121,152	1,593,978	7.8992	12,591,179	0.9890	12,453,264	(2,667,888)	6%	9/12	(120,055)	-	(120,055)
Jul-04	13,943,296	1,363,189	8.1653	11,130,895	0.9954	11,079,616	(2,863,680)	6%	8/12	(114,547)	-	(114,547)
Aug-04	14,961,168	<u>1,341,098</u>	8.1653	<u>10,950,515</u>	0.9875	<u>10,813,470</u>	<u>(4,147,698)</u>	6%	7/12	<u>(145,169)</u>	<u>121</u>	<u>(145,048)</u>
	426,272,426	56,168,610		417,963,311		416,725,133	(9,547,293)			(1,089,187)	11,055	(1,078,132)

(1) See Schedule 4(a)

**FISCAL YEAR 2004  
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-03	43,337	6%	18/12	3,900
Oct-03	18,797	6%	17/12	1,598
Nov-03	0	6%	16/12	0
Dec-03	0	6%	15/12	0
Jan-04	77,651	6%	14/12	5,436
Feb-04	0	6%	13/12	0
Mar-04	0	6%	12/12	0
Apr-04	0	6%	11/12	0
May-04	0	6%	10/12	0
Jun-04	0	6%	9/12	0
Jul-04	0	6%	8/12	0
Aug-04	<u>3,457</u>	6%	7/12	<u>121</u>
	<u>143,242</u>			<u>11,055</u>

GCR

STATEMENT OF RECONCILIATION

DECEMBER 2004 THROUGH NOVEMBER 2005

		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	\$	\$	\$	\$	\$	\$	\$	\$
NOVEMBER 2004 UNDER-COLLECTION										29,023,223	
TOTAL "E" FACTOR										<u>29,023,223</u>	
<u>2004-2005</u>											
DECEMBER	Estimated	85,695,604	7,612,803	0.1695	1,290,540	84,405,064	9.0971	69,254,432	(15,150,632)	(3,715,350)	(44,173,855)
JANUARY	Estimated	98,420,941	11,645,873	0.1695	1,974,236	96,446,705	9.8857	115,127,602	18,680,896	(5,683,648)	(25,492,958)
FEBRUARY	Estimated	91,650,069	10,585,051	0.1695	1,794,403	89,855,666	9.8857	104,640,635	14,784,968	(5,165,924)	(10,707,990)
MARCH	Estimated	71,396,797	8,257,690	0.1695	1,399,863	69,996,934	9.8857	81,633,041	11,636,106	(4,030,080)	928,116
APRIL	Estimated	39,485,874	5,787,813	0.1695	981,163	38,504,711	9.8857	57,216,591	18,711,880	(2,824,682)	19,639,997
MAY	Estimated	23,218,754	2,809,797	0.1695	476,323	22,742,431	9.8857	27,776,816	5,034,385	(1,371,292)	24,674,382
JUNE	Estimated	16,407,213	1,818,900	0.1695	308,344	16,098,869	9.8857	17,981,107	1,882,238	(887,695)	26,556,620
JULY	Estimated	16,739,217	1,472,689	0.1695	249,654	16,489,563	9.8857	14,558,563	(1,931,000)	(718,731)	24,625,620
AUGUST	Estimated	16,524,905	1,428,756	0.1695	242,206	16,282,699	9.8857	14,124,254	(2,168,445)	(697,290)	22,467,176
SEPTEMBER	Estimated	17,598,056	1,320,320	0.1695	223,824	17,374,232	9.8857	13,052,282	(4,321,950)	(644,368)	18,145,226
OCTOBER	Estimated	30,441,147	2,083,705	0.1695	353,235	30,087,912	9.8857	20,598,884	(9,489,028)	(1,016,931)	8,656,198
NOVEMBER	Estimated	<u>55,367,498</u>	<u>4,645,593</u>	0.1695	<u>787,532</u>	<u>54,579,966</u>	9.8857	<u>45,924,943</u>	<u>(8,655,023)</u>	<u>(2,267,233)</u>	<u>1,175</u>
TOTAL		562,946,073	59,468,991		10,081,323	552,864,750		581,889,149	29,024,398	(29,023,223)	1,175

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2004 THROUGH NOVEMBER 2004

		DEMAND CHARGES	COMMODITY CHARGES	NET COST OF FUEL	FIRM SALES	IRC FACTOR APPLIED	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													(30,000)
2003-2004 INTEREST													1,078
TOTAL "E" FACTOR													1,047,184
SEPTEMBER 2004	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)	0	(4,243,250)
OCTOBER	Estimated	5,880,524	21,180,034	27,060,558	1,953,082	0.1694	330,852	26,729,706	8.3085	16,227,183	(10,502,523)		(14,745,773)
NOVEMBER	Estimated	5,995,010	45,964,834	51,959,844	4,444,779	0.1694	752,946	51,206,898	8.3085	36,929,449	(14,277,449)		(29,023,223)

RECONCILIATION OF DEMAND CHARGES

		DEMAND CHARGES	FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	MONTHLY DEMAND OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
		1	2	3	4 = (2 * 3)	5 = (4 - 1)	6
		\$		\$	\$	\$	\$
SEPTEMBER 2004	Actual	5,553,786	1,313,917	1.1934	1,568,047	(3,985,739)	(3,985,739)
OCTOBER	Estimated	5,880,524	1,953,082	1.2108	2,364,792	(3,515,732)	(7,501,471)
NOVEMBER	Estimated	5,995,010	4,444,779	1.2108	5,381,738	(613,272)	(8,114,742)

## GCR

## FINALIZED STATEMENT OF RECONCILIATION

SEPTEMBER 2003 THROUGH AUGUST 2004

		NET COST OF FUEL	FIRM SALES	IRC FACTOR APPLIED	INTERRUPTIBLE REVENUE CREDIT	APPLICABLE EXPENSES	GCR FACTOR APPLIED	GCR REVENUE BILLED	OVER/(UNDER) RECOVERY	NATURAL GAS REFUNDS	CUMULATIVE OVER/(UNDER) RECOVERY
		1	2	3	4 = (2 * 3)	5 = (1 - 4)	6	7	8 = (7 - 5)	9	10
		\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2002-2003 UNDER-COLLECTION											12,303,351
2002-2003 INTEREST											<u>2,269,119</u>
TOTAL "E" FACTOR											14,572,474
 <u>2003-2004</u>											
SEPTEMBER	Actual	13,607,595	1,470,978	0.0879	63,107	13,544,488	8.3210	12,130,671	(1,413,817)	43,337	(15,942,954)
OCTOBER	Actual	22,345,181	2,027,591	0.0879	178,225	22,166,956	7.8670	14,491,864	(7,675,091)	18,797	(23,599,248)
NOVEMBER	Actual	36,774,551	3,571,537	0.0879	313,938	36,460,613	7.8670	29,483,243	(6,977,369)		(30,576,618)
DECEMBER	Actual	64,001,989	7,477,425	0.0880	657,640	63,344,349	7.7492	57,867,296	(5,477,053)		(36,053,671)
JANUARY	Actual	90,243,783	10,226,887	0.0880	899,966	89,343,817	7.6313	78,375,105	(10,968,712)	77,651	(46,944,731)
FEBRUARY	Actual	65,244,992	11,511,584	0.0880	1,013,019	64,231,973	7.6313	87,497,452	23,265,479		(23,679,252)
MARCH	Actual	43,452,152	7,455,809	0.0885	659,466	42,792,686	7.7784	57,825,219	15,032,533		(8,646,719)
APRIL	Actual	29,789,004	5,610,211	0.0889	498,748	29,290,256	7.9254	44,273,396	14,983,140		6,336,421
MAY	Actual	16,787,563	2,518,323	0.0889	223,879	16,563,684	7.9254	19,649,905	3,086,221		9,422,642
JUNE	Actual	15,121,152	1,593,978	0.0893	142,342	14,978,810	7.9976	12,608,366	(2,370,444)		7,052,198
JULY	Actual	13,943,296	1,363,189	0.0897	122,278	13,821,018	8.0699	10,950,119	(2,870,899)		4,181,299
AUGUST	Actual	<u>14,961,168</u>	<u>1,341,098</u>	0.0897	<u>120,296</u>	<u>14,840,872</u>	8.0699	<u>10,687,084</u>	<u>(4,153,788)</u>	<u>3,457</u>	<u>30,968</u>
TOTAL		426,272,426	56,168,610		4,892,906	421,379,521		435,839,720	14,460,199	143,242	30,968

**CALCULATION OF RECOVERED CHARGES**

**1st QUARTER FILING**

**DECEMBER 2004 - NOVEMBER 2005**

	<u>50% of December</u>	<u>11.5 Months</u>	<u>Total</u>
			(MCF) (\$)
Firm Sales (MCF)	3,806,402	55,662,590	59,468,991
GCR (\$/Mcf)	\$ 8.3085	\$ 9.8857	
<b>Total Projected Recovery</b>	<b>\$ 31,625,488</b>	<b>\$ 550,263,661</b>	<b>\$ 581,889,149</b>

## Change In Rates 1st Quarter GCR Filing

### Distribution Charge Rates Effective December 1, 2004

	<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 &amp; Consumer Education</u>	<u>Universal Service &amp; Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0555	\$1.5369	\$1.5924	\$5.8048
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0555	\$1.5369	\$1.5924	\$5.8980
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0555	\$1.5369	\$1.5924	\$5.8953
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0555	\$1.5369	\$1.5924	\$5.8876
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0555	\$1.5369	\$1.5924	\$4.7394

### Rates Effective December 1, 2004 \*

	<u>Previous Distribution Charge</u> (1)	<u>Previous GCR</u> (2)	<u>Previous Commodity Rate</u> (3)=(1)+(2)	<u>Current Distribution Charge</u> (4)	<u>Current GCR</u> (5)	<u>Current Commodity Rate</u> (6)=(4)+(5)	<u>Increase</u> (7)=(6)-(3)
Residential GS/PHAGS	\$5.7908	\$8.3085	\$14.0993	\$5.8048	\$9.8857	\$15.6905	\$1.5912
Commercial GS/MUNGS	\$5.8840	\$8.3085	\$14.1925	\$5.8980	\$9.8857	\$15.7837	\$1.5912
Industrial GS	\$5.8813	\$8.3085	\$14.1898	\$5.8953	\$9.8857	\$15.7810	\$1.5912
Phila.Housing Authority (PHA)	\$5.8736	\$8.3085	\$14.1821	\$5.8876	\$9.8857	\$15.7733	\$1.5912
Municipal (MS)	\$4.7254	\$8.3085	\$13.0339	\$4.7394	\$9.8857	\$14.6251	\$1.5912

\* Excludes Customer Charge

**Philadelphia Gas Works  
December 1, 2004**

**UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE**

	<u>Expenses in the Surcharge</u>
Conservation Works Program (CWP)	\$ 2,000,000
Customer Responsibility Program (CRP) Discount	\$ 68,111,249
Senior Citizen Discount	\$ 17,437,388 *
November 2004 Under Collection	<u>\$ 2,124,192</u>
Total \$ to be Recovered	\$ 89,672,829
Applicable Sales Volume	Mcf 58,347,299
<b>Universal Service &amp; Energy Conservation Surcharge</b>	<b>\$ 1.5369</b>

\* 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 \$19,160,292.

**STATEMENT OF RECONCILIATION**

**UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE**

**SEPTEMBER 2004 THROUGH NOVEMBER 2004**

	<u>Month</u>		<u>Applicable Sales</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>
<b>FY 04 Reconciliation</b>								(\$9,808,162)
	September 2004	Actual	1,294,068	\$ 1.5679	\$ 2,028,969	\$ (716,421)	\$ 2,745,390	(\$7,062,772)
	October	Estimated	1,922,914	\$ 1.5229	\$ 2,928,406	\$ 647,691	\$ 2,280,715	(\$4,782,057)
	November	Estimated	<u>4,364,156</u>	\$ 1.5229	<u>\$ 6,646,173</u>	<u>\$ 3,988,308</u>	<u>\$ 2,657,865</u>	<u>(\$2,124,192)</u>
<b>Total</b>			7,581,138		\$ 11,603,548	\$ 3,919,578	\$ 7,683,970	(\$2,124,192)

<u>USC Expenses</u>	<u>Sep-04</u>	<u>Oct-04</u>	<u>Nov-04</u>
Conservation Works	\$ 4,779	\$ 181,384	\$ 181,384
CRP Discount	\$ (1,362,859)	\$ (418,183)	\$ 2,228,439
CRP Forgiveness	\$ 221,935	\$ 320,000	\$ 300,000
Senior Citizen Discount	\$ 419,724	\$ 564,490	\$ 1,278,485
	<u>\$ (716,421)</u>	<u>\$ 647,691</u>	<u>\$ 3,988,308</u>

**FINALIZED STATEMENT OF RECONCILIATION**

**UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE**

**SEPTEMBER 2003 THROUGH AUGUST 2004**

<u>Month</u>	<u>Applicable Sales</u>	<u>USC Charge</u>	<u>USC Revenue Billed</u>	<u>USC Expenses</u>	<u>Over/(Under) Recovery</u>
September 2003 * Actual	706,355	\$ 1,2564	\$ 887,464	\$ (335,878)	\$ 1,223,342
October Actual	1,987,537	\$ 1,2564	\$ 2,497,141	\$ 401,979	\$ 2,095,162
November Actual	3,486,424	\$ 1,2564	\$ 4,380,343	\$ 4,256,840	\$ 123,503
December Actual	7,301,035	\$ 1,1665	\$ 8,516,292	\$ 9,396,535	\$ (880,243)
January 2004 Actual	9,985,606	\$ 1,0765	\$ 10,749,505	\$ 16,151,272	\$ (5,401,767)
February Actual	11,242,980	\$ 1,0765	\$ 12,103,068	\$ 18,460,024	\$ (6,356,956)
March Actual	7,287,111	\$ 1,0951	\$ 7,979,751	\$ 13,368,107	\$ (5,388,356)
April Actual	5,487,573	\$ 1,1136	\$ 6,110,961	\$ 9,313,503	\$ (3,202,542)
May Actual	2,470,256	\$ 1,1136	\$ 2,750,877	\$ 2,300,739	\$ 450,138
June Actual	1,569,243	\$ 1,3633	\$ 2,139,271	\$ (259,016)	\$ 2,398,287
July Actual	1,342,299	\$ 1,6129	\$ 2,164,994	\$ (522,202)	\$ 2,687,196
August Actual	1,321,784	\$ 1,6129	\$ 2,131,905	\$ (312,168)	\$ 2,444,073
	54,188,203		62,411,573	72,219,735	(9,808,162)

<u>USC Expenses</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Jan-04</u>	<u>Feb-04</u>	<u>Mar-04</u>	<u>Apr-04</u>	<u>May-04</u>	<u>Jun-04</u>	<u>Jul-04</u>	<u>Aug-04</u>	<u>Total</u>
Conservation Works	\$ 2,860	\$ 120,644	\$ 5,362	\$ 125,670	\$ 112,527	\$ 73,886	\$ 182,643	\$ 164,844	\$ 77,761	\$ 282,288	\$ 268,098	\$ 654,359	\$ 2,070,942
CRP Discount	\$ (668,789)	\$ (491,831)	\$ 2,759,826	\$ 6,600,803	\$ 12,528,441	\$ 14,619,116	\$ 10,446,475	\$ 7,070,783	\$ 1,040,925	\$ (1,413,924)	\$ (1,614,017)	\$ (1,576,065)	\$ 49,301,743
CRP Forgiveness	\$ -	\$ 84,577	\$ 130,083	\$ 166,570	\$ 211,450	\$ 230,864	\$ 295,701	\$ 294,465	\$ 345,209	\$ 371,873	\$ 384,299	\$ 194,335	\$ 2,709,426
Senior Citizen Discount	\$ 330,051	\$ 688,589	\$ 1,361,569	\$ 2,503,492	\$ 3,298,854	\$ 3,536,158	\$ 2,443,288	\$ 1,783,411	\$ 836,844	\$ 500,747	\$ 439,418	\$ 415,203	\$ 18,137,624
	\$ (335,878)	\$ 401,979	\$ 4,256,840	\$ 9,396,535	\$ 16,151,272	\$ 18,460,024	\$ 13,368,107	\$ 9,313,503	\$ 2,300,739	\$ (259,016)	\$ (522,202)	\$ (312,168)	\$ 72,219,735

\*September's applicable sales includes only the portion of applicable sales billed in September that were charged the USC Surcharge.  
USC Expenses represent the USC expenses applicable to those sales.

## Natural Gas Prices Used In PGW's 1st Quarter GCR Filing

December 1, 2004

	GLOBAL INSIGHT(GI) PRICES										Basis Differentials								NYMEX Futures 10/28/04 Close	Prices Used For Gas Cost Inputs																				
	Transco			TETCO							Nov. 2004 Henry Hub	Transco			TETCO					ACTUAL	Transco			TETCO																
	Sta.30	Sta.45	Sta.65	ELA	WLA	ETX	STX	Average ELA/ETX	M-1	Sta.30		Sta.45	Sta.65	ELA	WLA	ETX	STX	Average ELA/ETX			M-1	Sta.30	Sta.45	Sta.65	ELA	WLA	ETX	STX	ELA/ETX	M-1										
2004:11																																								
2004:12	7.51	7.57	7.62	7.57	7.54	7.42	7.42	7.50	7.67	7.61	(0.10)	(0.04)	0.01	(0.04)	(0.07)	(0.19)	(0.19)	(0.12)	0.06	8.684	NYMEX	7.53	7.56	7.62	7.69	7.63	7.45	7.47	7.57	7.74										
2005:1	8.08	8.12	8.19	8.15	8.10	7.96	7.99	8.06	8.25	8.19	(0.11)	(0.07)	-	(0.04)	(0.09)	(0.23)	(0.20)	(0.14)	0.06	9.317	NYMEX	9.21	9.25	9.32	9.28	9.23	9.09	9.12	9.18	9.38										
2005:2	6.88	6.92	6.99	6.95	6.91	6.78	6.80	6.87	7.05	6.99	(0.11)	(0.07)	-	(0.04)	(0.08)	(0.21)	(0.19)	(0.13)	0.06	9.352	NYMEX	9.24	9.28	9.35	9.31	9.27	9.14	9.16	9.23	9.41										
2005:3	6.76	6.78	6.85	6.79	6.76	6.66	6.69	6.73	6.88	6.84	(0.08)	(0.06)	0.01	(0.05)	(0.08)	(0.18)	(0.15)	(0.12)	0.04	8.872	GI/ NYMEX	7.78	7.80	7.87	7.81	7.78	7.68	7.71	7.74	7.74										
2005:4	6.11	6.12	6.19	6.12	6.10	6.02	6.06	6.07	6.20	6.18	(0.07)	(0.06)	0.01	(0.06)	(0.08)	(0.16)	(0.12)	(0.11)	0.02	7.472	GI/ NYMEX	6.76	6.77	6.84	6.77	6.75	6.67	6.71	6.72	6.67										
2005:5	6.13	6.14	6.20	6.12	6.12	6.04	6.09	6.08	6.20	6.19	(0.06)	(0.05)	0.01	(0.07)	(0.07)	(0.15)	(0.10)	(0.11)	0.01	7.122	GI/ NYMEX	6.60	6.61	6.67	6.59	6.59	6.51	6.56	6.55	6.67										
2005:6	5.86	5.88	5.93	5.86	5.85	5.78	5.80	5.82	5.94	5.92	(0.06)	(0.04)	0.01	(0.06)	(0.07)	(0.14)	(0.12)	(0.10)	0.02	7.144	GI/ NYMEX	6.47	6.49	6.54	6.47	6.46	6.39	6.41	6.43	6.55										
2005:7	5.79	5.82	5.87	5.79	5.78	5.71	5.72	5.75	5.88	5.85	(0.06)	(0.03)	0.02	(0.06)	(0.07)	(0.14)	(0.13)	(0.10)	0.03	7.172	GI/ NYMEX	6.45	6.48	6.53	6.45	6.44	6.37	6.38	6.41	6.54										
2005:8	5.57	5.60	5.65	5.57	5.56	5.50	5.51	5.54	5.65	5.64	(0.07)	(0.04)	0.01	(0.07)	(0.08)	(0.14)	(0.13)	(0.11)	0.01	7.192	GI/ NYMEX	6.35	6.38	6.43	6.35	6.34	6.28	6.29	6.31	6.43										
2005:9	5.51	5.53	5.58	5.50	5.50	5.44	5.46	5.47	5.58	5.57	(0.06)	(0.04)	0.01	(0.07)	(0.07)	(0.13)	(0.11)	(0.10)	0.01	7.157	GI/ NYMEX	6.30	6.32	6.37	6.29	6.29	6.23	6.25	6.26	6.37										
2005:10	5.58	5.60	5.65	5.57	5.57	5.50	5.52	5.54	5.65	5.64	(0.06)	(0.04)	0.01	(0.07)	(0.07)	(0.14)	(0.12)	(0.11)	0.01	7.187	GI/ NYMEX	6.35	6.37	6.42	6.34	6.34	6.27	6.29	6.31	6.42										
2005:11	6.14	6.17	6.23	6.16	6.14	6.05	6.07	6.11	6.25	6.21	(0.07)	(0.04)	0.02	(0.05)	(0.07)	(0.16)	(0.14)	(0.11)	0.04	7.622	GI/ NYMEX	6.80	6.83	6.89	6.82	6.80	6.71	6.73	6.76	6.91										

**Actual Natural Gas Billed**

	<u>Jul-04</u>	<u>Aug-04</u>	<u>Sep-04</u>
Williams	\$ 2,057,920	\$ 2,024,920	\$ 2,123,873
Texas Eastern	\$ 2,699,526	\$ 2,552,130	\$ 2,570,235
Dominion	\$ 135,010	\$ 69,586	\$ 132,512
Equitrans	\$ 34,540	\$ 34,540	\$ 43,698
Spot Purchases -Transco			
Spot Purchases -Tetco		\$ 771	
Transco Supply1	\$ 3,600		
Transco Supply2	\$ 8,573,006	\$ 4,635,744	\$ 3,320,864
Transco Supply7		\$ 1,434,375	
Transco Supply8	\$ 266,250	\$ 1,890,380	\$ 3,931,275
Transco Supply9	\$ 365,488	\$ 364,089	\$ 352,263
Transco Supply11	\$ 2,234,325	\$ 2,837,895	\$ 2,541,648
Transco Supply15	\$ 1,049,040	\$ 1,029,504	\$ 426,240
Tetco Supply1	\$ 1,723,600	\$ 1,893,480	\$ 1,769,250
Tetco Supply2	\$ 74,633	\$ 74,633	\$ 74,633
Tetco Supply8	\$ 3,619,405	\$ 4,625,355	\$ 4,327,650
Tetco Supply14	\$ 1,689,500	\$ 1,859,380	\$ 1,736,250
SubTotal Costs	\$ 24,525,843	\$ 25,326,784	\$ 23,350,392
Lng Supply1	\$ -	\$ -	\$ 89,602
Total Costs	\$ 24,525,843	\$ 25,326,784	\$ 23,439,994
Deferred Gas Payment	\$ 7,675,177	\$ 7,430,138	\$ 6,600,159
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation	\$ 4,823	\$ 3,630	\$ 87
Adjustment/Reconciliation	\$ 52,051	\$ (145,460)	\$ 301,029
Total Natural Gas Billed	\$ 32,257,894	\$ 32,615,092	\$ 30,341,269

**Philadelphia Gas Works  
Summary of Fuels Purchased  
Three Months Ending September 2004**

	<u>Actual</u>					<u>Projected 4th Qtr Filing Jul-04</u>	<u>Projected 4th Qtr Filing Aug-04</u>	<u>Projected 4th Qtr Filing Sep-04</u>	<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Jul-04</u>	<u>Aug-04</u>	<u>Sep-04</u>	<u>Total</u>						<u>Jul-04</u>	<u>Aug-04</u>	<u>Sep-04</u>	<u>Total</u>
Total Natural Gas Billed	\$ 32,257,894	\$ 32,615,092	\$ 30,341,269	\$ 95,214,255	\$ 31,634,536	\$ 36,203,910	\$ 35,731,379	\$ 103,569,825	\$ 623,358	\$ (3,588,818)	\$ (5,390,110)	\$ (8,355,570)	
Less Interruptible Credit Gas Used For Utility	\$ 2,092,979	\$ 1,273,011	\$ 1,564,464	\$ 4,930,454	\$ 1,331,835	\$ 1,486,898	\$ 1,460,704	\$ 4,279,437	\$ 761,144	\$ (213,887)	\$ 103,760	\$ 651,017	
	\$ 36,787	\$ 35,680	\$ 34,539	\$ 107,006	\$ 31,595	\$ 37,521	\$ 33,882	\$ 102,998	\$ 5,192	\$ (1,841)	\$ 657	\$ 4,008	
	30,128,128	31,306,401	28,742,266	90,176,795	30,271,106	34,679,491	34,236,793	99,187,390	(142,978)	(3,373,090)	(5,494,527)	(9,010,595)	
<u>Pipeline Storages</u>													
(To)	\$ (13,927,810)	\$ (14,446,630)	\$ (12,623,433)	\$ (40,997,873)	\$ (14,712,293)	\$ (15,186,358)	\$ (14,192,667)	\$ (44,091,318)	\$ 784,483	\$ 739,728	\$ 1,569,234	\$ 3,093,445	
From	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Pipeline Storages	\$ (13,927,810)	\$ (14,446,630)	\$ (12,623,433)	\$ (40,997,873)	\$ (14,712,293)	\$ (15,186,358)	\$ (14,192,667)	\$ (44,091,318)	\$ 784,483	\$ 739,728	\$ 1,569,234	\$ 3,093,445	
<u>LNG Storage</u>													
(To)	\$ (2,713,220)	\$ (2,414,595)	\$ (2,351,850)	\$ (7,479,665)	\$ (2,467,639)	\$ (4,665,874)	\$ (4,404,675)	\$ (11,538,188)	\$ (245,581)	\$ 2,251,279	\$ 2,052,825	\$ 4,058,523	
From	\$ 388,783	\$ 439,292	\$ 457,450	\$ 1,285,525	\$ 445,966	\$ 456,944	\$ 461,248	\$ 1,364,158	\$ (57,183)	\$ (17,652)	\$ (3,798)	\$ (78,633)	
Net LNG Storage	\$ (2,324,437)	\$ (1,975,303)	\$ (1,894,400)	\$ (6,194,140)	\$ (2,021,673)	\$ (4,208,930)	\$ (3,943,427)	\$ (10,174,030)	\$ (302,764)	\$ 2,233,627	\$ 2,049,027	\$ 3,979,890	
Net Natural Gas	\$ 13,875,880	\$ 14,884,468	\$ 14,224,433	\$ 42,984,781	\$ 13,537,140	\$ 15,284,203	\$ 16,100,599	\$ 44,922,042	\$ 338,740	\$ (399,735)	\$ (1,876,266)	\$ (1,937,261)	
<u>APPLICABLE GCR EXPENSES</u>													
Net Natural Gas Expense	\$ 13,875,880	\$ 14,884,468	\$ 14,224,433	\$ 42,984,781	\$ 13,537,140	\$ 15,284,203	\$ 16,100,699	\$ 44,922,042	\$ 338,740	\$ (399,735)	\$ (1,876,266)	\$ (1,937,261)	
Electric	\$ 67,415	\$ 76,700	\$ 81,647	\$ 225,762	\$ 91,432	\$ 101,303	\$ 87,500	\$ 280,235	\$ (24,017)	\$ (24,603)	\$ (5,853)	\$ (54,473)	
Non Fuel Expense:													
Total GCR Expenses	\$ 13,943,295	\$ 14,961,168	\$ 14,306,080	\$ 43,210,543	\$ 13,628,573	\$ 15,385,506	\$ 16,188,199	\$ 45,202,278	\$ 314,722	\$ (424,338)	\$ (1,882,119)	\$ (1,991,735)	

**PHILADELPHIA GAS WORKS**  
**GAS SERVICE TARIFF**



**DOCKETED**  
SEP 13 2005

**DOCUMENT  
FOLDER**

Issued by: Thomas Knudsen  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

List of Changes Made by this Tariff

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

In the definition of "GAC," the "GAC" value effective December 1, 2004 increases from \$(0.00164) per Ccf to \$0.04880 per Ccf.

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

The Gas Cost Rate (GCR) effective December 1, 2004 increases from \$0. 83085 per Ccf to \$0.98857 per Ccf.

**UNIVERSAL SERVICE CHARGE (PAGE No. 81)**

The Universal Services Charge effective December 1, 2004 increases from \$0.15229 per Ccf to \$0.15369 per Ccf.

**GENERAL SERVICE – RATE GS (Page No. 83)**

The GCR for Residential, Commercial, and Industrial Services increases from \$0.83085 per Ccf to \$0.98857 per Ccf, effective December 1, 2004.

**MUNICIPAL SERVICE – RATE MS (Page No. 87)**

The GCR for Municipal Service increases from \$0.83085 per Ccf to \$0.98857 per Ccf, effective December 1, 2004.

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

The GCR for Philadelphia Housing Authority Service increases from \$0.83085 per Ccf to \$0.98857 per Ccf, effective December 1, 2004.

TABLE OF CONTENTS

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

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Sixth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	72
Migration/Reverse Migration Rider _____	75
Exit Fee Rider _____	77
Restructuring and Consumer Education Surcharge _____	First Revised 79
Universal Services Surcharge _____	Sixth Revised 81
General Service - Rate GS _____	Sixth Revised 83
Municipal Service - Rate MS _____	Sixth Revised 87
Philadelphia Housing Authority Service -Rate PHA _____	Sixth Revised 90
Boiler and Power Plant Service – Rate BPS _____	93
Load Balancing Service – RATE LBS _____	97
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
WEATHER NORMALIZATION ADJUSTMENT CLAUSE _____	149

**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").

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."

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 \$0.04880 per Ccf, for service on or after December 1, 2004. (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.

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).

(I) - Increase

PHILADELPHIA GAS WORKS

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 \$0.98857 per Ccf, for service on or after December 1, 2004. (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

## 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 = \$ 0.15369/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 December 1, 2004.

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):

\$0.98857 per Ccf for Residential and Public Housing (I)  
\$0.98857 per Ccf for Commercial and Municipal Customers (I)  
\$0.98857 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 December 1, 2004.

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):

\$0.98857 per Ccf

(I)

Plus,

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

(A) Delivery Charge:

\$0.31470 per Ccf

(B) Surcharges:

The 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 December 1, 2004.

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):

\$0.98857 per Ccf

(I)

Plus

DISTRIBUTION CHARGE:

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

(A) Delivery Charge:

\$0.42952 per Ccf

(B) Surcharges:

The 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 increases from \$53.9102 per design day Mcf to \$57.8627 per design day Mcf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Sixth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left Blank for Future Use _____	8
Definitions _____	10
<b><u>RULES and REGULATIONS:</u></b>	
1. The Supplier Tariff _____	14
2. Availability _____	16
3. Character of Service _____	18
4. Supplier Qualification _____	20
5. Customer List _____	23
6. Supplier Selection Procedures _____	25
7. Supplier Obligations _____	29
8. Operational Requirements _____	33
9. Special Provisions _____	37
10. Nomination Procedure _____	44
11. Financial Security _____	46
12. Supplier Billing and Payment _____	48
13. Supplier Exit Procedures _____	54
14. Breach of Obligations _____	57
15. Standards of Conduct _____	60

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 \$ 57.8627 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. (l)

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.

(l) - Increase

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA FIRST CLASS MAIL**

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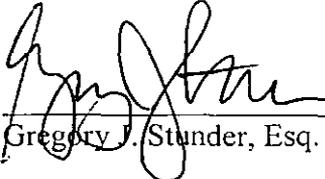
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Gregory J. Stunder, Esq.

Date: November 29, 2004

RECEIVED

NOV 29 2004

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Philadelphia Gas Works**

Gregory J. Stunder  
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 684-6878 – Fax (215) 684-6798  
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February 28, 2005

VIA EXPRESS MAIL

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

RECEIVED

MAR 01 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

DOCUMENT  
FOLDER

Dear Secretary McNulty:

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

If you have any questions, please contact me.

Respectfully submitted,

Gregory J. Stunder

Enclosures

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

### Statement

Known per dekatherm natural gas prices are used through the month of January 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 February 2005 through May 2005 are based on the NYMEX Futures Closing Prices of 1-14-05. For the period of June 2005 through February 2006, the average price of the NYMEX Futures Closing Prices of 1-14-05 and the January 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 \$490,618,630 with Firm Sales of 59,565,625 Mcf. The GCR in effect in this filing is **\$8.1122** per Mcf.

**MARCH 1, 2005**

**2<sup>nd</sup> QUARTER GCR FILING**

**TABLE OF CONTENTS**

Levelized Gas Cost.....	Schedule 1
Sales.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
FY 2004 Interest Calculation (Revised).....	Schedule 4
GCR Statement of Reconciliation – March 2005 Through February 2006.....	Schedule 5
GCR Statement of Reconciliation – September 2004 Through February 2005....	Schedule 6
GCR Finalized Statement of Reconciliation - Fiscal Year 2003-2004 (Revised)...	Schedule 7
Calculation of Recovered Charges.....	Schedule 8
Changes in Rates.....	Schedule 9
Universal Service & Energy Conservation Surcharge (USC).....	Schedule 10
FY 05 USC - Statement of Reconciliation.....	Schedule 11
Natural Gas Prices .....	Schedule 12
Actual Natural Gas Billed .....	Schedule 13
Summary of Fuels Purchased .....	Schedule 14

## Philadelphia Gas Works

## Levelized Gas Cost Rate

2nd Quarter Filing March 1, 2005

Formula:

$$\text{GCR} = \text{SSC} + \text{GAC} - \text{IRC}$$

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales Volume (Mcf)			59,565,625	(Schedule 2)
<hr/>				
Net Natural Gas Expense	\$ 75,441,420	\$ 439,384,438	\$ 514,825,858	
Purchased Electric Expense	\$	\$ 1,009,000	\$ 1,009,000	
C = Total Applicable GCR Expense	\$ 75,441,420	\$ 440,393,438	\$ 515,834,858	(Schedule 3)
<hr/>				
SSC = C / S	\$ 1.2665	\$ 7.3934	\$ 8.6599	
<hr/>				
Adjustment For:				
Prior Reconciliation	\$ (7,442,486)	\$ (7,692,419)	\$ (15,134,905)	(Schedule 6)
E = Adjustments to GCR Expenses	\$ (7,442,486)	\$ (7,692,419)	\$ (15,134,905)	
<hr/>				
GAC = E / S	\$ (0.1250)	\$ (0.1291)	\$ (0.2541)	
<hr/>				
Interruptible Revenue Credit			\$ 10,081,323	(Schedule 5)
<hr/>				
IRC = Interruptible Revenue Credit / S			\$ 0.1692	
<hr/>				
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 490,618,630	
<hr/>				
<u>GCR = SSC + GAC - IRC</u>			\$ 8.2366	
<hr/>				
SSC in effect 03/01/05	\$ 1.2474	\$ 7.2818	\$ 8.5292	
GAC in effect 03/01/05	\$ (0.1231)	\$ (0.1272)	\$ (0.2503)	
IRC in effect 03/01/05			\$ (0.1667)	
GCR in effect 03/01/05			\$ 8.1122	(Schedule 8)
<hr/>				
Recovery Test on:				
Firm Sales Volume (Mcf)			59,565,625	
= Total Projected Recovery			\$ 490,617,818	(Schedule 8)
Compared To				
Net Applicable GCR Expenses			\$ 490,618,630	
= Net Over/(Under) Recovery			\$ (812)	(Schedule 5)
<hr/>				
Degree Days			4,555	

SalesMarch 2005 through February 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>
MARCH 2005	8,740,738	384,883	8,355,855	162,988	8,192,867
APRIL	6,119,132	261,267	5,857,865	114,196	5,743,669
MAY	3,018,482	176,124	2,842,358	50,776	2,791,582
JUNE	1,979,355	135,861	1,843,494	26,662	1,816,832
JULY	1,629,424	141,579	1,487,846	20,857	1,466,989
AUGUST	1,590,903	147,339	1,443,564	20,318	1,423,246
SEPTEMBER	1,448,269	138,944	1,309,325	18,490	1,290,835
OCTOBER	2,271,316	202,403	2,068,913	30,849	2,038,064
NOVEMBER	4,897,287	289,647	4,607,640	81,291	4,526,349
DECEMBER	8,009,017	395,908	7,613,109	141,326	7,471,783
JANUARY 2006	12,008,156	399,006	11,609,151	225,114	11,384,037
FEBRUARY	<u>10,868,871</u>	<u>342,366</u>	<u>10,526,505</u>	<u>204,713</u>	<u>10,321,792</u>
TOTAL	<u>62,580,950</u>	<u>3,015,325</u>	<u>59,565,625</u>	<u>1,097,580</u>	<u>58,468,045</u>

**PROJECTED APPLICABLE FUEL EXPENSE  
SUMMARY  
MARCH 2005 - FEBRUARY 2006**

	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>TOTAL</u>
<b>NATURAL GAS BILLED</b>													
DEMAND CHARGE	6,190,877	6,453,915	5,993,037	5,984,041	6,023,384	6,008,251	6,086,134	6,100,487	6,418,507	6,629,996	6,793,620	6,759,171	75,441,420
COMMODITY CHARGE	35,538,762	39,698,344	42,033,485	32,693,709	32,683,780	28,527,651	27,843,799	31,152,327	47,046,108	57,416,111	49,737,803	42,480,375	466,852,254
<b>TOTAL NATURAL GAS BILLED</b>	<b>41,729,639</b>	<b>46,152,259</b>	<b>48,026,522</b>	<b>38,677,750</b>	<b>38,707,164</b>	<b>34,535,902</b>	<b>33,929,933</b>	<b>37,252,814</b>	<b>53,464,615</b>	<b>64,046,107</b>	<b>56,531,423</b>	<b>49,239,546</b>	<b>542,293,674</b>
<b>INTERRUPTIBLE CREDIT</b>	<b>(2,754,713)</b>	<b>(1,852,791)</b>	<b>(1,195,004)</b>	<b>(846,324)</b>	<b>(880,432)</b>	<b>(902,788)</b>	<b>(894,863)</b>	<b>(1,353,479)</b>	<b>(2,133,745)</b>	<b>(3,068,297)</b>	<b>(3,063,975)</b>	<b>(2,518,087)</b>	<b>(21,464,498)</b>
SENDOUT VOLUME IN MCF	400,088	271,717	183,280	141,442	147,395	153,396	144,631	210,607	301,328	411,833	415,548	356,556	3,137,822
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	6.633	6.569	6.281	5.765	5.755	5.670	5.961	6.191	6.822	7.178	7.103	6.804	
<b>GAS USED FOR UTILITY</b>	<b>(101,515)</b>	<b>(71,441)</b>	<b>(47,019)</b>	<b>(34,281)</b>	<b>(34,222)</b>	<b>(33,718)</b>	<b>(37,942)</b>	<b>(53,809)</b>	<b>(79,736)</b>	<b>(108,177)</b>	<b>(119,195)</b>	<b>(102,322)</b>	<b>(823,376)</b>
<b>NATURAL GAS TO STORAGE FROM STORAGE</b>	<b>-</b>	<b>9,080,370</b>	<b>20,583,701</b>	<b>18,680,327</b>	<b>18,294,337</b>	<b>17,144,041</b>	<b>16,601,384</b>	<b>7,832,489</b>	<b>4,849,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,066,621</b>
	22,524,887	3,552,433	106,813	-	-	-	-	-	5,325,903	17,372,914	37,621,478	28,187,081	114,691,509
<b>NET NATURAL GAS STORAGE</b>	<b>22,524,887</b>	<b>(5,527,937)</b>	<b>(20,476,888)</b>	<b>(18,680,327)</b>	<b>(18,294,337)</b>	<b>(17,144,041)</b>	<b>(16,601,384)</b>	<b>(7,832,489)</b>	<b>475,931</b>	<b>17,372,914</b>	<b>37,621,478</b>	<b>28,187,081</b>	<b>1,624,888</b>
<b>LNG TO STORAGE FROM STORAGE</b>	<b>-</b>	<b>1,654,654</b>	<b>4,830,534</b>	<b>4,400,165</b>	<b>4,528,904</b>	<b>1,929,969</b>	<b>500,731</b>	<b>379,310</b>	<b>383,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,607,901</b>
	590,138	470,975	491,609	487,802	505,421	506,174	488,946.0	505,479.3	689,780.7	1,701,717.0	3,129,315.0	2,235,714.0	11,803,071
<b>NET LNG STORAGE</b>	<b>590,138</b>	<b>(1,183,678)</b>	<b>(4,338,925)</b>	<b>(3,912,362)</b>	<b>(4,023,483)</b>	<b>(1,423,796)</b>	<b>(11,785)</b>	<b>126,170</b>	<b>306,147</b>	<b>1,701,717</b>	<b>3,129,315</b>	<b>2,235,714</b>	<b>(6,804,830)</b>
<b>NET NATURAL GAS EXPENSE</b>	<b>61,988,437</b>	<b>37,516,412</b>	<b>21,968,685.7</b>	<b>15,204,455.7</b>	<b>15,474,690</b>	<b>15,031,559</b>	<b>16,383,959.7</b>	<b>28,139,207</b>	<b>52,033,211</b>	<b>79,944,264</b>	<b>94,099,047</b>	<b>77,041,932</b>	<b>514,825,858</b>
<b>APPLICABLE GCR EXPENSE</b>													
NET NATURAL GAS EXPENSE	61,988,437	37,516,412	21,968,686	15,204,456	15,474,689	15,031,559	16,383,960	28,139,207	52,033,211	79,944,264	94,099,047	77,041,932	514,825,858
PURCHASED ELECTRIC	90,300	75,600	78,750	21,000	92,400	102,375	82,100	96,200	88,700	89,600	89,600	102,375	1,009,000
<b>TOTAL APPLICABLE EXPENSES</b>	<b>62,078,737</b>	<b>37,592,012</b>	<b>22,047,436</b>	<b>15,225,456</b>	<b>15,567,089</b>	<b>15,133,934</b>	<b>16,466,060</b>	<b>28,235,407</b>	<b>52,121,911</b>	<b>80,033,864</b>	<b>94,188,647</b>	<b>77,144,307</b>	<b>515,834,858</b>
<b>TOTAL FIRM SALES</b>	<b>8,355,855</b>	<b>5,857,865</b>	<b>2,842,358</b>	<b>1,843,494</b>	<b>1,487,846</b>	<b>1,443,564</b>	<b>1,309,325</b>	<b>2,068,913</b>	<b>4,607,640</b>	<b>7,613,109</b>	<b>11,609,151</b>	<b>10,526,505</b>	<b>59,565,625</b>

**FISCAL YEAR 2004  
PHILADELPHIA GAS WORKS  
INTEREST CALCULATION**

	<u>06/01/2003</u>	<u>Split Month</u>	<u>09/01/2003</u>	<u>Split Month</u>	<u>12/01/2003</u>	<u>Split Month</u>	<u>03/01/2004</u>	<u>Split Month</u>	<u>06/01/2004</u>
SSC in Effect	\$ 8.6950	\$ 8.1696	\$ 7.6442	\$ 7.4070	\$ 7.1697	\$ 7.4014	\$ 7.6331	\$ 7.8992	\$ 8.1653
GAC in Effect	\$ (0.2537)	\$ 0.2822	\$ 0.3107	\$ 0.4302	\$ 0.5496	\$ 0.4655	\$ 0.3814	\$ 0.1878	\$ (0.0057)
IRC in Effect	\$ -	\$ (0.0440)	\$ (0.0879)	\$ (0.0880)	\$ (0.0880)	\$ (0.0886)	\$ (0.0891)	\$ (0.0894)	\$ (0.0897)
<b>Total Effective</b>	<b>\$ 8.9487</b>	<b>\$ 8.4079</b>	<b>\$ 7.8670</b>	<b>\$ 7.7492</b>	<b>\$ 7.6313</b>	<b>\$ 7.7784</b>	<b>\$ 7.9254</b>	<b>\$ 7.9977</b>	<b>\$ 8.0699</b>

MONTH	NET COST OF FUEL <sup>(1)</sup>	FIRM SALES	C FACTOR RECOVERY RATE	C FACTOR REVENUES BILLED	ADJUSTMENT FOR ACTUAL REVENUE	ADJUSTED	OVER/ (UNDER) RECOVERY	INTEREST RATE	TIME FACTOR	INTEREST EXPENSE	INTEREST ON REFUNDS	TOTAL INTEREST
						C FACTOR REVENUES BILLED						
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)=(4)*(5)	(7)=(6)-(-1)	(8)	(9)	(10)=(7)*(8)*(9)	(11)	(12)=(10 + 11)
	(\$)		(\$)	(\$)		(\$)	(\$)			(\$)	(\$)	(\$)
Sep-03	13,607,595	1,470,978	8.1696	12,017,302	0.9911	11,909,954	(1,697,641)	6%	18/12	(152,788)	3,900	(148,887)
Oct-03	22,345,181	2,027,591	7.6442	15,499,311	0.9085	14,081,443	(8,263,738)	6%	17/12	(702,418)	1,598	(700,820)
Nov-03	36,774,551	3,571,537	7.6442	27,301,543	1.0493	28,648,253	(8,126,298)	6%	16/12	(650,104)	0	(650,104)
Dec-03	64,001,989	7,477,425	7.4070	55,384,913	0.9987	55,311,538	(8,690,451)	6%	15/12	(651,784)	0	(651,784)
Jan-04	90,243,783	10,226,887	7.1697	73,323,712	1.0042	73,634,373	(16,609,410)	6%	14/12	(1,162,659)	5,436	(1,157,223)
Feb-04	65,244,992	11,511,584	7.1697	82,534,604	0.9960	82,204,930	16,959,938	6%	13/12	1,102,396	0	1,102,396
Mar-04	43,452,152	7,455,809	7.4014	55,183,425	0.9971	55,022,572	11,570,420	6%	12/12	694,225	0	694,225
Apr-04	29,789,004	5,610,211	7.6331	42,823,302	0.9957	42,640,530	12,851,526	6%	11/12	706,834	0	706,834
May-04	16,787,563	2,518,323	7.6331	19,222,611	0.9845	18,925,189	2,137,626	6%	10/12	106,881	0	106,881
Jun-04	15,121,152	1,593,978	7.8992	12,591,179	0.9890	12,453,264	(2,667,888)	6%	9/12	(120,055)	0	(120,055)
Jul-04	13,943,296	1,363,189	8.1653	11,130,895	0.9954	11,079,616	(2,863,680)	6%	8/12	(114,547)	0	(114,547)
Aug-04	14,655,425	<u>1,341,098</u>	8.1653	<u>10,950,515</u>	0.9875	<u>10,813,470</u>	<u>(3,841,955)</u>	6%	7/12	<u>(134,468)</u>	<u>121</u>	<u>(134,347)</u>
	425,966,683	56,168,610		417,963,311		416,725,133	(9,241,550)			(1,078,486)	11,055	(1,067,431)

(1) August Net Cost of Fuel has been revised

GCR

STATEMENT OF RECONCILIATION

MARCH 2005 THROUGH FEBRUARY 2006

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

FEBRUARY 2005 OVER-COLLECTION

(15,134,905)

TOTAL "E" FACTOR

(15,134,905)

2005-2006

MARCH	Estimated	62,078,736	8,355,855	0.1692	1,414,206	60,664,530	8.9990	75,193,924	14,529,394	2,123,122	29,664,301
APRIL	Estimated	37,592,012	5,857,865	0.1692	991,428	36,600,584	8.1122	47,520,176	10,919,592	1,488,413	40,583,893
MAY	Estimated	22,047,436	2,842,358	0.1692	481,062	21,566,374	8.1122	23,057,780	1,491,406	722,209	42,075,298
JUNE	Estimated	15,225,456	1,843,495	0.1692	312,007	14,913,449	8.1122	14,954,797	41,348	468,410	42,116,646
JULY	Estimated	15,567,090	1,487,845	0.1692	251,814	15,315,276	8.1122	12,069,698	(3,245,578)	378,043	38,871,068
AUGUST	Estimated	15,133,935	1,443,564	0.1692	244,319	14,889,616	8.1122	11,710,479	(3,179,137)	366,792	35,691,931
SEPTEMBER	Estimated	16,466,060	1,309,325	0.1692	221,600	16,244,460	8.1122	10,621,509	(5,622,951)	332,684	30,068,979
OCTOBER	Estimated	28,235,406	2,068,913	0.1692	350,158	27,885,248	8.1122	16,783,434	(11,101,815)	525,686	18,967,164
NOVEMBER	Estimated	52,121,911	4,607,640	0.1692	779,831	51,342,080	8.1122	37,378,097	(13,963,984)	1,170,746	5,003,181
DECEMBER	Estimated	80,033,863	7,613,109	0.1692	1,288,498	78,745,365	8.1122	61,759,058	(16,986,307)	1,934,399	(11,983,127)
JANUARY	Estimated	94,188,646	11,609,151	0.1692	1,964,818	92,223,828	8.1122	94,175,747	1,951,919	2,949,745	(10,031,208)
FEBRUARY	Estimated	<u>77,144,306</u>	<u>10,526,505</u>	0.1692	<u>1,781,583</u>	<u>75,362,724</u>	8.1122	<u>85,393,121</u>	<u>10,030,397</u>	<u>2,674,658</u>	<u>(812)</u>
<b>TOTAL</b>		<b>515,834,858</b>	<b>59,565,625</b>		<b>10,081,323</b>	<b>505,753,535</b>		<b>490,617,818</b>	<b>(15,135,717)</b>	<b>15,134,905</b>	<b>(812)</b>

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2004 THROUGH FEBRUARY 2005

		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 2004	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	19,505,566	25,050,336	1,798,124	0.1694	304,602	24,745,734	8.3085	14,862,922	(9,882,812)	36,038	(13,773,580)
NOVEMBER	Actual	6,232,800	37,864,222	44,097,022	3,885,082	0.1694	658,133	43,438,899	8.3085	32,249,331	(11,189,558)	49,991	(24,913,147)
DECEMBER	Actual	6,363,318	65,647,742	72,011,060	6,165,669	0.1695	1,045,219	70,965,841	9.0971	56,368,138	(14,597,703)	14,790	(39,496,061)
JANUARY 2005	Estimated	6,157,831	84,215,315	90,373,146	11,176,571	0.1695	1,894,429	88,478,717	9.8857	110,488,223	22,009,506		(17,486,555)
FEBRUARY	Estimated	6,150,874	68,929,102	75,079,976	10,711,019	0.1695	1,815,518	73,264,458	9.8857	105,885,918	32,621,460		15,134,905

RECONCILIATION OF DEMAND CHARGES

		1	2	3	4 = (2 * 3)	5	6 = (4 * 5)	7 = (6 - 1)	8
		\$	\$	\$	\$	\$	\$	\$	\$
SEPTEMBER 2004	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	1.2306	7,587,472	1.0050	7,625,137	1,261,819	(7,617,052)
JANUARY 2005	Estimated	6,157,831	11,176,571	1.2504	13,975,184	1.0000	13,975,184	7,817,353	200,301
FEBRUARY	Estimated	6,150,874	10,711,019	1.2504	13,393,058	1.0000	13,393,058	7,242,184	7,442,486



## Change In Rates 2nd Quarter GCR Filing

Rates Effective March 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 &amp; Consumer Education</u>	<u>Universal Service &amp; Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0555	\$1.5226	\$1.5781	\$5.7905
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0555	\$1.5226	\$1.5781	\$5.8837
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0555	\$1.5226	\$1.5781	\$5.8810
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0555	\$1.5226	\$1.5781	\$5.8733
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0555	\$1.5226	\$1.5781	\$4.7251

### Proposed Rates

	<u>12/1/04 Distribution Charge</u> (1)	<u>12/1/04 GCR</u> (2)	<u>12/1/04 Commodity Rate</u> (3)=(1)+(2)	<u>3/1/05 Distribution Charge</u> (4)	<u>3/1/05 GCR</u> (5)	<u>3/1/05 Commodity Rate</u> (6)=(4)+(5)	<u>Decrease</u> (7)=(6)-(3)
Residential GS/PHAGS	\$5.8048	\$9.8857	\$15.6905	\$5.7905	\$8.1122	\$13.9027	(\$1.7878)
Commercial GS/MUNGS	\$5.8980	\$9.8857	\$15.7837	\$5.8837	\$8.1122	\$13.9959	(\$1.7878)
Industrial GS	\$5.8953	\$9.8857	\$15.7810	\$5.8810	\$8.1122	\$13.9932	(\$1.7878)
Phila.Housing Authority (PHA)	\$5.8876	\$9.8857	\$15.7733	\$5.8733	\$8.1122	\$13.9855	(\$1.7878)
Municipal (MS)	\$4.7394	\$9.8857	\$14.6251	\$4.7251	\$8.1122	\$12.8373	(\$1.7878)

\* Excludes Customer Charge

## Philadelphia Gas Works

March 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	\$	58,549,252
Senior Citizen Discount	\$	15,392,552 *
February 2005 Under Collection	\$	<u>13,084,247</u>
Total \$ to be Recovered	\$	89,026,051
Applicable Sales Volume	Mcf	58,468,045
<b>Universal Service &amp; Energy Conservation Surcharge</b>	<b>\$</b>	<b>1.5226</b>

\* 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 \$17,064,902

**STATEMENT OF RECONCILIATION**  
**UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE**

SEPTEMBER 2004 THROUGH FEBRUARY 2005

<u>Month</u>		<u>Applicable Sales</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>
<b>FY 04 Reconciliation</b>							(\$9,808,162)
September 2004	Actual	1,294,068	\$ 1.5679	\$ 2,028,969	\$ (716,421)	\$ 2,745,390	(\$7,062,772)
October	Actual	1,767,299	\$ 1.5229	\$ 2,691,420	\$ (282,940)	\$ 2,974,360	(\$4,088,412)
November	Actual	3,806,966	\$ 1.5229	\$ 5,797,629	\$ 3,643,016	\$ 2,154,613	(\$1,933,800)
December	Actual	6,043,601	\$ 1.5299	\$ 9,246,105	\$ 10,225,593	\$ (979,488)	(\$2,913,288)
January	Estimated	10,955,937	\$ 1.5369	\$ 16,838,180	\$ 21,534,749	\$ (4,696,569)	(\$7,609,857)
February	Estimated	<u>10,499,063</u>	\$ 1.5369	<u>\$ 16,136,010</u>	<u>\$ 21,610,400</u>	<u>\$ (5,474,390)</u>	<u>(\$13,084,247)</u>
<b>Total</b>		34,366,934		52,738,312	56,014,397	(3,276,085)	(\$13,084,247)

<u>USC Expenses</u>	<u>Sep-04</u>	<u>Oct-04</u>	<u>Nov-04</u>	<u>Dec-04</u>	<u>Jan-05</u>	<u>Feb-05</u>
Conservation Works	\$ 4,779	\$ 5,220	\$ 213,227	\$ 91,855	\$ 166,667	\$ 166,667
CRP Discount	\$ (1,362,859)	\$ (948,359)	\$ 1,604,504	\$ 7,466,548	\$ 17,514,599	\$ 17,657,610
CRP Forgiveness	\$ 221,935	\$ 84,577	\$ 584,984	\$ 672,946	\$ 250,000	\$ 320,000
Senior Citizen Discount	<u>\$ 419,724</u>	<u>\$ 575,622</u>	<u>\$ 1,240,301</u>	<u>\$ 1,994,244</u>	<u>\$ 3,603,483</u>	<u>\$ 3,466,123</u>
	\$ (716,421)	\$ (282,940)	\$ 3,643,016	\$ 10,225,593	\$ 21,534,749	\$ 21,610,400



Actual Natural Gas Billed

	<u>Oct-04</u>	<u>Nov-04</u>	<u>Dec-04</u>
Williams	\$ 2,441,776	\$ 2,294,729	\$ 2,341,215
Texas Eastern	\$ 2,775,510	\$ 2,691,503	\$ 2,731,072
Dominion	\$ 125,882	\$ 125,405	\$ 138,099
Equitrans	\$ 43,040	\$ 58,918	\$ 60,622
Spot Purchases -Transco	\$ -	\$ -	\$ -
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ 2,398,465	\$ 4,778,223	\$ 5,745,137
Transco Supply2	\$ -	\$ 781,071	\$ 4,277,879
Transco Supply3	\$ -	\$ -	\$ -
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 2,599,350	\$ 278,209	\$ 483,937
Transco Supply7	\$ 4,506,870	\$ 7,573,934	\$ 7,151,935
Transco Supply8	\$ 104,944	\$ 7,435,868	\$ 11,322,702
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 2,785,350	\$ 5,138,331	\$ 3,731,759
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 866,880	\$ 1,693,643	\$ 2,121,236
Transco Supply15	\$ -	\$ -	\$ -
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ 1,860,000	\$ 2,060,770	\$ 2,103,290
Transco Supply18	\$ 2,740,013	\$ -	\$ -
Tetco Supply1	\$ 914,856	\$ 4,207,259	\$ 445,623
Tetco Supply2	\$ -	\$ 1,616,820	\$ 2,023,400
Tetco Supply3	\$ -	\$ -	\$ -
Tetco Supply4	\$ -	\$ -	\$ -
Tetco Supply5	\$ -	\$ -	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ 4,537,763	\$ 4,057,382	\$ 7,968,016
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ -	\$ 7,939,969	\$ 9,449,381
Tetco Supply14	\$ 1,825,900	\$ 1,950,620	\$ 2,084,294
Tetco Supply15	\$ -	\$ 1,382,202	\$ 1,711,660
Tetco Supply16	\$ -	\$ 68,179	\$ 4,957,554
SubTotal Costs	\$ 30,526,599	\$ 56,133,033	\$ 70,848,813
Lng Supply1	\$ 1,070,956	\$ -	\$ -
Total Costs	\$ 31,597,555	\$ 56,133,033	\$ 70,848,813
Deferred Gas Payment	\$ -	\$ (7,334,309)	\$ (7,334,309)
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation Purchases	\$ 1,779	\$ 9,354	\$ 6,434
Adjustment/Reconciliation	\$ 119,431	\$ 1,534,569	\$ (1,657,519)
Total Natural Gas Billed	\$ 31,718,765	\$ 50,342,647	\$ 61,863,419

**Philadelphia Gas Works  
Summary of Fuels Purchased  
Three Months Ending December 2004**

	<u>Actual</u>				<u>Projected</u>			<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Oct-04</u>	<u>Nov-04</u>	<u>Dec-04</u>	<u>Total</u>	<u>1st Qtr Filing Oct-04</u>	<u>1st Qtr Filing Nov-04</u>	<u>1st Qtr Filing Dec-04</u>		<u>Oct-04</u>	<u>Nov-04</u>	<u>Dec-04</u>	<u>Total</u>
<b>Total Natural Gas Billed</b>	\$ 31,718,765	\$ 50,342,647	\$ 61,863,419	\$ 143,924,831	\$ 31,941,470	\$ 55,413,313	\$ 68,401,470	\$ 155,756,253	\$ (222,705)	\$ (5,070,666)	\$ (6,538,051)	\$ (11,831,422)
<b>Less Interruptible Credit</b>	\$ 1,893,799	\$ 3,348,625	\$ 4,810,019	\$ 10,052,443	\$ 2,061,190	\$ 3,082,787	\$ 4,576,251	\$ 9,720,228	\$ (167,391)	\$ 265,838	\$ 233,768	\$ 332,215
<b>Gas Used For Utility</b>	\$ 33,940	\$ 56,448	\$ 82,544	\$ 172,932	\$ 59,265	\$ 120,213	\$ 77,907	\$ 257,385	\$ (25,325)	\$ (63,765)	\$ 4,637	\$ (84,453)
	29,791,026	46,937,574	56,970,856	133,699,456	29,821,015	52,210,313	63,747,312	145,778,640	(29,989)	(5,272,739)	(6,776,456)	(12,079,184)
<b>Pipeline Storages</b>												
(To)	\$ (5,305,329)	\$ (3,303,828)	\$ (442,786)	\$ (9,051,943)	\$ (1,195,471)	\$ (4,063,445)	\$ -	\$ (5,258,916)	\$ (4,109,858)	\$ 759,617	\$ (442,786)	\$ (3,793,027)
From	\$ 2,367,404	\$ 1,595,282	\$ 13,314,225	\$ 17,276,911	\$ 544,621	\$ 4,911,080	\$ 18,107,161	\$ 23,562,862	\$ 1,822,783	\$ (3,315,798)	\$ (4,792,936)	\$ (6,285,951)
<b>Net Pipeline Storages</b>	\$ (2,937,925)	\$ (1,708,546)	\$ 12,871,439	\$ 8,224,968	\$ (650,850)	\$ 847,635	\$ 18,107,161	\$ 18,303,946	\$ (2,287,075)	\$ (2,556,181)	\$ (5,235,722)	\$ (10,078,978)
<b>LNG Storage</b>												
(To)	\$ (2,496,346)	\$ (1,777,844)	\$ 224,045	\$ (4,050,145)	\$ (2,720,433)	\$ (1,692,024)	\$ -	\$ (4,412,457)	\$ 224,087	\$ (85,820)	\$ 224,045	\$ 362,312
From	\$ 598,490	\$ 558,215	\$ 1,856,176	\$ 3,012,881	\$ 508,976	\$ 492,071	\$ 3,786,006	\$ 4,787,053	\$ 89,514	\$ 66,144	\$ (1,929,830)	\$ (1,774,172)
<b>Net LNG Storage</b>	\$ (1,897,856)	\$ (1,219,629)	\$ 2,080,221	\$ (1,037,264)	\$ (2,211,457)	\$ (1,199,953)	\$ 3,786,006	\$ 374,596	\$ 313,601	\$ (19,676)	\$ (1,705,785)	\$ (1,411,860)
<b>Net Natural Gas</b>	\$ 24,955,245	\$ 44,009,399	\$ 71,922,516	\$ 140,887,160	\$ 26,958,707	\$ 51,857,995	\$ 85,640,479	\$ 164,457,180	\$ (2,003,462)	\$ (7,848,596)	\$ (13,717,963)	\$ (23,570,020)
<b>APPLICABLE GCR EXPENSES</b>												
<b>Net Natural Gas Expense</b>	\$ 24,955,245	\$ 44,009,399	\$ 71,922,516	\$ 140,887,160	\$ 26,958,707	\$ 51,857,995	\$ 85,640,479	\$ 164,457,180	\$ (2,003,462)	\$ (7,848,596)	\$ (13,717,963)	\$ (23,570,020)
<b>Electric</b>	\$ 95,091	\$ 87,623	\$ 88,544	\$ 271,258	\$ 101,850	\$ 101,850	\$ 55,125	\$ 258,824	\$ (6,759)	\$ (14,227)	\$ 33,419	\$ 12,434
<b>Non Fuel Expense:</b>												
<b>Total GCR Expenses</b>	\$ 25,050,336	\$ 44,097,022	\$ 72,011,060	\$ 141,158,418	\$ 27,060,557	\$ 51,959,844	\$ 85,695,603	\$ 164,716,005	\$ (2,010,221)	\$ (7,862,822)	\$ (13,684,543)	\$ (23,557,587)

**PHILADELPHIA GAS WORKS**  
**GAS SERVICE TARIFF**



**DOCKETED**  
SEP 1 8 2005

**DOCUMENT  
FOLDER**

Issued by: Thomas Knudsen  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

List of Changes Made by this Tariff

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

In the definition of "GAC," the "GAC" value effective March 1, 2005 decreases from \$0.04880 per Ccf to \$(0.02503) per Ccf.

In the definition of "IRC," the "IRC" value effective March 1, 2005 decreases from \$0.01713 per Ccf to \$0.01667 per Ccf.

In the definition of "SSC," the "SSC" value effective March 1, 2005 decreases from \$0.95639 per Ccf to \$0.85292 per Ccf.

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

The Gas Cost Rate (GCR) effective March 1, 2005 decreases from \$0.98857 per Ccf to \$0.81122 per Ccf.

**UNIVERSAL SERVICE CHARGE (PAGE No. 81)**

The Universal Services Charge effective March 1, 2005 decreases from \$0.15369 per Ccf to \$0.15226 per Ccf.

**GENERAL SERVICE – RATE GS (Page No. 83)**

The GCR for Residential, Commercial, and Industrial Services decreases from \$0.98857 per Ccf to \$0.81122 per Ccf, effective March 1, 2005.

**MUNICIPAL SERVICE – RATE MS (Page No. 87)**

The GCR for Municipal Service decreases from \$0.98857 per Ccf to \$0.81122 per Ccf, effective March 1, 2005.

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

The GCR for Philadelphia Housing Authority Service decreases from \$0.98857 per Ccf to \$0.81122 per Ccf, effective March 1, 2005.

## TABLE OF CONTENTS

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

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Seventh Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	72
Migration/Reverse Migration Rider _____	75
Exit Fee Rider _____	77
Restructuring and Consumer Education Surcharge _____	First Revised 79
Universal Services Surcharge _____	Seventh Revised 81
General Service - Rate GS _____	Seventh Revised 83
Municipal Service - Rate MS _____	Seventh Revised 87
Philadelphia Housing Authority Service -Rate PHA _____	Seventh Revised 90
Boiler and Power Plant Service – Rate BPS _____	93
Load Balancing Service – RATE LBS _____	97
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
WEATHER NORMALIZATION ADJUSTMENT CLAUSE _____	149

**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 \$(0.01272) per Ccf for Commodity Costs and \$(.01231) per Ccf for Demand Costs, for service on or after March 1, 2005. The total Gac is \$(0.02503) 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.

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01667 per Ccf for service on or after March 1, 2005. (D)

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,

**(D) – Decrease**

PHILADELPHIA GAS WORKS

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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 \$0.72818 per Ccf for Commodity Costs and \$0.12474 per Ccf for Demand Costs, for service on or after March 1, 2005. The total SSC is \$0.85292 per Ccf.

(D)  
↓

(D) – Decrease

PHILADELPHIA GAS WORKS

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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 \$0.81122 per Ccf, for service on or after March 1, 2005.

(D)

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).

(D) - Decrease

## 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 = \$ 0.15226/Ccf.

(D)

(D) - Decrease

**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, 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):

\$ 0.81122 per Ccf for Residential and Public Housing (D)  
\$ 0.81122 per Ccf for Commercial and Municipal Customers (D)  
\$ 0.81122 per Ccf for Industrial Customers (D)

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.

(D) - Decrease

PHILADELPHIA GAS WORKS

**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, 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):

\$0.81122 per Ccf

(D)

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:

(D) - Decrease

**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, 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 .81122 per Ccf (D)

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.

(D) – Decrease

# 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 increases from \$57.8627 per design day Mcf to \$61.7843 per design day Mcf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Seventh Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left Blank for Future Use _____	8
Definitions _____	10
<b><u>RULES and REGULATIONS:</u></b>	
1. The Supplier Tariff _____	14
2. Availability _____	16
3. Character of Service _____	18
4. Supplier Qualification _____	20
5. Customer List _____	23
6. Supplier Selection Procedures _____	25
7. Supplier Obligations _____	29
8. Operational Requirements _____	33
9. Special Provisions _____	37
10. Nomination Procedure _____	44
11. Financial Security _____	46
12. Supplier Billing and Payment _____	48
13. Supplier Exit Procedures _____	54
14. Breach of Obligations _____	57
15. Standards of Conduct _____	60

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 \$ 61.7843 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.

(I)

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.

**(I) - Increase**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Stephen Keene, Esq.

Office of Consumer Advocate  
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Date: February 28, 2005

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PA PUBLIC UTILITY COMMISSION  
REGULATORY BUREAU

**Philadelphia Gas Works**

Gregory J. Stunder  
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May 31, 2005

**VIA EXPRESS MAIL**

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

**RECEIVED**

**MAY 8 1 2005**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

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

**KJR**

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of PGW's June 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", is written over the typed name.

Gregory J. Stunder

Enclosures

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

**DOCUMENT  
FOLDER**

Statement

Known per dekatherm natural gas prices are used through the month of May 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 June 2005 through August 2005 are based on the NYMEX Futures Closing Prices of 4-29-05. For the period of September 2005 through May 2006, the average price of the NYMEX Futures Closing Prices of 4-29-05 and the May 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 \$527,011,801 with Firm Sales of 58,648,991 Mcf. The GCR in effect in this filing is **\$8.9998** per Mcf.

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MAY 31 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

DOCKETED

JUN 03 2005

**JUNE 1, 2005**

**3rd QUARTER GCR FILING**

**TABLE OF CONTENTS**

Levelized Gas Cost.....	Schedule 1
Sales.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
FY 2004 Interest Calculation .....	Schedule 4
GCR Statement of Reconciliation – June 2005 Through May 2006.....	Schedule 5
GCR Statement of Reconciliation – September 2004 Through May 2005.....	Schedule 6
GCR Finalized Statement of Reconciliation - Fiscal Year 2003-2004 .....	Schedule 7
Calculation of Recovered Charges.....	Schedule 8
Changes in Rates.....	Schedule 9
Universal Service & Energy Conservation Surcharge (USC).....	Schedule 10
FY 05 USC - Statement of Reconciliation.....	Schedule 11
Natural Gas Prices .....	Schedule 12
Actual Natural Gas Billed .....	Schedule 13
Summary of Fuels Purchased .....	Schedule 14

Philadelphia Gas Works  
Levelized Gas Cost Rate  
3rd Quarter Filing June 1, 2005

Formula:  
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>
S = Firm Sales Volume (Mcf)			58,648,991 (Schedule 2)

Net Natural Gas Expense	\$ 69,167,106	\$ 490,937,551	\$ 560,104,657
Purchased Electric Expense	\$	\$ 1,007,027	\$ 1,007,027
C = Total Applicable GCR Expense	\$ 69,167,106	\$ 491,944,578	\$ 561,111,684 (Schedule 3)
SSC = C / S	\$ 1.1793	\$ 8.3880	\$ 9.5673

Adjustment For:

Prior Reconciliation	\$ (2,817,107)	\$ (21,201,453)	\$ (24,018,560) (Schedule 6)
E = Adjustments to GCR Expenses	\$ (2,817,107)	\$ (21,201,453)	\$ (24,018,560)
GAC = E / S	\$ (0.0480)	\$ (0.3615)	\$ (0.4095)

Interruptible Revenue Credit			\$ 10,081,323 (Schedule 5)
IRC = Interruptible Revenue Credit / S			\$ 0.1719

Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 527,011,801
<u>GCR = SSC + GAC - IRC</u>			\$ 8.9859

SSC in effect 06/01/05	\$ 1.1812	\$ 8.4010	\$ 9.5822
GAC in effect 06/01/05	\$ (0.0481)	\$ (0.3621)	\$ (0.4102)
IRC in effect 06/01/05			\$ (0.1722)
GCR in effect 06/01/05			\$ 8.9998 (Schedule 8)

Recovery Test on:

Firm Sales Volume (Mcf)			58,648,991
= Total Projected Recovery			\$ 527,012,251 (Schedule 8)
Compared To			
Net Applicable GCR Expenses			\$ 527,011,801
= Net Over/(Under) Recovery			\$ 450 (Schedule 5)

Degree Days

4,555

SalesJune 2005 Through May 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>
JUNE 2005	1,962,731	121,951	1,840,780	24,584	1,816,196
JULY	1,676,173	127,672	1,548,501	20,296	1,528,205
AUGUST	1,624,058	133,005	1,491,053	19,627	1,471,426
SEPTEMBER	1,435,135	136,026	1,299,109	17,972	1,281,137
OCTOBER	2,245,878	230,310	2,015,568	29,776	1,985,792
NOVEMBER	4,788,769	358,238	4,430,531	77,366	4,353,165
DECEMBER	7,995,659	509,774	7,485,885	138,330	7,347,555
JANUARY 2006	12,068,880	555,257	11,513,623	222,622	11,291,001
FEBRUARY	10,909,112	473,247	10,435,865	202,409	10,233,456
MARCH	8,547,204	409,115	8,138,089	155,407	7,982,682
APRIL	5,929,701	263,930	5,665,771	107,103	5,558,668
MAY	<u>2,932,171</u>	<u>147,955</u>	<u>2,784,216</u>	<u>47,915</u>	<u>2,736,301</u>
TOTAL	<u>62,115,471</u>	<u>3,466,480</u>	<u>58,648,991</u>	<u>1,063,407</u>	<u>57,585,584</u>

**PROJECTED APPLICABLE FUEL EXPENSE  
SUMMARY  
JUNE 2005 - MAY 2006**

	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<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>TOTAL</u>
<b>NATURAL GAS BILLED</b>													
DEMAND CHARGE	5,461,367	5,453,486	5,452,688	5,507,070	5,505,348	5,911,602	6,119,480	6,119,480	6,079,477	6,003,478	5,808,765	5,744,865	69,167,106
COMMODITY CHARGE	31,685,020	16,094,172	31,993,923	28,938,270	39,257,064	43,290,285	58,049,562	64,421,953	53,372,796	52,861,262	48,768,330	41,306,387	510,039,024
<b>TOTAL NATURAL GAS BILLED</b>	<b>37,146,387</b>	<b>21,547,658</b>	<b>37,446,611</b>	<b>34,445,340</b>	<b>44,762,412</b>	<b>49,201,887</b>	<b>64,169,042</b>	<b>70,541,433</b>	<b>59,452,273</b>	<b>58,864,740</b>	<b>54,577,095</b>	<b>47,051,252</b>	<b>579,206,130</b>
INTERRUPTIBLE CREDIT	(873,266)	(956,872)	(978,040)	(1,017,187)	(1,767,234)	(2,987,628)	(4,402,802)	(4,850,142)	(4,048,623)	(3,466,774)	(1,990,904)	(1,064,930)	(28,404,401)
SENDOUT VOLUME IN MCF	126,959	132,916	138,472	141,621	239,831	373,092	530,939	578,326	492,905	426,095	274,863	154,053	3,610,073
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	1.0380
PRICE \$/DKT	6.627	6.936	6.805	6.920	7.099	7.715	7.989	8.080	7.913	7.838	6.978	6.660	
GAS USED FOR UTILITY	(39,407)	(41,245)	(40,466)	(43,529)	(58,212)	(82,255)	(107,370)	(119,919)	(106,138)	(93,218)	(63,348)	(46,114)	(841,221)
NATURAL GAS TO STORAGE	19,294,390	4,334,561	19,484,398	14,709,398	10,807,764	662,533	-	-	-	-	15,385,024	22,319,202	106,997,270
FROM STORAGE	-	-	-	-	-	13,913,559	27,480,154	35,483,672	29,263,977	18,928,856	3,601,079	306,943	128,978,240
NET NATURAL GAS STORAGE	(19,294,390)	(4,334,561)	(19,484,398)	(14,709,398)	(10,807,764)	13,251,026	27,480,154	35,483,672	29,263,977	18,928,856	(11,783,945)	(22,012,259)	21,980,970
LNG TO STORAGE	1,929,652	805,343	1,441,994	1,896,205	3,212,424	3,754,501	1,860,953	-	-	4,155,228	3,222,014	2,160,824	24,439,139
FROM STORAGE	494,211	511,063	511,686	496,308	513,176	638,064	1,728,745.0	3,478,297.0	2,415,881.0	761,429.0	519,146.1	534,314.0	12,602,319
NET LNG STORAGE	(1,435,441)	(294,280)	(930,309)	(1,399,898)	(2,699,248)	(3,116,437)	(132,208)	3,478,297	2,415,881	(3,393,799)	(2,702,868)	(1,626,510)	(11,836,820)
NET NATURAL GAS EXPENSE	15,503,883	15,920,701	16,013,399	17,275,328.3	29,429,954	56,266,593	87,006,816	104,533,341	86,977,370	70,839,805	38,036,030	22,301,439	560,104,657
<b>APPLICABLE GCR EXPENSE</b>													
NET NATURAL GAS EXPENSE	15,503,883	15,920,701	16,013,399	17,275,328	29,429,954	56,266,593	87,006,816	104,533,341	86,977,370	70,839,805	38,036,030	22,301,439	560,104,657
PURCHASED ELECTRIC	21,000	92,400	102,375	87,917	87,917	87,917	87,917	87,917	87,917	87,917	87,917	87,916	1,007,027
<b>TOTAL APPLICABLE EXPENSES</b>	<b>15,524,883</b>	<b>16,013,101</b>	<b>16,115,773</b>	<b>17,363,245</b>	<b>29,517,871</b>	<b>56,354,510</b>	<b>87,094,733</b>	<b>104,621,258</b>	<b>87,065,287</b>	<b>70,927,722</b>	<b>38,123,947</b>	<b>22,389,355</b>	<b>561,111,684</b>
<b>TOTAL FIRM SALES</b>	<b>1,840,780</b>	<b>1,548,501</b>	<b>1,491,053</b>	<b>1,299,109</b>	<b>2,015,568</b>	<b>4,430,531</b>	<b>7,485,885</b>	<b>11,513,623</b>	<b>10,435,865</b>	<b>8,138,089</b>	<b>5,665,771</b>	<b>2,784,216</b>	<b>58,648,991</b>

**FISCAL YEAR 2004  
PHILADELPHIA GAS WORKS  
INTEREST CALCULATION**

	<u>06/01/2003</u>	<u>Split Month</u>	<u>09/01/2003</u>	<u>Split Month</u>	<u>12/01/2003</u>	<u>Split Month</u>	<u>03/01/2004</u>	<u>Split Month</u>	<u>06/01/2004</u>
SSC in Effect	\$ 8.6950	\$ 8.1696	\$ 7.6442	\$ 7.4070	\$ 7.1697	\$ 7.4014	\$ 7.6331	\$ 7.8992	\$ 8.1653
GAC in Effect	\$ (0.2537)	\$ 0.2822	\$ 0.3107	\$ 0.4302	\$ 0.5496	\$ 0.4655	\$ 0.3814	\$ 0.1878	\$ (0.0057)
IRC in Effect	\$ -	\$ (0.0440)	\$ (0.0879)	\$ (0.0880)	\$ (0.0880)	\$ (0.0886)	\$ (0.0891)	\$ (0.0894)	\$ (0.0897)
<b>Total Effective</b>	<b>\$ 8.9487</b>	<b>\$ 8.4079</b>	<b>\$ 7.8670</b>	<b>\$ 7.7492</b>	<b>\$ 7.6313</b>	<b>\$ 7.7784</b>	<b>\$ 7.9254</b>	<b>\$ 7.9977</b>	<b>\$ 8.0699</b>

MONTH	NET COST OF FUEL <sup>(1)</sup>	FIRM SALES	C FACTOR RECOVERY RATE	C FACTOR REVENUES BILLED	ADJUSTMENT FOR ACTUAL REVENUE	ADJUSTED	OVER/ (UNDER) RECOVERY	INTEREST RATE	TIME FACTOR	INTEREST EXPENSE	INTEREST ON REFUNDS	TOTAL INTEREST
						C FACTOR REVENUES BILLED						
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)=(4)*(5)	(7)=(6)-1	(8)	(9)	(10)=(7)*(8)*(9)	11	12= (10 + 11)
	(\$)		(\$)	(\$)		(\$)	(\$)			(\$)	(\$)	(\$)
Sep-03	13,607,595	1,470,978	8.1696	12,017,302	0.9911	11,909,954	(1,697,641)	6%	18/12	(152,788)	3,900	(148,887)
Oct-03	22,345,181	2,027,591	7.6442	15,499,311	0.9085	14,081,443	(8,263,738)	6%	17/12	(702,418)	1,598	(700,820)
Nov-03	36,774,551	3,571,537	7.6442	27,301,543	1.0493	28,648,253	(8,126,298)	6%	16/12	(650,104)	0	(650,104)
Dec-03	64,001,989	7,477,425	7.4070	55,384,913	0.9987	55,311,538	(8,690,451)	6%	15/12	(651,784)	0	(651,784)
Jan-04	90,243,783	10,226,887	7.1697	73,323,712	1.0042	73,634,373	(16,609,410)	6%	14/12	(1,162,659)	5,436	(1,157,223)
Feb-04	65,244,992	11,511,584	7.1697	82,534,604	0.9960	82,204,930	16,959,938	6%	13/12	1,102,396	0	1,102,396
Mar-04	43,452,152	7,455,809	7.4014	55,183,425	0.9971	55,022,572	11,570,420	6%	12/12	694,225	0	694,225
Apr-04	29,789,004	5,610,211	7.6331	42,823,302	0.9957	42,640,530	12,851,526	6%	11/12	706,834	0	706,834
May-04	16,787,563	2,518,323	7.6331	19,222,611	0.9845	18,925,189	2,137,626	6%	10/12	106,881	0	106,881
Jun-04	15,121,152	1,593,978	7.8992	12,591,179	0.9890	12,453,264	(2,667,888)	6%	9/12	(120,055)	0	(120,055)
Jul-04	13,943,296	1,363,189	8.1653	11,130,895	0.9954	11,079,616	(2,863,680)	6%	8/12	(114,547)	0	(114,547)
Aug-04	14,655,425	<u>1,341,098</u>	8.1653	<u>10,950,515</u>	0.9875	<u>10,813,470</u>	<u>(3,841,955)</u>	6%	7/12	<u>(134,468)</u>	<u>121</u>	<u>(134,347)</u>
	425,966,683	56,168,610		417,963,311		416,725,133	(9,241,550)			(1,078,486)	11,055	(1,067,431)

(1) August Net Cost of Fuel has been revised

GCR

STATEMENT OF RECONCILIATION

JUNE 2005 THROUGH MAY 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	\$	\$	\$	\$	\$	\$	\$	\$	
MAY 2005 OVER-COLLECTION									(24,018,560)		
TOTAL "E" FACTOR									<u>(24,018,560)</u>		
<u>2005-2006</u>											
JUNE	Estimated	15,524,883	1,840,780	0.1719	316,416	15,208,467	8.5560	15,749,714	541,247	753,856	24,559,807
JULY	Estimated	16,013,101	1,548,501	0.1719	266,176	15,746,925	8.9998	13,936,199	(1,810,725)	634,159	22,749,082
AUGUST	Estimated	16,115,773	1,491,053	0.1719	256,301	15,859,473	8.9998	13,419,179	(2,440,294)	610,632	20,308,788
SEPTEMBER	Estimated	17,363,245	1,299,109	0.1719	223,307	17,139,938	8.9998	11,691,721	(5,448,217)	532,025	14,860,571
OCTOBER	Estimated	29,517,871	2,015,568	0.1719	346,461	29,171,410	8.9998	18,139,709	(11,031,701)	825,437	3,828,870
NOVEMBER	Estimated	56,354,510	4,430,531	0.1719	761,575	55,592,934	8.9998	39,873,893	(15,719,041)	1,814,438	(11,890,171)
DECEMBER	Estimated	87,094,733	7,485,885	0.1719	1,286,768	85,807,965	8.9998	67,371,468	(18,436,498)	3,065,699	(30,326,669)
JANUARY	Estimated	104,621,258	11,513,623	0.1719	1,979,106	102,642,152	8.9998	103,620,304	978,152	4,715,182	(29,348,517)
FEBRUARY	Estimated	87,065,287	10,435,865	0.1719	1,793,847	85,271,439	8.9998	93,920,698	8,649,258	4,273,807	(20,699,258)
MARCH	Estimated	70,927,722	8,138,089	0.1719	1,398,877	69,528,845	8.9998	73,241,173	3,712,328	3,332,797	(16,986,930)
APRIL	Estimated	38,123,947	5,665,771	0.1719	973,904	37,150,043	8.9998	50,990,806	13,840,762	2,320,307	(3,146,168)
MAY	Estimated	<u>22,389,355</u>	<u>2,784,216</u>	0.1719	<u>478,586</u>	<u>21,910,769</u>	8.9998	25,057,387	<u>3,146,618</u>	<u>1,140,222</u>	<u>450</u>
TOTAL		561,111,684	58,648,991		10,081,323	551,030,361		527,012,251	(24,018,110)	24,018,560	450

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2004 THROUGH MAY 2005

		DEMAND CHARGES	COMMODITY CHARGES	NET COST OF FUEL	FIRM SALES	IRC FACTOR APPLIED	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													<u>1,067,431</u>
TOTAL "E" FACTOR													730,720
SEPTEMBER 2004	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	0.1694	304,602	24,745,734	8.3085	14,862,922	(9,882,812)	36,038	(13,773,580)
NOVEMBER	Actual	6,232,800	37,864,222	44,097,022	3,885,082	0.1694	658,133	43,438,889	8.3085	32,249,331	(11,189,558)	49,991	(24,913,147)
DECEMBER	Actual	6,363,318	65,647,742	72,011,060	6,165,669	0.1695	1,045,219	70,965,841	9.0971	56,368,138	(14,597,703)	14,790	(39,496,061)
JANUARY 2005	Actual	6,251,957	81,559,092	87,811,049	9,207,202	0.1695	1,560,621	86,250,428	9.8857	91,187,727	4,937,299		(34,558,762)
FEBRUARY	Actual	11,931,883	60,087,669	72,019,552	9,967,593	0.1695	1,689,507	70,330,045	9.8857	98,257,472	27,927,427		(6,631,335)
MARCH	Actual	5,954,372	59,524,829	65,479,201	8,687,786	0.1694	1,471,277	64,007,924	8.9890	79,819,889	15,811,965	330,356	9,510,986
APRIL	Estimated	5,773,992	27,606,828	33,380,820	5,770,162	0.1692	976,311	32,404,509	8.1122	46,808,705	14,404,196		23,915,182
MAY	Estimated	5,453,486	17,285,760	22,739,246	2,758,305	0.1692	466,705	22,272,541	8.1122	22,375,919	103,378		24,018,560

RECONCILIATION OF DEMAND CHARGES

		DEMAND CHARGES	FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	ADJUSTMENT FOR ACTUAL REVENUE	ADJUSTED DEMAND REVENUES BILLED	MONTHLY DEMAND OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
		1	2	3	4 = (2 * 3)	5	6 = (4 * 5)	7 = (6 - 1)	8
		\$	\$	\$	\$	\$	\$	\$	\$
SEPTEMBER 2004	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 2005	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	Estimated	5,773,992	5,770,162	1.2504	7,215,011	1.0000	7,215,010	1,441,018	4,821,609
MAY	Estimated	5,453,486	2,758,305	1.2504	3,448,985	1.0000	3,448,984	(2,004,502)	2,817,107

## GCR

## STATEMENT OF RECONCILIATION

SEPTEMBER 2003 THROUGH AUGUST 2004

		NET COST OF FUEL <sup>(1)</sup>	FIRM SALES	IRC FACTOR APPLIED	INTERRUPTIBLE REVENUE CREDIT 4 = (2 * 3)	APPLICABLE EXPENSES 5 = (1 - 4)	GCR FACTOR APPLIED	GCR REVENUE BILLED	OVER/(UNDER) RECOVERY 8 = (7 - 5)	NATURAL GAS REFUNDS	CUMULATIVE OVER/(UNDER) RECOVERY
		1	2	3	4	5	6	7	8	9	10
		\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2002-2003 UNDER-COLLECTION											12,303,355
2002-2003 INTEREST											<u>2,269,119</u>
TOTAL "E" FACTOR											14,572,474
 <u>2003-2004</u>											
SEPTEMBER	Actual	13,607,595	1,470,978	0.0879	63,107	13,544,488	8.3210	12,130,671	(1,413,817)	43,337	(15,942,954)
OCTOBER	Actual	22,345,181	2,027,591	0.0879	178,225	22,166,956	7.8670	14,491,864	(7,675,091)	18,797	(23,599,248)
NOVEMBER	Actual	36,774,551	3,571,537	0.0879	313,938	36,460,613	7.8670	29,483,243	(6,977,369)		(30,576,618)
DECEMBER	Actual	64,001,989	7,477,425	0.0880	657,640	63,344,349	7.7492	57,867,296	(5,477,053)		(36,053,671)
JANUARY	Actual	90,243,783	10,226,887	0.0880	899,966	89,343,817	7.6313	78,375,105	(10,968,712)	77,651	(46,944,731)
FEBRUARY	Actual	65,244,992	11,511,584	0.0880	1,013,019	64,231,973	7.6313	87,497,452	23,265,479		(23,679,252)
MARCH	Actual	43,452,152	7,455,809	0.0885	659,466	42,792,686	7.7784	57,825,219	15,032,533		(8,646,719)
APRIL	Actual	29,789,004	5,610,211	0.0889	498,748	29,290,256	7.9254	44,273,396	14,983,140		6,336,421
MAY	Actual	16,787,563	2,518,323	0.0889	223,879	16,563,684	7.9254	19,649,905	3,086,221		9,422,642
JUNE	Actual	15,121,152	1,593,978	0.0893	142,342	14,978,810	7.9976	12,608,366	(2,370,444)		7,052,198
JULY	Actual	13,943,296	1,363,189	0.0897	122,278	13,821,018	8.0699	10,950,119	(2,870,899)		4,181,299
AUGUST	Actual	<u>14,655,425</u>	<u>1,341,098</u>	0.0897	<u>120,296</u>	<u>14,535,129</u>	8.0699	<u>10,687,084</u>	<u>(3,848,045)</u>	<u>3,457</u>	<u>336,711</u>
TOTAL		425,966,683	56,168,610		4,892,906	421,073,778		435,839,720	14,765,942	143,242	336,711

(1) August Net Cost of Fuel has been revised

## CALCULATION OF RECOVERED CHARGES

3rd QUARTER FILING

JUNE 2005 - MAY 2006

	<u>50% of June</u>	<u>11.5 Months</u>		<u>Total</u>
			(MCF)	(S)
Firm Sales (MCF)	920,390	57,728,601	58,648,991	
GCR (\$/Mcf)	\$ 8.1122	\$ 8.9998		
Total Projected Recovery	<u>\$ 7,466,388</u>	<u>\$ 519,545,863</u>		<u>\$ 527,012,251</u>

## Change In Rates 3rd Quarter GCR Filing

### Rates Effective June 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 &amp; Consumer Education</u>	<u>Universal Service &amp; Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0555	\$1.8009	\$1.8564	\$6.0688
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0555	\$1.8009	\$1.8564	\$6.1620
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0555	\$1.8009	\$1.8564	\$6.1593
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0555	\$1.8009	\$1.8564	\$6.1516
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0555	\$1.8009	\$1.8564	\$5.0034

### Proposed Rates

	<u>3/1/05 Distribution Charge</u> (1)	<u>3/1/05 GCR</u> (2)	<u>3/1/05 Commodity Rate</u> (3)=(1)+(2)	<u>6/1/05 Distribution Charge</u> (4)	<u>6/1/05 GCR</u> (5)	<u>6/1/05 Commodity Rate</u> (6)=(4)+(5)	<u>Increase</u> (7)=(6)-(3)
Residential GS/PHAGS	\$5.7905	\$8.1122	\$13.9027	\$6.0688	\$8.9998	\$15.0686	\$1.1659
Commercial GS/MUNGS	\$5.8837	\$8.1122	\$13.9959	\$6.1620	\$8.9998	\$15.1618	\$1.1659
Industrial GS	\$5.8810	\$8.1122	\$13.9932	\$6.1593	\$8.9998	\$15.1591	\$1.1659
Phila.Housing Authority (PHA)	\$5.8733	\$8.1122	\$13.9855	\$6.1516	\$8.9998	\$15.1514	\$1.1659
Municipal (MS)	\$4.7251	\$8.1122	\$12.8373	\$5.0034	\$8.9998	\$14.0032	\$1.1659

\* Excludes Customer Charge

**Philadelphia Gas Works**  
**June 1, 2005**

**UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE**

	<b><u>Expenses in the Surcharge</u></b>
Conservation Works Program (CWP)	\$ 2,000,000
Customer Responsibility Program (CRP) Discount	\$ 66,660,183
Senior Citizen Discount	\$ 15,741,831 *
May 2005 Under Collection	<u>\$ 19,302,197</u>
Total \$ to be Recovered	\$ 103,704,211
Applicable Sales Volume	Mcf 57,585,584
<b>Universal Service &amp; Energy Conservation Surcharge</b>	<b>\$ 1.8009</b>

\* 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 \$17,653,502

**STATEMENT OF RECONCILIATION**  
**UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE**  
**SEPTEMBER 2004 THROUGH MAY 2005**

<u>Month</u>		<u>Applicable Sales</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>
<b>FY 04 Reconciliation</b>							(\$9,808,162)
September 2004	Actual	1,294,068	\$ 1.5679	\$ 2,028,969	\$ (716,421)	\$ 2,745,390	(\$7,062,772)
October	Actual	1,767,299	\$ 1.5229	\$ 2,691,420	\$ (282,940)	\$ 2,974,360	(\$4,088,412)
November	Actual	3,806,966	\$ 1.5229	\$ 5,797,629	\$ 3,643,016	\$ 2,154,613	(\$1,933,800)
December	Actual	6,043,601	\$ 1.5299	\$ 9,246,105	\$ 10,225,593	\$ (979,488)	(\$2,913,288)
January	Actual	9,021,469	\$ 1.5369	\$ 13,865,096	\$ 19,696,725	\$ (5,831,629)	(\$8,744,917)
February	Actual	9,771,854	\$ 1.5369	\$ 15,018,362	\$ 21,786,538	\$ (6,768,176)	(\$15,513,093)
March	Actual	8,519,905	\$ 1.5298	\$ 13,033,325	\$ 18,300,715	\$ (5,267,390)	(\$20,780,483)
April	Estimated	5,663,376	\$ 1.5226	\$ 8,623,056	\$ 9,002,456	\$ (379,400)	(\$21,159,883)
May	Estimated	<u>2,713,087</u>	<u>\$ 1.5226</u>	<u>\$ 4,130,946</u>	<u>\$ 2,273,260</u>	<u>\$ 1,857,686</u>	<u>(\$19,302,197)</u>
<b>Total</b>		48,601,625		74,434,908	83,928,943	(9,494,035)	(\$19,302,197)

<u>USC Expenses</u>	<u>Sep-04</u>	<u>Oct-04</u>	<u>Nov-04</u>	<u>Dec-04</u>	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Apr-05</u>	<u>May-05</u>
Conservation Works	\$ 4,779	\$ 5,220	\$ 213,227	\$ 91,855	\$ 120,382	\$ 143,426	\$ 194,626	\$ 363,242	\$ 363,242
CRP Discount	\$ (1,362,859)	\$(948,359)	\$ 1,604,504	\$ 7,466,548	\$ 15,815,633	\$ 17,809,508	\$ 14,766,883	\$ 6,209,606	\$ 342,090
CRP Forgiveness	\$ 221,935	\$ 84,577	\$ 584,984	\$ 672,946	\$ 656,608	\$ 670,542	\$ 786,305	\$ 805,717	\$ 800,000
Senior Citizen Discount	<u>\$ 419,724</u>	<u>\$ 575,622</u>	<u>\$ 1,240,301</u>	<u>\$ 1,994,244</u>	<u>\$ 3,104,102</u>	<u>\$ 3,163,062</u>	<u>\$ 2,552,901</u>	<u>\$ 1,623,891</u>	<u>\$ 767,928</u>
	\$ (716,421)	\$(282,940)	\$ 3,643,016	\$ 10,225,593	\$ 19,696,725	\$ 21,786,538	\$ 18,300,715	\$ 9,002,456	\$ 2,273,260



**Actual Natural Gas Billed**

	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>
Williams	\$ 2,443,781	\$ 2,201,874	\$ 2,413,257
Texas Eastern	\$ 3,051,073	\$ 2,987,210	\$ 2,992,160
Dominion	\$ 139,294	\$ 136,720	\$ 132,114
Equitrans	\$ 61,087	\$ 61,009	\$ 59,791
Spot Purchases -Transco	\$ 5,451	\$ 61,069	\$ 2,902,472
Spot Purchases -Tetco			
Transco Supply1	\$ 6,302,457	\$ 2,777,170	\$ 10,350,755
Transco Supply2	\$ 4,668,600	\$ 3,571,680	\$ 18,600
Transco Supply3			
Transco Supply4			
Transco Supply5			
Transco Supply6	\$ 154,497	\$ 314,850	\$ 133,800
Transco Supply7	\$ 7,065,116	\$ 7,145,826	\$ 6,435,021
Transco Supply8	\$ 10,469,899	\$ 9,361,928	\$ 20,767,404
Transco Supply9			
Transco Supply10	\$ 9,334,468	\$ 2,700,428	\$ 3,075,748
Transco Supply11			
Transco Supply12			
Transco Supply13			
Transco Supply14	\$ 2,331,200	\$ 1,780,240	\$ 1,975,940
Transco Supply15			
Transco Supply16			
Transco Supply17	\$ 2,154,500	\$ 1,806,000	\$ 1,972,840
Transco Supply18			
Tetco Supply1	\$ 5,175,956	\$ 3,844,522	\$ 8,120,781
Tetco Supply2	\$ 2,058,400	\$ 1,691,200	\$ 1,876,740
Tetco Supply3			
Tetco Supply4			
Tetco Supply5			
Tetco Supply6			
Tetco Supply7	\$ 6,721,463	\$ 5,631,394	\$ 5,381,326
Tetco Supply8			
Tetco Supply9			
Tetco Supply10			
Tetco Supply11			
Tetco Supply12			
Tetco Supply13	\$ 9,309,644	\$ 7,796,291	\$ 7,946,721
Tetco Supply14	\$ 2,120,400	\$ 1,775,200	\$ 1,938,740
Tetco Supply15	\$ 1,743,440	\$ 1,462,720	\$ 1,598,112
Tetco Supply16	\$ 315,266	\$ 2,251,887	\$ 301,782
<b>Total Costs</b>	<b>\$ 75,625,992</b>	<b>\$ 59,359,219</b>	<b>\$ 80,394,104</b>
Deferred Gas Payment	\$ (7,334,309)	\$ (7,334,309)	\$ (7,334,309)
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation Purchases	\$ 929	\$ 3,126	\$ 1,212
Adjustment/Reconciliation	\$ (5,539,782)	\$ 5,930,365	\$ (105,979)
<b>Total Natural Gas Billed</b>	<b>\$ 62,752,830</b>	<b>\$ 57,958,401</b>	<b>\$ 72,955,028</b>

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

	<u>Actual</u>				<u>Projected</u>			<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Total</u>	<u>2nd Qtr Filing Jan-05</u>	<u>2nd Qtr Filing Feb-05</u>	<u>2nd Qtr Filing Mar-05</u>		<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Total</u>
Total Natural Gas Billed	\$ 62,752,830	\$ 57,958,401	\$ 72,955,028	\$ 193,666,259	\$ 61,932,161	\$ 46,371,700	\$ 41,729,639	\$ 150,033,500	\$ 820,669	\$ 11,586,701	\$ 31,225,389	\$ 43,632,759
Less Interruptible Credit	\$ 5,219,290	\$ 3,848,101	\$ 4,436,894	\$ 13,504,285	\$ 3,890,209	\$ 3,164,891	\$ 2,754,713	\$ 9,809,813	\$ 1,329,081	\$ 683,210	\$ 1,682,181	\$ 3,694,472
Gas Used For Utility	\$ 78,854	\$ 83,502	\$ 103,118	\$ 265,474	\$ 136,460	\$ 117,395	\$ 101,515	\$ 355,370	\$ (57,606)	\$ (33,893)	\$ 1,603	\$ (89,896)
	57,454,686	54,026,798	68,415,016	179,896,500	57,905,492	43,089,414	38,873,411	139,868,317	(450,806)	10,937,384	29,541,805	40,028,183
<b>Pipeline Storages</b>												
(To)	\$ (377,181)	\$ (57,427)	\$ (11,050,798)	\$ (11,485,406)	\$ -	\$ -	\$ -	\$ -	\$ (377,181)	\$ (57,427)	\$ (11,050,798)	\$ (11,485,406)
From	\$ 23,231,126	\$ 17,547,704	\$ 9,753,606	\$ 50,532,436	\$ 28,968,122	\$ 29,512,389	\$ 22,524,887	\$ 81,005,398	\$ (5,736,996)	\$ (11,964,685)	\$ (12,771,281)	\$ (30,472,962)
Net Pipeline Storages	\$ 22,853,945	\$ 17,490,277	\$ (1,297,192)	\$ 39,047,030	\$ 28,968,122	\$ 29,512,389	\$ 22,524,887	\$ 81,005,398	\$ (6,114,177)	\$ (12,022,112)	\$ (23,822,079)	\$ (41,958,368)
<b>LNG Storage</b>												
(To)	\$ -	\$ (121,314)	\$ (2,490,621)	\$ (2,611,935)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (121,314)	\$ (2,490,621)	\$ (2,611,935)
From	\$ 7,399,760	\$ 510,828	\$ 733,550	\$ 8,644,138	\$ 3,409,914	\$ 2,375,798	\$ 590,138	\$ 6,375,850	\$ 3,989,846	\$ (1,864,970)	\$ 143,412	\$ 2,268,288
Net LNG Storage	\$ 7,399,760	\$ 389,514	\$ (1,757,071)	\$ 6,032,203	\$ 3,409,914	\$ 2,375,798	\$ 590,138	\$ 6,375,850	\$ 3,989,846	\$ (1,986,284)	\$ (2,347,209)	\$ (343,647)
Net Natural Gas	\$ 87,708,391	\$ 71,906,589	\$ 65,360,753	\$ 224,975,733	\$ 90,283,528	\$ 74,977,601	\$ 61,988,436	\$ 227,249,565	\$ (2,575,137)	\$ (3,071,012)	\$ 3,372,317	\$ (2,273,832)
<b>APPLICABLE GCR EXPENSES</b>												
Net Natural Gas Expense	\$ 87,708,391	\$ 71,906,589	\$ 65,360,753	\$ 224,975,733	\$ 90,283,528	\$ 74,977,601	\$ 61,988,436	\$ 227,249,565	\$ (2,575,137)	\$ (3,071,012)	\$ 3,372,317	\$ (2,273,832)
Electric	\$ 102,658	\$ 112,963	\$ 118,448	\$ 334,069	\$ 89,617	\$ 102,375	\$ 90,300	\$ 282,292	\$ 13,041	\$ 10,588	\$ 28,148	\$ 51,777
Non Fuel Expense:												
Total GCR Expenses	\$ 87,811,049	\$ 72,019,552	\$ 65,479,201	\$ 225,309,802	\$ 90,373,146	\$ 75,079,976	\$ 62,078,736	\$ 227,531,858	\$ (2,562,096)	\$ (3,060,424)	\$ 3,400,465	\$ (2,222,055)

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

In the definition of "GAC," the "GAC" value effective June 1, 2005 decreases from \$(0.02503) per Ccf to \$(0.04102) per Ccf.

In the definition of "IRC," the "IRC" value effective June 1, 2005 decreases from \$0.01667 per Ccf to \$(0.01722) per Ccf.

In the definition of "SSC," the "SSC" value effective June 1, 2005 increases from \$0.85292 per Ccf to \$0.95822 per Ccf.

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

The Gas Cost Rate (GCR) effective June 1, 2005 increases from \$0.81122 per Ccf to \$0.89998 per Ccf.

**UNIVERSAL SERVICE CHARGE (PAGE No. 81)**

The Universal Services Charge effective June 1, 2005 increases from \$0.15226 per Ccf to \$0.18009 per Ccf.

**GENERAL SERVICE – RATE GS (Page No. 83)**

The GCR for Residential, Commercial, and Industrial Services increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

**MUNICIPAL SERVICE – RATE MS (Page No. 87)**

The GCR for Municipal Service increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

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

The GCR for Philadelphia Housing Authority Service increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

TABLE OF CONTENTS

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

PHILADELPHIA GAS WORKS

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Ninth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	72
Migration/Reverse Migration Rider _____	75
Exit Fee Rider _____	77
Restructuring and Consumer Education Surcharge _____	Second Revised 79
Universal Services Surcharge _____	Ninth Revised 81
General Service - Rate GS _____	Ninth Revised 83
Municipal Service - Rate MS _____	Ninth Revised 87
Philadelphia Housing Authority Service -Rate PHA _____	Ninth Revised 90
Boiler and Power Plant Service – Rate BPS _____	93
Load Balancing Service – RATE LBS _____	97
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
WEATHER NORMALIZATION ADJUSTMENT CLAUSE _____	149

**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 \$(0.03621) per Ccf for Commodity Costs and \$(0.00481) per Ccf for Demand Costs, for service on or after June 1, 2005. The total Gac is \$(0.04102) 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.

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$(0.01722) per Ccf for service on or after June 1, 2005. (D)

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,

**(D) – Decrease**

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 \$0.84010 per Ccf for Commodity Costs and \$0.11812 per Ccf for Demand Costs, for service on or after June 1, 2005. The total SSC is \$0.95822 per Ccf.

(I)  
↓

**(I) – Increase**

PHILADELPHIA GAS WORKS

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 \$0.89998 per Ccf, for service on or after March 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

## 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 = \$ 0.18009/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 June 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):

\$ 0.89998 per Ccf for Residential and Public Housing (I)  
\$ 0.89998 per Ccf for Commercial and Municipal Customers (I)  
\$ 0.89998 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 June 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):

\$0.89998 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 June 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 .89998 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 \$61.7843 per design day Mcf to \$54.7754 per design day Mcf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Ninth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left Blank for Future Use _____	8
Definitions _____	10
<b><u>RULES and REGULATIONS:</u></b>	
1. The Supplier Tariff _____	14
2. Availability _____	16
3. Character of Service _____	18
4. Supplier Qualification _____	20
5. Customer List _____	23
6. Supplier Selection Procedures _____	25
7. Supplier Obligations _____	29
8. Operational Requirements _____	33
9. Special Provisions _____	37
10. Nomination Procedure _____	44
11. Financial Security _____	46
12. Supplier Billing and Payment _____	48
13. Supplier Exit Procedures _____	54
14. Breach of Obligations _____	57
15. Standards of Conduct _____	60

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 \$ 54.7754 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 FIRST CLASS MAIL

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Stephen Gray, Esq.  
Office of Small Business Advocate  
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Harrisburg, PA 17101

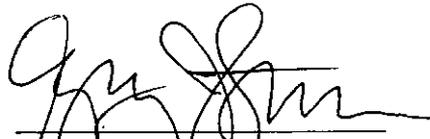
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\_\_\_\_\_  
Gregory L. Stunder, Esq.

Date: May 31, 2005

**RECEIVED**

MAY 31 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Philadelphia Gas Works**

Gregory J. Stunder  
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 684-6878 – Fax (215) 684-6798  
Email: greg.stunder@pgworks.com

June 2, 2005

**VIA EXPRESS MAIL**

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

**RECEIVED**

JUN 02 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

Dear Secretary McNulty:

Enclosed for filing is an original and three (3) copies of the revised pages 2,<sup>1</sup> 67<sup>2</sup> and 68<sup>3</sup> that replace the original pages 2, 67 and 68 filed on May 31, 2005.

If you have any questions, please contact me.

DOCUMENT  
FOLDER

Respectfully submitted,

  
Gregory J. Stunder

Enclosures

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

<sup>1</sup> The originally filed page 2 erroneously disclosed the Interruptible Revenue Credit decreased to \$(0.01722) per Ccf. The correct change is an increase to \$0.01722 per Ccf.

<sup>2</sup> The originally filed page 67 erroneously disclosed the Interruptible Revenue Credit as \$(0.01722) per Ccf. The correct Interruptible Revenue Credit is \$0.01722 per Ccf.

<sup>3</sup> The originally filed page 68 erroneously disclosed that the Gas Cost Rate is effective for service on or after March 1, 2005. The correct date is on or after June 1, 2005.

2/0

List of Changes Made by this Tariff

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

In the definition of "GAC," the "GAC" value effective June 1, 2005 decreases from \$(0.02503) per Ccf to \$(0.04102) per Ccf.

In the definition of "IRC," the "IRC" value effective June 1, 2005 increases from \$0.01667 per Ccf to \$0.01722 per Ccf.

In the definition of "SSC," the "SSC" value effective June 1, 2005 increases from \$0.85292 per Ccf to \$0.95822 per Ccf.

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

The Gas Cost Rate (GCR) effective June 1, 2005 increases from \$0.81122 per Ccf to \$0.89998 per Ccf.

**UNIVERSAL SERVICE CHARGE (PAGE No. 81)**

The Universal Services Charge effective June 1, 2005 increases from \$0.15226 per Ccf to \$0.18009 per Ccf.

**GENERAL SERVICE – RATE GS (Page No. 83)**

The GCR for Residential, Commercial, and Industrial Services increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

**MUNICIPAL SERVICE – RATE MS (Page No. 87)**

The GCR for Municipal Service increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

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

The GCR for Philadelphia Housing Authority Service increases from \$0.81122 per Ccf to \$0.89998 per Ccf, effective June 1, 2005.

**DOCKETED**  
JUN 07 2005

**RECEIVED**

JUN 02 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU  
Effective: June 1, 2005

**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 \$(0.03621) per Ccf for Commodity Costs and \$(0.00481) per Ccf for Demand Costs, for service on or after June 1, 2005. The total Gac is \$(0.04102) 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.

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01722 per Ccf for service on or after June 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,

**(D) – Decrease; (I) – Increase**

PHILADELPHIA GAS WORKS

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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 \$0.89998 per Ccf, for service on or after June 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

**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 FIRST CLASS MAIL

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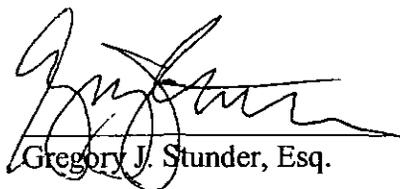
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DOCUMENT  
FOLDER

Date: June 2, 2005

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JUN 02 2005

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU