

# Philadelphia Gas Works

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February 26, 2015

## VIA eFiling

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

Re: **Pa. PUC v. Philadelphia Gas Works; R-2014-2404355,**  
**March 1, 2015 Quarterly GCR Filing**

Dear Secretary Chiavetta:

Enclosed for filing is an original of PGW's Quarterly Gas Cost Rate ("GCR") filing. If you have any questions, please contact me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Gregory J. Stunder", is written over the typed name.

Gregory J. Stunder

Enclosures

cc: All Parties of Record  
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**CERTIFICATE OF SERVICE**

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

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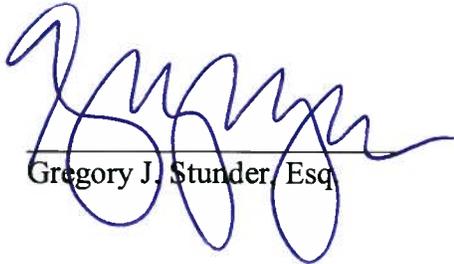
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Gregory J. Stunder, Esq.

Date: February 26, 2015

**MARCH 1, 2015**

**2ND QUARTER GCR FILING**

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**Philadelphia Gas Works**  
**Levelized Gas Cost Rate**  
**2nd Qtr Filing - March 1, 2015**

Formula:  
**GCR = SSC + GAC - IRC**

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
<b>S = Firm Sales (Mcf)</b>			<b>45,807,535</b>	Schedule 2
<hr/>				
Net Natural Gas Expense	\$ 59,358,126	\$ 156,010,353	\$ 215,368,479	
Purchased Electric & Misc Expenses	\$ -	\$ 838,554	\$ 838,554	
<b>Total Natural Gas Expense</b>	<b>\$ 59,358,126</b>	<b>\$ 156,848,906</b>	<b>\$ 216,207,033</b>	Schedule 3
C-Factor Reconciliation	\$ (12,723,120)	\$ 4,127,428	\$ (8,595,692)	Schedule 4(b)
<b>C = Total Applicable GCR Expense</b>	<b>\$ 46,635,006</b>	<b>\$ 160,976,335</b>	<b>\$ 207,611,341</b>	
<hr/>				
<b>SSC = C / S</b>	<b>\$ 1.0181</b>	<b>\$ 3.5142</b>	<b>\$ 4.5323</b>	
<hr/>				
<b>Adjustment For:</b>				
E-Factor Volumes (Mcf)			16,468,550	
E-Factor Reconciliation	\$ 189,328	\$ 4,927,647	\$ 5,116,975	Schedule 4(c)
<hr/>				
<b>E = E-Factor</b>	<b>\$ 0.0115</b>	<b>\$ 0.2992</b>	<b>\$ 0.3107</b>	
<hr/>				
Interruptible Revenue Credit			\$ (54,674)	Schedule 5(a)
<b>IRC = Interruptible Revenue Credit / S</b>			<b>\$ (0.0012)</b>	
<hr/>				
<b>Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit</b>			<b>\$ 212,782,990</b>	
<b><u>GCR = SSC + GAC - IRC</u></b>			<b>\$ 4.8442</b>	
<hr/>				
SSC in effect 3/01/15	\$ 0.9879	\$ 3.4103	\$ 4.3982	
GAC in effect 3/01/15	\$ 0.0113	\$ 0.2954	\$ 0.3067	
IRC in effect 3/01/15			\$ 0.0010	
<b>GCR in effect 3/01/15</b>			<b>\$ 4.7059</b>	Schedule 6
<hr/>				

**Recovery Test on:**

Firm Sales (Mcf)			45,807,535	
= GCR Projected Recovery	\$		210,730,671	
= Load Balancing Revenue	\$		1,069,841	
= LNG Sales Demand Revenue	\$		978,481	
= Total Projected Recovery	\$		212,778,992	Schedule 6
Compared To				
Net Applicable GCR Expenses	\$		212,782,990	
= Net Over/(Under) Recovery	\$		<u>(3,997)</u>	

Degree Days

4,237

## Philadelphia Gas Works

## Price To Compare (\$ / MCF)

March 1, 2015

	GCR	GCA	SSC	MFC	MFC Charge	GPC Charge	GAC	Price to Compare
	1	2	3 = ( 1 - 2 )	4	5 = ( 1 * 4 )	6	7	8 = ( 3 + 5 + 6 + 7 )
Residential GS	\$4.7059	\$0.3077	\$4.3982	4.68%	\$0.2202	\$0.0400	\$0.3067	\$4.9651
Commercial GS	\$4.7059	\$0.3077	\$4.3982	0.28%	\$0.0132	\$0.0400	\$0.3067	\$4.7581
Industrial GS	\$4.7059	\$0.3077	\$4.3982	0.30%	\$0.0141	\$0.0400	\$0.3067	\$4.7590
Phila. Housing Authority (PHA)	\$4.7059	\$0.3077	\$4.3982	0%	\$0.0000	\$0.0400	\$0.3067	\$4.7449
Municipal (MS)	\$4.7059	\$0.3077	\$4.3982	0%	\$0.0000	\$0.0400	\$0.3067	\$4.7449
NGV Firm	\$4.7059	\$0.3077	\$4.3982	0%	\$0.0000	\$0.0400	\$0.3067	\$4.7449
Phila. Housing Authority (GS)	\$4.7059	\$0.3077	\$4.3982	0%	\$0.0000	\$0.0400	\$0.3067	\$4.7449

**SALES & VOLUMES**

**MARCH 2015 THROUGH FEBRUARY 2016**

MONTH	2015	2016	FIRM		INTERRUPTIBLE SALES 4	LNG SALES 4A	AIR CONDITIONING SALES 4B	GCR FIRM SALES 5 = (3 - 4 - 4A - 4B)	SENIOR CITIZEN DISCOUNT SALES 6	APPLICABLE VOLUMES 7 = (5 - 6 + 2)
			TOTAL VOLUMES 1	TRANSPORT VOLUMES 2						
MARCH	7,081,987	556,123	6,525,864	904	79,577	-	6,445,382	48,160	6,953,346	
APRIL	4,903,408	368,024	4,535,384	875	79,020	-	4,455,489	32,698	4,790,815	
MAY	2,469,990	220,887	2,249,104	901	81,654	299	2,166,250	14,403	2,372,734	
JUNE	1,469,774	175,735	1,294,039	872	78,930	893	1,213,344	6,457	1,382,622	
JULY	1,314,881	164,004	1,150,877	1,156	81,561	1,122	1,067,038	5,444	1,225,598	
AUGUST	1,208,746	151,142	1,057,604	1,156	81,561	1,209	973,678	4,927	1,119,893	
SEPTEMBER	1,172,705	154,714	1,017,991	1,115	78,930	1,209	936,737	4,685	1,086,766	
OCTOBER	1,820,474	240,634	1,579,840	1,153	81,561	206	1,496,921	8,298	1,729,257	
NOVEMBER	3,864,957	417,559	3,447,397	1,115	78,930	-	3,367,352	21,589	3,763,323	
DECEMBER	6,579,771	647,574	5,932,197	1,153	81,561	-	5,849,484	38,638	6,458,419	
JANUARY	10,402,813	860,894	9,541,919	1,153	81,530	-	9,459,237	64,094	10,256,037	
FEBRUARY	9,207,215	753,243	8,453,972	1,078	76,270	-	8,376,624	55,978	9,073,889	
<b>TOTAL</b>	<b>51,496,721</b>	<b>4,710,533</b>	<b>46,786,188</b>	<b>12,630</b>	<b>961,085</b>	<b>4,938</b>	<b>45,807,535</b>	<b>305,371</b>	<b>50,212,697</b>	

**Projected Applicable Fuel Expense  
SUMMARY  
FY 2014-2015 2nd Quarter Filing**

	MARCH 2015	APRIL 2015	MAY 2015	JUNE 2015	JULY 2015	AUGUST 2015	SEPTEMBER 2015	OCTOBER 2015	NOVEMBER 2015	DECEMBER 2015	JANUARY 2016	FEBRUARY 2016	TOTAL
<b>NATURAL GAS BILLED</b>													
DEMAND CHARGE	\$4,753,987	\$5,264,413	\$5,256,377	\$5,264,413	\$5,256,377	\$5,256,377	\$5,264,413	\$5,256,377	\$4,104,609	\$4,539,136	\$4,539,136	\$4,602,510	\$59,368,126
COMMODITY CHARGE	\$19,941,669	\$13,010,975	\$8,162,310	\$5,523,979	\$5,341,751	\$5,354,397	\$6,490,617	\$11,519,938	\$15,790,099	\$22,991,016	\$24,171,961	\$23,044,181	\$161,342,895
<b>TOTAL NATURAL GAS BILLED</b>	<b>\$24,695,656</b>	<b>\$18,275,388</b>	<b>\$13,418,688</b>	<b>\$10,788,392</b>	<b>\$10,598,129</b>	<b>\$10,610,774</b>	<b>\$11,755,030</b>	<b>\$16,776,315</b>	<b>\$19,894,708</b>	<b>\$27,530,153</b>	<b>\$28,711,097</b>	<b>\$27,646,692</b>	<b>\$220,701,021</b>
<b>INTERRUPTIBLE &amp; A/C CREDIT</b>	<b>\$3,048</b>	<b>\$2,619</b>	<b>\$3,464</b>	<b>\$4,866</b>	<b>\$6,395</b>	<b>\$6,657</b>	<b>\$6,668</b>	<b>\$4,190</b>	<b>\$3,631</b>	<b>\$4,081</b>	<b>\$4,269</b>	<b>\$3,961</b>	<b>\$53,849</b>
SENDOUT VOLUME IN MCF	929	899	1,233	1,814	2,341	2,430	2,389	1,386	1,146	1,185	1,185	1,108	18,055
DKT CONVERSION FACTOR	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056
PRICE /DKT	\$3.1067	\$2.7584	\$2.6602	\$2.5403	\$2.5866	\$2.5935	\$2.6433	\$2.8419	\$3.0000	\$3.2628	\$3.4128	\$3.3850	\$3.3850
<b>GAS USED FOR UTILITY</b>	<b>\$212,417</b>	<b>\$88,139</b>	<b>\$3,903</b>	<b>\$13,954</b>	<b>\$10,254</b>	<b>\$17,569</b>	<b>\$28,490</b>	<b>\$38,254</b>	<b>\$95,463</b>	<b>\$180,749</b>	<b>\$262,148</b>	<b>\$285,701</b>	<b>\$1,237,040</b>
<b>NATURAL GAS</b>													
TO STORAGE	(\$108,597)	(\$2,660,698)	(\$2,832,241)	(\$2,682,056)	(\$2,854,325)	(\$2,864,408)	(\$3,216,147)	(\$3,279,005)	\$0	\$0	\$0	\$0	(\$20,497,474)
FROM STORAGE PGW	\$1,712,316	\$61,362	\$0	\$0	\$0	\$0	\$0	\$0	\$524,947	\$4,270,103	\$8,358,122	\$5,166,033	\$20,092,884
FT FROM STORAGE	\$225,251	\$16,576	\$0	\$0	\$0	\$0	\$0	\$0	\$113,159	\$518,549	\$783,176	\$593,739	\$2,251,450
<b>NET NATURAL GAS STORAGE</b>	<b>\$1,603,719</b>	<b>(\$2,599,336)</b>	<b>(\$2,832,241)</b>	<b>(\$2,682,056)</b>	<b>(\$2,854,325)</b>	<b>(\$2,864,408)</b>	<b>(\$3,216,147)</b>	<b>(\$3,279,005)</b>	<b>\$524,947</b>	<b>\$4,270,103</b>	<b>\$8,358,122</b>	<b>\$5,166,033</b>	<b>(\$404,590)</b>
<b>LNG</b>													
TO STORAGE	(\$1,616,407)	(\$1,088,644)	(\$810,653)	(\$470,534)	\$0	\$0	(\$256,625)	(\$949,480)	(\$1,303,659)	(\$914,746)	(\$386,474)	(\$469,678)	(\$8,266,899)
FROM LNG PGW	\$713,935	\$689,762	\$683,896	\$644,841	\$658,779	\$658,779	\$636,935	\$649,513	\$610,250	\$642,248	\$1,185,540	\$1,003,469	\$8,777,947
FT FROM LNG	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>NET LNG STORAGE</b>	<b>(\$902,472)</b>	<b>(\$398,882)</b>	<b>(\$126,757)</b>	<b>\$174,307</b>	<b>\$658,779</b>	<b>\$658,779</b>	<b>\$380,310</b>	<b>(\$299,966)</b>	<b>(\$693,409)</b>	<b>(\$272,498)</b>	<b>\$799,066</b>	<b>\$533,791</b>	<b>\$511,048</b>
LNG SALES FROM LNG TANK	\$378,596	\$373,196	\$367,998	\$345,342	\$351,487	\$351,487	\$340,149	\$348,453	\$328,009	\$330,200	\$326,878	\$306,316	\$4,148,111
SENDOUT VOLUMES (MCF)	79,577	79,020	81,654	78,930	81,561	81,561	78,930	81,561	78,930	81,561	81,530	76,270	961,085
@ AVG LNG COMMODITY RATE	\$4.7576	\$4.7228	\$4.5068	\$4.3753	\$4.3095	\$4.3095	\$4.3095	\$4.2723	\$4.1557	\$4.0485	\$4.0093	\$4.0162	\$4.0162
<b>NET NATURAL GAS EXPENSE</b>	<b>\$24,802,843</b>	<b>\$14,813,217</b>	<b>\$10,084,324</b>	<b>\$7,916,482</b>	<b>\$8,034,448</b>	<b>\$8,029,433</b>	<b>\$8,543,887</b>	<b>\$12,806,447</b>	<b>\$19,299,143</b>	<b>\$31,012,728</b>	<b>\$37,274,990</b>	<b>\$32,750,538</b>	<b>\$215,368,479</b>
<b>APPLICABLE GCR EXPENSE</b>													
NET NATURAL GAS EXPENSE	\$24,802,843	\$14,813,217	\$10,084,324	\$7,916,482	\$8,034,448	\$8,029,433	\$8,543,887	\$12,806,447	\$19,299,143	\$31,012,728	\$37,274,990	\$32,750,538	\$215,368,479
PURCHASED ELECTRIC & MISC	\$73,437	\$56,967	\$44,584	\$39,804	\$44,348	\$33,025	\$34,540	\$49,636	\$47,718	\$79,574	\$111,782	\$98,139	\$713,554
PLANALYTICS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000	\$0	\$125,000
<b>TOTAL APPLICABLE EXPENSES</b>	<b>\$24,876,280</b>	<b>\$14,870,184</b>	<b>\$10,128,908</b>	<b>\$7,956,286</b>	<b>\$8,078,796</b>	<b>\$8,062,458</b>	<b>\$8,578,427</b>	<b>\$12,856,083</b>	<b>\$19,346,861</b>	<b>\$31,092,302</b>	<b>\$37,511,772</b>	<b>\$32,848,678</b>	<b>\$216,207,033</b>
<b>TOTAL GCR FIRM SALES</b>	<b>6,445,382</b>	<b>4,455,489</b>	<b>2,166,250</b>	<b>1,213,344</b>	<b>1,067,038</b>	<b>973,678</b>	<b>936,737</b>	<b>1,496,921</b>	<b>3,367,952</b>	<b>5,849,484</b>	<b>9,459,237</b>	<b>8,376,624</b>	<b>45,807,535</b>



**FISCAL YEAR 2015  
PHILADELPHIA GAS WORKS  
C-FACTOR RECONCILIATION**

MONTH	NET COST OF FUEL 1 (\$)	TOTAL GCR REVENUE BILLED 2 (\$)	C FACTOR % of GCR 3	C FACTOR REVENUE BILLED 4 = (2 * 3) (\$)	LOAD BALANCING REVENUE 5 (\$)	LNG SALES GCR BILLED REVENUE 6 (\$)	TOTAL C FACTOR REVENUE BILLED 7 = (4 + 5 + 6) (\$)	NATURAL GAS REFUNDS 8 (\$)	OVER/ (UNDER) RECOVERY 9 = (7 + 8 - 1) (\$)	CUMULATIVE OVER/(UNDER) 10 (\$)
SEPTEMBER 2014	10,246,576	6,137,819	98.3%	6,030,578	103,393	104,617	6,238,589	0	(4,007,988)	(4,007,988)
OCTOBER	11,229,571	7,217,520	94.6%	6,828,165	81,005	30,073	6,939,243	0	(4,290,328)	(8,298,316)
NOVEMBER	27,711,117	17,647,091	94.6%	16,695,104	79,953	61,832	16,836,889	0	(10,874,229)	(19,172,545)
DECEMBER	33,850,408	38,010,254	94.5%	35,938,441	82,062	120,419	36,140,923	0	2,290,515	(16,882,030)
JANUARY	43,780,728	52,802,358	94.5%	49,895,306	85,018	125,537	50,105,861	0	6,325,133	(10,556,897)
FEBRUARY	31,535,234	53,443,100	94.5%	50,500,772	86,230	100,820	50,687,822	0	19,152,588	8,595,692

**FISCAL YEAR 2015  
PHILADELPHIA GAS WORKS  
E-FACTOR RECONCILIATION**

MONTH	GCR SALES		MIGRATION RIDER SALES		TOTAL E-FACTOR VOLUMES		TOTAL GCR REVENUE BILLED		E-FACTOR GCR REVENUE BILLED		MIGRATION RIDER REVENUES		TOTAL E-FACTOR REVENUE		OVER/(UNDER) PROJECTED RECOVERY	
	1	2	3=(1+2)	4	5	6=(4*5)	7	8=(6+7)	9	10	11	12	13	14	15	16
	(MCF)	(MCF)	(MCF)	(MCF)	% of GCR	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>PRIOR YEAR E-FACTOR</b>																
SEPTEMBER 2014	985,610	14,041	999,651	6,137,819	1.7%	\$ 102,402	\$ 2,246	\$ 104,648								
OCTOBER	1,231,063	16,506	1,247,569	7,217,520	5.3%	\$ 383,081	\$ 5,123	\$ 388,204								
NOVEMBER	3,009,779	29,423	3,039,202	17,647,091	5.3%	\$ 936,646	\$ 11,086	\$ 947,733								
DECEMBER	6,408,636	48,669	6,457,305	38,010,254	5.4%	\$ 2,045,222	\$ 15,626	\$ 2,060,848								
JANUARY 2015	8,803,915	72,251	8,876,165	52,802,358	5.5%	\$ 2,878,880	\$ 23,626	\$ 2,902,506								
FEBRUARY	8,910,748	63,394	8,974,142	53,443,100	5.5%	\$ 2,913,815	\$ 20,730	\$ 2,934,544								
<b>TOTAL</b>	<b>16,321,181</b>	<b>147,368</b>	<b>16,468,550</b>	<b>80,968,598</b>		<b>5,071,186</b>	<b>45,789</b>	<b>5,116,975</b>								
<b>MARCH 1, 2015 E-FACTOR</b>	<b>0.3107</b>															

**FISCAL YEAR 2015  
PHILADELPHIA GAS WORKS  
IRC FACTOR REVENUE BILLED**

<b>MONTH</b>	<b>TOTAL GCR REVENUE BILLED 1</b>	<b>IRC- FACTOR % of GCR 2</b>	<b>IRC-FACTOR REVENUE BILLED 3 = ( 1 * 2 )</b>
	\$		\$
<b>SEPTEMBER 2014</b>	6,137,819	0.08%	4,839
<b>OCTOBER</b>	7,217,520	0.09%	6,274
<b>NOVEMBER</b>	17,647,091	0.09%	15,340
<b>DECEMBER</b>	38,010,254	0.07%	26,590
<b>JANUARY 2015</b>	52,802,358	0.05%	28,173
<b>FEBRUARY</b>	53,443,100	0.05%	28,514

**FISCAL YEAR 2015  
PHILADELPHIA GAS WORKS  
RECONCILIATION OF DEMAND CHARGES**

<b>MONTH</b>	<b>DEMAND CHARGES</b>	<b>DEMAND</b>	<b>MONTHLY</b>	<b>CUMULATIVE</b>
	<b>LESS LOAD BALANCING CHARGE REVENUE 1</b>	<b>REVENUE BILLED 2</b>	<b>DEMAND OVER/(UNDER) 3 = (2 - 1)</b>	<b>DEMAND OVER/(UNDER) 4</b>
	\$	\$	\$	\$
<b>SEPTEMBER 2014</b>	4,550,374	1,110,093	(3,440,281)	(3,440,281)
<b>OCTOBER</b>	4,655,626	1,563,942	(3,091,684)	(6,531,965)
<b>NOVEMBER</b>	4,594,597	3,823,623	(770,974)	(7,302,939)
<b>DECEMBER</b>	4,176,073	8,565,462	4,389,390	(2,913,549)
<b>JANUARY 2015</b>	4,538,765	12,349,251	7,810,486	4,896,937
<b>FEBRUARY</b>	4,672,923	12,499,106	7,826,183	12,723,120

**INTERRUPTIBLE REVENUE CREDIT**  
**March 1, 2015**

Fiscal Year 2014 Reconciliation (8/31/14) \$ (249,894)

<u>MONTH</u>	<u>IRC</u> <u>CREDIT</u>	<u>MARGIN</u>
September-14	Actual \$ 4,839	\$ 13,329
October	Actual \$ 6,274	\$ 18,824
November	Actual \$ 15,340	\$ 28,089
December	Actual \$ 26,590	\$ 14,728
January-15	Estimated \$ 28,173	\$ 551
February	Estimated \$ 28,514	\$ 497
Act/Est IRC Credit September 2014 to February 2015	<u>\$ 109,730</u>	
Act/Est Margin September 2014 to February 2015		<u>\$ 76,018</u> <span style="float: right;"><u>\$ 76,018</u></span>

FY 2014 Reconciliation Plus Act/Est Margin September 2014 to February 2015 \$ (173,876)

FY 2014 Reconciliation Plus Act/Est Margin September 2014 to February 2015	\$ (173,876)
Act/Est IRC Credit September 2014 to February 2015	<u>\$ 109,730</u>
Reconciliation as of February 28, 2015	\$ (64,146)
Margin - March 2015 through February 2016	<u>\$ 9,473</u> <span style="float: right;">Schedule 5(b)</span>
March 1, 2015 Interruptible Revenue Credit	\$ (54,674)

GCR Firm Sales **45,807,535** Schedule 2

March 1, 2015 IRC/Mcf \$ (0.0012)

**INTERRUPTIBLE REVENUE MARGIN**  
**2nd Qtr FILING**

<u>MONTH</u>		<u>MARGIN</u>
<b>March-15</b>	Estimated	\$ 678
<b>April</b>	Estimated	\$ 656
<b>May</b>	Estimated	\$ 676
<b>June</b>	Estimated	\$ 654
<b>July</b>	Estimated	\$ 867
<b>August</b>	Estimated	\$ 867
<b>September</b>	Estimated	\$ 837
<b>October</b>	Estimated	\$ 864
<b>November</b>	Estimated	\$ 837
<b>December</b>	Estimated	\$ 864
<b>January-16</b>	Estimated	\$ 864
<b>February</b>	Estimated	\$ 809
<b>Total</b>		\$ <u>9,473</u>

**CALCULATION OF RECOVERED CHARGES**  
**2nd Qtr Filing**  
**March 1, 2015**

	<u>50% March</u>	<u>11.5 Months</u>	<u>Total</u>
			(MCF)                      (\$)
S - Firm Sales (Mcf)	3,222,691	42,584,844	45,807,535
C-Factor	\$ 5.6674	\$ 4.3982	
Projected Recovery	18,264,280	187,296,660	\$ 205,560,940
S - Firm Sales (Mcf)	3,222,691	42,584,844	45,807,535
IRC-Factor	\$ 0.0032	\$ 0.0010	
Projected Recovery	10,313	42,585	\$ 52,897
E-Factor Volumes (Mcf)	3,247,740	13,220,810	16,468,550
E-Factor	\$ 0.3270	\$ 0.3067	
Projected Recovery	1,062,011	4,054,822	\$ 5,116,833
GCR (\$ / Mcf)	\$ 5.9976	\$ 4.7059	
<hr/>			
GCR Projected Recovery			\$ 210,730,671
Load Balancing Revenue			\$ 1,069,841
LNG Sales Demand Revenue			\$ 978,481
<b>TOTAL PROJECTED RECOVERY</b>			<b>\$ 212,778,992</b>

**Change In Rates  
2nd Quarter Filing  
Rates Effective March 1, 2015**

**Current Rates**

	<u>12/01/14 Distribution Charge</u> (1)	<u>12/01/14 GCR</u> (2)	<u>12/01/14 MFC</u> (3)	<u>12/01/14 GPC</u> (4)	<u>12/01/14 Commodity Rate</u> (5)=(1)+(2)+(3)+(4)
Residential GS	\$7.3961	\$5.9976	\$0.2807	\$0.0400	\$13.7144
Commercial GS	\$5.9943	\$5.9976	\$0.0168	\$0.0400	\$12.0487
Industrial GS	\$5.8045	\$5.9976	\$0.0180	\$0.0400	\$11.8601
Phila.Housing Authority (PHA)	\$5.5060	\$5.9976	\$0.0000	\$0.0400	\$11.5436
Municipal (MS)	\$4.7686	\$5.9976	\$0.0000	\$0.0400	\$10.8062
Phila.Housing Authority (GS)	\$6.3335	\$5.9976	\$0.0000	\$0.0400	\$12.3711

**March 1, 2015 - Distribution Charge**

	<u>Delivery</u>	<u>Surcharges</u>			<u>Total Distribution Charge / Mcf</u> (11)=(10)+(6)
	<u>Delivery Charge</u> (6)	<u>Other Post Employment Benefit</u> (7)	<u>Efficiency Cost Recovery</u> (8)	<u>Universal Service &amp; Ener. Cons.</u> (9)	
Residential GS	\$6.0067	\$0.3078	(\$0.0141)	\$1.2428	\$7.5432
Commercial GS	\$4.5984	\$0.3078	(\$0.0074)	\$1.2428	\$6.1416
Industrial GS	\$4.5332	\$0.3078	(\$0.1411)	\$1.2428	\$5.9427
Phila.Housing Authority (PHA)	\$4.1101	\$0.3078	(\$0.0074)	\$1.2428	\$5.6533
Municipal (MS)	\$3.3661	\$0.3078	\$0.0000	\$1.2428	\$4.9167
Phila.Housing Authority (GS)	\$4.9441	\$0.3078	(\$0.0141)	\$1.2428	\$6.4806

**Proposed Rates**

	<u>03/01/15 Distribution Charge</u> (11)	<u>03/01/15 GCR</u> (12)	<u>03/01/15 MFC</u> (13)	<u>03/01/15 GPC</u> (14)	<u>03/01/15 Commodity Rate</u> (15)=(11)+(12)+(13)+(14)	<u>Difference</u> (16)=(15)-(5)
Residential GS	\$7.5432	\$4.7059	\$0.2202	\$0.0400	\$12.5093	(\$1.2051)
Commercial GS	\$6.1416	\$4.7059	\$0.0132	\$0.0400	\$10.9007	(\$1.1480)
Industrial GS	\$5.9427	\$4.7059	\$0.0141	\$0.0400	\$10.7027	(\$1.1574)
Phila.Housing Authority (PHA)	\$5.6533	\$4.7059	\$0.0000	\$0.0400	\$10.3992	(\$1.1444)
Municipal (MS)	\$4.9167	\$4.7059	\$0.0000	\$0.0400	\$9.6626	(\$1.1436)
Phila.Housing Authority (GS)	\$6.4806	\$4.7059	\$0.0000	\$0.0400	\$11.2265	(\$1.1446)

**PHILADELPHIA GAS WORKS**  
**March 1, 2015 - 2ND QTR FILING**  
**UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE**

	<b>Expenses in the Surcharge</b>
Enhanced Low Income Retrofit Program (ELIRP)	\$ 5,486,052
Customer Responsibility Program (CRP)	\$ 43,228,234
Senior Citizen Discount *	\$ 3,941,424
<u>March 2015 Under Collection</u>	<u>\$ 9,746,604</u>
Total \$ to be Recovered	\$ 62,402,314
 Total Applicable Volumes	 Mcf 50,212,697
 Universal Service & Energy Conservation Surcharge	 <u><b>\$ 1.2428</b></u>

\* This is the Senior Citizen Discount based on the Distribution Charge without the Universal Services Surcharge plus the GCR. This is used to calculate the Universal Services Surcharge. The total senior citizen discount is \$4,330,721

**STATEMENT OF RECONCILIATION  
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE  
SEPTEMBER 2014 THROUGH FEBRUARY 2015**

Month FY 14 Reconciliation	Applicable Volumes	USC			USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery
		Charge	Revenue Billed	USC			
September 2014	1,120,161	\$ 1,6753	\$ 1,876,606	\$ (1,754,620)	\$ 3,631,226	\$4,970,153	
October	1,410,747	\$ 1,4642	\$ 2,065,616	\$ (942,460)	\$ 3,008,076	\$7,978,229	
November	3,310,333	\$ 1,4642	\$ 4,846,990	\$ 4,575,714	\$ 271,276	\$8,249,505	
December	6,897,688	\$ 1,2795	\$ 8,825,247	\$ 12,729,386	\$ (3,904,139)	\$4,345,366	
January 2015	9,538,559	\$ 1,0947	\$ 10,441,861	\$ 17,117,436	\$ (6,675,576)	(\$2,330,209)	
February	9,545,607	\$ 1,0947	\$ 10,449,576	\$ 17,865,971	\$ (7,416,395)	(\$9,746,604)	
<b>USC Expenses</b>		<b>Oct-14</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Jan-15</b>	<b>Feb-15</b>	
ELIRP Expense	\$ 48,393	\$ 51,212	\$ 455,885	\$ 585,451	\$ 904,347	\$ 904,347	
ELIRP Labor	\$ 12,683	\$ 16,517	\$ 19,264	\$ 19,228	\$ 9,995	\$ 9,995	
CRP Discount	\$ (2,424,508)	\$ (1,659,774)	\$ 3,235,642	\$ 10,852,045	\$ 14,764,651	\$ 15,492,253	
CRP Forgiveness	\$ 469,489	\$ 478,214	\$ 456,177	\$ 498,830	\$ 472,440	\$ 480,060	
Senior Citizen Discount	\$ 139,322	\$ 171,372	\$ 408,745	\$ 773,832	\$ 966,003	\$ 979,316	
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ (1,754,620)	\$ (942,460)	\$ 4,575,714	\$ 12,729,386	\$ 17,117,436	\$ 17,865,971	

<b>CRP Participation</b>			
Rate Case Participation Rate	84,000	84,000	84,000
Actual Participation Rate*	61,588	61,243	60,885
CRP Under(Over) Participation	22,412	22,757	23,115
<b>Average Shortfall Per CRP Participant</b>			
CRP Discount	\$ (2,424,508)	\$ (1,659,774)	\$ 3,235,642
Actual Participation Rate	61,588	61,243	60,885
Average Shortfall per CRP Participant	\$ (39)	\$ (27)	\$ 53
Shortfall*	\$ -	\$ -	\$ -
Bad Debt Expense Offset*	\$ -	\$ -	\$ -

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

## EFFICIENCY COST RECOVERY (ECR) SURCHARGE

March 1, 2015

<u>Program</u>	<u>Residential &amp; PHA GS</u>	<u>Commercial &amp; PHA</u>	<u>Industrial</u>	<u>Total</u>
<b>Residential Heating Equipment Rebate (RHER)</b>				
Program Expense	\$697,977	\$83,470	\$0	\$781,447
Labor Expense	\$7,734	\$1,255	\$0	\$8,989
<b>Commercial &amp; Industrial Retrofit Incentive (CIRI)</b>				
Program Expense	\$172,708	\$262,286	\$0	\$434,993
Labor Expense	\$1,911	\$2,322	\$0	\$4,233
<b>Commercial &amp; Industrial Equipment Rebate (CIER)</b>				
Program Expense	\$11,614	\$254,535	\$0	\$266,149
Labor Expense	\$142	\$2,564	\$0	\$2,706
<b>High-Efficiency Construction Incentive (HECI)</b>				
Program Expense	\$160,932	\$72,126	\$0	\$233,058
Labor Expense	\$1,530	\$864	\$0	\$2,394
<b>Comprehensive Residential Retrofit Incentive (CRRRI)</b>				
Program Expense	\$1,088,959	\$0	\$0	\$1,088,959
Labor Expense	<u>\$11,021</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,021</u>
<b>Total Expense</b>	\$2,154,528	\$679,422	\$0	\$2,833,950
<b>Prior Period Reconciliation (2/28/15)</b>	<u>\$ (2,339,634)</u>	<u>\$ (710,250)</u>	<u>\$ (48,295)</u>	<u>(\$3,098,179)</u>
<b>Total</b>	(185,106)	(30,827)	(48,295)	(264,229)
<b>Volumes - Mcf (GCR Firm &amp; Firm Transportation)</b>	13,103,555	4,145,981	342,357	

<b>Efficiency Cost Recovery Surcharge / Mcf</b>	<b>(\$0.0141)</b>	<b>(\$0.0074)</b>	<b>(\$0.1411)</b>
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**EFFICIENCY COST RECOVERY (ECR) SURCHARGE  
STATEMENT OF RECONCILIATION  
2ND QUARTER FILING**

	Actual Sep-14	Actual Oct-14	Actual Nov-14	Actual Dec-14	Estimated Jan-15	Estimated Feb-15
<b>RESIDENTIAL &amp; PHA GS</b>						
FY 2014 Over-Collection	\$ 3,664,920					
Volume Billed	716,465	891,401	2,334,361	5,215,559	7,159,959	7,388,570
ECR Surcharge	\$ (0,0154)	\$ (0,0040)	\$ (0,0040)	\$ (0,0086)	\$ (0,0131)	\$ (0,0131)
Revenue Billed	\$ (11,034)	\$ (3,566)	\$ (9,337)	\$ (44,593)	\$ (93,795)	\$ (96,790)
RHER	28,249	7,302	80,490	91,172	116,330	116,330
RHER	1,714	2,232	3,096	2,598	1,289	1,289
HECI	1,330	1,408	104	10,920	26,822	26,822
CRRI	349	454	687	529	255	255
CRRI	8,915	9,434	54,628	23,504	181,493	181,493
CIRI	2,336	3,043	3,584	3,542	1,837	1,837
CIRI	1,352	1,431	(992)	2,471	28,785	28,785
CIER	354	461	224	537	318	318
CIER	263	141	(213)	252	1,936	1,936
Total	24	32	-	37	24	24
	\$ 44,887	\$ 25,937	\$ 141,608	\$ 135,562	\$ 359,088	\$ 359,088
Monthly Over/(Under)	\$ (55,921)	\$ (29,502)	\$ (150,946)	\$ (180,155)	\$ (452,883)	\$ (455,878)
Cumulative Over/(Under)	\$ 3,609,000	\$ 3,579,497	\$ 3,428,551	\$ 3,248,396	\$ 2,795,513	\$ 2,339,634
<b>COMMERCIAL &amp; PHA</b>						
FY 2014 Over-Collection	\$ 1,029,904					
Volume Billed	364,948	470,450	856,762	1,461,168	2,013,528	1,832,603
ECR Surcharge	\$ (0,0058)	\$ (0,0013)	\$ (0,0013)	\$ (0,0040)	\$ (0,0066)	\$ (0,0066)
Revenue Billed	(2,098)	(612)	(1,114)	(5,772)	(13,289)	(12,095)
RHER	3,200	827	3,232	10,327	13,912	13,912
RHER	194	253	(155)	294	209	209
CIRI	2,069	2,190	1,222	3,782	43,714	43,714
CIRI	542	706	1,147	822	387	387
CIER	5,915	3,161	3,943	5,669	42,423	42,423
CIER	546	711	851	827	427	427
HECI	591	625	(792)	4,851	12,021	12,021
HECI	155	202	60	235	144	144
Total	13,212	8,674	9,507	26,808	113,237	113,237
Monthly Over/(Under)	\$ (15,311)	\$ (9,286)	\$ (10,621)	\$ (32,579)	\$ (126,526)	\$ (125,332)
Cumulative Over/(Under)	\$ 1,014,594	\$ 1,005,308	\$ 994,687	\$ 962,108	\$ 835,582	\$ 710,250
<b>INDUSTRIAL</b>						
FY 2014 Over-Collection	\$ 121,604					
Volume Billed	31,238	37,156	59,645	113,165	171,684	144,978
ECR Surcharge	\$ (0,1374)	\$ (0,1307)	\$ (0,1307)	\$ (0,1310)	\$ (0,1312)	\$ (0,1312)
Revenue Billed	\$ (4,292)	\$ (4,856)	\$ (7,796)	\$ (14,819)	\$ (22,525)	\$ (19,021)
CIRI	-	-	-	-	-	-
CIRI	-	-	-	-	-	-
CIER	-	-	-	-	-	-
CIER	-	-	-	-	-	-
Total	-	-	-	-	-	-
Monthly Over/(Under)	\$ (4,292)	\$ (4,856)	\$ (7,796)	\$ (14,819)	\$ (22,525)	\$ (19,021)
Cumulative Over/(Under)	\$ 117,312	\$ 112,456	\$ 104,660	\$ 89,841	\$ 67,316	\$ 48,295

**PHILADELPHIA GAS WORKS  
LOAD BALANCING CHARGE  
MARCH 1, 2015**

<b>Storage and Peaking Asset Cost</b>	<b>\$</b>	<b>15,287,652</b>
<hr/>		
<b>Design Day Requirements (Mcf)</b>		<b>656,468</b>
<b>Fulfilled from FT Capacity (Mcf)</b>		<b><u>291,094</u></b>
<b>Fulfilled from Storage and Peaking Assets (Excess Mcf)</b>		<b>365,374</b>
<hr/>		
<b>Annual Storage and Peaking Cost per Excess Mcf</b>	<b>\$</b>	<b>41.8411</b>
<b>Per Mcf Over / (Under) Adjustment</b>	<b>\$</b>	<b><u>0.1304</u></b>
<b>Load Balancing Charge</b>	<b>\$</b>	<b>41.7107</b>

<b>Over / (Under) Recovery</b>	<b>\$</b>	<b>35,352</b>
<b>Interest</b>	<b>\$</b>	<b><u>4,788</u></b>
<b>Total Over/(Under) Recovery</b>	<b>\$</b>	<b>40,140</b>
<b>Forecasted SSPC Volumes</b>		<b>307,789</b>
<b>Per Mcf Over / (Under) Adjustment</b>	<b>\$</b>	<b>0.1304</b>

**Natural Gas Prices - FY 2014-2015 - 2nd Quarter GCR Filing**

**Basis Differentials**

**Prices Used For Gas Cost Inputs**

	TRANSCO				TETCO				NYMEX Futures 1/20/15 Close	TRANSCO				TETCO				
	Sta 30	Sta 45	Sta 65	ELA	M-1	M-2	Dom.S.Pt.						Sta 30	Sta 45	Sta 65	ELA	M-1	M-2
2015:2												2.76	2.80	2.84	2.76	2.89	1.90	1.80
2015:3	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.820	2.820	2.820	2.820	2.75	2.79	2.83	2.75	2.88	1.89	1.79
2015:4	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.803	2.803	2.803	2.803	2.73	2.77	2.81	2.73	2.86	1.87	1.77
2015:5	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.821	2.821	2.821	2.821	2.75	2.79	2.83	2.75	2.88	1.89	1.79
2015:6	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.864	2.864	2.864	2.864	2.79	2.83	2.87	2.79	2.92	1.93	1.83
2015:7	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.917	2.917	2.917	2.917	2.85	2.89	2.93	2.85	2.98	1.99	1.89
2015:8	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.925	2.925	2.925	2.925	2.86	2.90	2.94	2.86	2.99	2.00	1.90
2015:9	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.906	2.906	2.906	2.906	2.84	2.88	2.92	2.84	2.97	1.98	1.88
2015:10	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	2.938	2.938	2.938	2.938	2.87	2.91	2.95	2.87	3.00	2.01	1.91
2015:11	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	3.055	3.055	3.055	3.055	2.99	3.03	3.07	2.99	3.12	2.13	2.03
2015:12	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	3.242	3.242	3.242	3.242	3.17	3.21	3.25	3.17	3.30	2.31	2.21
2016:1	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	3.380	3.380	3.380	3.380	3.31	3.35	3.39	3.31	3.44	2.45	2.35
2016:2	(0.07)	(0.03)	0.01	(0.07)	0.06	(0.93)	(1.03)	3.378	3.378	3.378	3.378	3.31	3.35	3.39	3.31	3.44	2.45	2.35

**Actual Natural Gas Billed**

	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>
Williams	\$ 2,756,944.33	\$ 2,611,785.04	\$ 2,771,533.07
Texas Eastern	\$ 1,962,643.73	\$ 1,893,898.40	\$ 1,903,700.62
Dominion	\$ 127,651.53	\$ 126,750.50	\$ 136,894.60
Equitrans	\$ -	\$ -	\$ -
Spot Purchases -Transco	\$ 16,097.86	\$ 81,892.28	\$ 88,127.16
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply2	\$ -	\$ -	\$ -
Transco Supply3	\$ 550,250.00	\$ 1,638,000.00	\$ 3,689,000.00
Transco Supply6	\$ -	\$ 606,750.00	\$ 1,348,925.00
Transco Supply7	\$ 839,950.00	\$ -	\$ -
Transco Supply8	\$ 1,249,743.26	\$ 2,981,925.00	\$ 4,203,962.50
Transco Supply10	\$ 592,875.00	\$ 622,500.00	\$ 641,700.00
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply14	\$ 431,875.00	\$ 591,000.00	\$ 610,700.00
Transco Supply17	\$ -	\$ -	\$ -
Transco Supply20	\$ -	\$ -	\$ -
Transco Supply21	\$ -	\$ -	\$ -
Transco Supply22	\$ 2,272,682.66	\$ 1,834,500.00	\$ 1,572,450.00
Transco Supply23	\$ 638,290.00	\$ 632,250.00	\$ 653,325.00
Transco Supply24	\$ -	\$ -	\$ -
Transco Supply25	\$ -	\$ 1,197,725.12	\$ 1,570,125.05
Transco Supply26	\$ -	\$ -	\$ -
Transco Supply27	\$ -	\$ -	\$ -
Transco Supply28	\$ 1,424,450.00	\$ -	\$ -
Transco Supply29	\$ 449,875.00	\$ 594,750.00	\$ 614,575.00
Tetco Supply1	\$ -	\$ -	\$ -
Tetco Supply2	\$ -	\$ -	\$ -
Tetco Supply3	\$ 3,100.00	\$ 1,185,000.00	\$ 2,492,000.00
Tetco Supply4	\$ -	\$ 373,500.00	\$ 385,950.00
Tetco Supply5	\$ 359,990.74	\$ 85,450.00	\$ -
Tetco Supply7	\$ -	\$ -	\$ -
Tetco Supply13	\$ 1,005,950.00	\$ -	\$ -
Tetco Supply14	\$ -	\$ -	\$ -
Tetco Supply16	\$ -	\$ 655,500.00	\$ 600,625.00
Tetco Supply17	\$ -	\$ -	\$ 1,267,900.00
Tetco Supply18	\$ -	\$ -	\$ -
Tetco Supply19	\$ -	\$ -	\$ -
Tetco Supply20	\$ -	\$ 583,500.00	\$ 651,770.80
Tetco Supply21	\$ -	\$ -	\$ -
Tetco Supply22	\$ 652,722.56	\$ -	\$ -
Tetco Supply23	\$ -	\$ -	\$ -
Tetco Supply24	\$ 392,925.00	\$ 2,561,025.00	\$ 2,481,650.00
Tetco Supply25	\$ -	\$ 637,500.00	\$ 615,350.00
Tetco Supply26	\$ -	\$ 1,686,525.00	\$ 1,597,375.00
<b>Total Costs</b>	<b>\$ 15,728,017</b>	<b>\$ 23,181,726</b>	<b>\$ 29,897,639</b>
Sharing Mechanism	\$ 158,702	\$ 227,204	\$ 236,537
Asset Management Agreement	\$ -	\$ -	\$ -
Off System Sales	\$ -	\$ -	\$ -
Gas Transportation Purchases	\$ 549	\$ 2,205	\$ 4,119
Adjustment/Reconciliation	\$ (652,467)	\$ (1,081,899)	\$ 350,507
<b>Total Natural Gas Billed</b>	<b>\$ 15,234,800</b>	<b>\$ 22,329,237</b>	<b>\$ 30,488,802</b>

## Philadelphia Gas Works Summary of Fuels Purchased Three Months Ending December 2014

	Actual			Total	Projected			Total	Actual Over/Under vs Projected			Total
	Oct-14	Nov-14	Dec-14		Projected 4th Qtr Filing Oct-14	Projected 1st Qtr Filing Nov-14	Projected 1st Qtr Filing Dec-14		Oct-14	Nov-14	Dec-14	
Total Natural Gas Billed	\$ 15,234,800	\$ 22,329,237	\$ 30,488,802	\$ 68,052,839	\$ 21,203,926	\$ 24,792,561	\$ 25,184,033	\$ 71,180,520	\$ (2,463,325)	\$ 5,304,769	\$ (3,127,681)	\$ (3,127,681)
Less Imbalance Charge	\$ 8,472	\$ 30,585	\$ 138,688	\$ 177,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Interruptible Credit	\$ 122,213	\$ 240,558	\$ 409,377	\$ 772,148	\$ 217,348	\$ 248,143	\$ 342,315	\$ 807,807	\$ (7,585)	\$ 67,062	\$ (35,659)	\$ (35,659)
Gas Used For Utility	\$ 61,460	\$ 100,674	\$ 214,132	\$ 376,266	\$ 48,761	\$ 140,172	\$ 223,409	\$ 412,342	\$ (39,498)	\$ (9,277)	\$ (36,076)	\$ (36,076)
Pipeline Storages	\$ 15,042,655	\$ 21,957,420	\$ 29,726,605	\$ 66,726,680	\$ 20,937,817	\$ 24,404,245	\$ 24,618,309	\$ 69,960,371	\$ (2,446,826)	\$ 5,108,296	\$ (3,233,691)	\$ (3,233,691)
(To)	\$ (4,113,186)	\$ (1,190,277)	\$ (1,389,735)	\$ (6,693,198)	\$ (6,104,428)	\$ (762,299)	\$ -	\$ (6,866,726)	\$ (427,978)	\$ (1,389,735)	\$ (173,528)	\$ (173,528)
From	\$ 910,210	\$ 7,996,204	\$ 5,926,002	\$ 14,832,416	\$ -	\$ 2,072,191	\$ 12,003,930	\$ 14,076,121	\$ 5,924,013	\$ (6,077,928)	\$ 756,295	\$ 756,295
Net Pipeline Storages	\$ (3,202,976)	\$ 6,805,927	\$ 4,536,267	\$ 8,139,218	\$ (6,104,428)	\$ 1,309,893	\$ 12,003,930	\$ 7,209,395	\$ 5,496,034	\$ (7,467,663)	\$ 929,823	\$ 929,823
LNG Storage												
(To)	\$ (1,068,232)	\$ (1,700,856)	\$ (1,225,741)	\$ (3,994,829)	\$ (1,423,990)	\$ (1,798,763)	\$ (1,213,047)	\$ (4,435,800)	\$ 97,907	\$ (12,694)	\$ 440,971	\$ 440,971
From	\$ 394,222	\$ 602,174	\$ 716,581	\$ 1,712,977	\$ 555,167	\$ 569,928	\$ 682,286	\$ 1,807,381	\$ 32,246	\$ 34,295	\$ (94,404)	\$ (94,404)
Net LNG Storage	\$ (674,010)	\$ (1,098,682)	\$ (509,160)	\$ (2,281,852)	\$ (868,823)	\$ (1,228,835)	\$ (530,761)	\$ (2,628,419)	\$ 130,153	\$ 21,601	\$ 346,567	\$ 346,567
Net Natural Gas	\$ 11,165,669	\$ 27,664,665	\$ 33,753,712	\$ 72,584,046	\$ 13,964,566.39	\$ 24,485,303	\$ 36,091,478	\$ 74,541,348	\$ 3,179,361	\$ (2,337,766)	\$ (1,957,302)	\$ (1,957,302)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 11,165,669	\$ 27,664,665	\$ 33,753,712	\$ 72,584,046	\$ 13,964,566	\$ 24,485,303	\$ 36,091,478	\$ 74,541,348	\$ 3,179,361	\$ (2,337,766)	\$ (1,957,302)	\$ (1,957,302)
Purchased Electric & Misc	\$ 63,902	\$ 46,452	\$ 96,696	\$ 207,050	\$ 46,644	\$ 52,884	\$ 59,403	\$ 158,931	\$ (6,432)	\$ 37,293	\$ 48,119	\$ 48,119
Total GCR Expenses	\$ 11,229,571	\$ 27,711,117	\$ 33,850,408	\$ 72,791,096	\$ 14,011,211	\$ 24,538,187	\$ 36,150,881	\$ 74,700,279	\$ 3,172,929	\$ (2,300,473)	\$ (1,909,183)	\$ (1,909,183)

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



Issued by: Craig White  
President and CEO

PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

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

In the definition of “GAC,” the “GAC” value effective March 1, 2015 decreases from \$0.03270 per Ccf to \$0.03067 per Ccf; In the definition of “IRC,” the “IRC” value effective March 1, 2015 increases from \$(0.00032) to \$(0.00010) per Ccf; In the definition of “SSC,” the “SSC” value effective March 1, 2015 decreases from \$0.56674 per Ccf to \$0.43982 per Ccf.

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

The Gas Cost Rate (GCR) effective March 1, 2015 decreases from \$0.59976 per Ccf to \$0.47059 per Ccf.

PRICE TO COMPARE (PAGE No. 78)

The Prices to Compare effective March 1, 2015 are: a) \$0.49651 per Ccf for Residential; b) \$0.47581 per Ccf for Commercial Customers on Rate GS; c) \$0.47590 per Ccf for Industrial Customers on Rate GS; and d) \$0.47449 per Ccf for Municipal Customers on Rate MS, The Philadelphia Housing Authority on Rate PHA, Public Housing Customers on Rate GS & Natural Gas Vehicle Service on Rate NGVS.

EFFICIENCY COST RECOVERY SURCHARGE (PAGE No. 80)

The Efficiency Cost Recovery Surcharges effective March 1, 2015 are: a) \$(0.00141) per Ccf for Residential and Public Housing Customers on Rate GS; b) \$(0.00074) per Ccf for Commercial Customers on Rate GS; c) \$(0.01411) per Ccf for Industrial Customers on Rate GS; d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and e) \$(0.00074) per Ccf for The Philadelphia Housing Authority on Rate PHA.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective March 1, 2015 increases from \$0.10947 per Ccf to \$0.12428 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The Gas Cost Rate (GCR) effective March 1, 2015 decreases from \$0.59976 per Ccf to \$0.47059 per Ccf.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The Gas Cost Rate (GCR) effective March 1, 2015 decreases from \$0.59976 per Ccf to \$0.47059 per Ccf.

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

The Gas Cost Rate (GCR) effective March 1, 2015 decreases from \$0.59976 per Ccf to \$0.47059 per Ccf.

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

The Gas Cost Rate (GCR) effective March 1, 2015 decreases from \$0.59976 per Ccf to \$0.47059 per Ccf.

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

**I. PROVISION FOR ADJUSTMENT**

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

**II. DEFINITIONS**

C - The current cost of Natural Gas and other raw materials determined as follows: (a) for all types of Gas, project the cost for each purchase (adjusted for net current Gas stored) for the computation year plus (b) the of (1) the projected book value of non-current Gas at the beginning of the computation year minus (2) the projected book value of non-current Gas at the end of the computation year. In addition to any cost authorized by the Commission, the cost of Natural Gas may include any item included in the definition of Natural Gas costs set forth in 66 Pa.C.S. § 1307(h) ("Definition"). The Factor "C" includes two components -- Commodity Costs and Demand Costs which are defined as follows: Commodity Costs - the actual cost of natural gas and purchased electric for firm customers that does not include the fixed costs associated with the transportation and storage of natural gas; and Demand Costs - the fixed costs associated with the transportation and storage of natural gas for firm customers.

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

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

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

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

GAC (Gas Adjustment Charge) - The "E" factor component of the GCR, representing the net overcollection or undercollection of Natural Gas and other raw materials costs. The currently effective GAC is \$0.02954 per Ccf for Commodity Costs and \$0.00113 per Ccf for Demand Costs, for service on or after March 1, 2015. The total Gac is \$0.03067 per Ccf. (D)

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

**(D) – Decrease**

PHILADELPHIA GAS WORKS

---

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$(0.00010) per Ccf for service on or after March 1, 2015.

(I)

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

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

SSC-Sales Service Charge - The purchased Gas costs determined to the nearest  $\frac{1}{100}$  of a cent (\$0.0001). The currently effective SSC is \$0.34103 per Ccf for Commodity Costs and \$0.09879 per Ccf for Demand Costs, for service on or after March 1, 2015. The total SSC is \$0.43982 per Ccf.

(D)

(I)– Increase; (D) – Decrease

III. COMPUTATION OF GAS COST RATE

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

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

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

The currently effective Gas Cost Rate is \$0.47059 per Ccf, for service on or after March 1, 2015.

(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

**MERCHANT FUNCTION CHARGE (“MFC”)**

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

**GAS PROCUREMENT CHARGE (“GPC”)**

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

Current Gas Procurement Charge = \$0.00400/Ccf

**PRICE TO COMPARE (“PTC”)**

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

	GS RES	GS PH	GS COM	GS IND	MS	PHA	NGVS
<b>SSC</b>	\$0.43982	\$0.43982	\$0.43982	\$0.43982	\$0.43982	\$0.43982	\$0.43982
<b>GAC</b>	\$0.03067	\$0.03067	\$0.03067	\$0.03067	\$0.03067	\$0.03067	\$0.03067
<b>MFC</b>	\$0.02202	\$0.00000	\$0.00132	\$0.00141	\$0.00000	\$0.00000	\$0.00000
<b>GPC</b>	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00400
<b>PTC</b>	\$0.49651	\$0.47449	\$0.47581	\$0.47590	\$0.47449	\$0.47449	\$0.47449

(C)

(C) - Change

### EFFICIENCY COST RECOVERY SURCHARGE

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

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

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

- |   |      |
|---|------|
| a) \$(0.00141) per Ccf for Residential and Public Housing Customers on Rate GS; | (D)  |
| b) \$(0.00074) per Ccf for Commercial Customers on Rate GS;                     | (D)  |
| c) \$(0.01411) per Ccf for Industrial Customers on Rate GS;                     | (D)  |
| d) \$0.00000 per Ccf for Municipal Customers on Rate MS; and                    | (NC) |
| e) \$(0.00074) per Ccf for The Philadelphia Housing Authority on Rate PHA.      | (D)  |

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

(D) – Decrease; (NC) – No Change

### 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, 2015

#### AVAILABILITY

Available for any purpose where the Company's distribution mains adjacent to the proposed Gas Service location are, or can economically be made, suitable to supply the quantities of Gas or Transportation Services required.

#### RATES

CUSTOMER CHARGE (per Meter (except parallel meters)):

\$ 12.00 per month for Residential and Public Housing Authority Customers.  
\$ 18.00 per month for Commercial Customers  
\$ 50.00 per month for Industrial Customers

Surcharge: Distribution System Improvement Charge.

Plus,

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

\$ 0.47059 per Ccf for Residential and Public Housing (D)  
\$ 0.47059 per Ccf for Commercial Customers (D)  
\$ 0.47059 per Ccf for Industrial Customers (D)

Plus,

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

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

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

(B) Surcharges:

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

(D) – Decrease

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

## MUNICIPAL SERVICE - RATE MS

Rate: Applicable to all Retail Sales Service or Transportation Service rendered pursuant to this Rate Schedule on or after March 1, 2015.

### AVAILABILITY

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

### RATES

CUSTOMER CHARGE (per Meter (except parallel meters):

\$ 18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

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

\$ 0.47059 per Ccf

(D)

Plus,

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

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

\$0.33661 per Ccf

(B) Surcharges:

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

(D) – Decrease

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

**PHILADELPHIA HOUSING AUTHORITY SERVICE - RATE PHA**

Rate: Applicable to all Retail Sales Service or Transportation Services rendered pursuant to this Rate Schedule on or after March 1, 2015

AVAILABILITY

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

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

RATES

CUSTOMER CHARGE (per Meter (except parallel meters);

\$18.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

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

\$ 0.47059 per Ccf

(D)

Plus

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

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

\$0.41101 per Ccf

(B) Surcharges:

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

(D) – Decrease

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

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

Rate: Applicable to all Retail Sales Service rendered pursuant to this Rate Schedule on or after  
March 1, 2015

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATE**

**CUSTOMER CHARGE:**

\$35.00 per month

Surcharge: Distribution System Improvement Charge.

Plus,

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

\$ 0.47059 per Ccf

(D)

Plus

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

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

\$0.12833 per Ccf

(B) Surcharges:

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

**(D) – Decrease**

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

# PHILADELPHIA GAS WORKS

## GAS SUPPLIER TARIFF



Issued by: Craig White  
President and CEO  
PHILADELPHIA GAS WORKS  
800 West Montgomery Avenue  
Philadelphia, PA 19122

List of Changes Made by this Tariff

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

The load balancing charge decreases from \$43.6858 per design day Mcf to \$41.7107 per design day Mcf.

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PHILADELPHIA GAS WORKS

9.14. LOAD BALANCING CHARGE.

9.14.A. Suppliers for all gas delivered under Firm Transportation Rates, of this Suppliers Tariff shall be charged at \$41.7107 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**