



PEOPLES NATURAL GAS™



PEOPLES TWP

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Pittsburgh, PA 15212

**Lynda W. Petrichevich**  
Director - Rates, Planning and Forecasting

**Peoples Service Company LLC**  
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March 20, 2015

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Peoples Natural Gas Company LLC – Equitable Division  
Distribution System Improvement Charge (DSIC)  
Quarterly Filing  
Docket No. P-2013-2342745**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Peoples Natural Gas Company LLC – Equitable Division (Peoples – Equitable Division) is Supplement No. 21 to Tariff Gas – Pa. P.U.C. No. 46 to be effective April 1, 2015. Supplement No. 21 is being filed to update the Distribution System Improvement Charge (“DSIC”) initially approved in the Pennsylvania Public Utility Commission’s Order entered on July 16, 2013 in the above-referenced proceeding.

Supplement No. 21 updates Peoples-Equitable Division’s DSIC rate to reflect the investment costs related to DSIC eligible plant placed into service from December 2014 through February 2015 and provides for a quarterly DSIC rate of 3.27%. Included in this rate are (over)/under collections and interest, where applicable, from the calendar years 2013 and 2014 as approved at Docket No. P-2014-2429346, paragraph 13. Further, there are no Synergy Fees applicable to 2014.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

Lynda W. Petrichevich  
Enclosure

cc: Certificate of Service

VERIFICATION

I, Lynda W. Petrichevich, hereby state that I am Director of Rates, Planning and Forecasting, for Peoples Natural Gas Company LLC; that I am authorized to and make this verification for it; that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter; that Peoples – Equitable Division has provided notice of this DSIC update through bill messages; and that Peoples – Equitable Division posted Supplement No. 21 to Tariff Gas-PA PUC No. 46 on its Web Page in accordance with the Commission’s Secretarial Letter of March 30, 1998. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date:

3/20/15

Lynda Petrichevich

(Signature)

SUPPLEMENT NO. 21  
TO

GAS - PA. P.U.C. NO. 46

Peoples Natural Gas Company LLC  
EQUITABLE Division

RATES and RULES

FOR

GAS SERVICE IN

CITY OF PITTSBURGH

AND TERRITORY ADJACENT THERETO

(For Lists of Communities Served, see Page No. 4)

April 1, 2015 Quarterly DSIC Filing

ISSUED: March 20, 2015

EFFECTIVE: April 1, 2015

By: Morgan K. O'Brien  
President

Peoples Natural Gas Company, LLC  
375 North Shore Drive, Suite 600  
Pittsburgh, PA 15212

PEOPLES NATURAL GAS COMPANY LLC

SUPPLEMENT NO. 21  
TO GAS - PA. P.U.C. NO. 46  
NINETEENTH REVISED PAGE NO. 2  
CANCELING EIGHTEENTH REVISED PAGE NO. 2

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LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

Rider E - Distribution System Improvement Charge, page 76.

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ISSUED: March 20, 2015

EFFECTIVE: April 1, 2015

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RIDER EDISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 3.27% will apply consistent with the Commission Order dated July (I) 16, 2013 at Docket No. P-2013-2342745, approving the DSIC.

**1. General Description**

**A. Purpose:** To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

**B. Eligible Property:** The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 334, 369, 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities;
- Other related capitalized costs (accounts 303, 387, 391.02 and 392);
- Field Lines (account 332); and
- Transmission Lines (account 367).

**C. Effective Date:** The DSIC will become effective for bills rendered on or after October 1, 2013.

(I) Indicates Increase.

Peoples Natural Gas Company LLC  
Equitable Division  
Summary of Plant Placed in Service  
(DSI x PTRR) + Dep + e

Quarterly Filing - April 2015

Line No.	Description	Plant Account No.	Beginning Balance November 30, 2014	DSIC Eligible Additions			Total
				Dec-14	Jan-15	Feb-15	
		(1)	(2)	(3)	(4)	(5)	(9)
1	Field lines	332	\$ 1,349,387	42,419	156,137	46,280	\$ 1,594,223
2	Piping, couplings, valves, risers	376	\$ 26,050,337	1,512,329	141,667	469,524	\$ 28,173,857
3	Insulated/non-insulated fittings	378	\$ -	-	-	-	\$ -
4	Gas service lines	380	\$ 5,992,351	642,613	162,068	138,421	\$ 6,935,453
5	Meters	381	\$ 755,537	116,790	-	12,411	\$ 884,737
6	Meter installations	382	\$ 192,509	21,101	18,217	21,215	\$ 253,041
7	Total plant placed in service		\$ 34,340,121	2,335,252	478,088	687,850	\$ 37,841,311

Peoples Natural Gas Company LLC  
Equitable Division  
Summary of Depreciation Expense  
(DSI x PTRR) + Dep + e

Quarterly Filing - April 2015

Line No.	Description	Plant Account No. (1)	Annual Depr. Rate (2)	Eligible Property (3)	Annual Depreciation (4)
1	Field lines	332	1.10%	\$ 1,594,223	\$ 17,536
2	Piping, couplings, valves, risers	376	1.56%	28,173,857	439,512
3	Insulated/non-insulated fittings	378	2.27%	-	-
4	Gas service lines	380	2.25%	6,935,453	156,048
5	Meters	381	3.54%	884,737	31,320
6	Meter installations	382	1.66%	253,041	4,200
7	Total			\$ 37,841,311	\$ 648,616
8				April 2015 Quarterly Filing Accumulated Depreciation	\$ 162,154
9				Accumulated Depreciation October 2013 - November 2014	\$ 500,060
10				Total Accumulated Depreciation	\$ 662,214

PEOPLES NATURAL GAS COMPANY - EQUITABLE DIVISION  
 DSIC COMPUTATION  
 Quarterly Filing - April 2015

DSIC =	<u>(DSI x PTRR) + Dep + e</u>		Annual	<u>Quarterly</u>	
	PQR				
	Distribution System Improvement Costs			\$ 37,841,311	
	Less Accumulated Depreciation			<u>\$ 662,214</u>	
DSI	Net Distribution System Improvement Costs			<u>\$ 37,179,097</u>	
PTRR	<i>Annual Pretax Rate of Return</i>	10.91%			
	<i>Quarterly Pretax Rate of Return</i>			2.73%	
DSI x PTRR	Quarterly Capital Cost Recovery			\$ 1,014,989	
Dep	Annual Depreciation Expense	\$ 648,616			Monthly Recoverable Amount
	Quarterly Depreciation Expense			<u>\$ 162,154</u>	
<i>(DSI x PTRR) + Dep</i>	<i>Current Period Recoverable Cost Amount</i>			<u>\$ 1,177,143</u>	<u>\$ 392,381</u>
	(Over)/Under Collection	\$ 101,867		\$ 25,467	\$ 8,489
	Audit Adjustment			\$ -	\$ -
	Interest Refundable			\$ -	\$ -
	Prior Period 'E' Factor Residual			\$ -	\$ -
	Misc. Adjustments (Refund)/Recoup			\$ -	\$ -
	Net 'E' Factor Amount			<u>\$ -</u>	<u>\$ -</u>
e	Quarterly 'E' Factor Amount			<u>\$ 25,467</u>	<u>\$ 8,489</u>
(DSI x PTRR) Dep + e	Total DSIC Revenue Requirement			<u>\$ 1,202,610</u>	<u>\$ 400,870</u>
PQR	Projected Quarterly Revenue			\$ 36,793,000	
DSIC	DSIC Surcharge Rate				<b>3.27%</b>



**PEOPLES NATURAL GAS - EQUITABLE DIVISION**  
**WEIGHTED COST OF CAPITAL**  
**(DSI x PTRR) + Dep + e**

	Capital Structure as of 2/28/2015	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-Tax Rate of Return
	1/	1/			
L/T Debt	47.35%	4.05%	1.92%	-	1.92%
Common Equity	52.65%	10.00%	5.27%	1.709	9.00%
	100.00%		7.18%	-	10.91%

Note: The cost rate of debt is the Company's actual cost rate. The equity cost rate is from the Pa PUC Staff Quarterly Report for the period ending September 30, 2014 (3rd Quarter Report). The tax multiplier is calculated as follows:  $1/[(1 - \text{PA Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$  where the PA tax rate is 9.99% and the Fed. Tax Rate is 35.00%.

1/ Refer to page 5 of 5 for details.

**Peoples Natural Gas Company LLC**  
Capital Structure & Debt Components

	Balance as of 02/28/2015	% of Total Capitalization	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-Tax Rate of Return
L/T Debt	\$ 787,895,000	47.35%	4.05%	1.92%		1.92%
Common Equity	\$ 876,115,591	52.65%	10.00%	5.27%	1.709	9.00%
<b>Total Capitalization</b>	<b>\$ 1,664,010,591</b>	<b>100.00%</b>		<b>7.18%</b>		<b>10.91%</b>

	Effective Cost Rate	Balance as of 02/28/2015	Annualized Interest
Long-Term Notes, Tranche 1*	1.27%	\$ 118,125,000	\$ 1,500,188
Long-Term Notes, Tranche 2	5.23%	\$ 99,225,000	\$ 5,189,468
Long-Term Notes, Tranche 3	5.76%	\$ 171,045,000	\$ 9,852,192
2014 Long-Term Notes, Tranche 1	2.90%	\$ 144,746,400	\$ 4,197,646
2014 Long-Term Notes, Tranche 2	4.32%	\$ 144,746,400	\$ 6,253,044
2014 Long-Term Notes, Tranche 3	4.44%	\$ 110,007,200	\$ 4,884,320
		<b>\$ 787,895,000</b>	<b>\$ 31,876,857</b>

**Weighted Cost of Debt** 4.05%

**Notes:**

1. Tranche 1 was reissued 2/26/2015. The interest rate used in the rate in effect on 2/28/2015 and reflects issuance costs accumulated as of the time of filing.



**CERTIFICATE OF SERVICE**  
**(Docket No. P-2013-2342745)**

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**

Erin L. Gannon, Esquire  
Christy M. Appleby, Esquire  
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Vice President and General Counsel  
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Dated: March 20, 2015

  
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Lynda W. Petrichevich