



PHILADELPHIA GAS WORKS

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May 19, 2015

VIA EXPRESS MAIL

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

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MAY 19 2015

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Philadelphia Gas Works ("PGW")
Annual Asset Optimization Plan
Docket No. M-2015-**

Dear Secretary Chiavetta:

Enclosed is PGW's Annual Asset Optimization Plan. If you have any questions, please contact me.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'M. Decktor', is written over a horizontal line.

Michael P. Decktor, Esq.

Enclosures

cc: All Parties of Record
Bhodan R. Pankiw, Esquire, Law Bureau
Paul T. Diskin, Technical Utility Services

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ASSET OPTIMIZATION PLAN

FY 2014 and FY 2015

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Act 11 of 2012 ("Act 11")¹ permits the implementation of a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible property that is part of the utility's distribution system. For utilities seeking to implement a DSIC, Act 11 requires the filing of a long term infrastructure improvement plan ("LTIIIP") and a DSIC petition with the Pennsylvania Public Utility Commission ("PUC" or "Commission"). PGW submitted an LTIIIP which was approved by the PUC on April 11, 2014 and a DSIC Petition for which the Commission approved a DSIC effective date of June 1, 2014.

PGW's approved LTIIIP spans a five year period beginning on September 1, 2012 and ending on August 31, 2017 (i.e. PGW's Fiscal Years 2013 to 2017). Now that the second year included in the LTIIIP has ended (i.e. FYE August 31, 2014), PGW is submitting its annual asset optimization plan ("AOP") required by Chapter 13 of the Public Utility Code as follows:

§ 1356. Asset optimization plans.

A utility with an approved distribution system charge and long-term infrastructure plan shall file annual asset optimization plans. The plan shall include the following:

- (1) A description that specifies all eligible property repaired, improved and replaced in the immediately preceding 12-month period pursuant to the utility's long-term infrastructure improvement plan and prior year's asset optimization plan.

¹ Act 11 amends Chapters 3, 13 and 33 of Title 66 and was signed into law on February 14, 2012.

(2) A detailed description of all the facilities to be improved in the upcoming 12-month period.²

The Commission’s Act 11 Implementation Order³ characterized the AOP as an “overall status report” regarding a utility’s progress in making infrastructure improvements pursuant to its Commission approved LTIIP. Accordingly, this AOP submission provides: 1) a description of the eligible property repaired, improved and replaced in the immediately preceding 12-month period for FY 2014 (i.e. September 1, 2013 to August 31, 2014); and 2) a detailed description of all the facilities to be improved in the upcoming 12-month period for FY 2015 (i.e. September 1, 2014 to August 31, 2015).

FY 2014 – September 1, 2013 to August 31, 2014

The following table shows the cast iron main removal and replacement included in PGW’s LTIIP and the actual mileage replaced during FY 2014.

QUANTITIES	<u>FY 2014</u>	
	LTIIP	Actual
<u>CURRENT BASELINE PROGRAM</u>		
8" & Smaller LP/IP	18.00	18.04
<u>ACCELERATED PROGRAM</u>		
12" HP	2.16	2.31
30" HP	1.70	1.97
8" & Smaller LP/IP	3.04	4.64
Abandonment for Non-Use	0.00	1.10
ACCELERATED TOTALS	6.90	10.02
Yearly Totals	24.90	28.05

² 66 Pa.C.S.A. §1356.

³ *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611; Final Implementation Order at p. 30.

As the table shows, the FY 2014 actual mileage is higher than the FY 2014 LTIIP mileage in all categories. In its FY 2013 LTIIP filing, PGW determined that it was capable of accelerating the 8 inch and smaller program in FY 2014 and the Company has had some success in achieving those goals. PGW intends to continue this acceleration over the remaining LTIIP period.

The following tables provide a description which specifies the cast iron which was removed/replaced during FY 2014:

12" HP		
Project Location	CI Removed from Inventory	
4900 Wissahickon, Clapier to Abbottsford	277	LF
4400-4500 Main St, 100 Leverington Ave, 4600 Baker, 100-200 Ripka, 4600 Mansion, 200 Hermitage, 4700 Fowler, 200-400 Fountain	6,094	LF
Cottman, Dungan to Castor; Frontenac, Cottman to Princeton	4,603	LF
Moyamensing, 500' W of Penrose to Penrose Ferry; Penrose Ferry, Moyamensing to Hartranft	1,223	LF
12" HP TOTAL MILEAGE	2.31	MILES

30" HP		
Project Location	CI Removed from Inventory	
20th and Hamilton to 22nd and Arch	2,766	LF
2900,3000 and 3100 Amber 2100 E Allegheny 3200 and 3300 Collins 2800-3200 Frankford 2000 E.Ann 2000 E.Auburn	4,662	LF
23rd / 24th, Arch to South	2,955	LF
30" HP TOTAL MILEAGE	1.97	MILES

Abandonment for Non-Use		
Project Location	CI Removed from Inventory	Actual Expenditures
Cottman, Dungan to Castor; Frontenac, Cottman to Princeton - 16" HP	5,797	LF
Abandonment for Non-Use TOTAL MILEAGE	1.10	MILES

FY 2015 – September 1, 2014 to August 31, 2015

The following table shows the cast iron main removal/replacement included in PGW's LTIIP and planned projects for FY 2015.

QUANTITIES	<u>FY 2015</u>	
	LTIP	Projected
<u>CURRENT BASELINE PROGRAM</u>		
8" & Smaller LP/IP	18.00	18.11
<u>ACCELERATED PROGRAM</u>		
12" HP	2.04	2.83
30" HP	1.86	2.75
8" & Smaller LP/IP	2.97	3.89
Abandonment for Non-Use	0.00	0.00
ACCELERATED TOTALS	6.87	9.47
Yearly Totals	24.87	27.58

PGW has increased the projected mileage in FY 2015 and PGW was successful in catching up for nearly all of the FY 2013 12" and 30" High Pressure Main removal and replacement shortfalls, during FY 2014.

The following provides a detailed description which specifies the cast iron removals and replacements planned for FY 2015:

12" HP		
Project Location	CI Removed from Inventory	
800 - 1500 Belmont Ave. (Lancaster to Parkside)	2,976	LF
4100 - 4700 Devereaux (Charles to Vandike)	2,845	LF
4600 Adams (Orthodox to Castor)	1,221	LF
Torresdale (Rhawn to Pennypack), Rhawn (Jackson to Torresdale)	5,850	LF
Boyer (Mt. Airy to Gorgas)	2,028	LF
12" HP TOTAL MILEAGE	2.83	MILES

30" HP		
Project Location	CI Removed from Inventory	
Brown and Uber to 18th and Montgomery	5,343	LF
24th and South to Passyunk Fence Line	9,200	LF
30" HP TOTAL MILEAGE	2.75	MILES

8" and Smaller LP/IP		
Project Location	CI Removed from Inventory	
5300 HAVERFORD, 300 54TH, 400 N 54TH, 5300 WESTMINISTER 500 N. 53rd	6,455	LF
6700 QUINCY, 0-100 WESTVIEW, 6700 CHRISHEIM, 0-100 PELHAM	4,686	LF
6100 Nassau	1,899	LF
Mole Mifflin to Mckean Mifflin Hicks to Mole	469	LF
7700 Overbrook 1800 Ashurst 1800 Meribrook 1900 N.77th	2,654	LF
3100-3200 Allegheny Ave, 3100 N Napa St, 3100 N 32nd St, 3100 N Patton St, 3100 Natrona St, 3100-3200 Clearfield St, 3000 W Hunting Park Ave	4,371	LF
8" and Smaller LP/IP TOTAL MILEAGE	3.89	MILES

Conclusion

PGW's accelerated main replacement program is on pace through FY 2015 to exceed the level of main replacement set forth in the Company's LTIP. By the end of FY 2015, PGW's three year actual/projected replacement level will be 23.70 miles whereas the LTIP replacement mileage is 22.10 miles.



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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).

VIA Regular Mail

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