



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Office of Administrative Law Judge
P.O. BOX 3265, HARRISBURG, PA 17105-3265
May 9, 2006

IN REPLY PLEASE
REFER TO OUR FILE

In Re: R-00061296

(See letter of 3-15-06)

DOCUMENT FOLDER

Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works

1307 (f)

Cancellation Notice

This is to inform you of the following cancellation:

Type: Initial Hearing
Date: Friday, May 12, 2006
Time: 9:00 a.m.
Presiding: Administrative Law Judge Marlane R. Chestnut

DOCKETED
MAY 12 2006

Please mark your records accordingly.

pc: Judge Chestnut
Susan Licon
Beth Plantz
Docket Section
Calendar File



COMMUNITY
LEGAL SERVICES, INC.

ORIGINAL

RECORDED

2006 MAY 15 AM 10:10

SECRETARY'S BUREAU

1424 Chestnut Street, Philadelphia, PA 19102-2505
Phone: 215.981.3700, Fax: 215.981.0434
Web Address: www.clsphila.org

May 11, 2006

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor, 7 North
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: Philadelphia Gas Works Proposed 2006-2007 Gas Cost Rate,
PUC Docket No. R- 00061296

Dear Secretary McNulty:

I represent Action Alliance of Senior Citizens of Greater Philadelphia and the Tenant Union Representative Network (TURN), (collectively "Action Alliance et al.") in the above-captioned matter.

This letter is to inform the Commission that Action Alliance et al. do not oppose the Joint-Petition for Settlement of Philadelphia Gas Works' 2006-2007 GCR Proceeding, which was filed with the Commission on May 11, 2006.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this letter.

Very truly yours,

PHILIP A. BERTOCCI

Attorney for Action Alliance et al.

cc: Certificate of Service
Administrative Law Judge Marlane R. Chestnut

121

CERTIFICATE OF SERVICE

SECRETARY'S BUREAU
2006 MAY 15 AM 10:10

I hereby certify that I have this day served a copy of this document upon the following parties in the manner described below:

Dated: May 11, 2006

BY FIRST CLASS U.S. MAIL, POSTAGE PREPAID.

Daniel Clearfield, Esquire
Mark Stewart, Esquire
Wolf, Block, Schorr & Solis-Cohen, LLP
213 Market Street, 9th Floor
Harrisburg, PA 17108

Gregory J. Stunder, Esquire
Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 19122

Johnnie E. Simms, Esquire
Pennsylvania Public Utility Commission
Office of Trial Staff
Commonwealth Keystone Bldg., 2 West
P.O. Box 3265
Harrisburg, PA 17120

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

Stephen Keene, Esquire
Office of Consumer Advocate
Forum Place Building, 5th Floor
555 Walnut Street
Harrisburg, PA 17101-1921

Charis Mincavage, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166



PHILIP A. BERTOCCI

OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	R-00061296		YES	NO
Case Name:	Pennsylvania Public Utility Commission v. Philadelphia Gas Works	Prehearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
Location:	Philadelphia, PA	Hearing Held:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Date:	May 12, 2006	Testimony Taken:	<input type="checkbox"/>	<input type="checkbox"/>
ALJ:	Marlane R. Chestnut	Transcript Due:	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>
		Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>
		Estimated Add'l Days:		
		RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>
		DATE:		
		Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>
		DATE:		
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>
		REMARKS:	<i>Settled prior to hearing</i>	

DOCUMENT FOLDER

RECEIVED
MAY 25 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PLEASE PRINT CLEARLY - Incomplete information may result in delay of processing.

Name and Telephone Number	Address	Who are you representing?			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">City</td> <td style="width: 33%;">State</td> <td style="width: 33%;">Zip</td> </tr> </table>	City	State	Zip	
City	State	Zip			
Telephone:	E-mail Address:	Fax Number:			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">City</td> <td style="width: 33%;">State</td> <td style="width: 33%;">Zip</td> </tr> </table>	City	State	Zip	
City	State	Zip			
Telephone:	E-mail Address:	Fax Number:			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">City</td> <td style="width: 33%;">State</td> <td style="width: 33%;">Zip</td> </tr> </table>	City	State	Zip	
City	State	Zip			
Telephone:	E-mail Address:	Fax Number:			

Check this box if additional parties or attendees appear on back of form.

Reporter's Signature

Note: Completion of this form does not constitute an entry of appearance, see 52 Pa. Code §§1.24 and 1.25.

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.
Small Business Advocate

May 15, 2006

(717) 783-2525
(717) 783-2831 (FAX)

DOCUMENT
FOLDER

ORIGINAL

HAND DELIVERED

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P. O. Box 3265
Harrisburg, PA 17105-3265

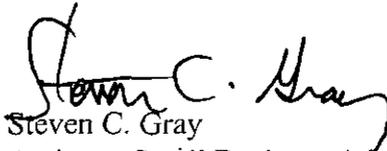
**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061296**

Dear Secretary McNulty:

I am delivering for filing the original plus three copies of the Statement of the Office of Small Business Advocate in Support of the Settlement Petition in the above captioned proceeding.

A copy has been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate

Enclosures

cc: Hon. Marlane R. Chestnut
Administrative Law Judge

Parties of Record

Robert D. Knecht

SECRETARY'S BUREAU
2006 MAY 15 PM 3:50

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
2005 JUL 15 PM 3:50
SECRETARIAT JUREAU

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA GAS WORKS

DOCKET NO. R-00061296

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Statement in Support of the Joint Petition for Settlement, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Marlane R. Chestnut
Administrative Law Judge
Pa. Public Utility Commission
Rm. 1302, Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 - Fax
machestnut@state.pa.us

Stephen J. Keene, Esquire
Office of Consumer Advocate
555 Walnut Street 5th FL Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
skeene@paoca.org
(E-mail and Hand Delivery)

Daniel Clearfield, Esquire
Alan C. Kohler, Esquire
Wolf, Block, Schorr & Solis-Cohen
Locust Court Building, Suite 300
212 Locust Street
Harrisburg, PA 17101
(717) 237-7160
(717) 237-7161 (fax)
dclearfield@wolfblock.com
akohler@wolfblock.com

Richard A. Kanaskie, Esquire
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1976
(717) 772-2677 (fax)
rkanaskie@state.pa.us
(E-mail and Hand Delivery)

Gregory J. Stunder, Esquire
Philadelphia Gas Works
900 West Montgomery Avenue
Philadelphia, PA 19122
(215) 684-6878
(215) 684-6798 (fax)
greg.stunder@pgworks.com

Charis Mincavage, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
cmincavage@mwn.com

Richard W. LeLash
18 Seventy Acre Road
Redding, CT 06896
(203) 438-4659
(203) 431-9625 (fax)
lelash@sprintmail.com

Phillip Bertocci, Esquire
Thu B. Tran, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
(215) 981-3702
(215) 981-0435 (fax)


Steven C. Gray
Assistant Small Business Advocate

Date: May 15, 2006

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
20061115 11:33:50
SECRETARY'S BUREAU

PENNSYLVANIA PUBLIC UTILITY COMMISSION, :
et al. :
v. :
PHILADELPHIA GAS WORKS. :

Docket No. R-00061296

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT
OF PHILADELPHIA GAS WORKS'
2006-2007 GCR PROCEEDING**

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") intervened in Docket No. R-00061296, the March 1, 2006, 66 Pa. C.S. § 1307(f) filing of Philadelphia Gas Works ("PGW" or the "Company"). The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition for Settlement of Philadelphia Gas Works' 2006-2007 GCR Proceeding ("Joint Petition") filed on May 8, 2006.

The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The following specific issues were of particular significance to the OSBA when it concluded that the Joint Petition was in the best interests of PGW's small business customers:

- 1) On November 24, 2004, the Energy Information Administration ("EIA") released a Weekly Gas Storage Report that led to a significant spike in natural gas prices,

apparently as a result of a clerical error in the underlying data supplied by Dominion Transmission, Incorporated (“DTI”). In the 2005 Peoples Natural Gas Company 1307(f) proceeding, the Pennsylvania Public Utility Commission (“Commission”) required that any natural gas distribution company (“NGDC”) in the Commonwealth “actively seek to recover from its suppliers, including its affiliates, the amounts paid for gas supplies that were in excess of reasonably anticipated prices as a result of the DTI reporting error.”

Peoples Natural Gas Company 1307(f) Proceeding, Docket R-00050267 (Order entered September 30, 2005), at 16.

- 2) The Joint Petition sets forth two ways in which PGW will comply with the Commission’s directive to “actively seek” recovery from the November 24, 2004, event. First, PGW will participate in the North American Energy Standards Board (“NAESB”) forum. In that forum, Dominion Peoples is attempting to modify the standard contract language to allow price adjustments in the event of future faulty reporting. PGW will support the efforts of Dominion Peoples to the extent PGW believes that those efforts have merit. Furthermore, PGW will report the status of its efforts before NAESB as part of PGW’s 2007 §1307(f) proceeding.
- 3) Second, PGW will take any reasonable steps necessary, now and in the future, in order to assure that its firm service customers are included in the current class action lawsuit against DTI in West Virginia (*Jacquet et al v. Dominion Transmission, Inc. et al*, Docket No. 2:05-cv-00548 (S.D. W.Va.)). PGW’s participation in *Jacquet* is predicated upon the case surviving a motion to dismiss and being given class action designation.

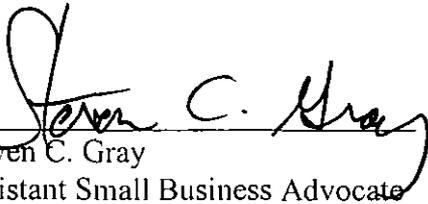
Furthermore, PGW will report on the Company's efforts in *Jacquet* as part of PGW's 2007 §1307(f) proceeding.

- 4) On September 23, 2005, PGW submitted a petition to the Commission for approval of an "Interim GCR Update." Specifically, the Company requested an increase in the GCR from \$9.7056 per Mcf to \$12.5632 per Mcf, claiming that the rate increase was required by the increase in gas prices associated with Hurricanes Katrina and Rita. The OSBA Complaint asked the Commission to issue an order requiring PGW to offer a 12 month fixed-rate option pursuant to 66 Pa. C.S. § 1307(f)(1)(ii). The OSBA has agreed not to pursue that issue in this proceeding. However, the Joint Petition expressly reserves the right of the OSBA to pursue that issue during the Company's 2007 1307(f) proceeding if PGW files for an Interim GCR adjustment during the next year.
- 5) In contrast to PGW's claim in its interim filing, OSBA's testimony in this proceeding demonstrated that the alleged need for PGW's interim increase resulted more from its use of outdated information in its quarterly filing than on the price impact of the hurricanes. In an attempt to have the Company's quarterly GCR filings reflect at least somewhat more timely market information, and thereby reduce the need for further "Interim GCR Updates," the Joint Petition requires PGW, beginning on September 1, 2006, PGW to use market data that is not earlier than the first day of the prior month. The Joint Petition also requires PGW to continue its efforts to upgrade its planning and forecasting models so that the Company can use more current market price information in its quarterly GCR

filings. Furthermore, PGW will report on these efforts as part of the Company's 2007 §1307(f) proceeding.

For the reasons set forth in the Joint Petition itself, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that the ALJ and the Commission approve the Joint Petition in its entirety.

Respectfully submitted,



Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538



ORIGINAL

OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

IRWIN A. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
consumer@paoca.org

May 24, 2006

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, P. O. Box 3265
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

RECORDED
2006 MAY 24 PM 3:58
SECRETARIAT'S OFFICE

RE: Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works - 2006 Purchased
Gas Cost (1307(f) Proceeding)
Docket No. R-00061296

Dear Secretary McNulty:

Enclosed for filing, please find an original and three (3) copies of the Statement of the Office of Consumer Advocate in Support of Joint Petition for Settlement, in the above-referenced proceeding.

Copies have been served on the parties of record as indicated on the enclosed Certificate of Service.

Sincerely,

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625

Enclosures

cc: Parties of Record
Honorable Marlane R. Chestnut
00088969.DOC

ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :

v. :

The Philadelphia Gas Works :

Docket No. R-00061296

SECRETARY'S BUREAU

2005 JAN 24 PM 3:58

RECORDED

**STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT**

The Office of Consumer Advocate ("OCA"), one of the signatory parties to the Joint Petition for Settlement of Philadelphia Gas Works' 2006-2007 GCR Proceeding ("Joint Petition"), finds the terms and conditions of the settlement to be in the public interest for the following reasons:

I. BACKGROUND

On February 1, 2006, The Philadelphia Gas Works ("PGW" or "Company") filed advance information regarding its annual purchased gas cost rate ("PGC") filing pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f), and the Public Utility Commission's ("Commission") Regulations at 52 Pa.Code §53.64. Thereafter, on March 1, 2006, PGW filed Supplement No. 12 to Tariff Gas-Pa. P.U.C. No. 2 and Supplement No. 11 to Gas Supplier Tariff-Pa. P.U.C. No. 1 to become effective for service rendered on or after September 1, 2006.

On March 14, 2006, the OCA filed a Formal Complaint against the Company's proposed rates, seeking to ensure that such rates are not excessive, discriminatory, or otherwise contrary to Commission regulation or policy. PGW's definitive filing of March 1st reflected a proposed decrease. PGW's proposed PGC rate to be effective September 1, 2006 was projected to be \$12.3746. The Company's PGC rate on September 1, 2005 was \$9.7056. However, PGW had revised its PGC rate to \$12.5632 in an interim filing effective October 7, 2005. The PGC rate has remained at the same \$12.5632 rate since October 7, 2005.

A prehearing conference was held before Administrative Law Judge Marlane R. Chestnut ("ALJ") on March 15, 2006 and a procedural schedule was established for this proceeding.

The OCA retained Richard W. LeLash to provide technical assistance and review of the Company's gas purchasing practices and operations. After propounding extensive discovery and participating in on-site informal discovery sessions to evaluate PGW's operations and purchasing procedures, the OCA entered into settlement discussions with the Company and other parties. These settlement discussions resulted in the proposed settlement set forth in the Joint Petition. This settlement addresses issues relating to the Company's PGC rate filing, Universal Service Charge, and Restructuring Surcharge, and for the reasons set forth below, the OCA submits that the settlement is in the public interest.

II. TERMS AND CONDITIONS OF SETTLEMENT

The settlement provides for a PGC rate, to become effective on September 1, 2006, of \$12.3746/Mcf. The PGC rate has been subject to volatility over recent periods. As part of the settlement, the Company has agreed to strengthen its Gas Purchasing Program, including

non-discretionary purchasing guidelines, intended to minimize volatility in gas prices faced by ratepayers. The stated purpose of the purchasing plan is "to reduce PGW's exposure to natural gas price volatility and to establish agreed upon standards governing PGW's gas procurement practices." Joint Petition For Settlement at 4.

The Company has set firm goals that the OCA submits will help mitigate price volatility for PGW ratepayers. In the event that financial constraints limit the Company from being able to carry out the terms of the Gas Purchasing Program, the Company has agreed that it will contact the stakeholders to discuss appropriate modifications to this beneficial program. Importantly, PGW will ensure compliance with the protocols detailed in the Gas Purchasing Program through the implementation of enhanced compliance provisions.

The benefits of reduced volatility of gas costs are significant, particularly for residential customers with limited flexibility in their monthly budgets. PGW's agreement to layer its gas purchases according to the terms of the Gas Purchasing Program will help bring the benefits of increased rate stability to PGW's customers.

The settlement also requires the Company to seek approval to complete upgrades to its Liquefied Natural Gas (LNG) infrastructure. The Company's use of LNG facilities should further help mitigate the volatility of natural gas costs and has the potential to significantly reduce overall gas costs.

The settlement further provides that parties will have an opportunity to meet with PGW to discuss the comprehensive interstate transportation and storage capacity plan due to be issued on or before June 30, 2006. Under the terms of last year's settlement, the Company was to examine how its transportation and storage assets are being utilized in the competitive markets. This report will provide insight into available options for increasing credits from those

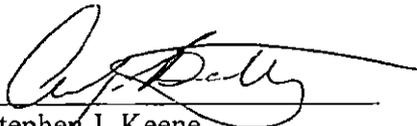
assets to the PGC and other ways to adjust PGW's interstate pipeline entitlements in ways that will produce lower purchased gas costs. The OCA submits that it is important that parties have an opportunity to discuss the findings presented in this report in order to bring maximum value to PGW ratepayers.

Additionally, the settlement requires that the Company update its ICF Kaiser study and that the results be submitted to parties in July 2006. By updating the study, parties to future gas cost proceedings will be better able to review the Company's demand and supply forecasting upon which purchasing decisions are based.

III. CONCLUSION

For the foregoing reasons, the OCA submits that the terms and conditions of the Joint Petition for Settlement are in the public interest and the interest of Philadelphia Gas Works' ratepayers and should be approved.

Respectfully submitted,



Stephen J. Keene
Senior Assistant Consumer Advocate
Aron J. Beatty
Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

Dated: May 23, 2006

00088960

RECEIVED
2006 MAY 24 PM 3:58
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-00061296
	:	
Philadelphia Gas Works - 2006 1307(f)	:	
Purchased Gas Cost Proceeding	:	

I hereby certify that I have this day served a true copy of the foregoing document, the Statement of the Office of Consumer Advocate in Support of Joint Petition for Settlement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 24th day of May, 2006.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17105-3265

SERVICE BY E-MAIL and FIRST CLASS MAIL

Charis Mincavage, Esquire
McNees, Wallace, & Nurick, LLP
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel For: *Philadelphia Industrial and Commercial Gas Users Group*

Gregory J. Stunder
Senior Attorney
Philadelphia Gas Works
800 West Montgomery Avenue
Philadelphia, PA 17122
Counsel For: *Philadelphia Gas Works*

RECEIVED
2006 MAY 24 PM 3:58
SECRETARY'S BUREAU

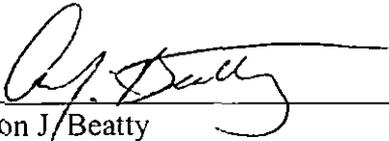
Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building - Suite 1102
300 North Second Street
Harrisburg, PA 17101
Counsel For: *Office of Small Business Advocate*

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Wolf, Block Schorr and Solis-Cohen LLP
213 Market Street
9th Floor, P.O. Box 865
Harrisburg, PA 17101
Counsel For: *Philadelphia Gas Works*

Phillip Bertocci, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
Counsel For: *Community Legal Services*

Robert Knecht
Industrial Economics, Inc.
2067 Massachusetts Avenue
Cambridge, MA 02140
For: *Office of Small Business Advocate*

Richard Lelash
Financial and Regulatory Consultant
18 Seventy Acre Road
Redding, CT 06896
For: *Office of Consumer Advocate*



Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org
Stephen J. Keene
Senior Assistant Consumer Advocate
PA Attorney I.D. # 70279
E-Mail: SKeene@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

00087730.DOC

SECRETARY'S BUREAU

2006 MAY 24 PM 3:58

SECRET

DATE: June 12, 2006

SUBJECT: R-00061296
R-00061296C0001-C0004

DOCKETED
JUN 13 2006

TO: Office of Administrative Law Judge
Annette Shelley

FROM: James J. McNulty
Secretary
nvl

**DOCUMENT
FOLDER**

PA PUC., ACTION ALLIANCE OF SENIOR CITIZENS OF GREATER PHILADELPHIA
AND TENANT UNION REPRESENTATIVE NETWORK, OCA, OSBA, IRVING JONES
V.
PHILADELPHIA GAS WORKS

Copies of the Recommended Decision have been served upon all parties.

Neither exceptions nor requests for review from the Commissioners have been received by the Commission. This matter is referred to your office for whatever action you deem necessary.

cc: Office of Special Assistants

P.S. Please note that exceptions or reply exceptions may come in timely with certificate of mailings. A second memo will not be released for these exceptions.

COMMONWEALTH OF PENNSYLVANIA



ORIGINAL

OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

June 8, 2006

HAND DELIVERED

DOCUMENT
FOLDER

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P. O. Box 3265
Harrisburg, PA 17105-3265

DOCKETED
JUN 13 2006

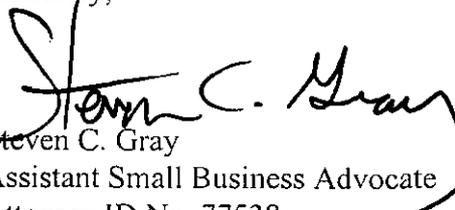
**Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works
Docket No. R-00061296**

Dear Secretary McNulty:

Please be advised that the Office of Small Business Advocate will not be filing Exceptions to the Recommended Decision, in the above-captioned proceeding. As evidenced by the enclosed certificate of service, all parties have been served as indicated.

If you have any questions, please contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Cheryl Walker Davis
Office of Special Assistants

SECRETARY'S BUREAU
PA PUC
2006 JUN -8 PM 3:57
RECEIVED
34

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

DOCKET NO. R-00061296

PHILADELPHIA GAS WORKS :

REC'D 7/11/06
2006 JUN -8 PM 3:57
PA PUC
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the foregoing document, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Marlane R. Chestnut
Administrative Law Judge
Pa. Public Utility Commission
Rm. 1302, Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
(215) 560-2105
(215) 560-3133 - Fax
machestnut@state.pa.us

Stephen J. Keene, Esquire
Office of Consumer Advocate
555 Walnut Street 5th FL Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
skeene@paoca.org
(E-mail and Hand Delivery)

Daniel Clearfield, Esquire
Alan C. Kohler, Esquire
Wolf, Block, Schorr & Solis-Cohen
Locust Court Building, Suite 300
212 Locust Street
Harrisburg, PA 17101
(717) 237-7160
(717) 237-7161 (fax)
dclearfield@wolfblock.com
akohler@wolfblock.com

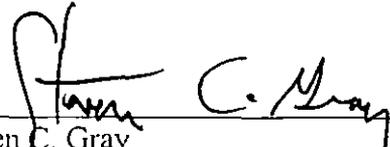
Richard A. Kanaskie, Esquire
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105
(717) 787-1976
(717) 772-2677 (fax)
rkanaskie@state.pa.us
(E-mail and Hand Delivery)

Gregory J. Stunder, Esquire
Philadelphia Gas Works
900 West Montgomery Avenue
Philadelphia, PA 19122
(215) 684-6878
(215) 684-6798 (fax)
greg.stunder@pgworks.com

Charis Mincavage, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
cmincavage@mwn.com

Richard W. LeLash
18 Seventy Acre Road
Redding, CT 06896
(203) 438-4659
(203) 431-9625 (fax)
lplash@sprintmail.com

Phillip Bertocci, Esquire
Thu B. Tran, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102
(215) 981-3702
(215) 981-0435 (fax)



Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Date: June 8, 2006

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



ORIGINAL

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

November 30, 2006

VIA EXPRESS MAIL

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

KJR
DOCUMENT
FOLDER

Re: Pa. PUC v. Philadelphia Gas Works; R-00061296,
December 1, 2006 First Quarterly GCR Filing

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of PGW's December 1, 2006 Quarterly Gas Cost Rate ("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. The signature is fluid and cursive.

Gregory J. Stunder

Enclosures

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

RECEIVED

NOV 30 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Statement

ORIGINAL

Known per dekatherm natural gas prices are used through the month of November 2006. 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 2006 through February 2007 are based on the NYMEX Futures Closing Prices of 11-1-06. For the period of March 2007 through November 2007, the average price of the NYMEX Futures Closing Prices of 11-1-06 and the November 2006 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 4,525 degree-day pattern).

This filing has Net Applicable GCR Expense of \$567,460,607 with Firm Sales of 51,897,269 Mcf. The GCR in effect in this filing is \$10.9119 per Mcf.

DOCUMENT
FOLDER

DOCKETED
DEC 07 2006

RECEIVED

NOV 8 0 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DECEMBER 1, 2006
1ST QUARTER FILING

TABLE OF CONTENTS

RECEIVED

NOV 30 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Levelized Gas Cost Rate.....	Schedule 1
Volumes.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
Interruptible Revenue Credit – Fiscal Year 2007	Schedule 4a
IRC Finalized Reconciliation – September 2004 To August 2005.....	Schedule 4b
Interest Rate Calculation.....	Schedule 5a
Interest Calculation.....	Schedule 5b
Interest on Natural Gas Refunds.....	Schedule 5c
Demand and Commodity Interest Calculation.....	Schedule 5d
GCR Statement of Reconciliation – December 2006 Through November 2007...	Schedule 6
GCR Statement of Reconciliation – September 2006 Through November 2006...	Schedule 7
GCR Finalized Statement of Reconciliation - Fiscal Year 2005-2006.....	Schedule 8
Calculation of Recovered Charges.....	Schedule 9
Changes in Rates.....	Schedule 10
Universal Service & Energy Conservation Surcharge (USC).....	Schedule 11
FY 07 USC - Statement of Reconciliation.....	Schedule 12
FY 06 USC - Finalized Statement of Reconciliation	Schedule 13
Natural Gas Prices	Schedule 14
Actual Natural Gas Billed.....	Schedule 15
Summary of Fuels Purchased	Schedule 16

Philadelphia Gas Works
Levelized Gas Cost Rate
1st Quarter Filing December 1, 2006

Formula:
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales (Mcf)			51,897,269	(Schedule 2)
<hr/>				
Net Natural Gas Expense	\$ 62,332,806	\$ 499,314,615	\$ 561,647,421	
Purchased Electric Expense	\$ 0	\$ 1,071,943	\$ 1,071,943	
C = Total Applicable GCR Expense	\$ 62,332,806	\$ 500,386,558	\$ 562,719,364	(Schedule 3)
<hr/>				
SSC = C / S	\$ 1.2011	\$ 9.6418	\$ 10.8429	
<hr/>				
Adjustment For:				
Prior Reconciliation	\$ 5,985,213	\$ 6,186,848	\$ 12,172,061	
E = Adjustments to GCR Expenses	\$ 5,985,213	\$ 6,186,848	\$ 12,172,061	(Schedule 6)
<hr/>				
GAC = E / S	\$ 0.1153	\$ 0.1192	\$ 0.2345	
<hr/>				
Interruptible Revenue Credit			\$ 7,430,818	(Schedule 4a)
<hr/>				
IRC = Interruptible Revenue Credit / S			\$ 0.1432	
<hr/>				
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 567,460,607	
<hr/>				
<u>GCR = SSC + GAC - IRC</u>			\$ 10.9343	
<hr/>				
SSC in effect 12/01/06	\$ 1.1986	\$ 9.6221	\$ 10.8207	
GAC in effect 12/01/06	\$ 0.1151	\$ 0.1190	\$ 0.2341	
IRC in effect 12/01/06			\$ (0.1429)	
GCR in effect 12/01/06			\$ 10.9119	(Schedule 9)
<hr/>				
Recovery Test on:				
Firm Sales (Mcf)			51,897,269	
= Total Projected Recovery			\$ 567,458,674	(Schedule 9)
Compared To				
Net Applicable GCR Expenses			\$ 567,460,607	
= Net Over/(Under) Recovery			\$ (1,932)	(Schedule 6)
<hr/>				
Degree Days			4,525	

VOLUMES

December 2006 Through November 2007

<u>MONTH</u>	<u>TOTAL VOLUMES</u>	<u>FIRM TRANSPORT VOLUMES</u>	<u>TOTAL BILLED SALES</u>	<u>INTERRUPTIBLE SALES</u>	<u>TOTAL FIRM SALES</u>	<u>SENIOR CITIZEN DISCOUNT SALES</u>	<u>TOTAL APPLICABLE VOLUMES</u>
DECEMBER 2006	7,068,208	30,653	7,037,555	286,350	6,751,206	106,866	6,674,993
JANUARY 2007	10,786,477	71,668	10,714,809	320,934	10,393,875	172,367	10,293,176
FEBRUARY	9,670,060	73,878	9,596,182	266,272	9,329,910	154,225	9,249,563
MARCH	7,529,382	66,395	7,462,987	229,201	7,233,787	116,889	7,183,292
APRIL	5,143,913	55,773	5,088,140	142,415	4,945,725	79,387	4,922,111
MAY	2,494,993	34,004	2,460,989	80,392	2,380,597	34,757	2,379,844
JUNE	1,629,265	22,250	1,607,015	54,776	1,552,239	18,715	1,555,774
JULY	1,363,993	21,483	1,342,510	60,747	1,281,763	14,932	1,288,314
AUGUST	1,306,872	22,112	1,284,760	62,344	1,222,416	14,174	1,230,354
SEPTEMBER	1,206,811	23,125	1,183,686	64,299	1,119,387	12,821	1,129,691
OCTOBER	1,910,851	32,950	1,877,901	114,147	1,763,754	21,354	1,775,350
NOVEMBER	<u>4,166,751</u>	<u>61,921</u>	<u>4,104,830</u>	<u>182,220</u>	<u>3,922,610</u>	<u>55,469</u>	<u>3,929,062</u>
TOTAL	<u>54,277,577</u>	<u>516,212</u>	<u>53,761,365</u>	<u>1,864,096</u>	<u>51,897,269</u>	<u>801,956</u>	<u>51,611,525</u>

**PROJECTED APPLICABLE FUEL EXPENSE
SUMMARY
DECEMBER 2006 - NOVEMBER 2007**

	<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	6,288,831	5,281,483	6,301,497	5,251,409	5,103,016	6,060,466	6,069,121	6,044,409	5,039,967	5,074,262	5,048,427	5,779,931	62,332,806
COMMODITY CHARGE	51,813,822	63,008,228	61,876,066	49,435,188	47,337,346	46,886,489	39,341,503	35,946,216	35,846,662	37,633,679	44,618,684	30,862,261	534,604,023
TOTAL NATURAL GAS BILLED	57,102,653	68,289,711	57,176,563	54,686,597	52,440,360	51,935,954	44,410,624	40,990,624	40,886,619	42,707,841	49,667,111	36,642,182	596,938,829
INTERRUPTIBLE CREDIT	(2,726,369)	(3,106,688)	(2,696,864)	(2,283,949)	(1,303,908)	(699,778)	(467,987)	(623,949)	(633,674)	(560,294)	(1,014,769)	(1,767,122)	(17,663,231)
SENDOUT VOLUME IN MCF	297,582	333,637	276,723	238,181	147,970	83,499	66,873	63,078	64,738	66,773	118,687	189,361	1,936,892
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	8.826	9.970	9.037	9.238	8.489	8.074	7.927	8.002	7.942	7.940	8.244	8.940	
GAS USED FOR UTILITY	(864,581)	(926,724)	(764,278)	(704,606)	(407,268)	(310,491)	(270,161)	(304,840)	(212,661)	(161,751)	(239,914)	(627,766)	(5,795,040)
NATURAL GAS TO STORAGE FROM STORAGE PGW	27,396,753	37,269,763	31,244,691	23,378,206	13,703,460	26,215,736	26,247,278	24,800,055	24,912,132	23,406,020	13,228,714	5,568,626	168,070,921
FROM STORAGE PGW	-	-	-	-	2,578,901	2,577	-	-	-	-	-	-	28,237,881
NET NATURAL GAS STORAGE	27,396,753	37,269,763	31,244,691	23,378,206	(11,124,560)	(26,213,168)	(26,247,278)	(24,800,055)	(24,912,132)	(23,406,020)	(13,228,714)	22,679,366	(7,962,149)
LNG TO STORAGE FROM LNG PGW	4,713,618	1,944,623	1,554,646	2,666,817	1,724,599	3,012,564	2,361,846	-	-	2,304,099	6,494,066	661,768	18,116,747
FROM LNG PGW	-	-	-	754,177	646,789	628,207	609,236	630,666	630,660	696,857	834,189	604,206	14,146,760
NET LNG STORAGE	4,713,618	1,944,623	1,554,646	(1,812,640)	(1,078,810)	(2,384,357)	(1,742,610)	630,666	630,660	(1,707,242)	(4,669,866)	(57,663)	(3,868,987)
NET NATURAL GAS EXPENSE	86,621,984	103,471,785	86,616,747	73,263,608	38,526,816	22,328,170	16,682,588	15,992,446	16,868,801	16,883,634	30,623,867	56,879,086	661,647,421
APPLICABLE GCR EXPENSE													
NET NATURAL GAS EXPENSE	86,621,984	103,471,785	86,616,747	73,263,608	38,526,816	22,328,170	16,682,588	15,992,446	16,868,801	16,883,634	30,623,867	56,879,086	661,647,421
PURCHASED ELECTRIC	91,969	160,602	106,949	93,462	78,239	81,499	21,733	96,626	106,949	82,200	86,000	78,826	1,071,943
TOTAL APPLICABLE EXPENSES	86,713,953	103,622,287	86,721,697	73,357,060	38,604,064	22,409,669	16,704,321	16,088,070	16,964,750	16,965,734	30,609,867	56,957,911	562,719,364
TOTAL FIRM SALES	6,761,206	10,393,876	9,329,910	7,233,786	4,946,726	2,380,597	1,562,239	1,281,763	1,222,416	1,119,387	1,763,764	3,922,610	51,897,269

INTERRUPTIBLE REVENUE CREDIT
FISCAL YEAR 2007

Fiscal Year 2005 Reconciliation \$ 2,927,506 (Schedule 4b)

<u>MONTH*</u>		<u>MARGIN</u>
September-05	Actual	\$ 197,677
October	Actual	\$ 298,804
November	Actual	\$ 668,343
December	Actual	\$ 1,092,867
January-06	Actual	\$ 1,416,964
February	Actual	\$ 371,854
March	Actual	\$ 399,135
April	Actual	\$ 567,950
May	Actual	\$ 355,657
June	Actual	\$ 293,292
July	Actual	\$ 143,796
<u>August</u>	Actual	\$ <u>176,539</u>
Fiscal Year 2006 Margin	Actual	\$ 5,982,878

* September 05 Through June 06 Revised

FY 2006 Actual Margin and FY 2005 Reconciliation	\$ 8,910,384
Fiscal Year 2006 Actual Credit	\$ <u>9,109,796</u> (Schedule 8)
Reconciliation as of August 2006	\$ (199,413)

Fiscal Year 2004 Actual Margin	\$ 6,573,209
Fiscal Year 2005 Actual Margin	\$ 10,334,606
<u>Fiscal Year 2006 Actual Margin</u>	\$ <u>5,982,878</u>
3 Year Average - FY 2007 Estimated Margin	\$ 7,630,231
Reconciliation as of August 2006	\$ <u>(199,413)</u>
Fiscal Year 2007 Interruptible Revenue Credit	\$ 7,430,818

INTERRUPTIBLE REVENUE CREDIT
FISCAL YEAR 2005 - FINALIZED RECONCILIATION

Fiscal Year 2004 Reconciliation \$ 1,680,303

<u>MONTH</u>		<u>MARGIN</u>
September-04	Actual	\$ 273,119
October	Actual	\$ 475,968
November	Actual	\$ 1,314,222
December	Actual	\$ 1,456,208
January 05	Actual	\$ 1,555,716
February	Actual	\$ 1,731,658
March	Actual	\$ 1,572,658
April	Actual	\$ 663,937
May	Actual	\$ 470,135
June	Actual	\$ 287,701
July	Actual	\$ 200,696
August	Actual	\$ <u>332,588</u>
Fiscal Year 2005 Margin		\$ 10,334,606

FY 2005 Actual Margin and FY 2004 Reconciliation	\$ 12,014,909
Fiscal Year 2005 Actual Credit	\$ <u>9,087,403</u>
Fiscal Year 2005 Over / (Under) Credit	\$ (2,927,506)

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

	<u>12/01/2004</u>	<u>Split Month</u>	<u>03/01/2005</u>	<u>Split Month</u>	<u>06/01/2005</u>	<u>Split Month</u>	<u>09/01/2005</u>	<u>Split Month</u>	<u>10/07/2005</u>
SSC in Effect	\$ 9.5639	\$ 9.0465	\$ 8.5292	\$ 9.0557	\$ 9.5822	\$ 9.9405	\$ 10.2989	\$ 11.2086	\$ 13.1190
GAC in Effect	\$ 0.4931	\$ (0.3717)	\$ (0.2503)	\$ (0.3302)	\$ (0.4102)	\$ (0.4039)	\$ (0.3977)	\$ (0.3855)	\$ (0.3598)
IRC in Effect	\$ (0.1713)	\$ (0.1690)	\$ (0.1667)	\$ (0.1694)	\$ (0.1722)	\$ (0.1839)	\$ (0.1956)	\$ (0.1957)	\$ (0.1960)
Total Effective	\$ 9.8857	\$ 8.5059	\$ 8.1122	\$ 8.5560	\$ 8.9998	\$ 9.3527	\$ 9.7056	\$ 10.6274	\$ 12.5632

<u>MONTH*</u>	NET COST	FIRM	C FACTOR	C FACTOR	ADJUSTMENT	ADJUSTED	OVER/	INTEREST
	OF FUEL	SALES	RECOVERY	REVENUES	FOR ACTUAL	C FACTOR	(UNDER)	
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)=(4)*(5)	(7)=(6)-(1)	(8)
	(\$)		(\$)	(\$)		(\$)	(\$)	
JANUARY 05	87,811,049	9,207,202	9.5639	88,056,721	1.0018	88,219,340	408,291	
FEBRUARY	72,019,552	9,967,593	9.5639	95,329,022	0.9971	95,056,894	23,037,342	
MARCH	65,479,201	8,687,786	9.0465	78,594,263	1.0072	79,159,933	13,680,732	
APRIL	35,037,339	5,559,491	8.5292	47,417,745	1.0016	47,492,197	12,454,858	
MAY	15,660,373	2,715,678	8.5292	23,162,429	1.0143	23,493,761	7,833,388	
JUNE	13,345,655	1,928,570	9.0557	17,464,476	0.9663	16,875,920	3,530,265	
JULY	16,703,822	1,325,566	9.5822	12,701,800	0.9994	12,694,034	(4,009,788)	
AUGUST	15,271,548	1,253,067	9.5822	12,007,102	0.9952	11,949,664	(3,321,884)	
SEPTEMBER	18,742,248	1,287,763	9.9405	12,801,044	0.9942	12,726,350	(6,015,898)	
OCTOBER	38,540,938	1,434,846	11.2086	16,082,606	1.0097	16,239,119	(22,301,819)	
NOVEMBER	62,654,700	3,344,254	13.1190	43,873,198	0.9933	43,577,389	(19,077,311)	
DECEMBER	124,472,119	7,295,620	13.1190	<u>95,711,090</u>	0.9995	<u>95,664,720</u>	<u>(28,807,399)</u>	
	<u>565,738,544</u>	<u>54,007,437</u>		<u>543,201,496</u>		<u>543,149,321</u>	<u>(22,589,223)</u>	<u>6%</u>

* September Through December 05 Revised

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
INTEREST CALCULATION**

	<u>06/01/2005</u>	<u>Split Month</u>	<u>09/01/2005</u>	<u>Split Month</u>	<u>10/07/2005</u>	<u>Split Month</u>	<u>06/01/2006</u>
SSC in Effect	\$ 9.5822	\$ 9.9405	\$ 10.2989	\$ 11.2086	\$ 13.1190	\$ 13.0761	\$ 11.6786
GAC in Effect	\$ (0.4102)	\$ (0.4039)	\$ (0.3977)	\$ (0.3855)	\$ (0.3598)	\$ (0.3208)	\$ (0.2069)
IRC in Effect	\$ (0.1722)	\$ (0.1839)	\$ (0.1956)	\$ (0.1957)	\$ (0.1960)	\$ (0.2092)	\$ (0.2159)
Total Effective	\$ 8.9998	\$ 9.3527	\$ 9.7056	\$ 10.6274	\$ 12.5632	\$ 12.5462	\$ 11.2558

Month ⁽¹⁾	NET COST	FIRM	C FACTOR	C FACTOR	ADJUSTMEN1	ADJUSTED	OVER/	INTEREST	TIME	INTEREST	INTEREST ON	TOTAL
	OF FUEL	SALES	RECOVERY	REVENUES	FOR ACTUAL	C FACTOR	(UNDER)	RATE ⁽²⁾	FACTOR	EXPENSE	REFUNDS ⁽³⁾	INTEREST
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)=(4)*(5)	(7)=(6)-(1)	(8)	(9)	(10)=(7)*(8)*(9)	11	12= (10 + 11)
	(\$)		(\$)	(\$)		(\$)	(\$)			(\$)	(\$)	(\$)
SEPTEMBER 2005	18,742,248	1,287,763	9.9405	12,801,044	0.9942	12,726,350	(6,015,898)	6%	18/12	(541,431)	4,621	(536,810)
OCTOBER	38,540,938	1,434,846	11.2086	16,082,606	1.0097	16,239,119	(22,301,819)	6%	17/12	(1,895,655)	0	(1,895,655)
NOVEMBER	62,654,700	3,344,254	13.1190	43,873,198	0.9933	43,577,389	(19,077,311)	6%	16/12	(1,526,185)	1	(1,526,184)
DECEMBER	124,472,119	7,295,620	13.1190	95,711,090	0.9995	95,664,720	(28,807,399)	6%	15/12	(2,160,555)	0	(2,160,555)
JANUARY 2006	95,464,674	8,099,883	13.1190	106,262,197	0.9997	106,228,587	10,763,913	6%	14/12	753,474	13,025	766,499
FEBRUARY	91,242,555	7,578,910	13.1190	99,427,564	0.9994	99,370,705	8,128,150	6%	13/12	528,330	0	528,330
MARCH	71,601,995	7,174,333	13.1190	94,119,924	0.9998	94,098,107	22,496,112	6%	12/12	1,349,767	0	1,349,767
APRIL	28,012,400	4,131,863	13.1190	54,205,822	0.9370	50,791,110	22,778,710	6%	11/12	1,252,829	0	1,252,829
MAY	16,029,235	2,021,163	13.1190	26,515,592	1.0141	26,890,033	10,860,798	6%	10/12	543,040	0	543,040
JUNE	17,789,076	1,510,585	13.0761	19,752,626	0.9892	19,538,658	1,749,582	6%	9/12	78,731	726	79,457
JULY	13,516,388	1,248,614	11.6786	14,582,040	0.9967	14,534,471	1,018,083	6%	8/12	40,723	0	40,723
AUGUST	14,356,355	1,115,682	11.6786	13,029,589	0.8931	12,939,382	(1,416,973)	6%	7/12	(49,594)	20,842	(28,752)
	592,422,683	46,243,515		596,363,291		592,598,632	175,949			(1,626,525)	39,215	(1,587,310)

- (1) September 2005 Through June 2006 Revised
(2) See Schedule 5(a)
(3) See Schedule 5(c)

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
INTEREST ON NATURAL GAS REFUNDS**

<u>MONTH</u>	NATURAL GAS REFUNDS (9)	INTEREST RATE (10)	TIME FACTOR (11)	INTEREST ON REFUNDS (13)=(9)*(10)*(11) (\$)
Sep-05	51,344	6%	18/12	4,621
Oct-05	0	6%	17/12	0
Nov-05	16	6%	16/12	1
Dec-05	0	6%	15/12	0
Jan-06	186,076	6%	14/12	13,025
Feb-06	0	6%	13/12	0
Mar-06	0	6%	12/12	0
Apr-06	0	6%	11/12	0
May-06	0	6%	10/12	0
Jun-06	16,133	6%	9/12	726
Jul-06	0	6%	8/12	0
Aug-06	<u>595,478</u>	6%	7/12	<u>20,842</u>
TOTAL	<u>849,047</u>			<u>39,215</u>

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
DEMAND AND COMMODITY INTEREST CALCULATION**

MONTH	⁽¹⁾ OVER/ (UNDER) RECOVERY	DEMAND CHARGE OVER/(UNDER) RECOVERY	COMMODITY CHARGE OVER/(UNDER) RECOVERY	INTEREST RATE	TIME FACTOR	DEMAND INTEREST EXPENSE	COMMODITY INTEREST EXPENSE	TOTAL INTEREST EXPENSE	⁽²⁾ INTEREST ON REFUNDS	TOTAL INTEREST
	(1) (\$)	(2) (\$)	(3)=(1)-(2) (\$)	(4)	(5)	(6)=(2)*(4)*(5) (\$)	(7)=(3)*(4)*(5) (\$)	(8)=(6)+(7) (\$)	(9) (\$)	(10)=(8)+(9) (\$)
Sep-05	(6,015,898)	(3,420,963)	(2,594,935)	6%	18/12	(307,887)	(233,544)	(541,431)	4,621	(536,810)
Oct-05	(22,301,819)	(3,309,821)	(18,991,998)	6%	17/12	(281,335)	(1,614,320)	(1,895,655)	0	(1,895,655)
Nov-05	(19,077,311)	(1,782,788)	(17,294,523)	6%	16/12	(142,623)	(1,383,562)	(1,526,185)	1	(1,526,184)
Dec-05	(28,807,399)	3,005,771	(31,813,170)	6%	15/12	225,433	(2,385,988)	(2,160,555)	0	(2,160,555)
Jan-06	10,763,913	3,938,525	6,825,388	6%	14/12	275,697	477,777	753,474	13,025	766,499
Feb-06	8,128,150	3,445,486	4,682,664	6%	13/12	223,957	304,373	528,330	0	528,330
Mar-06	22,496,112	3,137,094	19,359,019	6%	12/12	188,226	1,161,541	1,349,767	0	1,349,767
Apr-06	22,778,710	(436,802)	23,215,512	6%	11/12	(24,024)	1,276,853	1,252,829	0	1,252,829
May-06	10,860,798	(2,204,518)	13,065,315	6%	10/12	(110,226)	653,266	543,040	0	543,040
Jun-06	1,749,582	(2,966,757)	4,716,339	6%	9/12	(133,504)	212,235	78,731	726	79,457
Jul-06	1,018,083	(2,535,685)	3,553,769	6%	8/12	(101,427)	142,151	40,723	0	40,723
Aug-06	<u>(1,416,973)</u>	<u>(3,356,339)</u>	<u>1,939,366</u>	6%	7/12	<u>(117,472)</u>	<u>67,878</u>	<u>(49,594)</u>	<u>20,842</u>	<u>(28,752)</u>
Total	175,949	(6,486,797)	6,662,746			(305,186)	(1,321,339)	(1,626,525)	39,215	(1,587,310)

(1) See Schedule 5b

(2) See Schedule 5c

GCR

STATEMENT OF RECONCILIATION

DECEMBER 2006 THROUGH NOVEMBER 2007

		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 2006 UNDER-COLLECTION										12,284,898	
MIGRATION CHARGE										<u>(112,837)</u>	
TOTAL "E" FACTOR										12,172,061	
<u>2006-2007</u>											
DECEMBER 2006	Estimated	85,713,953	6,751,206	0.1432	966,659	84,747,294	11.08385	74,829,355	(9,917,939)	(1,583,438)	(22,090,000)
JANUARY 2007	Estimated	103,622,287	10,393,875	0.1432	1,488,229	102,134,059	10.9119	113,416,927	11,282,868	(2,437,795)	(10,807,132)
FEBRUARY	Estimated	86,721,697	9,329,910	0.1432	1,335,887	85,385,810	10.9119	101,807,045	16,421,235	(2,188,251)	5,614,103
MARCH	Estimated	73,357,060	7,233,786	0.1432	1,035,757	72,321,304	10.9119	78,934,353	6,613,049	(1,696,623)	12,227,152
APRIL	Estimated	38,604,054	4,945,725	0.1432	708,145	37,895,909	10.9119	53,967,257	16,071,348	(1,159,978)	28,298,500
MAY	Estimated	22,409,669	2,380,597	0.1432	340,862	22,068,808	10.9119	25,976,836	3,908,029	(558,349)	32,206,529
JUNE	Estimated	15,704,321	1,552,239	0.1432	222,255	15,482,066	10.9119	16,937,877	1,455,811	(364,064)	33,662,339
JULY	Estimated	16,088,070	1,281,763	0.1432	183,527	15,904,543	10.9119	13,986,470	(1,918,073)	(300,627)	31,744,266
AUGUST	Estimated	15,964,750	1,222,416	0.1432	175,029	15,789,721	10.9119	13,338,881	(2,450,839)	(286,707)	29,293,427
SEPTEMBER	Estimated	16,965,734	1,119,387	0.1432	160,277	16,805,457	10.9119	12,214,639	(4,590,818)	(262,543)	24,702,610
OCTOBER	Estimated	30,609,857	1,763,754	0.1432	252,540	30,357,317	10.9119	19,245,907	(11,111,410)	(413,673)	13,591,200
NOVEMBER	Estimated	<u>56,957,911</u>	<u>3,922,610</u>	0.1432	<u>561,652</u>	<u>56,396,260</u>	10.9119	<u>42,803,128</u>	<u>(13,593,132)</u>	<u>(920,015)</u>	<u>(1,932)</u>
TOTAL		562,719,364	51,897,269		7,430,818	555,288,546		567,458,674	12,170,128	(12,172,061)	(1,932)

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2006 THROUGH NOVEMBER 2006

	DEMAND CHARGES 1	COMMODITY CHARGES 2	NET COST OF FUEL 3 = (1 + 2)	FIRM SALES 4	IRC FACTOR APPLIED 5	INTERRUPTIBLE REVENUE CREDIT 6 = (4 * 5)	APPLICABLE EXPENSES 7 = (3 - 6)	GCR FACTOR APPLIED 8	GCR REVENUE BILLED 9	MONTHLY OVER/(UNDER) RECOVERY 10 = (9 - 7)	NATURAL GAS REFUNDS 11	CUMULATIVE OVER/(UNDER) RECOVERY 12
	\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2005-2006 OVER-COLLECTION												5,406,317
2005-2006 INTEREST												(1,587,310)
TOTAL "E" FACTOR												3,819,007
SEPTEMBER 2006 Actual	4,340,031	10,573,448	14,913,479	1,189,490	0.2159	256,811	14,656,668	11.2558	13,277,413	(1,379,255)	0	2,439,752
OCTOBER Estimated	4,822,659	20,948,648	25,771,307	1,729,343	0.2159	373,365	25,397,942	11.2558	19,465,087	(5,932,856)	0	(3,493,103)
NOVEMBER Estimated	5,234,255	47,145,761	52,380,016	3,799,801	0.2159	820,377	51,559,638	11.2558	42,767,844	(8,791,795)	0	(12,284,898)

RECONCILIATION OF DEMAND CHARGES

	DEMAND CHARGES 1	FIRM SALES 2	DEMAND CHARGE IN EFFECT 3	DEMAND CHARGES BILLED 4 = (2 * 3)	MONTHLY DEMAND OVER/(UNDER) 5 = (4 - 1)	CUMULATIVE DEMAND OVER/(UNDER) 6
	\$	\$	\$	\$	\$	\$
SEPTEMBER 2006 Actual	4,340,031	1,189,490	1.2520	1,489,241	(2,850,790)	(2,850,790)
OCTOBER Estimated	4,822,659	1,729,343	1.2520	2,165,137	(2,657,521)	(5,508,311)
NOVEMBER Estimated	5,234,255	3,799,801	1.2520	4,757,351	(476,904)	(5,985,213)

GCR

STATEMENT OF RECONCILIATION*

SEPTEMBER 2005 THROUGH AUGUST 2006

	DEMAND CHARGES 1	COMMODITY CHARGES 2	NET COST OF FUEL 3 = (1 + 2)	FIRM SALES 4	IRC FACTOR APPLIED 5	INTERRUPTIBLE REVENUE CREDIT 6 = (4 * 5)	APPLICABLE EXPENSES 7 = (3 - 6)	GCR FACTOR APPLIED 8	GCR REVENUE BILLED 9	MONTHLY OVER/(UNDER) RECOVERY 10 = (9 - 7)	NATURAL GAS REFUNDS 11	CUMULATIVE OVER/(UNDER) RECOVERY 12
	\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2004-2005 OVER-COLLECTION												21,368,705
2004-2005 INTEREST												121,542
TOTAL "E" FACTOR												21,490,247
SEPTEMBER 2005 Actual	4,933,065	13,809,183	18,742,248	1,287,763	0.1839	236,820	18,505,428	9.3527	11,973,786	(6,531,642)	51,344	15,009,948
OCTOBER Actual	5,022,174	33,518,764	38,540,938	1,434,846	0.1957	280,799	38,260,139	10.6274	15,397,084	(22,863,054)	0	(7,853,106)
NOVEMBER Actual	5,715,023	56,939,677	62,654,700	3,344,254	0.1960	655,474	61,999,226	12.5632	41,731,253	(20,267,973)	16	(28,121,063)
DECEMBER Actual	5,626,600	118,845,519	124,472,119	7,295,620	0.1960	1,429,942	123,042,177	12.5632	91,611,929	(31,430,249)	0	(59,551,311)
JANUARY 2006 Actual	5,647,084	89,817,590	95,464,674	8,099,883	0.1960	1,587,577	93,877,097	12.5632	101,728,262	7,851,165	186,076	(51,514,070)
FEBRUARY Actual	5,521,297	85,721,258	91,242,555	7,578,910	0.1960	1,485,466	89,757,089	12.5632	95,160,912	5,403,823	0	(46,110,246)
MARCH Actual	5,353,913	66,248,082	71,601,995	7,174,333	0.1960	1,406,169	70,195,826	12.5632	90,111,685	19,915,859	0	(26,194,386)
APRIL Actual	5,019,972	22,992,428	28,012,400	4,131,863	0.1960	809,845	27,202,555	12.5632	48,639,369	21,436,814	0	(4,757,572)
MAY Actual	4,630,958	11,398,277	16,029,235	2,021,163	0.1960	396,148	15,633,087	12.5632	25,750,849	10,117,762	0	5,360,189
JUNE Actual	4,786,569	13,002,507	17,789,076	1,510,585	0.2060	311,105	17,477,971	11.9095	17,795,430	317,459	16,133	6,693,781
JULY Actual	4,093,850	9,422,538	13,516,388	1,248,614	0.2159	269,576	13,246,812	11.2558	14,008,350	761,538	0	6,455,319
AUGUST Actual	4,743,503	9,612,852	14,356,355	1,115,682	0.2159	240,876	14,115,479	11.2558	12,471,000	(1,644,479)	595,478	5,406,317
Total	61,094,008	531,328,675	592,422,683	46,243,615		9,109,796	583,312,887		566,379,909	(16,932,977)	849,047	5,406,317

RECONCILIATION OF DEMAND CHARGES*

	DEMAND CHARGES 1	FIRM SALES 2	DEMAND CHARGE IN EFFECT 3	DEMAND CHARGES BILLED 4 = (2 * 3)	ADJUSTMENT FOR ACTUAL REVENUE 5	ADJUSTED C FACTOR 6	MONTHLY DEMAND OVER/(UNDER) 7 = (6 - 1)	CUMULATIVE DEMAND OVER/(UNDER) 8
	\$	\$	\$	\$	\$	\$	\$	\$
SEPTEMBER 2005 Actual	4,933,065	1,287,763	1.1811	1,520,977	0.9942	1,512,102	(3,420,963)	(3,420,963)
OCTOBER Actual	5,022,174	1,434,846	1.1819	1,695,850	1.0097	1,712,353	(3,309,821)	(6,730,783)
NOVEMBER Actual	5,715,023	3,344,254	1.1838	3,958,928	0.9933	3,932,235	(1,782,788)	(8,513,571)
DECEMBER Actual	5,626,600	7,295,620	1.1838	8,636,555	0.9995	8,632,371	3,006,771	(5,507,800)
JANUARY 2006 Actual	5,647,084	8,099,883	1.1838	9,588,641	0.9997	9,585,609	3,938,525	(1,569,276)
FEBRUARY Actual	5,521,297	7,578,910	1.1838	8,971,914	0.9994	8,966,783	3,445,486	1,876,210
MARCH Actual	5,353,913	7,174,333	1.1838	8,492,975	0.9998	8,491,007	3,137,094	5,013,304
APRIL Actual	5,019,972	4,131,863	1.1838	4,891,299	0.9370	4,583,170	(436,802)	4,576,502
MAY Actual	4,630,958	2,021,163	1.1838	2,392,652	1.0141	2,426,440	(2,204,518)	2,371,984
JUNE Actual	4,786,569	1,510,585	1.2179	1,839,741	0.9892	1,819,812	(2,966,757)	(594,773)
JULY Actual	4,093,850	1,248,614	1.2520	1,563,264	0.9967	1,558,165	(2,535,685)	(3,130,458)
AUGUST Actual	4,743,503	1,115,682	1.2520	1,396,834	0.9931	1,387,164	(3,356,339)	(6,486,797)

* September 2005 Through August 2006 Revised

CALCULATION OF RECOVERED CHARGES

1st QUARTER FILING

DECEMBER 2006 - NOVEMBER 2007

	<u>50% of December</u>	<u>11.5 Months</u>	<u>Total</u>
			<u>(MCF)</u>
			<u>(\$)</u>
Firm Sales (Mcf)	3,375,603	48,521,666	51,897,269
GCR (\$ / Mcf)	\$ 11.2558	\$ 10.9119	
Total Projected Recovery	<u>\$ 37,995,107</u>	<u>\$ 529,463,567</u>	<u>\$ 567,458,674</u>

Change In Rates 1st Quarter Filing

Rates Effective December 1, 2006 *

Distribution Charge

	<u>Delivery Charge</u>			<u>Surcharges</u>			<u>Total Distribution Charge / Mcf</u>
	<u>Base Charge</u>	<u>Revenue Realignment Adjustment</u>	<u>Sub-Total Delivery Charge</u>	<u>Restructuring & Consumer Education</u>	<u>Universal Service & Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0662	\$2.3954	\$2.4616	\$6.6740
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0662	\$2.3954	\$2.4616	\$6.7672
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0662	\$2.3954	\$2.4616	\$6.7645
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0662	\$2.3954	\$2.4616	\$6.7568
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0662	\$2.3954	\$2.4616	\$5.6086

Proposed Rates

	<u>9/1/06 Distribution Charge</u> (4)	<u>9/1/06 GCR</u> (2)	<u>9/1/06 Commodity Rate</u> (3)=(1)+(2)	<u>12/1/06 Distribution Charge</u> (4)	<u>12/1/06 GCR</u> (5)	<u>12/1/06 Commodity Rate</u> (6)=(4)+(5)	<u>Decrease</u> (7)=(6)-(3)
Residential GS/PHAGS	\$7.0294	\$11.2558	\$18.2852	\$6.6740	\$10.9119	\$17.5859	(\$0.6993)
Commercial GS/MUNGS	\$7.1226	\$11.2558	\$18.3784	\$6.7672	\$10.9119	\$17.6791	(\$0.6993)
Industrial GS	\$7.1199	\$11.2558	\$18.3757	\$6.7645	\$10.9119	\$17.6764	(\$0.6993)
Phila.Housing Authority (PHA)	\$7.1122	\$11.2558	\$18.3680	\$6.7568	\$10.9119	\$17.6687	(\$0.6993)
Municipal (MS)	\$5.9640	\$11.2558	\$17.2198	\$5.6086	\$10.9119	\$16.5205	(\$0.6993)

* Excludes Customer Charge

**Philadelphia Gas Works
December 1, 2006**

UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	<u>Expenses in the Surcharge</u>
Conservation Works Program (CWP)	2,100,000
Customer Responsibility Program (CRP) Discount	93,333,851
Senior Citizen Discount	13,509,581 *
November 2006 Under Collection	<u>14,687,688</u>
Total \$ to be Recovered	\$ 123,631,120
 Applicable Volumes	 Mcf 51,611,525
 Universal Service & Energy Conservation Surcharge	 \$ 2.3954

* 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 \$15,449,573.

STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2006 THROUGH NOVEMBER 2006

<u>Month</u>		<u>Applicable Volumes</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>
FY 06 Reconciliation							(\$27,049,360)
September 2006	Actual	1,174,632	\$ 2.7508	\$ 3,231,178	\$ (669,366)	\$ 3,900,544	(\$23,148,817)
October	Estimated	1,708,659	\$ 2.7508	\$ 4,700,179	\$ 617,609	\$ 4,082,571	(\$19,066,246)
November	Estimated	<u>3,753,129</u>	\$ 2.7508	<u>\$ 10,324,107</u>	<u>\$ 5,945,549</u>	<u>\$ 4,378,558</u>	<u>(\$14,687,688)</u>
Total		6,636,420		\$ 18,255,464	\$ 5,893,792	\$ 12,361,672	(\$14,687,688)

<u>USC Expenses</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>
Conservation Works	\$ 10,824	\$ 105,434	\$ 131,892
CRP Discount	\$ (1,847,895)	\$ (794,969)	\$ 3,759,063
CRP Forgiveness	\$ 779,997	\$ 802,371	\$ 900,000
Senior Citizen Discount	<u>\$ 387,708</u>	<u>\$ 504,773</u>	<u>\$ 1,154,594</u>
	\$ (669,366)	\$ 617,609	\$ 5,945,549

FINALIZED STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2005 TO AUGUST 2006

Month*	Applicable Volumes	USC Charge	USC Revenue Billed	USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery	
FY 05 Reconciliation						\$ (16,274,447)	
September 2005	Actual	1,270,667	\$ 1,8398	\$ 2,337,774	\$ (555,503)	\$ 2,893,276	\$ (13,381,171)
October	Actual	1,414,374	\$ 2,0379	\$ 2,882,390	\$ 574,821	\$ 2,307,569	\$ (11,073,602)
November	Actual	3,284,924	\$ 2,3723	\$ 7,792,825	\$ 5,301,572	\$ 2,491,253	\$ (8,582,348)
December	Actual	7,164,363	\$ 2,3723	\$ 16,996,019	\$ 20,496,931	\$ (3,500,911)	\$ (12,083,260)
January 2006	Actual	7,953,437	\$ 2,3723	\$ 18,867,940	\$ 26,162,976	\$ (7,295,037)	\$ (19,378,296)
February	Actual	7,445,841	\$ 2,3723	\$ 17,663,769	\$ 25,068,370	\$ (7,404,602)	\$ (26,782,898)
March	Actual	7,052,335	\$ 2,3723	\$ 16,730,254	\$ 23,428,690	\$ (6,698,436)	\$ (33,481,334)
April	Actual	4,064,483	\$ 2,3723	\$ 9,642,172	\$ 12,639,520	\$ (2,997,348)	\$ (36,478,682)
May	Actual	1,991,717	\$ 2,3723	\$ 4,724,950	\$ 3,627,967	\$ 1,096,982	\$ (35,381,700)
June	Actual	1,491,160	\$ 2,5616	\$ 3,819,680	\$ 1,030,471	\$ 2,789,209	\$ (32,592,491)
July	Actual	1,232,999	\$ 2,7508	\$ 3,391,733	\$ (151,567)	\$ 3,543,300	\$ (29,049,191)
August	Actual	1,102,042	\$ 2,7508	\$ 3,031,498	\$ 1,031,668	\$ 1,999,830	\$ (27,049,360)
Total		45,468,342		\$ 107,881,002	\$ 118,655,916	\$ (10,774,913)	\$ (27,049,360)

* September 2005 Through June 2006 Revised

USC Expenses	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Total
Conservation Works	\$ 15,736	\$ 103,262	\$ 129,176	\$ 180,876	\$ 117,949	\$ 147,125	\$ 61,315	\$ 168,617	\$ 125,881	\$ 207,910	\$ 417,633	\$ 432,057	\$ 2,107,537
CRP Discount	\$ (1,725,443)	\$ (794,969)	\$ 3,112,253	\$ 16,916,299	\$ 22,222,990	\$ 21,339,644	\$ 19,901,410	\$ 10,186,986	\$ 1,837,613	\$ (594,467)	\$ (1,775,745)	\$ (655,048)	\$ 89,971,523
CRP Forgiveness	\$ 759,655	\$ 778,792	\$ 779,195	\$ 789,119	\$ 793,578	\$ 790,555	\$ 1,000,525	\$ 826,055	\$ 957,955	\$ 931,321	\$ 823,853	\$ 888,066	\$ 10,118,668
Senior Citizen Discount	\$ 394,549	\$ 487,736	\$ 1,280,948	\$ 2,610,637	\$ 3,028,460	\$ 2,791,046	\$ 2,465,440	\$ 1,457,862	\$ 706,518	\$ 485,707	\$ 382,892	\$ 366,593	\$ 16,458,188
	\$ (555,503)	\$ 574,821	\$ 5,301,572	\$ 20,496,931	\$ 26,162,976	\$ 25,068,370	\$ 23,428,690	\$ 12,639,520	\$ 3,627,967	\$ 1,030,471	\$ (151,567)	\$ 1,031,668	\$ 118,655,916

Actual Natural Gas Billed

	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>
Williams	\$ 1,967,661	\$ 1,970,054	\$ 1,863,200
Texas Eastern	\$ 2,044,353	\$ 2,357,626	\$ 2,094,672
Dominion	\$ 132,628	\$ 132,875	\$ 131,948
Equitrans	\$ 35,031	\$ 35,031	\$ 34,983
Spot Purchases -Transco	\$ 191,540	\$ -	\$ 749,980
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ -	\$ -	\$ -
Transco Supply2	\$ -	\$ 5,186,817	\$ 5,333,375
Transco Supply3	\$ 3,925,867	\$ 4,417,500	\$ 4,323,000
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 150,586	\$ -	\$ 1,671,094
Transco Supply7	\$ 6,738,539	\$ 1,799,077	\$ 2,431,693
Transco Supply8	\$ 2,340,500	\$ 2,365,300	\$ 3,137,224
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 1,923,498	\$ 1,489,077	\$ 2,922,793
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ -	\$ -	\$ -
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 2,528,670	\$ 2,529,290	\$ 2,477,750
Transco Supply15	\$ 82,005	\$ -	\$ 291,571
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ 1,949,900	\$ 1,891,000	\$ 2,082,000
Transco Supply18	\$ -	\$ -	\$ -
Tetco Supply1	\$ 746,868	\$ 531,684	\$ 74,634
Tetco Supply2	\$ -	\$ -	\$ -
Tetco Supply3	\$ -	\$ -	\$ -
Tetco Supply4	\$ -	\$ -	\$ -
Tetco Supply5	\$ -	\$ -	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ 2,137,924	\$ 2,080,097	\$ 2,147,965
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ -	\$ -	\$ -
Tetco Supply14	\$ 2,177,750	\$ 1,731,350	\$ 1,762,500
Tetco Supply15	\$ -	\$ -	\$ -
<u>Tetco Supply16</u>	\$ -	\$ -	\$ -
Total Costs	\$ 29,073,320	\$ 28,516,779	\$ 33,530,381
Off System Sales	\$ -	\$ (297,750)	\$ -
Gas Transportation Purchases	\$ 36,045	\$ 63,789	\$ 27,544
Adjustment/Reconciliation	\$ (31,552)	\$ 94,504	\$ 16,838
Total Natural Gas Billed	\$ 29,077,813	\$ 28,377,322	\$ 33,574,763

**Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending September 2006**

	<u>Actual</u>			<u>Total</u>	<u>Projected 4th Qtr Filing Jul-06</u>	<u>Projected 4th Qtr Filing Aug-06</u>	<u>Projected 4th Qtr Filing Sep-06</u>	<u>Total</u>	<u>Actual Over/Under vs Projected</u>			
	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>						<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Total</u>
Total Natural Gas Billed	\$ 29,077,813	\$ 28,377,322	\$ 33,574,763	\$ 91,029,898	\$ 30,061,884	\$ 36,032,134	\$ 41,225,920	\$ 107,319,938	\$ (984,071)	\$ (7,654,812)	\$ (7,651,157)	\$ (16,290,040)
Less Interruptible Credit Gas Used For Utility	\$ 617,477	\$ 1,074,465	\$ 3,860,895	\$ 5,552,937	\$ 662,174	\$ 770,711	\$ 720,118	\$ 2,153,003	\$ (44,697)	\$ 303,754	\$ 3,140,877	\$ 3,399,934
	\$ 139,304	\$ 124,787	\$ 154,865	\$ 418,956	\$ 40,314	\$ 39,974	\$ 41,691	\$ 121,979	\$ 98,990	\$ 84,813	\$ 113,174	\$ 296,977
	28,321,032	27,178,070	29,558,903	\$ 85,058,005	\$ 29,359,396	35,221,449	40,464,111	\$ 105,044,956	(1,038,364)	(8,043,379)	(10,905,208)	\$ (19,986,951)
Pipeline Storages												
(To)	\$ (15,480,450)	\$ (13,428,345)	\$ (13,316,477)	\$ (42,225,272)	\$ (14,813,545)	\$ (20,804,695)	\$ (21,882,417)	\$ (57,500,657)	\$ (668,905)	\$ 7,376,350	\$ 8,565,940	\$ 15,275,385
From	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pipeline Storages	\$ (15,480,450)	\$ (13,428,345)	\$ (13,316,477)	\$ (42,225,272)	\$ (14,813,545)	\$ (20,804,695)	\$ (21,882,417)	\$ (57,500,657)	\$ (668,905)	\$ 7,376,350	\$ 8,565,940	\$ 15,275,385
LNG Storage												
(To)	\$ 52,599	\$ -	\$ (2,014,989)	\$ (1,962,390)	\$ -	\$ -	\$ (2,950,925)	\$ (2,950,925)	\$ 52,599	\$ -	\$ 935,936	\$ 988,535
From	\$ 570,881	\$ 534,558	\$ 618,832	\$ 1,724,271	\$ 648,159	\$ 648,159	\$ 630,260	\$ 1,926,578	\$ (77,278)	\$ (113,601)	\$ (11,428)	\$ (202,307)
Net LNG Storage	\$ 623,480	\$ 534,558	\$ (1,396,157)	\$ (238,119)	\$ 648,159	\$ 648,159	\$ (2,320,664)	\$ (1,024,346)	\$ (24,679)	\$ (113,601)	\$ 924,507	\$ 786,227
Net Natural Gas	\$ 13,464,062	\$ 14,284,283	\$ 14,846,269	\$ 42,594,614	\$ 15,194,010	\$ 15,064,913.00	\$ 16,261,030	\$ 46,519,953	\$ (1,729,948)	\$ (780,630)	\$ (1,414,761)	\$ (3,925,339)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 13,464,062	\$ 14,284,283	\$ 14,846,269	\$ 42,594,614	\$ 15,194,010	\$ 15,064,913	\$ 16,261,030	\$ 46,519,953	\$ (1,729,948)	\$ (780,630)	\$ (1,414,761)	\$ (3,925,339)
Electric	\$ 52,326	\$ 72,072	\$ 67,210	\$ 191,608	\$ 92,840	\$ 102,863	\$ 89,333	\$ 285,036	\$ (40,514)	\$ (30,791)	\$ (22,123)	\$ (93,428)
Total GCR Expenses	\$ 13,516,388	\$ 14,356,355	\$ 14,913,479	\$ 42,786,222	\$ 15,286,850	\$ 15,167,776	\$ 16,350,362	\$ 46,804,989	\$ (1,770,462)	\$ (811,421)	\$ (1,436,884)	\$ (4,018,767)

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Thomas Knudsen
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

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

In the definition of "GAC," the "GAC" value effective December 1, 2006 increases from \$(0.02069) per Ccf to \$0.02341 per Ccf.

In the definition of "IRC," the "IRC" value effective December 1, 2006 decreases from \$0.02159 per Ccf to \$0.01429 per Ccf.

In the definition of "SSC," the "SSC" value effective December 1, 2006 decreases from \$1.16786 per Ccf to \$1.08207 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, 2006 decreases from \$1.12558 per Ccf to \$1.09119 per Ccf.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective December 1, 2006 decreases from \$0.27508 per Ccf to \$0.23954 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services decreases from \$1.12558 per Ccf to \$1.09119 per Ccf, effective December 1, 2006.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service decreases from \$1.12558 per Ccf to \$1.09119 per Ccf, effective December 1, 2006.

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

The GCR for Philadelphia Housing Authority Service decreases from \$1.12558 per Ccf to \$1.09119 per Ccf, effective December 1, 2006.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Fifteenth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
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 _____	Fourteenth 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 _____	Fifth Revised 79
Universal Services Surcharge _____	Fourteenth Revised 81
General Service - Rate GS _____	Fourteenth Revised 83
Municipal Service - Rate MS _____	Fourteenth Revised 87
Philadelphia Housing Authority Service –Rate PHA _____	Fourteenth 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 \$0.01190 per Ccf for Commodity Costs and \$0.01151 per Ccf for Demand Costs, for service on or after December 1, 2006. The total Gac is \$0.02341 per Ccf. (I)

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

IRC - Interruptible Revenue Credit - The credit defined in Subsection VI below. The currently effective IRC is \$0.01429 per Ccf for service on or after December 1, 2006. (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,

(I) – Increase; (D) – Decrease

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 \$0.96221 per Ccf for Commodity Costs and \$0.11986 per Ccf for Demand Costs, for service on or after December 1, 2006. The total SSC is \$1.08207 per Ccf.

(D)
↓

(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:

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

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 \$1.09119 per Ccf, for service on or after December 1, 2006. (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 = \$ 0.23954/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 December 1, 2006

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):

\$ 1.09119 per Ccf for Residential and Public Housing (D)
\$ 1.09119 per Ccf for Commercial and Municipal Customers (D)
\$ 1.09119 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

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, 2006.

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):

\$1.09119 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 December 1, 2006

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):

\$ 1.09119 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 decreases from \$54.2866 per design day Mcf to \$36.7458 per design day Mcf.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Fourteenth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left Blank for Future Use _____	8
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
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 \$ 36.7458 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 E-MAIL AND FIRST CLASS MAIL

Aron Beatty, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921

Charis Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Stephen Gray, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

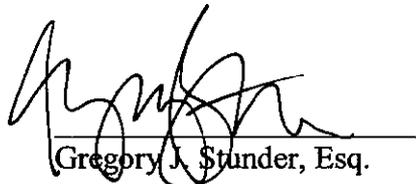
Richard LeLash
Financial and Regulatory Consultant
18 Seventy Acre Road
Redding, CT 06896

Richard Kanaskie, Esq.
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Daniel Clearfield, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
213 Market Street
9th Floor
Harrisburg, PA 17101

Phillip Bertocci, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102

Robert Knecht
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge MA 02140


Gregory J. Stunder, Esq.

Date: November 30, 2006

RECEIVED

NOV 30 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ORIGINAL

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

February 28, 2007

VIA EXPRESS MAIL

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

RECEIVED

FEB 28 2007

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

Re: Pa. PUC v. Philadelphia Gas Works; R-00061296,
March 1, 2007 Second Quarterly GCR Filing

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of PGW's March 1, 2007 Quarterly Gas Cost Rate ("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**

54

ORIGINAL

SUPPLEMENT NO. 17 to
Gas Service Tariff – Pa P.U.C. No.2

Seventeenth Revised Page No. 1

Canceling Sixteenth Revised Page No.1

PHILADELPHIA GAS WORKS

R-00061296

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF

RECEIVED

FEB 28 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCUMENT
FOLDER



Issued by: Thomas Knudsen
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

DOCKETED

MAR 06 2007



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, 2007 decreases from \$0.02341 per Ccf to \$(0.00878) per Ccf.

In the definition of "IRC," the "IRC" value effective March 1, 2007 increases from \$0.01429 per Ccf to \$0.01452 per Ccf.

In the definition of "SSC," the "SSC" value effective March 1, 2007 decreases from \$1.08207 per Ccf to \$1.06668 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, 2007 decreases from \$1.09119 per Ccf to \$1.04338 per Ccf.

UNIVERSAL SERVICE CHARGE (PAGE No. 81)

The Universal Services Charge effective March 1, 2007 increases from \$0.23954 per Ccf to \$0.26793 per Ccf.

GENERAL SERVICE – RATE GS (Page No. 83)

The GCR for Residential, Commercial, and Industrial Services decreases from \$1.09119 per Ccf to \$1.04338 per Ccf, effective March 1, 2007.

MUNICIPAL SERVICE – RATE MS (Page No. 87)

The GCR for Municipal Service decreases from \$1.09119 per Ccf to \$1.04338 per Ccf, effective March 1, 2007.

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

The GCR for Philadelphia Housing Authority Service decreases from \$1.09119 per Ccf to \$1.04338 per Ccf, effective March 1, 2007.

RECEIVED

FEB 28 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Seventeenth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
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 _____	Sixteenth 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 _____	Sixth Revised 79
Universal Services Surcharge _____	Sixteenth Revised 81
General Service - Rate GS _____	Sixteenth Revised 83
Municipal Service - Rate MS _____	Sixteenth Revised 87
Philadelphia Housing Authority Service –Rate PHA _____	Sixteenth 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 \$(0.01507) per Ccf for Commodity Costs and \$0.00629 per Ccf for Demand Costs, for service on or after March 1, 2007. The total Gac is \$(0.00878) 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 \$0.01452 per Ccf for service on or after March 1, 2007. (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

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 \$0.90377 per Ccf for Commodity Costs and \$0.16291 per Ccf for Demand Costs, for service on or after March 1, 2007. The total SSC is \$1.06668 per Ccf.

(D)
↓

(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:

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

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 \$1.04338 per Ccf, for service on or after March 1, 2007. (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 = \$ 0.26793/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 March 1, 2007

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):

\$ 1.04338 per Ccf for Residential and Public Housing (D)
\$ 1.04338 per Ccf for Commercial and Municipal Customers (D)
\$ 1.04338 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

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, 2007.

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):

\$1.04338 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, 2007

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):

\$ 1.04338 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 decreases from \$36.7458 per design day Mcf to \$35.8947 per design day Mcf.



TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	Sixteenth Revised 2
Description of Territory Served _____	5
Table of Contents _____	6
Table of Contents (continued) _____	7
Left Blank for Future Use _____	8
Definitions _____	10
<u>RULES and REGULATIONS:</u>	
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 \$ 35.8947 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

Statement

Known per dekatherm natural gas prices are used through the month of January 2007. 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 2007 through April 2007 are based on the NYMEX Futures Closing Prices of 1-12-07. For the period of May 2007 through February 2008, the average price of the NYMEX Futures Closing Prices of 1-12-07 and the January 2007 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 4,510 degree-day pattern).

This filing has Net Applicable GCR Expense of \$533,786,268 with Firm Sales of 50,993,254 Mcf. The GCR in effect in this filing is **\$10.4338** per Mcf.

MARCH 1, 2007

2ND QUARTER GCR FILING

TABLE OF CONTENTS

Levelized Gas Cost Rate.....	Schedule 1
Volumes.....	Schedule 2
Projected Applicable Fuel Expense.....	Schedule 3
Interest Rate Calculation.....	Schedule 4a
Interest Calculation.....	Schedule 4b
Interest on Natural Gas Refunds.....	Schedule 4c
Demand and Commodity Interest Calculation.....	Schedule 4d
GCR Statement of Reconciliation – March 2007 Through February 2008.....	Schedule 5
GCR Statement of Reconciliation – September 2006 Through February 2007...	Schedule 6
GCR Statement of Reconciliation – September 2005 Through August 2006.....	Schedule 7
Calculation of Recovered Charges.....	Schedule 8
Changes in Rates.....	Schedule 9
Universal Service & Energy Conservation Surcharge (USC)	Schedule 10a
Statement of Reconciliation – USC Surcharge – Sept. 2006 To February 2007...	Schedule 10b
Natural Gas Prices	Schedule 11
Actual Natural Gas Billed.....	Schedule 12
Summary of Fuels Purchased	Schedule 13

Philadelphia Gas Works
Levelized Gas Cost Rate
2nd Quarter Filing March 1, 2007

Formula:
GCR = SSC + GAC - IRC

where:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>	
S = Firm Sales (Mcf)			50,993,254	(Schedule 2)
Net Natural Gas Expense	\$ 83,343,802	\$ 461,330,781	\$ 544,674,583	
Purchased Electric Expense	\$ 0	\$ 1,036,048	\$ 1,036,048	
C = Total Applicable GCR Expense	\$ 83,343,802	\$ 462,366,829	\$ 545,710,631	(Schedule 3)
SSC = C / S	\$ 1.6344	\$ 9.0672	\$ 10.7016	
Adjustment For:				
Prior Reconciliation	\$ 3,215,952	\$ (7,709,496)	\$ (4,493,544)	
E = Adjustments to GCR Expenses	\$ 3,215,952	\$ (7,709,496)	\$ (4,493,544)	(Schedule 5)
GAC = E / S	\$ 0.0631	\$ (0.1512)	\$ (0.0881)	
Interruptible Revenue Credit			\$ 7,430,818	(Schedule 5)
IRC = Interruptible Revenue Credit / S			\$ 0.1457	
Net Applicable GCR Expenses = C + E - Interruptible Revenue Credit			\$ 533,786,268	
<u>GCR = SSC + GAC - IRC</u>			\$ 10.4678	
SSC in effect 3/01/07	\$ 1.6291	\$ 9.0377	\$ 10.6668	
GAC in effect 3/01/07	\$ 0.0629	\$ (0.1507)	\$ (0.0878)	
IRC in effect 3/01/07			\$ (0.1452)	
GCR in effect 3/01/07			\$ 10.4338	(Schedule 8)
Recovery Test on:				
Firm Sales (Mcf)			50,993,254	
= Total Projected Recovery			\$ 533,784,428	(Schedule 8)
Compared To				
Net Applicable GCR Expenses			\$ 533,786,268	
= Net Over/(Under) Recovery			\$ (1,840)	(Schedule 5)
Degree Days			4,510	

VOLUMES

March 2007 Through February 2008

<u>MONTH</u>	<u>TOTAL VOLUMES</u>	<u>FIRM TRANSPORT VOLUMES</u>	<u>TOTAL BILLED SALES</u>	<u>INTERRUPTIBLE SALES</u>	<u>TOTAL FIRM SALES</u>	<u>SENIOR CITIZEN DISCOUNT SALES</u>	<u>TOTAL APPLICABLE VOLUMES</u>
MARCH 2007	7,519,342	64,344	7,454,998	213,774	7,241,224	115,198	7,190,370
APRIL	5,103,046	43,710	5,059,336	129,812	4,929,524	77,928	4,895,306
MAY	2,471,493	29,424	2,442,069	74,166	2,367,903	34,042	2,363,285
JUNE	1,628,471	28,820	1,599,651	51,116	1,548,535	18,431	1,558,924
JULY	1,360,528	28,832	1,331,696	55,484	1,276,212	14,699	1,290,345
AUGUST	1,300,888	30,230	1,270,658	55,601	1,215,057	13,951	1,231,336
SEPTEMBER	1,176,006	29,012	1,146,994	55,783	1,091,212	12,501	1,107,722
OCTOBER	1,861,109	53,972	1,807,137	96,707	1,710,430	20,482	1,743,920
NOVEMBER	4,080,101	95,215	3,984,886	152,235	3,832,651	53,283	3,874,583
DECEMBER	6,959,019	159,324	6,799,695	227,144	6,572,552	94,900	6,636,975
JANUARY 2008	10,548,942	194,362	10,354,580	245,622	10,108,958	151,984	10,151,336
FEBRUARY	9,489,736	177,909	9,311,827	212,830	9,098,997	135,640	9,141,266
TOTAL	53,498,681	935,153	52,563,528	1,570,274	50,993,254	743,039	51,185,368

**PROJECTED APPLICABLE FUEL EXPENSE
SUMMARY
MARCH 2007 - FEBRUARY 2008**

	<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>
NATURAL GAS BILLED													
DEMAND CHARGE	6,382,430	6,475,276	6,426,009	6,436,612	6,414,085	6,400,760	7,166,234	7,171,468	7,592,235	7,652,810	7,647,811	7,579,082	83,343,802
COMMODITY CHARGE	51,309,448	40,537,627	37,423,601	30,940,741	28,228,268	24,099,179	14,040,257	26,248,059	34,599,486	47,324,601	53,573,400	46,604,996	434,829,582
TOTAL NATURAL GAS BILLED	57,691,878	47,012,903	43,848,510	37,377,353	34,642,373	30,499,929	21,206,491	33,419,527	42,191,721	54,977,411	61,221,211	54,084,077	518,173,384
INTERRUPTIBLE CREDIT	(2,029,299)	(1,018,277)	(656,979)	(391,566)	(432,087)	(414,604)	(442,873)	(794,159)	(1,334,323)	(2,078,464)	(2,232,870)	(1,906,391)	(13,630,772)
SENDOUT VOLUME IN MCF	222,213	134,936	77,096	53,135	57,676	57,797	57,986	100,627	158,248	236,116	265,324	221,337	1,632,391
DKT CONVERSION FACTOR	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350
PRICE \$/DKT	8.823	7.291	6.980	7.120	7.238	6.929	7.379	7.633	8.147	8.505	8.450	8.321	
GAS USED FOR UTILITY	(671,033)	(348,774)	(267,655)	(241,941)	(274,942)	(186,008)	(129,256)	(187,075)	(436,039)	(763,601)	(1,100,241)	(964,129)	(5,559,694)
NATURAL GAS TO STORAGE FROM STORAGE PGW	15,074,688	10,046,449	20,558,599	20,864,206	18,281,871	14,763,261	3,061,443	3,072	36,600	16,029,735	30,816,814	38,501,626	87,606,401
NET NATURAL GAS STORAGE	16,074,688	(9,985,621)	(20,558,599)	(20,854,206)	(18,281,871)	(14,763,261)	(3,061,443)	(3,072)	16,993,235	30,816,814	38,501,626	31,446,886	44,325,176
LNG TO STORAGE FROM LNG PGW	655,062	1,424,579	1,875,947	573,473	640,290	640,276	619,703	2,810,771	3,051,478	1,918,643	2,149,300	1,760,865	10,281,584
NET LNG STORAGE	655,062	(790,648)	(1,226,675)	47,692	640,290	640,276	74,368	(2,171,682)	(2,331,004)	1,918,643	2,149,300	1,760,865	1,366,488
NET NATURAL GAS EXPENSE	70,721,296	34,869,583	21,238,602	15,937,342	16,293,764	15,777,432	17,647,287	30,263,539	54,083,591	84,880,813	98,539,026	84,422,308	544,674,583
APPLICABLE GCR EXPENSE													
NET NATURAL GAS EXPENSE	70,721,296	34,869,583	21,238,602	15,937,342	16,293,764	15,777,432	17,647,287	30,263,539	54,083,591	84,880,813	98,539,026	84,422,308	544,674,583
PURCHASED ELECTRIC	93,452	78,239	81,499	21,733	96,625	106,949	76,935	84,006	86,237	93,663	118,169	100,551	1,036,018
TOTAL APPLICABLE EXPENSES	70,814,748	34,947,821	21,320,101	15,959,075	16,389,389	15,883,381	17,724,223	30,347,545	54,169,827	84,974,476	98,657,186	84,522,859	545,710,631
TOTAL FIRM SALES	7,241,224	4,929,524	2,367,903	1,548,535	1,276,212	1,216,067	1,091,212	1,710,430	3,832,651	6,572,552	10,108,958	9,098,997	50,993,254

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

	<u>12/01/2004</u>	<u>Split Month</u>	<u>03/01/2005</u>	<u>Split Month</u>	<u>06/01/2005</u>	<u>Split Month</u>	<u>09/01/2005</u>	<u>Split Month</u>	<u>10/07/2005</u>
SSC in Effect	\$ 9.5639	\$ 9.0465	\$ 8.5292	\$ 9.0557	\$ 9.5822	\$ 9.9405	\$ 10.2989	\$ 11.2086	\$ 13.1190
GAC in Effect	\$ 0.4931	\$ (0.3717)	\$ (0.2503)	\$ (0.3302)	\$ (0.4102)	\$ (0.4039)	\$ (0.3977)	\$ (0.3855)	\$ (0.3598)
IRC in Effect	\$ (0.1713)	\$ (0.1690)	\$ (0.1667)	\$ (0.1694)	\$ (0.1722)	\$ (0.1839)	\$ (0.1956)	\$ (0.1957)	\$ (0.1960)
Total Effective	\$ 9.8857	\$ 8.5059	\$ 8.1122	\$ 8.5560	\$ 8.9998	\$ 9.3527	\$ 9.7056	\$ 10.6274	\$ 12.5632

<u>MONTH</u>	<u>NET COST OF FUEL</u>	<u>FIRM SALES</u>	<u>C FACTOR RECOVERY RATE</u>	<u>C FACTOR REVENUES BILLED</u>	<u>ADJUSTMENT FOR ACTUAL REVENUE</u>	<u>ADJUSTED C FACTOR REVENUES BILLED</u>	<u>OVER/ (UNDER) RECOVERY</u>	<u>INTEREST RATE</u>
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)=(4)*(5)	(7)=(6)-(1)	(8)
	(\$)		(\$)	(\$)		(\$)	(\$)	
JANUARY 05	87,811,049	9,207,202	9.5639	88,056,721	1.0018	88,219,340	408,291	
FEBRUARY	72,019,552	9,967,593	9.5639	95,329,022	0.9971	95,056,894	23,037,342	
MARCH	65,479,201	8,687,786	9.0465	78,594,263	1.0072	79,159,933	13,680,732	
APRIL	35,037,339	5,559,491	8.5292	47,417,745	1.0016	47,492,197	12,454,858	
MAY	15,660,373	2,715,678	8.5292	23,162,429	1.0143	23,493,761	7,833,388	
JUNE	13,345,655	1,928,570	9.0557	17,464,476	0.9663	16,875,920	3,530,265	
JULY	16,703,822	1,325,566	9.5822	12,701,800	0.9994	12,694,034	(4,009,788)	
AUGUST	15,271,548	1,253,067	9.5822	12,007,102	0.9952	11,949,664	(3,321,884)	
SEPTEMBER *	18,742,248	1,287,763	9.9405	12,801,044	0.9933	12,715,723	(6,026,525)	
OCTOBER	38,540,938	1,434,846	11.2086	16,082,606	1.0097	16,239,119	(22,301,819)	
NOVEMBER	62,654,700	3,344,254	13.1190	43,873,198	0.9933	43,577,397	(19,077,303)	
DECEMBER	124,472,119	7,295,620	13.1190	<u>95,711,090</u>	0.9995	<u>95,664,720</u>	<u>(28,807,399)</u>	
	<u>565,738,544</u>	<u>54,007,437</u>		<u>543,201,496</u>		<u>543,138,700</u>	<u>(22,599,844)</u>	<u>6%</u>

*Revised

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
INTEREST CALCULATION**

	<u>06/01/2005</u>	<u>Split Month</u>	<u>09/01/2005</u>	<u>Split Month</u>	<u>10/07/2005</u>	<u>Split Month</u>	<u>06/01/2006</u>
SSC in Effect	\$ 9.5822	\$ 9.9405	\$ 10.2989	\$ 11.2086	\$ 13.1190	\$ 13.0761	\$ 11.6786
GAC in Effect	\$ (0.4102)	\$ (0.4039)	\$ (0.3977)	\$ (0.3855)	\$ (0.3598)	\$ (0.3208)	\$ (0.2069)
IRC in Effect	\$ (0.1722)	\$ (0.1839)	\$ (0.1956)	\$ (0.1957)	\$ (0.1960)	\$ (0.2092)	\$ (0.2159)
Total Effective	\$ 8.9998	\$ 9.3527	\$ 9.7056	\$ 10.6274	\$ 12.5632	\$ 12.5462	\$ 11.2558

Month ⁽¹⁾	NET COST OF FUEL (1) (\$)	FIRM SALES (2)	C FACTOR RECOVERY RATE (3) (\$)	C FACTOR REVENUES BILLED (4)=(2)*(3) (\$)	ADJUSTMENT FOR ACTUAL REVENUE (5)	ADJUSTED C FACTOR REVENUES BILLED (6)=(4)*(5) (\$)	OVER/ (UNDER) RECOVERY (7)=(6)-(1) (\$)	INTEREST RATE ⁽²⁾ (8)	TIME FACTOR (9)	INTEREST EXPENSE (10)=(7)*(8)*(9) (\$)	INTEREST ON REFUNDS ⁽³⁾ 11 (\$)	TOTAL
												INTEREST (12= (10 + 11) (\$)
SEPTEMBER 2005	18,742,248	1,287,763	9.9405	12,801,044	0.9933	12,715,723	(6,026,525)	6%	18/12	(542,387)	4,621	(537,766)
OCTOBER	38,540,938	1,434,846	11.2086	16,082,606	1.0097	16,239,119	(22,301,819)	6%	17/12	(1,895,655)	0	(1,895,655)
NOVEMBER	62,654,700	3,344,254	13.1190	43,873,198	0.9933	43,577,397	(19,077,303)	6%	16/12	(1,526,184)	1	(1,526,183)
DECEMBER	124,472,119	7,295,620	13.1190	95,711,090	0.9995	95,664,720	(28,807,399)	6%	15/12	(2,160,555)	0	(2,160,555)
JANUARY 2006	95,464,674	8,099,883	13.1190	106,262,197	0.9997	106,228,605	10,763,931	6%	14/12	753,475	13,025	766,500
FEBRUARY	91,242,555	7,578,910	13.1190	99,427,564	0.9994	99,370,705	8,128,150	6%	13/12	528,330	0	528,330
MARCH	71,601,995	7,174,333	13.1190	94,119,924	0.9998	94,098,107	22,496,112	6%	12/12	1,349,767	0	1,349,767
APRIL	28,012,400	4,131,863	13.1190	54,205,822	0.9953	53,949,840	25,937,440	6%	11/12	1,426,559	0	1,426,559
MAY	16,029,235	2,021,163	13.1190	26,515,592	1.0141	26,890,033	10,860,798	6%	10/12	543,040	0	543,040
JUNE	17,789,076	1,510,585	13.0761	19,752,626	0.9902	19,559,145	1,770,069	6%	9/12	79,653	726	80,379
JULY	13,516,388	1,248,614	11.6786	14,582,040	0.9968	14,535,527	1,019,139	6%	8/12	40,766	0	40,766
AUGUST	14,356,355	1,115,682	11.6786	13,029,589	0.9914	12,917,597	(1,438,758)	6%	7/12	(50,357)	20,842	(29,515)
	592,422,683	46,243,515		596,363,291		595,746,517	3,323,834			(1,453,548)	39,215	(1,414,333)

(1) September, November, January, April, June, July and August revised.

(2) See Schedule 4(a)

(3) See Schedule 4(c)

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
INTEREST ON NATURAL GAS REFUNDS**

<u>MONTH</u>	NATURAL GAS REFUNDS (9)	INTEREST RATE (10)	TIME FACTOR (11)	INTEREST ON REFUNDS (13)=(9)*(10)*(11) (\$)
Sep-05	51,344	6%	18/12	4,621
Oct-05	0	6%	17/12	0
Nov-05	16	6%	16/12	1
Dec-05	0	6%	15/12	0
Jan-06	186,076	6%	14/12	13,025
Feb-06	0	6%	13/12	0
Mar-06	0	6%	12/12	0
Apr-06	0	6%	11/12	0
May-06	0	6%	10/12	0
Jun-06	16,133	6%	9/12	726
Jul-06	0	6%	8/12	0
Aug-06	<u>595,478</u>	6%	7/12	<u>20,842</u>
TOTAL	<u>849,047</u>			<u>39,215</u>

**FISCAL YEAR 2006
PHILADELPHIA GAS WORKS
DEMAND AND COMMODITY INTEREST CALCULATION**

MONTH	⁽¹⁾					⁽²⁾				
	OVER/ (UNDER) RECOVERY (1) (\$)	DEMAND CHARGE OVER/(UNDER) RECOVERY (2) (\$)	COMMODITY CHARGE OVER/(UNDER) RECOVERY (3)=(1)-(2) (\$)	INTEREST RATE (4)	TIME FACTOR (5)	DEMAND INTEREST EXPENSE (6)=(2*(4)*(5)) (\$)	COMMODITY INTEREST EXPENSE (7)=(3*(4)*(5)) (\$)	TOTAL INTEREST EXPENSE (8)=(6)+(7) (\$)	INTEREST ON REFUNDS (9) (\$)	TOTAL INTEREST (10)=(8)+(9) (\$)
Sep-05	(6,026,525)	(3,422,225)	(2,604,300)	6%	18/12	(308,000)	(234,387)	(542,387)	4,621	(537,766)
Oct-05	(22,301,819)	(3,309,821)	(18,991,998)	6%	17/12	(281,335)	(1,614,320)	(1,895,655)	0	(1,895,655)
Nov-05	(19,077,303)	(1,782,787)	(17,294,516)	6%	16/12	(142,623)	(1,383,561)	(1,526,184)	1	(1,526,183)
Dec-05	(28,807,399)	3,005,771	(31,813,170)	6%	15/12	225,433	(2,385,988)	(2,160,555)	0	(2,160,555)
Jan-06	10,763,931	3,938,526	6,825,405	6%	14/12	275,697	477,778	753,475	13,025	766,500
Feb-06	8,128,150	3,445,486	4,682,664	6%	13/12	223,957	304,373	528,330	0	528,330
Mar-06	22,496,112	3,137,093	19,359,019	6%	12/12	188,226	1,161,541	1,349,767	0	1,349,767
Apr-06	25,937,440	(151,772)	26,089,211	6%	11/12	(8,347)	1,434,907	1,426,559	0	1,426,559
May-06	10,860,798	(2,204,518)	13,065,315	6%	10/12	(110,226)	653,266	543,040	0	543,040
Jun-06	1,770,069	(2,964,849)	4,734,918	6%	9/12	(133,418)	213,071	79,653	726	80,379
Jul-06	1,019,139	(2,535,572)	3,554,711	6%	8/12	(101,423)	142,188	40,766	0	40,766
Aug-06	<u>(1,438,758)</u>	<u>(3,358,675)</u>	<u>1,919,917</u>	6%	7/12	<u>(117,554)</u>	<u>67,197</u>	<u>(50,357)</u>	<u>20,842</u>	<u>(29,515)</u>
Total	3,323,834	(6,203,342)	9,527,175			(289,614)	(1,163,934)	(1,453,548)	39,215	(1,414,333)

(1) See Schedule 4b

(2) See Schedule 4c

GCR

STATEMENT OF RECONCILIATION

MARCH 2007 THROUGH FEBRUARY 2008

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	\$	\$	\$	\$	\$	\$	\$	\$

FEBRUARY 2007 UNDER-COLLECTION
MIGRATION CHARGE AND SSPC REVENUE
TOTAL

(4,358,575)
(134,969)
(4,493,544)

2007-2008

MARCH	2007	Estimated	70,814,748	7,241,224	0.1457	1,055,203	69,759,545	10.67285	77,284,498	7,524,952	638,099	12,018,496
APRIL		Estimated	34,947,822	4,929,524	0.1457	718,338	34,229,484	10.4338	51,433,668	17,204,184	434,391	29,222,680
MAY		Estimated	21,320,101	2,367,903	0.1457	345,055	20,975,047	10.4338	24,706,226	3,731,180	208,660	32,953,859
JUNE		Estimated	15,959,075	1,548,535	0.1457	225,655	15,733,420	10.4338	16,157,104	423,685	136,457	33,377,544
JULY		Estimated	16,389,389	1,276,212	0.1457	185,972	16,203,417	10.4338	13,315,741	(2,887,676)	112,460	30,489,868
AUGUST		Estimated	15,883,381	1,215,057	0.1457	177,060	15,706,321	10.4338	12,677,662	(3,028,659)	107,071	27,461,209
SEPTEMBER		Estimated	17,724,223	1,091,212	0.1457	159,013	17,565,209	10.4338	11,385,483	(6,179,727)	96,158	21,281,482
OCTOBER		Estimated	30,347,545	1,710,430	0.1457	249,247	30,098,299	10.4338	17,846,285	(12,252,014)	150,724	9,029,468
NOVEMBER		Estimated	54,169,827	3,832,651	0.1457	558,500	53,611,327	10.4338	39,989,114	(13,622,213)	337,735	(4,592,745)
DECEMBER		Estimated	84,974,476	6,572,552	0.1457	957,763	84,016,714	10.4338	68,576,688	(15,440,026)	579,176	(20,032,771)
JANUARY	2008	Estimated	98,657,185	10,108,958	0.1457	1,473,093	97,184,092	10.4338	105,474,846	8,290,754	890,805	(11,742,017)
FEBRUARY		Estimated	<u>84,522,859</u>	<u>9,098,997</u>	0.1457	<u>1,325,920</u>	<u>83,196,939</u>	10.4338	<u>94,937,115</u>	<u>11,740,176</u>	<u>801,807</u>	<u>(1,840)</u>
TOTAL			545,710,631	50,993,254		7,430,818	538,279,813		533,784,428	(4,495,385)	4,493,544	(1,840)

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2006 THROUGH FEBRUARY 2007

		1	2	3 = (1 + 2)	4	5	6 = (4 * 5)	7 = (3 - 6)	8	9	10 = (9 - 7)	11	12
		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
		\$	\$	\$	MCF	\$	\$	\$	\$	\$	\$	\$	\$
2005-2006 OVER-COLLECTION *													8,419,900
2005-2006 INTEREST *													(1,414,333)
TOTAL "E" FACTOR													7,006,601
SEPTEMBER 2006 *	Actual	4,340,031	10,673,448	14,913,479	1,189,490	0.2169	256,811	14,656,668	11.2658	13,367,379	(1,289,289)	0	5,716,312
OCTOBER	Actual	4,876,078	22,124,549	27,000,627	1,690,460	0.2169	364,970	26,635,657	11.2658	19,002,000	(7,633,657)	101,017	(1,816,328)
NOVEMBER	Actual	4,711,060	34,517,727	39,228,787	3,605,450	0.2169	778,417	38,450,370	11.2558	40,608,317	2,167,947	0	341,619
DECEMBER	Actual	5,554,078	63,045,738	68,599,816	5,214,295	0.1794	935,445	67,664,371	11.0839	68,870,473	(8,793,898)	0	(8,462,280)
JANUARY 2007	Estimated	5,472,439	76,710,948	81,183,387	7,867,327	0.1429	1,124,241	80,059,146	10.9119	85,866,812	6,807,667	0	(2,644,613)
FEBRUARY	Estimated	6,618,185	77,420,933	82,939,118	8,133,859	0.1429	1,162,328	81,776,790	10.9119	88,779,978	7,003,188	0	4,358,575

RECONCILIATION OF DEMAND CHARGES

		1	2	3	4 = (2 * 3)	5 = (4 - 1)	6
		DEMAND CHARGES	FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	MONTHLY DEMAND OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
		\$	\$	\$	\$	\$	\$
SEPTEMBER 2006 *	Actual	4,340,031	1,189,490	1.2520	1,489,241	(2,850,790)	(2,850,790)
OCTOBER	Actual	4,876,078	1,690,460	1.2520	2,116,456	(2,759,622)	(5,610,412)
NOVEMBER	Actual	4,711,060	3,605,450	1.2520	4,514,023	(197,037)	(5,807,447)
DECEMBER	Actual	5,554,078	5,214,295	1.2253	6,389,076	834,998	(4,972,448)
JANUARY 2007	Estimated	5,472,439	7,867,327	1.1986	9,429,779	3,957,340	(1,016,107)
FEBRUARY	Estimated	6,618,185	8,133,859	1.1986	9,749,243	4,231,058	3,215,952

* Revised

GCR

STATEMENT OF RECONCILIATION

SEPTEMBER 2005 THROUGH AUGUST 2006

	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	\$	\$	\$	\$	\$	\$	\$	\$
2004-2005 OVER-COLLECTION												21,368,705
2004-2005 INTEREST												121,542
TOTAL "E" FACTOR												21,490,247
SEPTEMBER 2005	Actual	4,933,065	13,809,183	18,742,248	1,287,763	0.1839	236,820	18,505,428	9.3527	11,963,787	(6,541,641)	14,999,949
OCTOBER	Actual	5,022,174	33,518,764	38,540,938	1,434,846	0.1957	280,799	38,260,139	10.6274	15,397,084	(22,863,055)	(7,863,105)
NOVEMBER	Actual	5,715,023	56,939,677	62,654,700	3,344,254	0.1960	655,474	61,999,226	12.5632	41,731,261	(20,267,965)	(28,131,055)
DECEMBER	Actual	5,626,600	118,845,519	124,472,119	7,295,620	0.1960	1,429,942	123,042,177	12.5632	91,611,929	(31,430,249)	(59,561,303)
JANUARY 2006	Actual	5,647,084	89,817,590	95,464,674	8,099,883	0.1960	1,587,577	93,877,097	12.5632	101,728,280	7,851,183	(51,524,044)
FEBRUARY	Actual	5,521,297	85,721,258	91,242,555	7,578,910	0.1960	1,485,466	89,757,089	12.5632	95,160,912	5,403,823	(46,120,220)
MARCH	Actual	5,353,913	66,248,082	71,601,995	7,174,333	0.1960	1,406,169	70,195,826	12.5632	90,111,685	19,915,859	(26,204,361)
APRIL	Actual	5,019,972	22,992,428	28,012,400	4,131,863	0.1960	809,845	27,202,555	12.5632	61,664,280	24,461,725	(1,742,636)
MAY	Actual	4,630,958	11,398,277	16,029,235	2,021,163	0.1960	396,148	15,633,087	12.5632	25,750,849	10,117,762	8,375,126
JUNE	Actual	4,786,569	13,002,507	17,789,076	1,510,585	0.2060	311,105	17,477,971	11.9095	17,814,089	336,118	8,727,377
JULY	Actual	4,093,850	9,422,538	13,516,388	1,248,614	0.2159	269,576	13,246,812	11.2558	14,009,367	762,555	9,489,932
AUGUST	Actual	4,743,503	9,612,852	14,356,355	1,115,682	0.2159	240,876	14,115,479	11.2558	12,450,004	(1,665,475)	8,419,934
Total		61,094,008	531,328,675	592,422,683	46,243,515		9,109,796	583,312,887		569,393,526	(13,919,360)	849,047

RECONCILIATION OF DEMAND CHARGES

	DEMAND CHARGES	FIRM SALES	DEMAND CHARGE IN EFFECT	DEMAND CHARGES BILLED	ADJUSTMENT FOR ACTUAL REVENUE*	ADJUSTED C FACTOR REVENUES BILLED*	MONTHLY DEMAND OVER/(UNDER)	CUMULATIVE DEMAND OVER/(UNDER)
	1	2	3	4 = (2 * 3)	5	6	7 = (6 - 1)	8
	\$		\$	\$	\$	\$	\$	\$
SEPTEMBER 2006	Actual	4,933,065	1,287,763	1,1811	1,520,977	0.9933	1,510,840	(3,422,225)
OCTOBER	Actual	5,022,174	1,434,846	1.1819	1,695,850	1.0097	1,712,353	(3,309,821)
NOVEMBER	Actual	5,715,023	3,344,254	1.1838	3,958,928	0.9933	3,932,236	(1,782,787)
DECEMBER	Actual	5,626,600	7,295,620	1.1838	8,636,555	0.9995	8,632,371	3,005,771
JANUARY 2006	Actual	5,647,084	8,099,883	1.1838	9,588,641	0.9997	9,585,610	3,938,526
FEBRUARY	Actual	5,521,297	7,578,910	1.1838	8,971,914	0.9994	8,966,783	3,445,486
MARCH	Actual	5,353,913	7,174,333	1.1838	8,492,975	0.9998	8,491,006	3,137,093
APRIL	Actual	5,019,972	4,131,863	1.1838	4,891,299	0.9953	4,868,200	(151,772)
MAY	Actual	4,630,958	2,021,163	1.1838	2,392,652	1.0141	2,426,440	(2,204,518)
JUNE	Actual	4,786,569	1,510,585	1.2179	1,839,741	0.9902	1,821,720	(2,964,849)
JULY	Actual	4,093,850	1,248,614	1.2520	1,563,264	0.9968	1,558,278	(2,535,572)
AUGUST	Actual	4,743,503	1,115,682	1.2520	1,396,834	0.9914	1,384,828	(3,358,675)

* September, November, January, April, June, July and August revised.

CALCULATION OF RECOVERED CHARGES

2ND QUARTER FILING

MARCH 2007 - FEBRUARY 2008

	<u>50% of March</u>	<u>11.5 Months</u>	<u>Total</u>
			(MCF) (\$)
Firm Sales (Mcf)	3,620,612	47,372,642	50,993,254
GCR (\$ / Mcf)	\$ 10.9119	\$ 10.4338	
Total Projected Recovery	\$ 39,507,756	\$ 494,276,672	\$ 533,784,428

Change In Rates 1st Quarter Filing

Rates Effective March 1, 2007

Distribution Charge

	<u>Delivery Charge</u>			<u>Surcharges</u>			<u>Total Distribution Charge / Mcf</u>
	<u>Base Charge</u>	<u>Revenue Realignment Adjustment</u>	<u>Sub-Total Delivery Charge</u>	<u>Restructuring & Consumer Education</u>	<u>Universal Service & Ener. Cons.</u>	<u>Sub-Total Surcharges</u>	
Residential GS/PHAGS	\$4.1223	\$0.0901	\$4.2124	\$0.0662	\$2.6793	\$2.7455	\$6.9579
Commercial GS/MUNGS	\$4.2155	\$0.0901	\$4.3056	\$0.0662	\$2.6793	\$2.7455	\$7.0511
Industrial GS	\$4.2128	\$0.0901	\$4.3029	\$0.0662	\$2.6793	\$2.7455	\$7.0484
Phila.Housing Authority (PHA)	\$4.2051	\$0.0901	\$4.2952	\$0.0662	\$2.6793	\$2.7455	\$7.0407
Municipal (MS)	\$3.0569	\$0.0901	\$3.1470	\$0.0662	\$2.6793	\$2.7455	\$5.8925

Proposed Rates

	<u>12/1/06 Distribution Charge</u> (4)	<u>9/1/06 GCR</u> (2)	<u>12/1/06 Commodity Rate</u> (3)=(1)+(2)	<u>3/1/07 Distribution Charge</u> (4)	<u>3/1/07 GCR</u> (5)	<u>3/1/07 Commodity Rate</u> (6)=(4)+(5)	<u>Decrease</u> (7)=(6)-(3)
Residential GS/PHAGS	\$6.6740	\$10.9119	\$17.5859	\$6.9579	\$10.4338	\$17.3917	(\$0.1942)
Commercial GS/MUNGS	\$6.7672	\$10.9119	\$17.6791	\$7.0511	\$10.4338	\$17.4849	(\$0.1942)
Industrial GS	\$6.7645	\$10.9119	\$17.6764	\$7.0484	\$10.4338	\$17.4822	(\$0.1942)
Phila.Housing Authority (PHA)	\$6.7568	\$10.9119	\$17.6687	\$7.0407	\$10.4338	\$17.4745	(\$0.1942)
Municipal (MS)	\$5.6086	\$10.9119	\$16.5205	\$5.8925	\$10.4338	\$16.3263	(\$0.1942)

* Excludes Customer Charge

**Philadelphia Gas Works
March 1, 2007**

UNIVERSAL SERVICE & ENERGY CONSERVATION SURCHARGE

	<u>Expenses in the Surcharge</u>
Conservation Works Program (CWP)	2,200,000
Customer Responsibility Program (CRP) Discount	91,452,131
Senior Citizen Discount	12,206,665 *
February 2007 Under Collection	<u>31,280,667</u>
Total \$ to be Recovered	\$ 137,139,463
Applicable Volumes	Mcf 51,185,358
Universal Service & Energy Conservation Surcharge	\$ 2.6793

* 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 \$14,181,136.

STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2006 THROUGH FEBRUARY 2007

<u>Month</u>		<u>Applicable Volumes</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>
<u>FY 06 Reconciliation</u>							(\$27,049,360)
September 2006	Actual	1,174,632	\$ 2.7508	\$ 3,231,178	\$ (669,366)	\$ 3,900,543	(\$23,148,817)
October	Actual	1,667,493	\$ 2.7508	\$ 4,586,940	\$ 1,435,434	\$ 3,151,506	(\$19,997,311)
November	Actual	3,548,253	\$ 2.7508	\$ 9,760,534	\$ 8,949,782	\$ 810,752	(\$19,186,559)
December	Actual	5,162,989	\$ 2.5731	\$ 13,284,887	\$ 15,576,972	\$ (2,292,085)	(\$21,478,644)
January 2007	Estimated	7,791,390	\$ 2.3954	\$ 18,663,496	\$ 23,269,156	\$ (4,605,660)	(\$26,084,305)
February	Estimated	8,068,497	\$ 2.3954	\$ 19,327,278	\$ 24,523,640	\$ (5,196,362)	(\$31,280,667)

<u>USC Expenses</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>
Conservation Works	\$ 10,824	\$ 185,932	\$ 178,810	\$ 176,751	\$ 205,960	\$ 205,960
CRP Discount	\$ (1,847,895)	\$ (89,495)	\$ 6,784,945	\$ 12,918,987	\$ 19,820,231	\$ 21,012,928
CRP Forgiveness	\$ 779,997	\$ 802,371	\$ 789,561	\$ 719,351	\$ 912,000	\$ 918,000
Senior Citizen Discount	\$ 387,709	\$ 536,626	\$ 1,196,466	\$ 1,761,883	\$ 2,330,965	\$ 2,386,752
	\$ (669,366)	\$ 1,435,434	\$ 8,949,782	\$ 15,576,972	\$ 23,269,156	\$ 24,523,640

Natural Gas Prices Used In PGW's 2nd Quarter GCR Filing March 1, 2007

	GLOBAL INSIGHT(GI) PRICES										Basis Differentials										NYMEX Futures 01/12/07 Close	Prices Used For Gas Cost Inputs																							
	Transco			TETCO							January 2007 Henry Hub	Transco			TETCO							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																
2007:01																																													
2007:02	6.51	6.62	6.66	6.62	6.57	6.46	6.41	6.54	6.72	6.66	(0.14)	(0.03)	0.01	(0.03)	(0.09)	(0.19)	(0.24)	(0.11)	0.07	6.601	ACTUAL	5.89	5.95	5.99	5.78	5.69	5.23	5.18	5.50	5.68															
2007:03	6.77	6.85	6.90	6.84	6.82	6.73	6.68	6.79	6.93	6.89	(0.12)	(0.04)	0.01	(0.05)	(0.07)	(0.16)	(0.21)	(0.11)	0.04	6.698	NYMEX	6.46	6.57	6.61	6.57	6.52	6.41	6.36	6.49	6.67															
2007:04	6.32	6.38	6.43	6.36	6.35	6.35	6.25	6.36	6.44	6.42	(0.10)	(0.04)	0.01	(0.06)	(0.07)	(0.07)	(0.17)	(0.06)	0.02	6.768	NYMEX	6.58	6.66	6.71	6.65	6.63	6.54	6.49	6.59	6.74															
2007:05	6.47	6.52	6.58	6.50	6.50	6.50	6.41	6.50	6.57	6.57	(0.10)	(0.05)	0.01	(0.07)	(0.07)	(0.07)	(0.16)	(0.07)	-	6.846	GI/ NYMEX	6.67	6.73	6.78	6.71	6.70	6.70	6.60	6.70	6.79															
2007:06	6.98	7.04	7.09	7.02	7.01	7.00	6.91	7.01	7.09	7.08	(0.10)	(0.04)	0.01	(0.06)	(0.07)	(0.08)	(0.17)	(0.07)	0.01	6.926	GI/ NYMEX	6.61	6.66	6.72	6.64	6.64	6.64	6.55	6.66	6.71															
2007:07	7.19	7.26	7.31	7.24	7.23	7.20	7.11	7.22	7.32	7.30	(0.11)	(0.04)	0.01	(0.06)	(0.07)	(0.10)	(0.19)	(0.08)	0.02	7.012	GI/ NYMEX	6.90	6.96	7.01	6.94	6.93	6.92	6.83	6.95	7.01															
2007:08	6.67	6.74	6.79	6.71	6.71	6.69	6.60	6.70	6.79	6.78	(0.11)	(0.04)	0.01	(0.07)	(0.07)	(0.09)	(0.18)	(0.09)	0.01	7.092	GI/ NYMEX	7.05	7.12	7.17	7.10	7.09	7.06	6.97	7.08	7.18															
2007:09	7.02	7.08	7.13	7.05	7.05	7.02	6.95	7.04	7.13	7.12	(0.10)	(0.04)	0.01	(0.07)	(0.07)	(0.10)	(0.17)	(0.09)	0.01	7.167	GI/ NYMEX	6.83	6.90	6.95	6.87	6.87	6.85	6.76	6.86	6.95															
2007:10	7.50	7.55	7.61	7.53	7.52	7.48	7.42	7.51	7.60	7.69	(0.09)	(0.04)	0.02	(0.06)	(0.07)	(0.11)	(0.17)	(0.08)	0.01	7.292	GI/ NYMEX	7.04	7.10	7.15	7.07	7.07	7.04	6.97	7.05	7.15															
2007:11	8.47	8.55	8.60	8.53	8.51	8.44	8.38	8.49	8.62	8.68	(0.11)	(0.03)	0.02	(0.05)	(0.07)	(0.14)	(0.20)	(0.10)	0.04	7.967	GI/ NYMEX	7.35	7.40	7.46	7.38	7.37	7.33	7.27	7.36	7.45															
2007:12	9.28	9.39	9.44	9.35	9.35	9.25	9.17	9.30	9.49	9.42	(0.14)	(0.03)	0.02	(0.07)	(0.07)	(0.17)	(0.25)	(0.12)	0.07	8.612	GI/ NYMEX	8.16	8.24	8.29	8.22	8.20	8.13	8.07	8.17	8.31															
2008:01	8.77	8.88	8.92	8.87	8.83	8.69	8.66	8.78	8.98	8.91	(0.14)	(0.03)	0.01	(0.04)	(0.08)	(0.22)	(0.25)	(0.13)	0.07	8.922	GI/ NYMEX	6.88	6.99	7.04	6.95	6.95	6.85	6.77	6.90	7.09															
2008:02	8.21	8.32	8.36	8.31	8.28	8.14	8.11	8.23	8.41	8.36	(0.14)	(0.03)	0.01	(0.04)	(0.07)	(0.21)	(0.24)	(0.12)	0.06	8.937	GI/ NYMEX	8.78	8.89	8.93	8.88	8.84	8.70	8.67	8.79	8.99															
																						8.50	8.61	8.65	8.60	8.57	8.43	8.40	8.52	8.70															

Actual Natural Gas Billed

	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>
Williams	\$ 2,239,783	\$ 1,896,281	\$ 1,757,993
Texas Eastern	\$ 2,050,577	\$ 2,675,489	\$ 2,405,559
Dominion	\$ 123,948	\$ 125,168	\$ 130,802
Equitrans	\$ 34,375	\$ 47,699	\$ 48,631
Spot Purchases -Transco	\$ 30,799	\$ 223,781	\$ 480,696
Spot Purchases -Tetco	\$ -	\$ -	\$ -
Transco Supply1	\$ -	\$ -	\$ -
Transco Supply2	\$ 5,896,271	\$ -	\$ -
Transco Supply3	\$ 4,374,100	\$ 5,241,750	\$ 5,970,755
Transco Supply4	\$ -	\$ -	\$ -
Transco Supply5	\$ -	\$ -	\$ -
Transco Supply6	\$ 162,635	\$ 853,639	\$ 319,449
Transco Supply7	\$ 2,793,107	\$ 4,858,788	\$ 3,239,735
Transco Supply8	\$ 3,825,400	\$ 7,775,400	\$ 9,172,590
Transco Supply9	\$ -	\$ -	\$ -
Transco Supply10	\$ 2,538,169	\$ 1,936,358	\$ 1,017,964
Transco Supply11	\$ -	\$ -	\$ -
Transco Supply12	\$ 1,898,750	\$ -	\$ -
Transco Supply13	\$ -	\$ -	\$ -
Transco Supply14	\$ 2,573,655	\$ 2,411,100	\$ 3,478,758
Transco Supply15	\$ -	\$ -	\$ -
Transco Supply16	\$ -	\$ -	\$ -
Transco Supply17	\$ 2,139,000	\$ 2,637,212	\$ 2,452,092
Transco Supply18	\$ -	\$ -	\$ -
Tetco Supply1	\$ 846,685	\$ 2,317,201	\$ 1,430,548
Tetco Supply2	\$ -	\$ 3,360,905	\$ 4,644,303
Tetco Supply3	\$ 509,406	\$ 1,133,765	\$ 3,039,990
Tetco Supply4	\$ 89,355	\$ -	\$ -
Tetco Supply5	\$ -	\$ -	\$ -
Tetco Supply6	\$ -	\$ -	\$ -
Tetco Supply7	\$ -	\$ 5,411,100	\$ 6,554,563
Tetco Supply8	\$ -	\$ -	\$ -
Tetco Supply9	\$ -	\$ -	\$ -
Tetco Supply10	\$ -	\$ -	\$ -
Tetco Supply11	\$ -	\$ -	\$ -
Tetco Supply12	\$ -	\$ -	\$ -
Tetco Supply13	\$ 1,826,675	\$ 6,622,500	\$ 7,750,000
Tetco Supply14	\$ 2,273,407	\$ 2,610,000	\$ 3,484,958
Tetco Supply15	\$ -	\$ -	\$ -
<u>Tetco Supply16</u>	\$ 72,200	\$ -	\$ 438,998
Total Costs	\$ 36,298,300	\$ 52,138,136	\$ 57,818,383
Off System Sales	\$ (147,964)	\$ -	\$ -
Gas Transportation Purchases	\$ 21,402	\$ 30,057	\$ 24,740
Adjustment/Reconciliation	\$ 414,260	\$ (1,672,878)	\$ 1,549,473
Total Natural Gas Billed	\$ 36,585,998	\$ 50,495,315	\$ 59,392,596

**Philadelphia Gas Works
Summary of Fuels Purchased
Three Months Ending December 2006**

	Actual			Total	Projected	Projected	Projected	Total	Actual Over/Under vs Projected			
	Oct-06	Nov-06	Dec-06		1st Qtr Filing Oct-06	1st Qtr Filing Nov-06	1st Qtr Filing Dec-06		Oct-06	Nov-06	Dec-06	Total
Total Natural Gas Billed	\$ 36,585,998	\$ 50,495,315	\$ 59,392,596	\$ 146,473,909	\$ 35,731,988	\$ 55,522,129	\$ 57,102,653	\$ 148,356,770	\$ 854,010	\$ (5,026,814)	\$ 2,289,943	\$ (1,882,861)
Less Interruptible Credit Gas Used For Utility	\$ 1,088,058	\$ 2,044,507	\$ 2,445,260	\$ 5,577,825	\$ 1,181,326	\$ 1,734,967	\$ 2,726,359	\$ 5,642,652	\$ (93,268)	\$ 309,540	\$ (281,099)	\$ (64,827)
	\$ 209,656	\$ 492,764	\$ 828,631	\$ 1,531,051	\$ 197,236	\$ 580,512	\$ 864,581	\$ 1,642,329	\$ 12,420	\$ (87,748)	\$ (35,950)	\$ (111,278)
	\$ 35,288,284	\$ 47,958,044	\$ 56,118,705	\$ 139,365,033	\$ 34,353,426	\$ 53,206,650	\$ 53,511,713	\$ 141,071,789	\$ 934,858	\$ (5,248,606)	\$ 2,806,992	\$ (1,706,755)
Pipeline Storages												
(To)	\$ (7,158,786)	(7,769,548)	\$ (1,739,674)	\$ (16,668,008)	\$ (6,050,256)	\$ (3,452,128)	\$ -	\$ (9,502,384)	\$ (1,108,530)	\$ 1,712,454	\$ (1,739,674)	\$ (1,135,750)
From	\$ 1,368,808	\$ 3,716,921	\$ 14,124,260	\$ 19,209,989	\$ 977,449	\$ 4,262,460	\$ 27,396,753	\$ 32,836,682	\$ 391,359	\$ 9,861,800	\$ (13,272,493)	\$ (3,019,334)
Net Pipeline Storages	\$ (5,789,978)	\$ (4,052,627)	\$ 12,384,586	\$ 2,541,981	\$ (5,072,807)	\$ 810,332	\$ 27,396,753	\$ 23,134,278	\$ (717,171)	\$ (4,882,959)	\$ (15,012,167)	\$ (20,592,297)
LNG Storage												
(To)	\$ (3,344,710)	\$ (5,487,061)	\$ (857,516)	\$ (9,689,287)	\$ (4,469,772)	\$ (2,322,359)	\$ -	\$ (6,792,131)	\$ 1,125,062	\$ (3,164,702)	\$ (857,516)	\$ (2,897,156)
From	\$ 775,749	\$ 718,338	\$ 853,109	\$ 2,347,196	\$ 874,736	\$ 600,767	\$ 4,713,518	\$ 6,189,021	\$ (98,987)	\$ 117,571	\$ (3,860,409)	\$ (3,841,825)
Net LNG Storage	\$ (2,568,961)	\$ (4,768,723)	\$ (4,407)	\$ (7,342,091)	\$ (3,595,036)	\$ (1,721,592)	\$ 4,713,518	\$ (603,110)	\$ 1,026,075	\$ (3,047,131)	\$ (4,717,925)	\$ (6,738,981)
Net Natural Gas	\$ 26,929,345	\$ 39,136,694	\$ 68,498,884	\$ 134,564,923	\$ 25,685,583	\$ 52,295,390	\$ 85,621,984	\$ 163,602,957	\$ 1,243,762	\$ (13,158,696)	\$ (17,123,100)	\$ (29,038,034)
APPLICABLE GCR EXPENSES												
Net Natural Gas Expense	\$ 26,929,345	\$ 39,136,694	\$ 68,498,884	\$ 134,564,923	\$ 25,685,583	\$ 52,295,390	\$ 85,621,984	\$ 163,602,957	\$ 1,243,762	\$ (13,158,696)	\$ (17,123,100)	\$ (29,038,034)
Electric	\$ 71,282	\$ 92,093	\$ 100,932	\$ 264,307	\$ 85,975	\$ 78,831	\$ 91,969	\$ 256,775	\$ (14,693)	\$ 13,262	\$ 8,963	\$ 7,532
Total GCR Expenses	\$ 27,000,627	\$ 39,228,787	\$ 68,599,816	\$ 134,829,230	\$ 25,771,558	\$ 52,374,221	\$ 85,713,953	\$ 163,859,732	\$ 1,229,069	\$ (13,145,434)	\$ (17,114,137)	\$ (29,030,502)

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 EXPRESS MAIL

RECEIVED

Tanya McCloskey, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921

Charis Mincavage, Esquire
McNEES, WALLACE, NURICK
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

FEB 28 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Stephen Gray, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

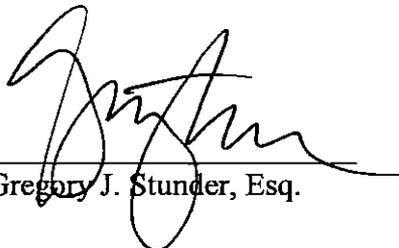
Richard LeLash
Financial and Regulatory Consultant
18 Seventy Acre Road
Redding, CT 06896

Richard Kanaskie, Esq.
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Daniel Clearfield, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
213 Market Street
9th Floor
Harrisburg, PA 17101

Phillip Bertocci, Esq.
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102

Robert Knecht
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge MA 02140



Gregory J. Stunder, Esq.

Date: February 28, 2007