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September 18, 2015

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Philadelphia Gas Works ("PGW") October 1, 2015 Quarterly Distribution System Improvement Charge ("DSIC") Filing; Docket No. M-2015-XXXXXXX

Dear Secretary Chiavetta:

Enclosed is the Philadelphia Gas Works' ("PGW") Quarterly DSIC filing. The October 1, 2015 DSIC percentage increases to 5.00%. If you have any questions, please do not hesitate to contact me.

Sincerely,

Deanne M. O'Dell

DMO/lww
Enclosure

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Quarterly DSIC filing upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

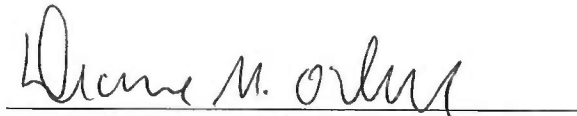
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Dated: September 18, 2015

**PGW
Gas Service Tariff
Pa P.U.C. No. 2**

Supplement No. 87

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

PHILADELPHIA GAS WORKS

List of Changes Made by this Tariff Supplement

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”) (PAGE No. 151)

Effective October 1, 2015, the DSIC percentage increases from 1.64% to 5.00%.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 5.00% will apply consistent with the Commission Order dated May 9, 2013 at Docket No. P-2012-2337737 approving the DSIC.

(I)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

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

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

2. Computation of the DSIC

A. Calculation: The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility’s rates and have been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC. The DSIC will be updated on July 1, 2013 and on a quarterly basis thereafter to reflect eligible plant additions that have not previously been reflected in the Utility’s rates and will have been placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

(I) - Increase

SUPPORTING SCHEDULES

**PHILADELPHIA GAS WORKS
OCTOBER 1, 2015 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

	Recoverable Costs (DSI)	\$ 5,290,744	(Page 2)
	Annual Reconciliation (e)	\$ 334,767	(Page 3)
		(1/4 of the Over / Under Collection)	
	Total Recoverable Costs (DSI + e)	\$ 5,625,511	
	Projected Quarterly Revenues (PQR)	\$ 110,102,110	(Page 4)
	Distribution System Improvement Charge (DSIC)	5.00%	

Formula: The formula for calculation of the DSIC is as follows:

$$\text{DSIC} = \frac{\text{DSI} + e}{\text{PQR}}$$

Where:

DSI = Recoverable costs

e = The amount calculated under the annual reconciliation feature or Commission audit.

PQR = Projected quarterly revenues for distribution service (including all applicable clauses and riders) including any revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Revenues will be determined as one-fourth (1/4) of projected annual revenues.

PHILADELPHIA GAS WORKS
OCTOBER 1, 2015 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

RECOVERABLE COSTS - 6/1/15 to 8/31/15

FERC Account #	PGW Project #	Location	Type	Cost			Total
				Jun-15	Jul-15	Aug-15	
376	411060	Brown St., 19th, Ginnodo, Ridge, Stiles and 18th Streets	12" High Pressure Main	\$ -	\$ -	\$ 5,290,744	\$ 5,290,744
Recoverable Costs (DSIC)				\$ -	\$ -	\$ 5,290,744	\$ 5,290,744

PHILADELPHIA GAS WORKS
2014 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION

<u>Month</u>	<u>DSIC Revenue</u>			<u>DSIC</u> <u>Recoverable</u> <u>Costs</u>	<u>DSIC Revenue</u>			<u>Interest</u> <u>Weighting</u>	<u>Interest</u> <u>Rate*</u>	<u>Interest**</u>
	<u>Total DSIC</u> <u>Revenue Billed</u>	<u>Billed Allocated to</u> <u>Over / (Under)</u> <u>Collection</u>	<u>Over / (Under)</u> <u>Collection</u> <u>Balance</u>		<u>Billed Allocated</u> <u>to Recoverable</u> <u>Costs</u>	<u>Over/(Under)</u> <u>Collection</u>	<u>Interest</u> <u>Rate*</u>			
	(1)	(2)	(3)	(4)	(5 = 1 - 2)	(6 = 5 - 4)	(7)	(8)	(9)	
January 14	\$ 3,329,041			\$ 1,692,096 (a)	\$ 3,329,041	\$ 1,636,944	21	5.75%	\$ 164,718	
February	\$ 3,799,835			\$ 1,692,096 (a)	\$ 3,799,835	\$ 2,107,739	20	6.00%	\$ 210,774	
March	\$ 3,338,292			\$ 1,692,096 (a)	\$ 3,338,292	\$ 1,646,196	19	6.25%	\$ 162,905	
2013 Under Collection			\$ (3,125,326)							
April	\$ 1,628,220	\$ 1,628,220	\$ (1,497,106)	\$ -	\$ -	\$ -	18	5.75%	\$ -	
May	\$ 656,230	\$ 656,230	\$ (840,876)	\$ -	\$ -	\$ -	17	5.75%	\$ -	
June ***	\$ 442,690	\$ 442,690	\$ (398,186)	\$ -	\$ -	\$ -	16	5.75%	\$ -	
July	\$ 571,895	\$ 76,767	\$ (321,419)	\$ 1,895,060 (b)	\$ 495,128	\$ (1,399,932)	15	5.50%	\$ (96,245)	
August	\$ 698,803	\$ 93,802	\$ (227,617)	\$ 1,895,060 (b)	\$ 605,001	\$ (1,290,059)	14	5.50%	\$ (82,779)	
September	\$ 722,636	\$ 97,001	\$ (130,616)	\$ 1,895,060 (b)	\$ 625,635	\$ (1,269,425)	13	5.50%	\$ (75,637)	
October	\$ 812,714	\$ 115,052	\$ (15,564)	\$ 2,591,705 (c)	\$ 697,662	\$ (1,894,043)	12	5.25%	\$ (99,437)	
November	\$ 1,517,663	\$ 214,849	\$ 199,285	\$ 2,591,705 (c)	\$ 1,302,814	\$ (1,288,891)	11	5.50%	\$ (64,982)	
December	\$ 2,804,822	\$ 397,066	\$ 596,352	\$ 2,591,705 (c)	\$ 2,407,756	\$ (183,949)	10	5.25%	\$ (8,048)	
Totals	\$ 20,322,841	\$ 3,721,678		\$ 18,536,584	\$ 16,601,163	\$ (1,935,421)			\$ 111,269	
2014 Under Collection			\$ (1,339,069)							

* Maximum Lawful Rate of Interest for Residential Mortgages for the month posted in the Pennsylvania Bulletin

** Interest is not recoverable in net under-collections

*** Revised

- (a) \$ 5,076,289 recoverable costs in 1-1-14 DSIC quarterly filing divided by 3 months
- (b) \$ 5,685,180 recoverable costs in 7-1-14 DSIC quarterly filing divided by 3 months
- (c) \$ 7,775,115 recoverable costs in 10-1-14 DSIC quarterly filing divided by 3 months

**Philadelphia Gas Works
October 1, 2015 DSIC Filing
Annual Tariff Revenue**

	4th Quarter Filing 9/1/2015			September 1, 2015 PUC Approved Tariff Rates					Amounts in \$000s							
	No. of Customers	No. of Annual Bills	Annual Deliveries (mcf)	Monthly Cust. Charge	OPEB	Univ. Service Charge	Efficiency Cost Recovery Charge	Restructuring & Consumer Education Charge	Delivery Charge	Cust. Charge Revenue	OPEB Revenue	Univ. Service Charge Revenue	Efficiency Cost Recovery Revenue	Restructuring & Consumer Education Revenue	Delivery Charge Revenue	Total Distribution Revenue
1 Non-Heating:																
2 Residential	21,291	255,490	439,778	\$12.00	\$0.3003	\$1.3471	\$0.0071	\$0.0061	\$6.0067	3,066	132	592	3	3	2,642	6,438
3 Commercial	4,034	48,406	1,065,050	\$18.00	\$0.3003	\$1.3471	\$0.0243	\$0.0061	\$4.5984	871	320	1,435	26	6	4,898	7,556
4 Industrial	132	1,585	100,260	\$50.00	\$0.3003	\$1.3471	\$(0.0091)	\$0.0061	\$4.5332	79	30	135	(1)	1	454	699
5 Municipal/MS	104	1,248	130,360	\$18.00	\$0.3003	\$1.3471	-	\$0.0061	\$3.3661	22	39	176	0	1	439	677
6 NGV	4	48	2,999	\$35.00	\$0.3003	\$1.3471	-	\$0.0061	\$1.2833	2	1	4	0	0	4	10
7 Total Non-Heat Firm	25,565	306,777	1,738,446							4,041	522	2,342	28	11	8,436	15,379
8																
9 Heating:																
10 Residential	446,632	5,359,583	36,275,939	\$12.00	\$0.3003	\$1.3471	\$0.0071	\$0.0061	\$6.0067	64,315	10,894	48,867	258	221	217,899	342,454
11 Commercial	17,105	205,255	6,237,031	\$18.00	\$0.3003	\$1.3471	\$0.0243	\$0.0061	\$4.5984	3,695	1,873	8,402	152	38	28,680	42,839
12 Industrial	379	4,544	360,506	\$50.00	\$0.3003	\$1.3471	\$(0.0091)	\$0.0061	\$4.5332	227	108	486	(3)	2	1,634	2,454
13 Municipal/MS	378	4,536	496,532	\$18.00	\$0.3003	\$1.3471	-	\$0.0061	\$3.3661	82	149	669	0	3	1,671	2,574
14 PHA Rate 8	860	10,314	565,827	\$18.00	\$0.3003	\$1.3471	\$0.0243	\$0.0061	\$4.1101	186	170	762	14	3	2,326	3,461
15 PHA/GS	1,829	21,948	179,100	\$12.00	\$0.3003	\$1.3471	\$0.0071	\$0.0061	\$4.9441	263	54	241	1	1	885	1,446
16 Total Heat Firm	467,182	5,606,180	44,114,936							68,767	13,248	59,427	421	269	253,096	395,228
17 Total Heat & Non-Heat Firm	492,746	5,912,957	45,853,382							72,808	13,770	61,769	449	280	261,532	410,608
18																
19 Firm Transport																
20 Non-Heating:																
21 Residential				\$12.00	\$0.3003	\$1.3471	\$0.0071	\$0.0061	\$6.0067	0	0	0	0	0	0	0
22 Commercial	740	8,877	570,434	\$18.00	\$0.3003	\$1.3471	\$0.0243	\$0.0061	\$4.5984	160	171	768	14	3	2,623	3,740
23 Industrial	48	575	226,204	\$50.00	\$0.3003	\$1.3471	\$(0.0091)	\$0.0061	\$4.5332	29	68	305	(2)	1	1,025	1,426
24 Municipal/MS	202	2,424	71,219	\$18.00	\$0.3003	\$1.3471	-	\$0.0061	\$3.3661	44	21	96	0	0	240	401
25 Total Non Heat FT	990	11,876	867,858							232	261	1,169	12	5	3,888	5,567
26																
27 Heating:																
28 Residential				\$12.00	\$0.3003	\$1.3471	\$0.0071	\$0.0061	\$6.0067	0	0	0	0	0	0	0
29 Commercial	2,545	30,535	3,175,839	\$18.00	\$0.3003	\$1.3471	\$0.0243	\$0.0061	\$4.5984	550	954	4,278	77	19	14,604	20,482
30 Industrial	75	904	276,570	\$50.00	\$0.3003	\$1.3471	\$(0.0091)	\$0.0061	\$4.5332	45	83	373	(3)	2	1,254	1,754
31 Municipal/MS	194	2,328	389,700	\$18.00	\$0.3003	\$1.3471	-	\$0.0061	\$3.3661	42	117	525	0	2	1,312	1,998
32 Total Heat FT	2,814	33,767	3,842,108							637	1,154	5,176	75	23	17,169	24,234
33 Total FT	3,804	45,643	4,709,966							869	1,414	6,345	86	29	21,058	29,801
34																
35 Total PGW	496,550	5,958,600	50,563,348							73,677	15,184	68,114	535	308	282,590	440,408

Projected Quarterly Revenue \$ 110,102,110
(1/4 of Annual Revenue)