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December 15, 2015

**Via Electronic Filing**


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

Re: Philadelphia Gas Works Annual Asset Optimization Plan  
Docket No. M-2015-\_\_\_\_\_

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Annual Asset Optimization Plan. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Daniel Clearfield

DC/lww  
Enclosure

cc: Cert. of Service w/enc.  
Bhodan Pankiw, Esq. w/enc. (via email)  
Paul Diskin w/enc. (via email)

**CERTIFICATE OF SERVICE**

I hereby certify that this day I served a copy of PGW's Asset Optimization Plan 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**

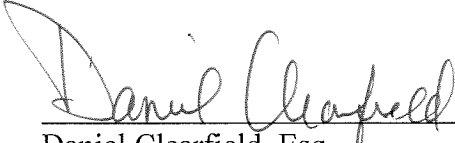
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Date: December 15, 2015

  
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Daniel Clearfield, Esq.

**PHILADELPHIA GAS WORKS**  
**ASSET OPTIMIZATION PLAN**  
**FY 2015 AND FY 21016 (PROJECTED)**

**I. INTRODUCTION**

In accordance with 52 Pa. Code 121.6, Philadelphia Gas Works (“PGW”) submits its Annual Optimization Plan (“AOP”) for the LTIP period September 1, 2014 – August 31, 2015 (PGW’s fiscal year).

PGW’s current LTIP was approved by the Commission on April 4, 2013 and covers the five year period September 1, 2012 through August 31, 2017 (PGW’s Fiscal Years 2013 through 2017).<sup>1</sup> This is the third AOP submitted by PGW detailing its progress in removing at risk<sup>2</sup> main financed both by PGW’s current base rates as well as through PGW’s DSIC.

As can be observed below, PGW continues to exceed the main replacement goals set forth in its LTIP. In FY 2015, PGW replaced 29.25 miles of cast iron main, compared to its LTIP goal of 24.87 miles, 17.6% more than its LTIP projection. This increased pace of replacement can be attributed principally to PGW’s ability to more efficiently utilize the dollars made available from the DSIC due to experience with contractors and the main replacement process itself.

PGW is projecting that in FY 2016 its main replacement process will continue to exceed its current LTIP. PGW is projecting that it will replace some 30.37 miles of at risk main. This is due to PGW’s heightened main replacement efficiency discussed above as well as the assumption that PGW will be permitted to increase its DSIC billings to a total of \$33 million

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<sup>1</sup> PGW is submitting this AOP as soon as possible after detailed information about replacement in FY 2015 became available.

<sup>2</sup> The term “at risk” means cast iron and unprotected steel mains. Consistent with PGW’s Distribution Integrity Management Plan (“DIMP”), PGW determines the priority of removal of “at risk” main based on the risk ranking of the various categories of main, as set forth in its DIMP.

annually. PGW is projecting that it will bill and expend some \$5.5 million of the increased DSIC billings, reflecting the amount billed from February, 2016 through August, 2016. However, PGW's Petition to increase its DSIC expenditures to 7.5% of its distribution revenue has not yet been approved by the PUC (PGW expects the Petition to be considered in late January). If the PUC does not approve its Petition (or modifies its request materially) PGW will submit a revised AOP with revised projections for FY 2016. Moreover, PGW has represented that it will file a request to revise its current LTIP within fifteen days of PUC approval of its DSIC Cap increase Petition. PGW expects that petition for LTIP modification to be considered by the Commission in May or June of 2016. Unless directed otherwise by the Commission, PGW will reflect the revised LTIP results in its next AOP.

## **II. MATERIAL REQUIRED BY 52 PA. CODE § 121.6**

The PUC's regulations, Section 121.6 require a utility's AOP to provide a description of the eligible property replaced in the relevant year as well as a description of the eligible property projected to be replaced in the next year, sufficient to show that the utility is in substantial compliance with its approved LTIP. The following data is submitted in compliance with that requirement.

(1) Description of eligible property replaced in the period (and projection of replacement in FY 2016):

<b>2015 Annual Asset Optimization Plan</b>				
<b>QUANTITIES</b>	<b>FY 2015</b>		<b>FY 2016</b>	
	LTIIIP	Actual	LTIIIP	Projected
<b><u>CURRENT BASELINE PROGRAM</u></b>				
8" & Smaller LP/IP	18.00	18.05	18.00	18.00
<b><u>ACCELERATED PROGRAM</u></b>				
12" HP	2.04	3.59	2.04	4.33
30" HP	1.86	2.68	1.78	1.22
8" & Smaller LP/IP	2.97	4.93	2.98	6.72
Abandonment for Non-Use	0.00	0.00	0.00	1.07
<b>ACCELERATED TOTALS</b>	6.87	11.20	6.79	13.35
<b>Yearly Totals</b>	<b>24.87</b>	<b>29.25</b>	<b>24.79</b>	<b>31.35</b>

(2) Detailed Description of Facilities Replaced in FY 2015:

**2015 Annual Asset Optimization Plan  
FY 2015 Detailed Description of Facilities**

**30" HP**

Project Location	CI Removed from Inventory	
Brown and Uber to 18th and Montgomery	5,260	
24th and South to Passyunk Fence Line	8,904	
<b>30" HP TOTAL MILEAGE</b>	<b>2.68</b>	<b>MILES</b>

**12" HP**

Project Location	CI Removed from Inventory	
800 - 1500 Belmont Ave. (Lancaster to Parkside)	3,031	
4100 - 4700 Devereaux (Charles to Vandike)	2,817	
4600 Adams (Orthodox to Castor)	1,198	
Torresdale (Rhawn to Pennypack), Rhawn (Jackson to Torresdale)	7,297	
Adams Ave - 429' WWC of Bingham St. to Roosevelt Blvd.	2,587	
Boyer (Mt. Airy to Gorgas)	2,046	
<b>12" HP TOTAL MILEAGE</b>	<b>3.59</b>	<b>MILES</b>

**8" and Smaller LP/IP**

Project Location	CI Removed from Inventory	
5300 HAVERFORD, 300 54TH, 400 N 54TH, 5300 WESTMINISTER 500 N. 53rd	7,185	
6700 QUINCY, 0-100 WESTVIEW, 6700 CHRRESHEIM, 0-100 PELHAM	5,016	
6100 Nassau	1,904	
Mole Mifflin to Mckean Mifflin Hicks to Mole	469	
7700 Overbrook 1800 Ashurst 1800 Meribrook 1900 N.77th	2,654	
3300-3500 Allegheny Ave, 3100 N 33rd St, 3100 Spangler St, 3100 N 34th St, 3300-3500 Clearfield St, 3000 Shedwick St	4,033	
3100-3200 Allegheny Ave, 3100 N Napa St, 3100 N 32nd St, 3100 N Patton St, 3100 Natrona St, 3100-3200 Clearfield St, 3000 W Hunting Park Ave	4,756	
<b>8" and Smaller LP/IP TOTAL MILEAGE</b>	<b>4.93</b>	<b>Miles</b>

**Abandonment for Non-Use**

Project Location	CI Removed from Inventory	
<b>Abandonment for Non-Use TOTAL MILEAGE</b>	<b>0.00</b>	<b>Miles</b>

**Total Cast Iron Inventory Reduction Acceleration      11.20      Miles**

(3) Detailed Description of Facilities Projected to be Replaced in FY 2016:

**2015 Annual Asset Optimization Plan  
FY 2016 Detailed Description of Facilities**

**30" HP**

Project Location	CI Removed from Inventory	
18th and Montgomery to 3rd and Norris	6,458	
<b>30" HP TOTAL MILEAGE</b>	<b>1.22</b>	<b>MILES</b>

**12" HP**

Project Location	CI Removed from Inventory	
Comly, Castor to Roosevelt; Roosevelt, Comly to Robbins; Robbins, Roosevelt to Hawthorne; Hawthorne, Robbins to Devereaux; Devereaux, Hawthorne to Charles	7,680	
Cottman Av Montour to Rising Sun, Dungan Rd Cottman to Lorna	5,633	
900 Bainbridge, 700 S. 10th, 1000 Fitzwater, 11th St Fitzwater to Washington Av	2,635	
Dicks, Plover to 63rd; 63rd, Dicks to Elmwood	6,900	
<b>12" HP TOTAL MILEAGE</b>	<b>4.33</b>	<b>MILES</b>

**8" and Smaller LP/IP**

Project Location	CI Removed from Inventory	
300-500 Norris St, 400 Diamond, 2000 Orianna St, 400 Hewson St	1,714	
100 Diamond St, 100 Norris, 2000 2nd St, 2000 Palethorp St, 2000 Hancock St	2,000	
100 Berks St, 1900 Palethorp St, 1900 Hancock St, 1900 Mutter St, 1900 Mascher	1,786	
1800-1900 N 6th St, 500 Berks St, 1800 & 2000 Germantown Ave, 2000 Randolph St, 500-600 Norris St	4,801	
9600-9700 Frankford Ave, 4500 & 4700 Grant Ave, 9600 Ditman St, 4000 & 4600 Primrose Rd, 4000 & 4600 Fitler St	5,179	
4300-4700 Linden Ave, 9200 Jackson St, 9200 Ditman St, 9200 Marsden St, 9200 Glenloch St, 9200-9300 Torresdale Ave	7,786	
100 E Courtland St, 100 W Courtland St, 4500 A St, 4500 N Lee St, 4500 N Howard St	1,940	
8900-9100 Frankford Ave, 9100 Academy Rd	5,123	
Frankford Ave, Pearson to Barry, Aubrey to Glenloch	5,176	
<b>8" and Smaller LP/IP TOTAL MILEAGE</b>	<b>6.72</b>	<b>MILES</b>

**Abandonment for Non-Use**

Project Location	CI Removed from Inventory	
Richmond St Venango St- Lewis St, 2800 E. Venango St, 2935 E. Victoria St, 2960 E Venango St	5,665	
<b>Abandonment for Non-Use TOTAL MILEAGE</b>	<b>1.07</b>	<b>MILES</b>

**Total Cast Iron Inventory Reduction Acceleration      13.35      MILES**

### **III. CONCLUSION**

This AOP for FY 2015, with projections for FY 2016 demonstrates, in accordance with 52 Pa. Code 121.6, that PGW's performance is consistent with the overall schedule of repairs, improvements or replacements of the specific eligible property in its approved Plan for the corresponding 12 month timeframes, as required by the regulation.