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January 29, 2016

Via Electronic Filing

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

Re: Petition of Philadelphia Gas Works for Waiver of Provisions of Act 11 to Increase the Distribution System Improvement Charge Cap and to Permit Levelization of DSIC Charges, Docket No. P-2015-2501500

Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works ("PGW") and in compliance with the Commission's Order entered January 28, 2016 in the above referenced proceeding, enclosed for filing please find PGW Gas Service Tariff, Pa. P.U.C. No. 2 Supplement 89 and supporting schedules. For the convenience of the Commission, we have also included a redlined version of the Tariff Supplement showing the changes made to the existing Tariff. Please contact me or Deanne O'Dell (717-255-3744) if you have any questions.

Sincerely,


Daniel Clearfield

DC/lww
Enclosure

cc: Hon. Christopher P. Pell w/enc.
Hon. Marta Guhl, w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

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

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Dated: January 29, 2016


Daniel Clearfield, Esq.

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

Supplement No. 89

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”) (Page Nos. 151-153)

Changes the DSIC cap from 5.0% to 7.50% (inclusive of reconciliation).

Provides for levelized DSIC charge at 7.50% each month (inclusive of reconciliation).

Clarifies reconciliation calculation and process.

Effective for service rendered on or after January 1, 2016, the DSIC percentage increases from 5.0% to 7.50%.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, for service rendered on or after January 1, 2016, a charge of 7.50% will apply consistent with the Commission Order dated May 9, 2013 at Docket No. P-2012-2337737 approving the DSIC and the Commission Order dated January 28, 2016 at Docket No. P-2015-2501500 modifying the terms and conditions of 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 or are projected to be placed in service in the calendar year in which the DSIC is charged. The DSIC charge shall be levelized so that, on an annual basis, it will collect the recoverable costs for eligible plant additions that have been or are anticipated to be placed in service during the calendar year. DSIC charges shall be reconciled and may be adjusted on a calendar quarter basis for: 1) actual experienced sales volumes; and 2) revisions to projected DSIC eligible capital expenditures. (C)

(I) – Increase; (C) – Change

(C)

B. Recoverable Costs: The recoverable costs shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, if any, including debt service, debt service coverage, and issuance costs.

C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Utility's otherwise applicable rates and charges. To calculate the DSIC, the annual recoverable costs to be placed into service during the calendar year in which the DSIC is being charged will be divided by the Utility's projected revenues for distribution services (including all applicable clauses and riders) for the annual period during which the charge will be collected.

(C)

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

$$\text{DSIC} = \frac{\text{DSI} + e}{\text{PAR}} \quad (C)$$

Where:

DSI = The projected annual level of recoverable costs (defined in Section B. directly above) (C)

e = the amount calculated under the annual reconciliation feature or Commission audit, as described below.

PAR = Projected annual 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. (C)

3. Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Audits at least ten (10) days prior to the effective date of the update.

4. Customer Safeguards

A. Cap: The DSIC is capped at 7.5% of the amount billed to customers for distribution service (including all applicable clauses and riders), inclusive of amounts billed for annual reconciliation pursuant to the "e" factor set forth above, as determined on an annualized basis. (C)

(C) - Change

B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The annual reconciliation shall be filed on January 31 of the next year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs for the reconciliation period, such over collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.

(C)

C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the remaining costs (if any) that had previously been recovered under the DSIC. Thereafter, only the costs of new eligible plant additions that have not previously been reflected in the Utility's rates will be reflected in the quarterly updates of the DSIC.

D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

E. All customer classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the DSIC to any customer with competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

(C) - Change

SUPPORTING SCHEDULES

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

Month	DSIC Revenue			DSIC Recoverable Costs	DSIC Revenue			Interest Weighting	Interest Rate*	Interest**
	Total DSIC Revenue Billed	Billed Allocated to Over / (Under) Collection	Over / (Under) Collection Balance		Billed Allocated to Recoverable Costs	Over/(Under) Collection				
	(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
February 1, 2016 DSIC Compliance Filing
Annual Tariff Revenue

	1st Quarter Filing 12/1/2015			December 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	21,586	259,026	449,820	\$12.00	\$0.3003	\$1.0669	\$0.0027	\$0.0061	\$6.0067	3,108	135	480	1	3	2,702	6,429
3 Commercial	4,085	49,022	1,088,185	\$18.00	\$0.3003	\$1.0669	\$0.0446	\$0.0061	\$4.5984	882	327	1,161	49	7	5,004	7,429
4 Industrial	140	1,680	106,857	\$50.00	\$0.3003	\$1.0669	\$0.2262	\$0.0061	\$4.5332	84	32	114	24	1	484	739
5 Municipal/MS	103	1,236	127,898	\$18.00	\$0.3003	\$1.0669	-	\$0.0061	\$3.3661	22	38	136	0	1	431	628
6 NGV	3	36	2,251	\$35.00	\$0.3003	\$1.0669	-	\$0.0061	\$1.2833	1	1	2	0	0	3	7
7 Total Non-Heat Firm	25,917	311,000	1,775,011							4,098	533	1,894	74	11	8,624	15,233
8																
9 Heating:																
10 Residential	448,896	5,386,750	36,222,545	\$12.00	\$0.3003	\$1.0669	\$0.0027	\$0.0061	\$6.0067	64,641	10,878	38,646	98	221	217,578	332,061
11 Commercial	17,296	207,553	6,436,826	\$18.00	\$0.3003	\$1.0669	\$0.0446	\$0.0061	\$4.5984	3,736	1,933	6,867	287	39	29,599	42,462
12 Industrial	390	4,680	363,371	\$50.00	\$0.3003	\$1.0669	\$0.2262	\$0.0061	\$4.5332	234	109	388	82	2	1,647	2,462
13 Municipal/MS	377	4,522	497,027	\$18.00	\$0.3003	\$1.0669	-	\$0.0061	\$3.3661	81	149	530	0	3	1,673	2,437
14 PHA Rate 8	1,834	22,008	179,241	\$18.00	\$0.3003	\$1.0669	\$0.0446	\$0.0061	\$4.1101	396	54	191	8	1	737	1,387
15 PHA/GS	882	10,588	580,969	\$12.00	\$0.3003	\$1.0669	\$0.0027	\$0.0061	\$4.9441	127	174	620	2	4	2,872	3,799
16 Total Heat Firm	469,675	5,636,101	44,279,977							69,216	13,297	47,242	477	270	254,106	384,608
17 Total Heat & Non-Heat Firm	495,592	5,947,101	46,054,988							73,314	13,830	49,136	551	281	262,730	399,842
18																
19 Firm Transport																
20 Non-Heating:																
21 Residential				\$12.00	\$0.3003	\$1.0669	\$0.0027	\$0.0061	\$6.0067	0	0	0	0	0	0	0
22 Commercial	740	8,877	543,051	\$18.00	\$0.3003	\$1.0669	\$0.0446	\$0.0061	\$4.5984	160	163	579	24	3	2,497	3,427
23 Industrial	48	575	209,643	\$50.00	\$0.3003	\$1.0669	\$0.2262	\$0.0061	\$4.5332	29	63	224	47	1	950	1,314
24 Municipal/MS	202	2,424	70,180	\$18.00	\$0.3003	\$1.0669	-	\$0.0061	\$3.3661	44	21	75	0	0	236	376
25 Total Non Heat FT	990	11,876	822,874							232	247	878	72	5	3,684	5,118
26																
27 Heating:																
28 Residential				\$12.00	\$0.3003	\$1.0669	\$0.0027	\$0.0061	\$6.0067	0	0	0	0	0	0	0
29 Commercial	2,545	30,535	3,045,298	\$18.00	\$0.3003	\$1.0669	\$0.0446	\$0.0061	\$4.5984	550	915	3,249	136	19	14,003	18,871
30 Industrial	75	904	283,505	\$50.00	\$0.3003	\$1.0669	\$0.2262	\$0.0061	\$4.5332	45	85	302	64	2	1,285	1,784
31 Municipal/MS	194	2,328	389,721	\$18.00	\$0.3003	\$1.0669	-	\$0.0061	\$3.3661	42	117	416	0	2	1,312	1,889
32 Total Heat FT	2,814	33,767	3,718,524							637	1,117	3,967	200	23	16,601	22,544
33 Total FT	3,804	45,643	4,541,398							869	1,364	4,845	272	28	20,284	27,661
34																
35 Total PGW	499,395	5,992,744	50,596,386							74,183	15,194	53,981	822	309	283,014	427,503

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

Supplement No. 89
(red-lined)

PHILADELPHIA GAS WORKS

GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

UNACCOUNTED FOR GAS (PAGE No. 14)

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”) (Page Nos. 151-153)

Changes the DSIC cap from 5.0% to 7.50% (inclusive of reconciliation).

Provides for levelized DSIC charge at 7.50% each month (inclusive of reconciliation).

Clarifies reconciliation calculation and process.

The ~~Lost and Unaccounted for Gas and Retainage Rate~~ Effective for service rendered on or after January 1, 2016, the DSIC percentage increases from ~~2.75.0%~~ to 3.17.50%.

GAS COST RATE (GCR) – Section 1307(f) (PAGES 67, 67A, 68)

~~The GAC (Gas Adjustment Charge) is increased from \$(0.01894) to \$(0.01861) per Ccf. The IRC (Interruptible Revenue Credit) increases from \$0.00008 per Ccf to \$0.00009 per Ccf. The SSC (Sales Service Charge) is decreased from \$0.42626 per Ccf to \$0.38804 per Ccf. The Gas Cost Rate is decreased from \$0.40724 per Ccf to \$0.36934 per Ccf.~~

PRICE TO COMPARE (“PTC”) (PAGE 78)

~~The PTC for GS RES is decreased from \$0.43038 to \$0.39072. The PTC for GS PH is decreased from \$0.41132 to \$0.37343. The PTC for GS COM is decreased from \$0.41246 to \$0.37446. The PTC for GS IND is decreased from \$0.41254 to \$0.37454. The PTC for MS is decreased from \$0.41132 to \$0.37343. The PTC for PHA is decreased from \$0.41132 to \$0.37343. The PTC for NGVS is decreased from \$0.41132 to \$0.37343.~~

EFFICIENCY COST RECOVERY SURCHARGE (PAGE 80)

~~Surcharge for Residential and Public Housing Customers on Rate GS decreased from \$0.00071 per Ccf to \$0.00027 per Ccf. Surcharge for Commercial Customers on Rate GS increased from \$0.00243 to \$0.00446. Surcharge for Industrial Customers on Rate GS increased from \$(0.00091) per Ccf to \$0.02262 per Ccf. Surcharge for The Philadelphia Housing Authority on Rate PHA increased from \$0.00243 to \$0.00446 per Ccf.~~

UNIVERSAL SERVICE AND ENERGY CONSERVATION SURCHARGE (PAGE 81)

~~Surcharge decreased from \$0.13471/Ccf to \$0.10669.~~

GENERAL SERVICE – RATE GS (PAGE 83)

~~GCR rate decreased from \$0.40724 to \$0.36934.~~

MUNICIPAL SERVICE – RATE MS (PAGE 87)

~~GCR rate decreased from \$0.40724 to \$0.36934.~~

PHILADELPHIA HOUSING AUTHORITY SERVICE – RATE PHA (PAGE 90)

~~GCR rate decreased from \$0.40724 to \$0.36934.~~

DEVELOPMENTAL NATURAL GAS VEHICLE SERVICE – RATE NGVS FIRM SERVICE (PAGE 135)

~~GCR rate decreased from \$0.40724 to \$0.36934.~~

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, for service rendered on or after January 1, 2016, a charge of ~~5.00~~7.50% will apply consistent with the Commission Order dated May 9, 2013 at Docket No. P-2012-2337737 approving the DSIC and the Commission Order dated January 28, 2016 at Docket No. P-2015-2501500 modifying the terms and conditions of 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 or are projected to be placed in service ~~during the three-month period ending one month prior to the effective date of the initial~~ in the calendar year in which the DSIC is charged. The DSIC ~~will be updated on July 1, 2013 and on a quarterly basis thereafter to reflect~~ charge shall be levelized so that, on an annual basis, it will collect the recoverable costs for eligible plant additions that have ~~not previously been reflected in the Utility's rates and will have been~~ been or are anticipated to be 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:~~ calendar year. DSIC charges shall be reconciled and may be adjusted on a calendar quarter basis for: 1) actual experienced sales volumes; and 2) revisions to projected DSIC eligible capital expenditures. (C)

(I) – Increase; (C) – Change

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
July 1	March 1 through May 31
October 1	June 1 through August 31
January 1	September 1 through November 30
April 1	December 1 through February 28*

*or February 29 in years when there are 29 days in February

B. Recoverable Costs: The recoverable costs shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, if any, including debt service, debt service coverage, and issuance costs.

C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Utility’s otherwise applicable rates and charges. To calculate the DSIC, the annual recoverable costs ~~associated with all property eligible for cost recovery under the DSIC and to be placed in~~ into service during the ~~three-month period ending one month prior to the effective date of the initial DSIC and, thereafter, calendar year in which~~ the DSIC ~~update of this amount is being charged~~ will be divided by the Utility’s projected revenues for distribution services (including all applicable clauses and riders) for the ~~quarterly~~annual period during which the charge will be collected.

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

$$DSIC = \frac{DSI + e}{PQRPAR}$$

Where:

DSI = ~~Recoverable~~The projected annual level of recoverable costs (defined in Section B. directly above)

e = the amount calculated under the annual reconciliation feature or Commission audit, as described below.

PQRPAR = Projected ~~quarterly~~annual 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.~~

3. Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Audits at least ten (10) days prior to the effective date of the update.

4. Customer Safeguards

A. Cap: The DSIC is capped at ~~5.075~~7.5% of the amount billed to customers for distribution service (including all applicable clauses and riders), inclusive of amounts billed for annual reconciliation pursuant to the “e” factor set forth above, as determined on an annualized basis.

(C) - Change

B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The annual reconciliation shall be filed on January 31 of the next year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year. If DSIC revenues exceed DSIC-eligible costs for the reconciliation period, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection. (C)

C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the remaining costs (if any) that had previously been recovered under the DSIC. Thereafter, only the costs of new eligible plant additions that have not previously been reflected in the Utility's rates will be reflected in the quarterly updates of the DSIC.

D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

E. All customer classes: The DSIC shall be applied equally to all customer classes, except that the Company may reduce or eliminate the DSIC to any customer with competitive alternatives and customers having negotiated contracts with the Company, if it is reasonably necessary to do so.

(C) - Change