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February 5, 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 January 29, 2016, Philadelphia Gas Works ("PGW") filed Tariff Supplement No. 89 to its PGW Gas Tariff – Pa P.U.C. No. 2 in compliance with Commission's Order entered January 28, 2016 in the above-referenced proceeding. Attached are revised pages number 152 and 153 which are to replace the pages included with the original filing. Per request of Staff, a timeline of DSIC quarterly filings and purposes has been added to page 152. Both pages also include non-substantive pagination corrections.

Please feel free to contact me if you have any questions.

Sincerely,



Deanne M. O'Dell

DMO/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 Tariff Supp. No. 89, Revised pages 152 and 153 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: February 5, 2016



Deanne M. O'Dell, Esq.

The dates and types of changes in the DSIC rate will occur as follows:

Effective Date of Change	Rate Change That Will Occur
January 1	Annual levelized C-factor rate adjustments
April 1	Adjustment prior year over/under collection
July 1	Optional rate adjustment
October 1	Adjustment for +/- 2% over / under collection

(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:

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

(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