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March 21, 2016

Via Hand Delivery

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

Re: Philadelphia Gas Works ("PGW") April 1, 2016 Quarterly Distribution System Improvement Charge ("DSIC") Filing; Docket No. M-2015-XXXXXXX

Dear Secretary Chiavetta:

Enclosed please find supporting schedules for Philadelphia Gas Works' ("PGW") April 1, 2016 Quarterly DSIC filing. Since the currently effective DSIC percentage of 7.5% is not changing, no tariff supplement is required or enclosed. While the supporting calculations for the annual reconciliation of \$11,438,110 (undercollection) for CY 2015 are set forth in the enclosed supporting schedules, PGW is not able to fully recover this undercollection because of the existing 7.5% cap. There were not any DSIC recoverable costs placed in service in January and February, 2016.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Deanne M. O'Dell

DMO/lww

Enclosure

- cc: Cert. of Service w/enc.
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- Paul Diskin (via email only pdiskin@pa.gov)
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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

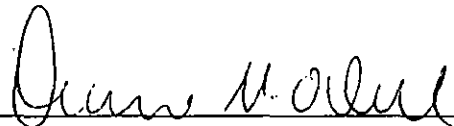
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Deanne M. O'Dell, Esq.

Dated: March 21, 2016

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SUPPORTING SCHEDULES

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**PHILADELPHIA GAS WORKS
 APRIL 1, 2016 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

Projected Recoverable Annual Costs (DSI) \$ 33,000,000

Annual Reconciliation (e) \$ 11,438,110 (Page 2)

Total Recoverable Costs (DSI + e) \$ 44,438,110

Projected Annual Revenues (PAR) \$ 427,503,162 (Page 3)

Distribution System Improvement Charge (DSIC) 7.50%

Projected Annual DSIC Recovery @ 7.5% \$ 32,062,737

DSIC Amount Not Recoverable \$ 12,375,373

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

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

Where:

DSI = Projected recoverable annual costs

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

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.

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PHILADELPHIA GAS WORKS
2015 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION

Month	DSIC Revenue Billed Allocated to			DSIC Recoverable Costs	DSIC Revenue Billed Allocated to Recoverable Costs	Over/(Under) Collection	Interest Weighting	Interest Rate*	Interest**
	Total DSIC Revenue Billed (1)	Over / (Under) Collection (2)	Over / (Under) Collection Balance (3)						
January 15	\$ 2,419,579	\$ -	\$ -	\$ 786,761 (a)	\$ 2,419,579	\$ 1,632,818	21	5.25%	\$ 150,015
February	\$ 1,772,081	\$ -	\$ -	\$ 786,761 (a)	\$ 1,772,081	\$ 985,320	20	5.00%	\$ 82,110
March	\$ 1,655,303	\$ -	\$ -	\$ 786,761 (a)	\$ 1,655,303	\$ 868,542	19	4.75%	\$ 65,322
2014 Under Collection			\$ (1,339,069)						
April	\$ 983,528	\$ 145,274	\$ (1,193,795)	\$ 644,033 (b)	\$ 838,254	\$ 194,222	18	4.75%	\$ 13,838
May	\$ 458,174	\$ 67,675	\$ (1,126,120)	\$ 644,033 (b)	\$ 390,499	\$ (253,534)	17	4.75%	\$ (17,061)
June	\$ 325,740	\$ 48,114	\$ (1,078,006)	\$ 644,033 (b)	\$ 277,626	\$ (366,407)	16	4.75%	\$ (23,206)
July	\$ 268,558	\$ 48,757	\$ (1,029,249)	\$ 503,955 (c)	\$ 219,801	\$ (284,154)	15	5.00%	\$ (17,760)
August	\$ 226,885	\$ 41,191	\$ (988,057)	\$ 503,955 (c)	\$ 185,694	\$ (318,261)	14	5.14%	\$ (19,085)
September	\$ 222,845	\$ 40,458	\$ (947,600)	\$ 503,955 (c)	\$ 182,387	\$ (321,568)	13	5.14%	\$ (17,906)
October	\$ 584,249	\$ 35,528	\$ (912,071)	\$ 1,763,581 (d)	\$ 548,720	\$ (1,214,861)	12	5.00%	\$ (60,743)
November	\$ 1,268,886	\$ 77,161	\$ (834,910)	\$ 11,440,057 (d&e)	\$ 1,191,725	\$ (10,248,332)	11	5.00%	\$ (469,715)
December	\$ 1,830,267	\$ 111,299	\$ (723,611)	\$ 3,107,253 (d&f)	\$ 1,718,968	\$ (1,388,285)	10	5.00%	\$ (57,845)
Totals	\$ 12,016,096	\$ 615,458	\$ (11,438,110)	\$ 22,115,137	\$ 11,400,638	\$ (10,714,499)			\$ (372,036)
2015 Under Collection			\$ (11,438,110)						

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

** Interest is not recoverable in net under-collections

- (a) \$ 2,360,282 recoverable costs in 1-1-15 DSIC quarterly filing divided by 3 months
- (b) \$ 1,932,098 recoverable costs in 4-1-15 DSIC quarterly filing divided by 3 months
- (c) \$ 1,511,865 recoverable costs in 7-1-15 DSIC quarterly filing divided by 3 months
- (d) \$ 5,290,744 recoverable costs in 10-1-15 DSIC quarterly filing divided by 3 months
- (e) \$ 9,676,476 recoverable costs placed in service in November 2015 and 1/3 of these costs were included in the January, 2016 rate
- (f) \$ 1,343,672 recoverable costs for December 2015 and not included in the 2016 rate

Philadelphia Gas Works
April 1, 2016 DSIC 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	3,043,298	\$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	289,721	\$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

PHILADELPHIA GAS WORKS
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)
2016 REVENUE & RECOVERABLE COSTS

<u>Month</u>		<u>Total DSIC</u>	<u>DSIC Recoverable</u>
		<u>Revenue Billed</u>	<u>Costs</u>
January 16	Actual	\$ 2,778,674	\$ -
February	Actual	\$ 4,122,896	\$ -