



PHILADELPHIA GAS WORKS

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October 31, 2016

VIA ELECTRONIC FILING

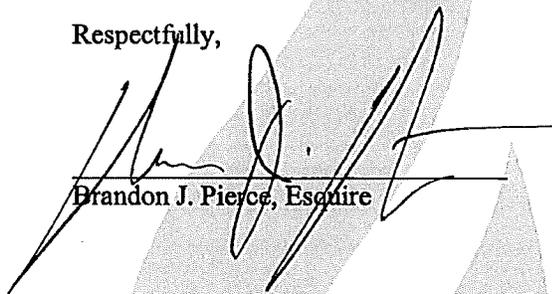
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, 1 North
400 North Street
Harrisburg, PA 17120

**Re: Philadelphia Gas Works Annual Asset Optimization Plan
Docket No. M-2016-_____**

Dear Secretary Chiavetta:

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

Respectfully,



Brandon J. Pierce, Esquire

Enclosures

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 Annual 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 FIRST CLASS MAIL and EMAIL

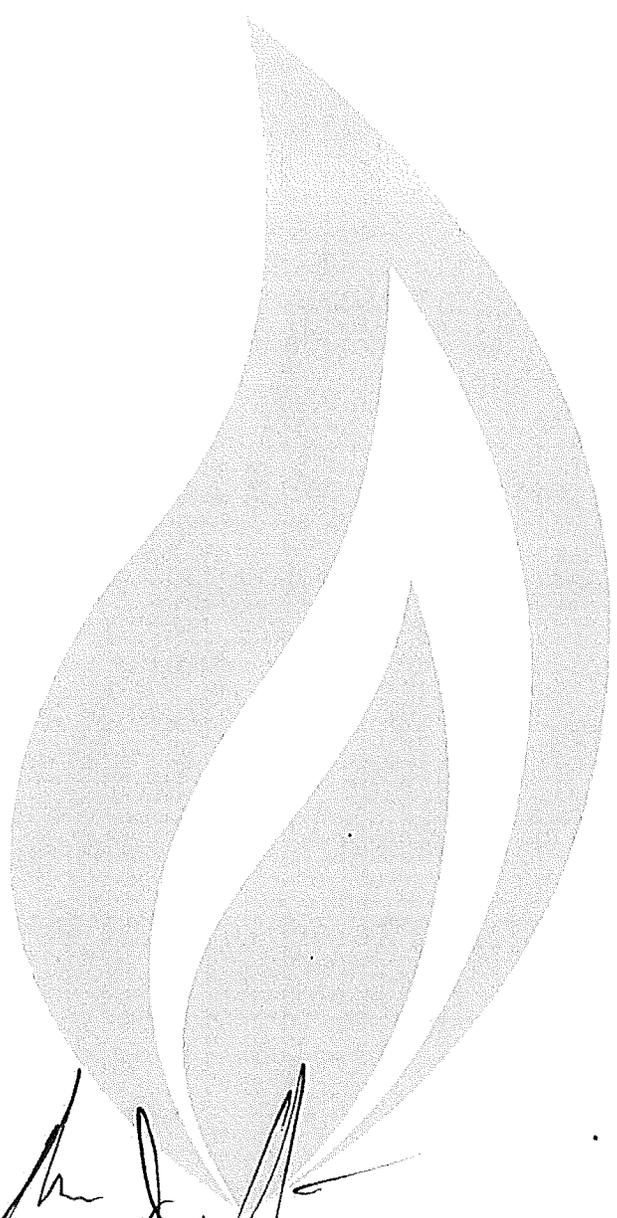
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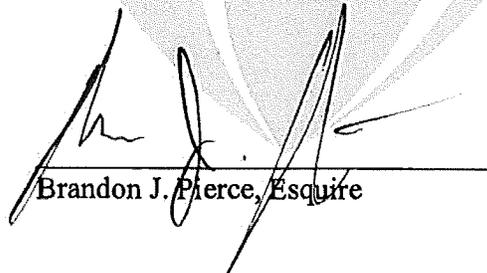
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Dated: October 31, 2016





Brandon J. Pierce, Esquire

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Philadelphia Gas Works :
Annual Asset Optimization Plan :
FY 2016 and FY 2017 (Projected) : **Docket No. M-2016-_____**
:
:

**PHILADELPHIA GAS WORKS
ANNUAL ASSET OPTIMIZATION PLAN
FY 2016 AND FY 2017 (PROJECTED)**

I. INTRODUCTION

In accordance with 52 Pa. Code § 121.6, Philadelphia Gas Works (“PGW”) submits its Annual Asset Optimization Plan (“AAO Plan”) for the LTIP period September 1, 2015 – August 31, 2016 (PGW’s fiscal year).

PGW’s current LTIP was approved by the Pennsylvania Public Utility Commission (“Commission”) on April 4, 2013,¹ and covers the five-year period beginning September 1, 2012 through August 31, 2017 (PGW’s fiscal years 2013 through 2017). On February 12, 2016, PGW filed a petition to modify the final year of the LTIP, consistent with the Commission’s Order that approved an increase in PGW’s Distribution System Improvement Charge (“DSIC”) from 5% to 7.5%.² The Commission approved PGW’s requested LTIP modification by Order dated June 9, 2016.³

This is the fourth AAO Plan submitted by PGW detailing its progress in removing at risk main, which is financed by both PGW’s current base rates and PGW’s DSIC. As can be observed below, PGW continues to exceed the main replacement goals set forth in the modified

¹ See Docket No. P-2012-2337737, Opinion and Order (Apr. 4, 2013).

² Docket Nos. P-2012-2337737 and P-2015-2501500.

³ Docket Nos. P-2012-2337737 and P-2015-2501500, Opinion and Order (June 9, 2016).

LTIIP. In FY 2016, PGW replaced 31.61 miles of cast iron main, compared to the modified LTIIP goal of 31.35 miles.

In FY 2017, PGW is projecting to replace 35.48 miles of at-risk main. This is due to PGW's heightened main replacement efficiency, as well as the approved increase in DSIC billings to a total of \$33 million.

II. MATERIAL REQUIRED BY 52 PA. CODE § 121.6

The Commission's regulations, at section 121.6,⁴ require a utility's AAO Plan to provide a description of the eligible property repaired, improved, and replaced in the prior twelve-month period, as well as a description of the eligible property projected to be repaired, improved, and replaced in the upcoming twelve-month period, sufficient to show that the utility is in substantial compliance with its approved LTIIP.

The following data is submitted in compliance with that requirement:

- (1) Description of eligible property repaired, improved, and replaced in the prior twelve-month period (FY 2016) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2017):

⁴ 52 Pa. Code § 121.6.

QUANTITIES	FY 2016 Actual	FY 2017 Projected
<u>CURRENT BASELINE PROGRAM</u>		
8" & Smaller LP/IP	18.06	18.00
<u>ACCELERATED PROGRAM</u>		
12" and Larger LP	-	2.39
12" and Larger HP	6.44	4.41
8" & Smaller LP/IP	6.02	7.81
Abandonment for Non-Use	1.10	2.87
ACCELERATED TOTALS	13.55	17.47
Yearly Totals	31.61	35.48

(2) Detailed description of facilities repaired, improved, and replaced in FY 2016:

Project Class	Location	Actual Cast Iron Removed (feet)	Actual Cost	Projected Cast Iron Removed (feet)	Projected Cost
8" and Smaller (LP / IP)	100 Berks St, 1900 Palethorp St, 1900 Hancock St, 1900 Mutter St, 1900 Mascher	1,739	\$323,770	1,786	\$439,375
	100 Diamond St, 100 Norris, 2000 2nd St, 2000 Palethorp St, 2000 Hancock St	2,102	\$454,066	2,000	\$470,270
	100 E Courtland St, 100 W Courtland St, 4500 A St, 4500 N Lee St, 4500 N Howard St	2,049	\$187,008	1,940	\$365,190
	300-500 Norris St, 400 Diamond, 2000 Orianna St, 400 Hewson St	1,686	\$856,131	1,714	\$480,676
	1800-1900 N 6th St, 500 Berks St, 1800 & 2000 Germantown Ave, 2000 Randolph St, 500-600 Norris St	4,718	\$660,633	4,801	\$891,851
	2000 E Glenwood, 1500 Sedgley	1,959	\$548,648	Not Originally Scheduled	
	2100-2200 Wolf St, 2100-2200 S Woodstock St	1,893	\$254,634	Not Originally Scheduled	
	4300-4700 Linden Ave, 9200 Jackson St, 9200 Ditman St, 9200 Marsden St, 9200 Glenloch St, 9200-9300 Torresdale Ave	7,220	\$1,586,958	7,786	\$1,329,155
	8900-9100 Frankford Ave, 9100 Academy Rd	2,847	\$855,151	5,123	\$992,120
	9600-9700 Frankford Ave, 4500 & 4700 Grant Ave, 9600 Ditman St, 4000 & 4600 Primrose Rd, 4000 & 4600 Fitler St	2,514	\$487,549	5,179	\$1,119,920
Frankford Ave, Pearson to Barry, Aubrey to Glenloch	3,041	\$498,329	5,176	\$1,151,070	
Sub-Total 8" and Smaller LP / IP (Mileage / Cost)		6.02	\$6,712,877	6.72	\$7,239,627
12" and Larger HP	900 Bainbridge, 700 S. 10th, 1000 Fitzwater, 11th St Fitzwater to Washington Av	2,651	\$1,522,607	2,635	\$1,361,700
	Comly, Castor to Roosevelt; Roosevelt, Comly to Robbins; Robbins, Roosevelt to Hawthorne; Hawthorne, Robbins to Devereaux; Devereaux, Hawthorne to Charles	9,735	\$2,786,696	7,680	\$3,514,500
	Cottman Av Montour to Rising Sun, Dungan Rd Cottman to Lorna	5,027	\$2,793,502	5,633	\$2,534,850
	Dicks, Plover to 63rd; 63rd, Dicks to Elmwood	6,857	\$2,708,476	6,900	\$3,105,000
	18th and Montgomery to 3rd and Norris	9,741	\$9,034,409	6,458	\$8,382,150
Sub-Total 12" and Larger HP (Mileage / Cost)		6.44	\$18,845,690	5.55	\$18,898,200
Non-Use	Richmond St Venango St- Lewis St, 2800 E. Venango St, 2935 E. Victoria St, 2960 E Venango St	5,790	\$466,680	5,665	\$292,850
Subtotal Non-Use (Mileage / Cost)		1.10	\$466,680	1.07	\$292,850
GRAND TOTAL (Mileage / Cost)		13.55	\$26,025,247	13.35	\$26,430,677

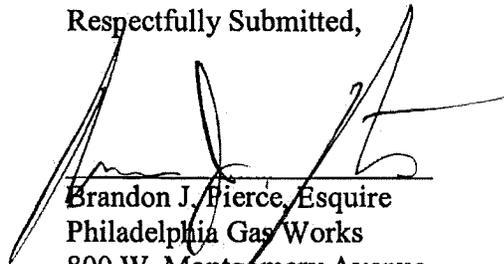
(3) Detailed description of facilities projected to be repaired, improved, and replaced in FY 2017:

Project Class	Location	Projected Cast Iron Removed (feet)	Projected Cost
8" and Smaller (LP / IP)	200-400 Sedgley, 3600 N. 3rd, 3500-360 Lawrence, 400-500 Venango, 400-500 Erie, 3400-3500 N. 5th, 3500 Randolph, 500 Tioga	2,731	\$505,235
	600-700 Westmoreland, 600 Willard, 600 Hilton, 3200 Tampa, 3200 Keim, 3200 F, 700 Madison, 700 Willard, 600-700 Allegheny, 3100 E, 600 Wishart, 3100 F	4,252	\$786,528
	1300-1700 W. Wingohocking, 4500 N. Carlisle, 4400 N. Bancroft, 4400 N. Chadwick, 4400 N. 17th, 1700 Blavis	1,014	\$246,975
	1400-1500 Conlyn, 1400-1500 Grange, 1400-1500 Clearview, 5700-5800 N. 15th, 5700-5800 N. 16th (East)	2,041	\$377,585
	2100 - 2200 W. Ontario, 3400 N. 23rd, 3500 N. 21st, 2100 Pacific, 2200 Estaugh	2,542	\$451,215
	3400 Keim, 3400 Tampa, 3400 Crystal, 3400 E, 3300-3400 Rorer, 500 Ontario	3,739	\$691,715
	3500 N. 5th, 500-600 Rising Sun, 3800 Reese, 3800 Fairhill, 500-600 Butler, 3700 N. 6th, 3700 Randolph, 3700 N. 5th	2,731	\$505,235
	5700-5800 N. 16th (West), 5700 Virginian, 5700 N. 17th, 5700 Ogontz, 1600-1800 Grange, 1600-1900 Conlyn	6,987	\$1,292,595
	6000-6300 N. Wister, 6100-6300 N. Beechwood, 6200 N. Norwood, 2100 Medary	11,533	\$2,133,605
	Cresson (Davis to Salaignac), Salaignac (Cresson to Manayunk), Hermit (Terrace to Manor), Seville (Cresson to Terrace), Sharp (Hermit to Salaignac)	3,656	\$676,360
Sub-Total 8" and Smaller LP / IP (Mileage / Cost)		7.81	\$7,667,048
12" and Larger LP	15th St. (Grange to Conlyn), Grange St. (15th to 16th), 16th St. (Grange to Chew)	1,499	\$674,550
	1300-1700 W. Wingohocking, 4500 N. Carlisle, 4400 N. Bancroft, 4400 N. Chadwick, 4400 N. 17th, 1700 Blavis	1,468	\$636,750
	2000 - 2100 W. Venango	796	\$348,300
	Allegheny Ave. (E to G)	1,095	\$492,750
	Chelten & Wister to Chelten & Anderson	926	\$416,700
	Erie Ave. (6th to Lawrence) North Side	875	\$393,750
	3300 - 3500 N. 22nd	1,184	\$838,800
	Erie Ave. (6th to Lawrence) South Side	975	\$877,500
	Kensington (Ontario to Venango)	1,550	\$1,395,000
	Wister & Devon to Wister & Chelten	2,225	\$2,002,500
Sub-Total 12" and Larger LP (Mileage / Cost)		2.39	\$8,076,600
12" and Larger HP	31st - Haverford to Powelton, 32nd - Powelton to Market	1,856	\$1,023,750
	100-200 W. Springfield, 7700-7800 Germantown	5,391	\$2,425,950
	1300-1700 W. Wingohocking, 4500 N. Carlisle, 4400 N. Bancroft, 4400 N. Chadwick, 4400 N. 17th, 1700 Blavis	1,073	\$900,000
	4700-5000 Mascher, 4500-4600 Rising Sun (Rehab - Starliner)	3,200	\$1,216,349
	Kensington (H to Ontario), Ontario (Kensington to F)	4,200	\$3,780,000
	Main St.	1,700	\$1,530,000
	3rd to Amber, Amber - Norris to Lehigh, Lehigh - Amber to Frankford	5,855	\$6,019,480
Sub-Total 12" and Larger HP (Mileage / Cost)		4.41	\$16,895,529
Non-Use	BR-0 - Abandonment Thompson, Tioga to Lefevre and Various Locations	15,171	\$836,858
Sub-Total Non-Use (Mileage / Cost)		2.87	\$836,858
Grand Total		17.47	\$33,476,035

III. CONCLUSION

PGW's Annual Asset Optimization Plan for FY 2016 and projections for FY 2017 demonstrates, in accordance with 52 Pa. Code § 121.6, that PGW's performance is consistent, and substantially complies, with the overall schedule of repairs, improvements, and replacements of the specific eligible property in its modified LTIP for the corresponding twelve-month periods.

Respectfully Submitted,



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October 31, 2016