



PHILADELPHIA GAS WORKS

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March 21, 2017

VIA FEDERAL EXPRESS

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

Re: Philadelphia Gas Works ("PGW") April 1, 2017 Quarterly Distribution System Improvement Charge ("DSIC") Filing; Docket No. M-2017-XXXXXXX

Dear Secretary Chiavetta:

Enclosed please find supporting schedules for Philadelphia Gas Works' ("PGW") April 1, 2017 Quarterly DSIC filing. The DSIC rate effective April 1, 2017, will remain unchanged at 8.80%,¹ and therefore, no tariff supplement is required or enclosed. Please do not hesitate to contact me with any questions.

Respectfully,

A handwritten signature in blue ink, appearing to read "Brandon J. Pierce", is written over a horizontal line. The signature is stylized and cursive.

Brandon J. Pierce, Esquire

Enclosures

cc: Cert. of Service w/enc
Bohdan Pankiw (via email bpankiw@pa.gov)
Paul Diskin (via email pdiskin@pa.gov)
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¹ The Commission, through its July 6, 2016 Order at Docket No. P-2015-2501500, authorized PGW to increase its DSIC rate effective October 1, 2016 from 7.5% to 8.84%, for a two-year period to collect undercollections for the year ending December 31, 2015.

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 FIRST CLASS MAIL and EMAIL

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Dated: March 21, 2017



Brandon J. Pierce, Esquire

Supporting Schedules

PHILADELPHIA GAS WORKS
APRIL 1, 2017 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

Projected Recoverable Annual Costs (DSI)	\$	<u>33,000,000</u>	
2016 Annual Reconciliation (e)	\$	<u>6,257,642</u>	(Page 2)
Total Recoverable Costs (DSI + e)	\$	<u>39,257,642</u>	
Projected Annual Revenues (PAR)	\$	<u>439,213,776</u>	(Page 4)
Distribution System Improvement Charge (DSIC)		<u>7.50%</u>	*
*(DSIC calculation exceeds 7.50% but PGW is limited to 7.50%)			
<u>Recovery of \$5.7 Million From 2015 Under-Collection (PUC Order 7-6-16)</u>			
2015 Annual Reconciliation (e) / 2	\$	<u>5,719,055</u>	(Page 3)
Projected Annual Revenues (PAR)	\$	<u>439,213,776</u>	(Page 4)
Distribution System Improvement Charge (DSIC)		<u>1.30%</u>	
<u>Total Distribution System Improvement Charge (DSIC)</u>		<u>8.80%</u>	

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.

PHILADELPHIA GAS WORKS
2016 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION

	<u>Total DSIC</u>	<u>DSIC Revenue Billed</u>	<u>Over / (Under)</u>	<u>DSIC</u>	<u>DSIC Revenue Billed</u>	<u>Over/(Under)</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest**</u>
	<u>Revenue Billed</u>	<u>Allocated to Over /</u>	<u>Collection Balance</u>	<u>Recoverable</u>	<u>Allocated to</u>	<u>Collection</u>	<u>Weighting</u>	<u>Rate*</u>	<u>Interest**</u>
	(1)	(2)	(3)	(4)	(5 = 1 - 2)	(6 = 5 - 4)	(7)	(8)	(9)
Month									
January 16	\$ 2,778,674		\$ -		\$ 2,778,674	\$ 2,778,674	21	5.25%	\$ 255,291
February	\$ 4,122,896		\$ -		\$ 4,122,896	\$ 4,122,896	20	5.00%	\$ 343,575
March	\$ 3,804,364		\$ -		\$ 3,804,364	\$ 3,804,364	19	5.00%	\$ 301,179
2015 Under Collection			\$ (11,438,110)						
April	\$ 2,712,898		\$ (11,438,110)		\$ 2,712,898	\$ 2,712,898	18	4.75%	\$ 193,294
May	\$ 1,893,201		\$ (11,438,110)	\$ 3,269,674	\$ 1,893,201	\$ (1,376,473)	17	4.75%	\$ (92,625)
June	\$ 1,305,160		\$ (11,438,110)		\$ 1,305,160	\$ 1,305,160	16	4.75%	\$ 82,660
July	\$ 1,060,862		\$ (11,438,110)		\$ 1,060,862	\$ 1,060,862	15	4.75%	\$ 62,989
August	\$ 996,516		\$ (11,438,110)	\$ 11,850,923	\$ 996,516	\$ (10,854,407)	14	4.50%	\$ (569,856)
September	\$ 1,034,016		\$ (11,438,110)		\$ 1,034,016	\$ 1,034,016	13	4.25%	\$ 47,608
October	\$ 1,305,535	\$ 197,898	\$ (11,240,212)		\$ 1,107,637	\$ 1,107,637	12	4.50%	\$ 49,844
November	\$ 2,462,916	\$ 373,338	\$ (10,866,874)	\$ 1,869,530	\$ 2,089,578	\$ 220,048	11	4.50%	\$ 9,077
December	\$ 4,515,857	\$ 684,530	\$ (10,182,344)	\$ 16,004,644	\$ 3,831,327	\$ (12,173,317)	10	4.75%	\$ (481,860)
Totals	\$ 27,992,896	\$ 1,255,766		\$ 32,994,771	\$ 26,737,129	\$ (6,257,642)			\$ 201,173
2016 Under Collection			\$ (16,439,986)						

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

** Interest is not recoverable in net under-collections

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

<u>Month</u>	<u>DSIC Revenue Billed Allocated to</u>			<u>DSIC Recoverable Costs</u>	<u>DSIC Revenue Billed Allocated to Recoverable Costs</u>			<u>Interest Weighting</u>	<u>Interest Rate*</u>	<u>Interest**</u>
	<u>Total DSIC Revenue Billed</u>	<u>Over / (Under) Collection</u>	<u>Over / (Under) Collection Balance</u>		<u>Allocated to Recoverable Costs</u>	<u>Over/(Under) Collection</u>				
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5 = 1 - 2)</u>	<u>(6 = 5 - 4)</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	
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		\$ 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, 2017 DSIC Filing
Annual Tariff Revenue

1st Quarter Filing 12/1/2016			December 1, 2016 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	18,631	223,567	417,622	\$12.00	\$0.3724	\$1.3045	\$0.0247	\$0.0100	\$6.0067	2,683	156	545	10	4	2,509	5,906
3 Commercial	3,683	44,196	980,580	\$18.00	\$0.3724	\$1.3045	\$0.0610	\$0.0100	\$4.5984	796	365	1,279	60	10	4,509	7,019
4 Industrial	120	1,440	98,122	\$50.00	\$0.3724	\$1.3045	\$0.0384	\$0.0100	\$4.5332	72	37	128	4	1	445	686
5 Municipal/MS	95	1,140	125,593	\$18.00	\$0.3724	\$1.3045	-	\$0.0100	\$3.3661	21	47	164	0	1	423	655
6 NGV	3	36	1,766	\$35.00	\$0.3724	\$1.3045	-	\$0.0100	\$1.2833	1	1	2	0	0	2	7
7 <i>Total Non-Heat Firm</i>	22,532	270,379	1,623,682							3,572	605	2,118	74	16	7,887	14,272
8																
9 Heating:																
10 Residential	453,439	5,441,268	36,035,943	\$12.00	\$0.3724	\$1.3045	\$0.0247	\$0.0100	\$6.0067	65,295	13,420	47,009	890	360	216,457	343,431
11 Commercial	17,537	210,444	6,253,482	\$18.00	\$0.3724	\$1.3045	\$0.0610	\$0.0100	\$4.5984	3,788	2,329	8,158	381	63	28,756	43,474
12 Industrial	395	4,740	304,576	\$50.00	\$0.3724	\$1.3045	\$0.0384	\$0.0100	\$4.5332	237	113	397	12	3	1,381	2,143
13 Municipal/MS	388	4,656	510,066	\$18.00	\$0.3724	\$1.3045	-	\$0.0100	\$3.3661	84	190	665	0	5	1,717	2,661
14 PHA Rate 8	144	1,728	44,203	\$18.00	\$0.3724	\$1.3045	\$0.0610	\$0.0100	\$4.1101	31	16	58	3	0	182	290
15 PHA/GS	1,963	23,556	186,479	\$12.00	\$0.3724	\$1.3045	\$0.0247	\$0.0100	\$4.9441	283	69	243	5	2	922	1,524
16 <i>Total Heat Firm</i>	473,866	5,686,392	43,334,750							69,718	16,138	56,530	1,291	433	249,414	393,524
17 Total Heat & Non-Heat Firm	496,398	5,956,771	44,958,432							73,290	16,743	58,648	1,364	450	257,302	407,797
18																
19 Firm Transport																
20 Non-Heating:																
21 Residential	0	0	0	\$12.00	\$0.3724	\$1.3045	\$0.0247	\$0.0100	\$6.0067	0	0	0	0	0	0	0
22 Commercial	642	7,699	459,913	\$18.00	\$0.3724	\$1.3045	\$0.0610	\$0.0100	\$4.5984	139	171	600	28	5	2,115	3,057
23 Industrial	38	456	160,532	\$50.00	\$0.3724	\$1.3045	\$0.0384	\$0.0100	\$4.5332	23	60	209	6	2	728	1,027
24 Municipal/MS	187	2,244	59,284	\$18.00	\$0.3724	\$1.3045	-	\$0.0100	\$3.3661	40	22	77	0	1	200	340
25 NGV	1	12	4,343	\$35.00	\$0.3724	\$1.3045	-	\$0.0100	\$1.2833	0	2	6				
26 <i>Total Non Heat FT</i>	868	10,411	684,073							202	255	892	34	7	3,042	4,425
27																
28 Heating:																
29 Residential	0	0	0	\$12.00	\$0.3724	\$1.3045	\$0.0247	\$0.0100	\$6.0067	0	0	0	0	0	0	0
30 Commercial	2,659	31,908	3,040,757	\$18.00	\$0.3724	\$1.3045	\$0.0610	\$0.0100	\$4.5984	574	1,132	3,967	185	30	13,983	19,872
31 Industrial	74	888	325,156	\$50.00	\$0.3724	\$1.3045	\$0.0384	\$0.0100	\$4.5332	44	121	424	12	3	1,474	2,079
32 Municipal/MS	199	2,388	410,064	\$18.00	\$0.3724	\$1.3045	-	\$0.0100	\$3.3661	43	153	535	0	4	1,380	2,115
33 PHA	749	8,988	476,851	\$18.00	\$0.3724	\$1.3045	-	\$0.0100	\$4.1101	162	178	622	0	5	1,960	2,926
34 <i>Total Heat FT</i>	3,681	44,172	4,252,828							824	1,584	5,548	198	43	18,797	26,992
35 <i>Total FT</i>	4,549	54,583	4,936,901							1,026	1,839	6,440	232	49	21,839	31,417
36																
37 Total PGW	500,946	6,011,354	49,895,332							74,316	18,581	65,088	1,597	499	279,141	439,214

**PHILADELPHIA GAS WORKS
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)
2017 REVENUE & RECOVERABLE COSTS - YTD**

<u>Month</u>		<u>Total DSIC Revenue Billed</u>	<u>DSIC Recoverable Costs</u>
January 17	Actual	\$ 6,291,001	\$ -
February	Actual	\$ 5,197,101	\$ -