



**PHILADELPHIA GAS WORKS**

800 West Montgomery Avenue • Philadelphia, PA 19122

Brandon J. Pierce, Esq.  
Senior Attorney | Legal Department  
Direct Dial: 215-684-6219  
E-mail: [Brandon.Pierce@pgworks.com](mailto:Brandon.Pierce@pgworks.com)

October 31, 2017

**VIA ELECTRONIC FILING**

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

**Re: Philadelphia Gas Works Annual Asset Optimization Plan for FY 2017 and FY 2018 (Projected)  
Docket No. M-2017-\_\_\_\_\_**

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Annual Asset Optimization Plan for FY 2017 and FY 2018 (Projected). 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**

Darryl Lawrence, Esq.  
Erin Gannon, Esq.  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)  
[egannon@paoca.org](mailto:egannon@paoca.org)

Sharon Webb, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 202  
300 North 2<sup>nd</sup> Street  
Harrisburg, PA 17101  
[swebb@pa.gov](mailto:swebb@pa.gov)

Richard Kanaskie, Esq.  
Bureau of Investigation & Enforcement  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)

Charis Mincavage, Esq.  
McNEES, WALLACE, NURICK  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
[cmincavage@mwn.com](mailto:cmincavage@mwn.com)

Dated: October 31, 2017



\_\_\_\_\_  
Brandon J. Pierce, Esquire

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Philadelphia Gas Works** :  
**Annual Asset Optimization Plan** :  
**FY 2017 and FY 2018 (Projected)** : **Docket No. M-2017-\_\_\_\_\_**  
:  
:

---

**PHILADELPHIA GAS WORKS  
ANNUAL ASSET OPTIMIZATION PLAN  
FY 2017 AND FY 2018 (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, 2016 – August 31, 2017, and September 1, 2017 – August 31, 2018 (Projected).

PGW’s current LTIP (“LTIP II”) was approved by the Pennsylvania Public Utility Commission (“Commission”) on August 31, 2017,<sup>1</sup> and covers the five-year period beginning September 1, 2017 through August 31, 2022 (PGW’s fiscal years 2018 through 2022). Previously, under PGW’s first LTIP (“LTIP I”), 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%.<sup>2</sup> The Commission approved PGW’s requested LTIP modification by Order dated June 9, 2016.<sup>3</sup>

This is the fifth 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 LTIP. In

---

<sup>1</sup> See Docket No. P-2017-2602315, Opinion and Order (Aug. 31, 2017).

<sup>2</sup> Docket Nos. P-2012-2337737 and P-2015-2501500.

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

FY 2017, PGW replaced 34.92 miles of cast iron main, compared to the modified LTIP goal of 34.81 miles.

In FY 2018, PGW is projecting to replace 32.74 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,<sup>4</sup> 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 LTIP.

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 2017) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2018):

---

<sup>4</sup> 52 Pa. Code § 121.6.

	<u>FY 2017 Actual</u>	<u>FY 2018 Projected</u>
<b><u>CURRENT BASELINE PROGRAM</u></b>		
8" & Smaller LP/IP	18.06	18.00
<b><u>ACCELERATED PROGRAM</u></b>		
<b><u>12" &amp; Larger HP</u></b>	4.43	5.42
<b><u>12" &amp; Larger LP</u></b>	1.58	1.74
<b><u>8" &amp; Smaller LP/IP</u></b>	8.01	7.58
<b><u>Abandonment for Non-Use</u></b>	2.84	N/A
<b><u>ACCELERATED TOTALS</u></b>	16.86	14.74
<b>Yearly Totals</b>	<b>34.92</b>	<b>32.74</b>

(2) Detailed description of facilities repaired, improved, and replaced in FY 2017:

2017 Annual Asset Optimization Plan					
FY 2017 Detailed Description of Facilities				* Blended diameter project. Expenditures are captured for the entire project.	
		FY 2017 Actual		FY 2017 Projected	
Project Class	Project Location	CI Removed from Inventory	Actual Expenditures	CI Removed from Inventory	Expenditures
30" HP	3rd to Amber, Amber - Norris to Lehigh, Lehigh - Amber to Frankford	5,876	\$5,774,554	5,845	\$6,019,480
	<b>SUB TOTAL 30" HP MILEAGE/COST</b>	<b>1.11</b>	<b>\$5,774,554</b>	<b>1.11</b>	<b>\$6,019,480</b>
20" HP	4700-5000 Mascher, 4500-4600 Rising Sun (Rehab - Starliner)	3,198	\$1,604,140	3,500	\$1,216,349
	1300-1400 W. Wingohocking, 4500 N. Carlisle	987	\$2,223,727	1,006	\$1,932,395
	<b>SUB TOTAL 20" HP MILEAGE/COST</b>	<b>0.79</b>	<b>\$3,827,866</b>	<b>0.85</b>	<b>\$3,148,744</b>
12" HP	100-200 W. Springfield, 7700-7800 Crefeld, 200 W. Willow Grove, 7900-8300 Seminole	5,292	\$1,352,033	5,311	\$1,494,751
	Market - JFK Blvd to 32nd St, 32nd - Powelton to Market	1,830	\$1,093,812	1,830	\$908,110
	Tioga at B and C Sts, H St - Allegheny to Tioga, Ontario St - H to Kensington, I St - Ontario to Venango	6,195	\$2,814,046	6,227	\$2,994,387
	<b>SUB TOTAL 12" HP MILEAGE/COST</b>	<b>2.52</b>	<b>\$5,259,891</b>	<b>2.53</b>	<b>\$5,397,248</b>
<b>SUB TOTAL 12" &amp; Larger HP</b>		<b>4.43</b>	<b>\$14,862,311</b>	<b>4.49</b>	<b>\$14,565,472</b>

(Table continued on next page).

12" & Larger LP	1300-1700 W. Wingohocking	1,351	*Blended Project- See total project expenditures under 1300-1400 W. Wingohocking, 4500 N. Carlisle	1,342	*
	300-500 W. Erie	1,081	*Blended Project- See total project expenditures under 200-400 Sedgley, 3600 N. 3rd, 3500-3600 Lawrence, 400-500 Venango, 400-500 Erie, 3400-3500 N. 5th, 3500 Randolph, 500 Tioga	977	*
	12" LP Allegheny Ave	1,109	*Blended Project- See total project expenditures under 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	1,090	*
	400-500 W. Erie	875	*Blended Project- See total project expenditures under 3500 N. 5th, 500-600 Rising Sun, 3800 Reese, 3800 Fairhill, 500-600 Butler, 3700 N. 6th, 3700 Randolph, 3700 N. 5th	893	*
	3100-3500 Kensington Ave	2,965	*Blended Project- See total project expenditures under 1100-1200 Venango, 1800 Tioga	2,969	*
	2000-2100 W. Venango	965	*Blended Project- See total project expenditures under 2100-2200 W. Ontario, 3400 N. 23rd, 3600 N. 21st, 2100 Pacific, 2200 Estaugh	965	*
	<b>SUB TOTAL 12" LP MILEAGE/COST</b>	<b>1.58</b>	<b>*</b>	<b>1.56</b>	<b>*</b>
8" and Smaller LP/IP	6400-6600 Woodland Ave	4,794	\$1,050,184	4,782	\$1,029,709
	3400 Keim, 3400 Tampa, 3400 Crystal, 3400 E, 3300-3400 Rorer, 500 Ontario	2,765	\$578,871	2,748	\$791,136
	4400 N. Bancroft, 4400 N. Chadwick, 4400 N. 17th, 1700 Blavis	1,065	*Blended Project- See total project expenditures under 1300-1400 W. Wingohocking, 4500 N. Carlisle	1,029	*
	5700-5800 N. 16th (West), 5700 Virginian, 5700 N. 17th, 5700 Ogontz, 1600-1800 Grange, 1600-1900 Conlyn	6,497	\$1,481,409	6,614	\$1,711,552
	200-400 Sedgley, 3600 N. 3rd, 3500-3600 Lawrence, 400-500 Venango, 400-500 Erie, 3400-3500 N. 5th, 3500 Randolph, 500 Tioga	6,087	\$1,706,779	5,792	\$1,937,799
	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	5,894	\$1,508,582	5,800	\$1,691,296
	3500 N. 5th, 500-600 Rising Sun, 3800 Reese, 3800 Fairhill, 500-600 Butler, 3700 N. 6th, 3700 Randolph, 3700 N. 5th	4,237	\$987,839	4,235	\$1,351,804
	1100-1200 Venango, 1800 Tioga	3,107	\$2,543,534	3,107	\$2,838,879
	2100-2200 W. Ontario, 3400 N. 23rd, 3600 N. 21st, 2100 Pacific, 2200 Estaugh	2,984	\$2,002,823	2,984	\$2,238,720
	1100-1200 E. Stafford, 1100-1200 E. Price, 100-1200 E. Chelton, 5700 Anderson, 5700 Ardleigh	4,880	\$1,179,841	4,880	\$1,073,294
	<b>SUB TOTAL 8" AND SMALLER LP/IP MILEAGE/COST</b>	<b>8.01</b>	<b>\$13,039,861</b>	<b>7.95</b>	<b>\$14,664,189</b>
Abandonment for Non-Use	BR-0 - Abandonment Thompson, Tioga to Lefevre and Various Locations	15,002	\$1,790,156	15,171	\$836,858
	<b>SUB TOTAL ABANDONMENT FOR NON-USE MILEAGE/COST</b>	<b>2.84</b>	<b>\$1,790,156</b>	<b>2.87</b>	<b>\$836,858</b>
	<b>Grand Total</b>	<b>16.86</b>	<b>\$29,692,328</b>	<b>16.87</b>	<b>\$30,066,519</b>

(3) Detailed description of facilities projected to be repaired, improved, and replaced in FY 2018:

<b>2017 Annual Asset Optimization Plan</b>			
<b>FY 2018 Detailed Description of Facilities</b>		* Blended diameter project. Projected expenditures are captured for the entire project under large diameter portion of project.	
		<b>FY 2018 Projected</b>	
<b>Project Class</b>	<b>Project Location</b>	<b>CI Removed from Inventory</b>	<b>Expenditures</b>
<b>30" HP</b>	Collins, Ontario to Tioga; Tioga, Collins to Brabant; Ontario, Kensington to Collins	8,344	\$5,612,307
	<b>SUB TOTAL 30" HP MILEAGE/COST</b>	<b>1.58</b>	<b>\$5,612,307</b>
<b>20" HP</b>	2800 S 63rd, 6000-6200 Lindbergh Blvd	3,176	\$2,227,895
	<b>SUB TOTAL 20" HP MILEAGE/COST</b>	<b>0.60</b>	<b>\$2,227,895</b>
<b>12" HP</b>	4800-4900 Summerdale, 4600-4700 Roosevelt Blvd, 800-900 Adams Ave	4,246	\$2,136,600
	1100, 4500 Adams, 1100-1400 Unity, 4300 E Wingohocking, 4400 Oakland, 4300-4400 Elizabeth, 4400 Leiper	6,329	\$2,976,300
	1400 - 1800 Washington Ln.	2,025	\$1,305,000
	4500-4600 Cottman Ave, 7200 Glenloch St, 7200 Marsden St	1,615	\$796,050
	7600 Germantown, 00-100 Roumfort, 7200-7500 Boyer, 00 McPherson, 7400-7500 Devon St	2,900	\$1,305,000
	<b>SUB TOTAL 12" HP MILEAGE/COST</b>	<b>3.24</b>	<b>\$8,518,950</b>
	<b>SUB TOTAL 12" &amp; Larger HP</b>	<b>5.42</b>	<b>\$14,565,472</b>

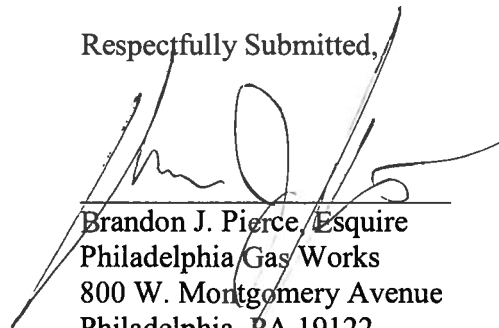
(Table continued on next page).

<b>12" &amp; Larger LP</b>	1400-1500 Conlyn, 1400-1500 Grange, 1400-1500 Clearview, 5700-5800 N. 15th, 5700-5800 N. 16th (East)	1,602	\$979,786
	5500-5600 Sprague, Blakemore, Matthews, Ardleigh, 5700 Anderson, 1000-1100 Woodlawn, 1000-1200 Chelten	809	\$2,219,883
	1400-1800 Norris St, 2000-2100 Carlisle St, 2000-2100 Broad St	1,467	\$785,935
	4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum	1,410	\$1,385,950
	3300-3500 N. 22nd St	1,653	\$2,238,720
	6000-6300 Wister, 6100-6300 N. Beechwood, 6200 N. Norwood, 2100 Medary	2,230	\$2,631,727
	<b>SUB TOTAL 12" LP TOTAL MILEAGE/COST</b>	<b>1.74</b>	<b>\$10,242,001</b>
<b>8" and Smaller LP/IP</b>	200 Wolf, 100 Daly, 2100-2200 Front, 100-200 Jackson, 100-200 Snyder, 2100 S. 2nd	3,103	\$866,431
	2000 Gratz St, 2000 Cleveland St, 1900-2000 18th St, 1900 17th St, 1800 Fountain St, 1800 Norris St, 1700 Monument St, 1600 Berks St, 1800 Berks St	3,508	\$890,488
	500-600 Gates St, 500 Acorn St, 6300 Lawnton St	5,506	\$971,373
	6100-6200 Lindbergh Ave, 6100-6200 Harley Ave, 2900 Felton Ave, 2900 S 62nd St, 2900 Robinson St, 2900 Dewey St	3,563	\$739,593
	1200-1500 N Howard St, 100 Master St, 1300 Hope St, 100 Jefferson St	3,120	\$759,200
	3700-3900 Cresson, 100 Salaingnac, 100-200 Hemrit, 100 Seville, 3700-3800 Sharp	2,551	\$903,537
	300-400 Cinnaminson St, 300-400 Lemonte St, 200 Overlook Rd, 4800 & 6600 Silverwood St, 200-400 Delmar St, 4800-4900 Tibben St, 200-300 Fountain St, 6700 Pechin, 4700 Manayunk	7,722	\$1,624,954
	*1400-1800 Norris St, 2000-2100 Carlisle St, 2000-2100 Broad St	951	*
	*4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum	3,386	*
	*1400-1500 Conlyn, 1400-1500 Grange, 1400-1500 Clearview, 5700-5800 N. 15th, 5700-5800 N. 16th (East)	1,618	*
	*5500-5600 Sprague, Blakemore, Matthews, Ardleigh, 5700 Anderson, 1000-1100 Woodlawn, 1000-1200 Chelten	4,992	*
	<b>SUB TOTAL 8" AND SMALLER LP/IP MILEAGE/COST</b>	<b>7.58</b>	<b>\$6,755,576</b>
<b>Abandonment for Non-Use</b>			
	<b>SUB TOTAL ABANDONMENT FOR NON-USE MILEAGE/COST</b>	<b>0.00</b>	<b>\$0</b>
	<b>Grand Total</b>	<b>14.74</b>	<b>\$33,356,729</b>

### III. CONCLUSION

PGW's Annual Asset Optimization Plan for FY 2017 and projections for FY 2018 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 current LTIP II for the corresponding twelve-month periods.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Brandon J. Pierce', is written over a horizontal line. The signature is stylized and extends above and below the line.

Brandon J. Pierce, Esquire  
Philadelphia Gas Works  
800 W. Montgomery Avenue  
Philadelphia, PA 19122  
(215) 684-6219

October 31, 2017