



PHILADELPHIA GAS WORKS

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June 20, 2018

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”) July 1, 2018 Quarterly Distribution System Improvement Charge (“DSIC”) Filing; Docket No. M-2018-XXXXXXX

Dear Secretary Chiavetta:

Enclosed please find supporting schedules for Philadelphia Gas Works' (“PGW”) July 1, 2018 Quarterly DSIC filing. The DSIC rate effective July 1, 2018, will remain unchanged at 8.70%,¹ and therefore, no tariff supplement is required or enclosed. Please do not hesitate to contact me with any questions.

Respectfully,

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)
- Lori Burger (via email lburger@pa.gov)
- Brian Shuey (via email bshuey@pa.gov)
- Kenneth Raffensperger (via email kraffenspe@pa.gov)
- Jennie Banzhof (via email jbanzhof@pa.gov)

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: June 20, 2018



Brandon J. Pierce, Esquire

Supporting Schedules

**PHILADELPHIA GAS WORKS
 JULY 1, 2018 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

Projected Recoverable Annual Costs (DSI)	\$	<u>33,000,000</u>
2017 Annual Reconciliation (e)	\$	<u>7,700,910</u> *
*(2017 Under Collection on page 2 minus 2015 Annual Reconciliation / 2 below)		
Total Recoverable Costs (DSI + e)	\$	<u>40,700,910</u>
Projected Annual Revenues (PAR)	\$	<u>477,583,315</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>477,583,315</u> (Page 4)
Distribution System Improvement Charge (DSIC)		<u>1.20%</u>
<u>Total Distribution System Improvement Charge (DSIC)</u>		<u>8.70%</u>

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

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

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
2017 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION

<u>Month</u>	<u>Total DSIC</u>	<u>DSIC Revenue Billed</u>		<u>DSIC</u>	<u>DSIC Revenue Billed</u>		<u>Interest</u>	<u>Interest</u>	<u>Interest**</u>
	<u>Revenue Billed</u>	<u>Allocated to Over /</u>	<u>Over / (Under)</u>	<u>Recoverable</u>	<u>Allocated to</u>	<u>Over/(Under)</u>	<u>Weighting</u>	<u>Rate*</u>	
	(1)	(Under) Collection	Collection Balance	Costs	Recoverable Costs	Collection	(7)	(8)	(9)
		(2)	(3)	(4)	(5 = 1 - 2)	(6 = 5 - 4)			
January 17	\$ 6,291,001	\$ 929,352	\$ 929,352		\$ 5,361,649	\$ 5,361,649	21	5.00%	\$ 469,144
February	\$ 5,197,101	\$ 767,754	\$ 1,697,106		\$ 4,429,347	\$ 4,429,347	20	5.25%	\$ 387,568
March	\$ 4,706,903	\$ 695,338	\$ 2,392,444		\$ 4,011,565	\$ 4,011,565	19	5.25%	\$ 333,461
2016 Under Collection			\$ (16,439,986)						
April	\$ 3,690,718	\$ 1,142,754	\$ (12,904,788)		\$ 2,547,964	\$ 2,547,964	18	5.25%	\$ 200,652
May	\$ 1,843,437	\$ 570,782	\$ (12,334,006)		\$ 1,272,655	\$ 1,272,655	17	5.25%	\$ 94,654
June	\$ 1,500,801	\$ 464,692	\$ (11,869,314)		\$ 1,036,109	\$ 1,036,109	16	5.25%	\$ 72,528
July	\$ 1,260,353	\$ 390,242	\$ (11,479,072)		\$ 870,111	\$ 870,111	15	5.25%	\$ 57,101
August	\$ 1,204,284	\$ 372,881	\$ (11,106,190)	\$ 2,005,290	\$ 831,402	\$ (1,173,888)	14	5.00%	\$ (68,477)
September	\$ 1,278,961	\$ 396,004	\$ (10,710,187)		\$ 882,957	\$ 882,957	13	5.00%	\$ 47,827
October	\$ 1,316,978	\$ 407,775	\$ (10,302,412)		\$ 909,203	\$ 909,203	12	5.00%	\$ 45,460
November	\$ 2,484,193	\$ 769,179	\$ (9,533,233)	\$ 19,381,214	\$ 1,715,014	\$ (17,666,200)	11	5.00%	\$ (809,701)
December	\$ 4,920,746	\$ 1,523,607	\$ (8,009,626)	\$ 11,288,951	\$ 3,397,139	\$ (7,891,812)	10	5.25%	\$ (345,267)
Totals	\$ 35,695,476	\$ 8,430,360		\$ 32,675,455	\$ 27,265,116	\$ (5,410,339)			\$ 484,951
2017 Under Collection			\$ (13,419,965)						

* 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>Total DSIC</u>	<u>DSIC Revenue</u>		<u>DSIC</u>	<u>DSIC Revenue Billed</u>		<u>Interest</u>	<u>Interest</u>	<u>Interest**</u>
	<u>Revenue Billed</u>	<u>Billed Allocated to</u>	<u>Over / (Under)</u>		<u>Recoverable</u>	<u>Allocated to</u>			
	<u>(1)</u>	<u>Collection</u>	<u>Collection Balance</u>	<u>Costs</u>	<u>Recoverable Costs</u>	<u>Collection</u>	<u>Weighting</u>	<u>Rate*</u>	<u>Interest**</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
JULY 1, 2018 DSIC FILING
Annual Tariff Revenue

	1st Quarter Filing 12/1/2017			December 1, 2017 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	17,932	215,180	380,166	\$13.75	\$0.3785	\$1.4845	\$0.0225	\$0.0077	\$6.6967	2,959	144	564	9	3	2,546	6,224
3 Commercial	3,334	40,012	849,270	\$23.40	\$0.3785	\$1.4845	\$0.0472	\$0.0077	\$4.8651	936	321	1,261	40	7	4,132	6,697
4 Industrial	106	1,272	103,226	\$70.00	\$0.3785	\$1.4845	\$0.0256	\$0.0077	\$4.7698	89	39	153	3	1	492	777
5 Municipal/MS	83	996	101,650	\$23.40	\$0.3785	\$1.4845	-	\$0.0077	\$4.2723	23	38	151	0	1	434	648
6 NGV	3	36	1,718	\$35.00	\$0.3785	\$1.4845	-	\$0.0077	\$1.2833	1	1	3	0	0	2	7
7 <i>Total Non-Heat Firm</i>	21,458	257,496	1,436,029							4,009	544	2,132	51	11	7,606	14,353
8																
9 Heating:																
10 Residential	457,381	5,488,569	34,562,252	\$13.75	\$0.3785	\$1.4845	\$0.0225	\$0.0077	\$6.6967	75,468	13,082	51,308	778	266	231,453	372,354
11 Commercial	17,899	214,784	6,163,344	\$23.40	\$0.3785	\$1.4845	\$0.0472	\$0.0077	\$4.8651	5,026	2,333	9,149	291	47	29,985	46,832
12 Industrial	398	4,776	294,560	\$70.00	\$0.3785	\$1.4845	\$0.0256	\$0.0077	\$4.7698	334	111	437	8	2	1,405	2,298
13 Municipal/MS	394	4,726	501,414	\$23.40	\$0.3785	\$1.4845	-	\$0.0077	\$4.2723	111	190	744	0	4	2,142	3,191
14 PHA Rate 8	219	2,628	52,230	\$23.40	\$0.3785	\$1.4845	\$0.0472	\$0.0077	\$5.0163	61	20	78	2	0	262	424
15 PHA/GS	2,013	24,156	184,493	\$13.75	\$0.3785	\$1.4845	\$0.0225	\$0.0077	\$5.7105	332	70	274	4	1	1,054	1,735
16 <i>Total Heat Firm</i>	478,303	5,739,639	41,758,292							81,332	15,806	61,990	1,083	322	266,301	426,833
17 Total Heat & Non-Heat Firm	499,761	5,997,135	43,194,321							85,341	16,349	64,122	1,134	333	273,908	441,186
18																
19 Firm Transport																
20 Non-Heating:																
21 Residential	43	516	1,681	\$13.75	\$0.3785	\$1.4845	\$0.0225	\$0.0077	\$6.6967	7	1	2	0	0	11	22
22 Commercial	612	7,340	493,668	\$23.40	\$0.3785	\$1.4845	\$0.0472	\$0.0077	\$4.8651	172	187	733	23	4	2,402	3,520
23 Industrial	36	432	161,961	\$70.00	\$0.3785	\$1.4845	\$0.0256	\$0.0077	\$4.7698	30	61	240	4	1	773	1,110
24 Municipal/MS	181	2,172	60,332	\$23.40	\$0.3785	\$1.4845	-	\$0.0077	\$4.2723	51	23	90	0	0	258	421
25 NGV	1	12	4,815	\$35.00	\$0.3785	\$1.4845	-	\$0.0077	\$1.2833	0	2	7	0	0	0	0
26 <i>Total Non Heat FT</i>	873	10,472	722,456							260	273	1,072	27	6	3,443	5,073
27																
28 Heating:																
29 Residential	652	7,824	159,458	\$13.75	\$0.3785	\$1.4845	\$0.0225	\$0.0077	\$6.6967	108	60	237	4	1	1,068	1,477
30 Commercial	2,543	30,510	3,154,465	\$23.40	\$0.3785	\$1.4845	\$0.0472	\$0.0077	\$4.8651	714	1,194	4,683	149	24	15,347	22,111
31 Industrial	69	828	329,834	\$70.00	\$0.3785	\$1.4845	\$0.0256	\$0.0077	\$4.7698	58	125	490	8	3	1,573	2,257
32 Municipal/MS	198	2,376	389,303	\$23.40	\$0.3785	\$1.4845	-	\$0.0077	\$4.2723	56	147	578	0	3	1,663	2,447
33 PHA	742	8,904	422,523	\$13.75	\$0.3785	\$1.4845	-	\$0.0077	\$5.0163	122	160	627	0	3	2,119	3,032
34 <i>Total Heat FT</i>	4,204	50,442	4,455,582							1,058	1,686	6,614	161	34	21,771	31,324
35 Total FT	5,076	60,914	5,178,038							1,318	1,960	7,687	188	40	25,214	36,397
36																
37 Total PGW	504,837	6,058,049	48,372,359							86,659	18,309	71,809	1,322	372	299,121	477,583

PHILADELPHIA GAS WORKS
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)
2018 REVENUE & RECOVERABLE COSTS - YTD

<u>Month</u>		<u>Total DSIC</u> <u>Revenue Billed</u>	<u>DSIC Recoverable</u> <u>Costs</u>
January 2018	Actual	\$ 8,626,322	\$ -
February	Actual	\$ 6,118,705	\$ -
March	Actual	\$ 5,470,211	\$ -
April	Actual	\$ 4,962,824	\$ -
May	Actual	\$ 2,398,664	\$ 2,303,244

**PHILADELPHIA GAS WORKS
JULY 1, 2018 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

RECOVERABLE COSTS - 3/1/18 to 5/31/18

<u>FERC Account #</u>	<u>PGW Project #</u>	<u>Location</u>	<u>Type</u>	<u>Cost</u>			<u>Total</u>
				<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	
376	411374	200 Wolf, 100 Daly, 2100-2200 Front, 100-200 Jackson, 100-200 Snyder, 2100 S. 2nd	8" (LP / IP)	\$ -	\$ -	\$ 743,103	\$ 743,103
376	411394	3700-3900 Cresson, 100 Salaingnac, 100-200 Hermit, 100 Seville, 3700-3800 Sharp	8" (LP / IP)	\$ -	\$ -	\$ 1,094,197	\$ 1,094,197
376	411370	1100-1200 E. Stafford, 1100-1200 E. Price, 100-1200 E. Chelten, 5700 Anderson, 5700 Ardleigh	8" (LP / IP)	\$ -	\$ -	\$ 51,334	\$ 51,334
376	411364	Collins, Ontario to Tioga; Tioga, Collins to Brabant; Ontario, Kensington to Collins	30" HP	\$ -	\$ -	\$ 418,622	\$ 418,622
376	411333	6000-6300 Wister, 6100-6300 N. Beechwood, 6200 N. Norwood, 2100 Medary	8" (LP / IP)/20"(LP)	\$ -	\$ -	\$ 2,573	\$ 2,573
376	411385	1400-1500 Conlyn, 1400-1500 Grange, 1400-1500 Clearview, 5700-5800 N. 15th, 5700-5800 N. 16th (East) *	8" (LP / IP)/12"(LP)	\$ -	\$ -	\$ (6,585)	\$ (6,585)

* Adjustment To Project From December 2017

Recoverable Costs (DSIC) \$ - \$ - \$ 2,303,244 \$ 2,303,244