



PHILADELPHIA GAS WORKS

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June 20, 2019

VIA FEDERAL EXPRESS

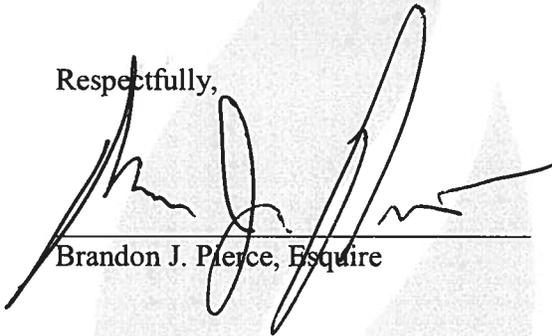
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, 1 North
400 North Street
Harrisburg, PA 17120

Re: Philadelphia Gas Works (“PGW”) July 1, 2019 Quarterly Distribution System Improvement Charge (“DSIC”) Filing; Docket No. M-2019-XXXXXXX

Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works (“PGW”), enclosed please find PGW Gas Service Tariff, Pa. P.U.C. No. 2, Supplement No. 123 and supporting schedules for PGW’s July 1, 2019 Quarterly DSIC filing. The DSIC rate effective July 1, 2019, will decrease from 7.50% to 7.29%. Please do not hesitate to contact me with any questions.

Respectfully,



Brandon J. Pierce, Esquire

Enclosures

cc: Cert. of Service w/enc
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PGW
Gas Service Tariff
Pa. P.U.C. No. 2

Supplement No. 123

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



Issued by: Craig White
President and CEO

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

List of Changes Made by this Tariff Supplement

TABLE OF CONTENTS (Page Nos. 6-7)

Updated to reflect revised page numbers for each of the changes listed below on this page.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (Page No. 151)

The DSIC rate effective July 1, 2019, decreases from 7.50% to 7.29%.

TABLE OF CONTENTS

	<u>Page Number</u>
List of Changes Made By This Tariff _____	One Hundred and Eighteenth Revised 2
Description of Territory Served _____	5
Table of Contents _____	One Hundred and Eighteenth Revised 6
Definitions _____	Second Revised 10
<u>RULES and REGULATIONS:</u>	
1. The Gas Service Tariff _____	First Revised 15
2. Application and Contract for Gas Service _____	Sixth Revised 17
3. Credit and Deposit _____	Third Revised 21
4. Billing and Payment _____	Second Revised 26
5. Termination and/or Discontinuance of Gas Service _____	Second Revised 30
6. Termination of Service for Safety Reasons and Curtailment of Service/ Service Continuity _____	First Revised 38
7. Inquiry, Review, Dispute, and Appeals Process _____	First Revised 41
8. Customer’s Responsibility for Company’s Property _____	First Revised 44
9. Conditions of Service, Point of Delivery, and Application of Rates _____	Third Revised 47
10. Extensions And Rights-Of-Way _____	First Revised 50
11. Meters: Measurements, Readings, Errors, and Tests _____	First Revised 53
12. Service Charges and Miscellaneous Fees and Provisions _____	Second Revised 57
13. Universal Service And Energy Conservation Programs _____	Second Revised 59
14. Gas Choice Enrollment and Switching _____	First Revised 63
15. Supplier of Last Resort _____	First Revised 65

	Page Number
RATES (Cover Page) _____	66
Gas Cost Rate _____	Seventy Sixth Revised 67
Revenue Reconciliation Adjustment (RRA) Rider _____	70
Senior Citizen Discount _____	First Revised 72
Exit Fee Rider _____	77
Merchant Function & Gas Procurement Charges; Price to Compare _____	Thirty First Revised 78
Restructuring and Consumer Education Surcharge _____	Twenty Eighth Revised 79
Efficiency Cost Recovery Mechanism _____	Forty Fourth Revised 80
Universal Services Surcharge _____	Seventy Eighth Revised 81
Other Post Employment Benefit Surcharge _____	Thirteenth Revised 82
General Service - Rate GS _____	Eighty Seventh Revised 83
Municipal Service - Rate MS _____	Eighty Seventh Revised 87
Philadelphia Housing Authority Service – Rate PHA _____	Eighty Seventh Revised 90
Daily Balancing Service – Rate DB _____	101
Interruptible Transportation Service – Rate IT _____	111
Gas Transportation Service - Rate GTS - Firm Service _____	118
Gas Transportation Service - Rate GTS - Interruptible _____	124
Cogeneration Service - Rate CG _____	Fifth Revised 131
Developmental Natural Gas Vehicle Service - Rate NGVS Firm Service _____	Fifty Ninth Revised 135
Developmental Natural Gas Vehicle Service - Rate NGVS Interruptible Service _____	139
Liquefied Natural Gas Service – Rate LNG _____	Third Revised 142
SPECIAL PROVISION – Air Conditioning Rider _____	143
SPECIAL PROVISION – Compressed Natural Gas Rider _____	145
SPECIAL PROVISION – Emergency/Unauthorized Use Gas Rider _____	147
Weather Normalization Adjustment Clause _____	Fourth Revised 149
Distribution System Improvement Charge _____	Nineteenth Revised 151
Backup Service – Rate BUS _____	154
Technology and Economic Development Rider and Micro-Combined Heat and Power Incentives _____	155

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, for service rendered on or after July 1, 2019, a charge of 7.29% will apply consistent with the Commission Order dated May 9, 2013, at Docket No. P-2012-2337737 approving the DSIC and the Commission Orders dated January 28, 2016, and July 6, 2016, at Docket No. P-2015-2501500 modifying the terms and conditions of the DSIC.

(D)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

2. Computation of the DSIC

A. Calculation: The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rates and have been or are projected to be placed in service in the calendar year in which the DSIC is charged. The DSIC charge shall be leveled so that, on an annual basis, it will collect the recoverable costs for eligible plant additions that have been or are anticipated to be placed in service during the calendar year. DSIC charges shall be reconciled and may be adjusted on a calendar quarter basis for: 1) actual experienced sales volumes; and 2) revisions to projected DSIC eligible capital expenditures.

(D) – Decrease

Supporting Schedules

**PHILADELPHIA GAS WORKS
JULY 1, 2019 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

Projected Recoverable Annual Costs (DSI)	<u>\$ 30,400,000</u>
2018 Annual Reconciliation (e)	<u>\$ 3,839,650</u> (Page 2)
Total Recoverable Costs (DSI + e)	<u>\$ 34,239,650</u>
Projected Annual Revenues (PAR)	<u>\$ 469,694,334</u> (Page 3)
Distribution System Improvement Charge (DSIC)	<u>7.29%</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
2018 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION

	<u>Total DSIC Revenue Billed</u>	<u>DSIC Revenue Billed Allocated to Over / (Under) Collection</u>	<u>Over / (Under) Collection Balance</u>	<u>DSIC Recoverable Costs</u>	<u>DSIC Revenue Billed Allocated to Recoverable Costs</u>	<u>Over/(Under) Collection</u>	<u>Interest Weighting</u>	<u>Interest Rate*</u>	<u>Interest**</u>
	(1)	(2)	(3)	(4)	(5 = 1 - 2)	(6 = 5 - 4)	(7)	(8)	(9)
Month									
January 18	\$ 8,626,322	\$ 2,489,014	\$ 2,489,014		\$ 6,137,309	\$ 6,137,309	21	5.00%	\$ 537,015
February	\$ 6,118,705	\$ 1,765,473	\$ 4,254,487		\$ 4,353,232	\$ 4,353,232	20	5.00%	\$ 362,769
March	\$ 5,470,211	\$ 1,578,359	\$ 5,832,845		\$ 3,891,853	\$ 3,891,853	19	5.25%	\$ 323,510
2017 Under Collection			\$ (13,419,965)						
April	\$ 4,962,824	\$ 1,604,347	\$ (5,982,773)		\$ 3,358,477	\$ 3,358,477	18	5.50%	\$ 277,074
May	\$ 2,398,664	\$ 775,423	\$ (5,207,350)	\$ 2,303,244	\$ 1,623,241	\$ (680,003)	17	5.50%	\$ (52,984)
June	\$ 1,537,556	\$ 497,050	\$ (4,710,300)	\$ -	\$ 1,040,505	\$ 1,040,505	16	5.50%	\$ 76,304
July	\$ 1,387,764	\$ 448,627	\$ (4,261,673)	\$ -	\$ 939,137	\$ 939,137	15	5.50%	\$ 64,566
August	\$ 1,328,996	\$ 429,629	\$ (3,832,045)	\$ 7,525,299	\$ 899,368	\$ (6,625,931)	14	5.50%	\$ (425,164)
September	\$ 1,379,968	\$ 446,106	\$ (3,385,938)	\$ -	\$ 933,862	\$ 933,862	13	5.50%	\$ 55,643
October	\$ 1,504,122	\$ 485,809	\$ (2,900,129)	\$ -	\$ 1,018,312	\$ 1,018,312	12	5.50%	\$ 56,007
November	\$ 3,064,473	\$ 989,780	\$ (1,910,348)	\$ 9,311,862	\$ 2,074,693	\$ (7,237,169)	11	5.50%	\$ (364,874)
December	\$ 4,740,938	\$ 1,531,254	\$ (379,094)	\$ 13,799,824	\$ 3,209,684	\$ (10,590,140)	10	5.75%	\$ (507,444)
Totals	\$ 42,520,544	\$ 13,040,871		\$ 32,940,228	\$ 29,479,673	\$ (3,460,556)			\$ 402,422
2018 Under Collection			\$ (3,839,650)						

* 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
JULY 1, 2019 DSIC FILING
Annual Tariff Revenue

	1st Quarter Filing 12/1/2018			December 1, 2018 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	16,391	196,692	397,965	\$13.75	\$0.3094	\$1.1183	\$0.0301	\$ -	\$6.6967	2,705	123	445	12	0	2,665	5,950
3 Commercial	3,330	39,960	917,165	\$23.40	\$0.3094	\$1.1183	\$0.0411	\$ -	\$4.8651	935	284	1,026	38	0	4,462	6,744
4 Industrial	107	1,287	119,894	\$70.00	\$0.3094	\$1.1183	\$(0.0716)	\$ -	\$4.7698	90	37	134	(9)	0	572	825
5 Municipal/MS	82	984	115,079	\$23.40	\$0.3094	\$1.1183	-	\$ -	\$4.2723	23	36	129	0	0	492	679
6 NGV	3	36	1,616	\$35.00	\$0.3094	\$1.1183	-	\$ -	\$1.2833	1	0	2	0	0	2	6
7 <i>Total Non-Heat Firm</i>	19,913	238,959	1,551,719							3,754	480	1,735	41	0	8,193	14,203
8																
9 Heating:																
10 Residential	450,051	5,400,608	35,192,648	\$13.75	\$0.3094	\$1.1183	\$0.0301	\$ -	\$6.6967	74,258	10,889	39,356	1,059	0	235,675	361,237
11 Commercial	17,853	214,234	6,177,707	\$23.40	\$0.3094	\$1.1183	\$0.0411	\$ -	\$4.8651	5,013	1,911	6,909	254	0	30,055	44,142
12 Industrial	383	4,590	382,033	\$70.00	\$0.3094	\$1.1183	\$(0.0716)	\$ -	\$4.7698	321	118	427	(27)	0	1,822	2,662
13 Municipal/MS	395	4,740	499,310	\$23.40	\$0.3094	\$1.1183	-	\$ -	\$4.2723	111	154	558	0	0	2,133	2,957
14 PHA Rate 8	270	3,240	44,766	\$23.40	\$0.3094	\$1.1183	\$0.0411	\$ -	\$5.0163	76	14	50	2	0	225	366
15 PHA/GS	1,948	23,376	179,196	\$13.75	\$0.3094	\$1.1183	\$0.0301	\$ -	\$5.7105	321	55	200	5	0	1,023	1,606
16 <i>Total Heat Firm</i>	470,899	5,650,788	42,475,660							80,101	13,142	47,501	1,293	0	270,933	412,970
17 Total Heat & Non-Heat Firm	490,812	5,889,747	44,027,380							83,855	13,622	49,236	1,334	0	279,126	427,173
18																
19 Firm Transport																
20 Non-Heating:																
21 Residential	826	9,908	14,128	\$13.75	\$0.3094	\$1.1183	\$0.0301	\$ -	\$6.6967	136	4	16	0	0	95	251
22 Commercial	542	6,504	500,347	\$23.40	\$0.3094	\$1.1183	\$0.0411	\$ -	\$4.8651	152	155	560	21	0	2,434	3,321
23 Industrial	33	399	145,535	\$70.00	\$0.3094	\$1.1183	\$(0.0716)	\$ -	\$4.7698	28	45	163	(10)	0	694	919
24 Municipal/MS	176	2,112	53,645	\$23.40	\$0.3094	\$1.1183	-	\$ -	\$4.2723	49	17	60	0	0	229	355
25 NGV	1	12	1,321	\$35.00	\$0.3094	\$1.1183	-	\$ -	\$1.2833	0	0	1	0	0	229	355
26 <i>Total Non Heat FT</i>	1,578	18,935	714,976							366	221	800	11	0	3,452	4,847
27																
28 Heating:																
29 Residential	11,386	136,629	976,027	\$13.75	\$0.3094	\$1.1183	\$0.0301	\$ -	\$6.6967	1,879	302	1,091	29	0	6,536	9,838
30 Commercial	2,389	28,666	3,280,305	\$23.40	\$0.3094	\$1.1183	\$0.0411	\$ -	\$4.8651	671	1,015	3,668	135	0	15,959	21,448
31 Industrial	82	978	302,453	\$70.00	\$0.3094	\$1.1183	\$(0.0716)	\$ -	\$4.7698	68	94	338	(22)	0	1,443	1,921
32 Municipal/MS	199	2,388	295,466	\$23.40	\$0.3094	\$1.1183	-	\$ -	\$4.2723	56	91	330	0	0	1,262	1,740
33 PHA	821	9,852	402,213	\$13.75	\$0.3094	\$1.1183	-	\$ -	\$5.0163	135	124	450	0	0	2,018	2,727
34 <i>Total Heat FT</i>	14,876	178,513	5,256,463							2,809	1,626	5,878	143	0	27,218	37,674
35 <i>Total FT</i>	16,454	197,448	5,971,439							3,175	1,848	6,678	153	0	30,670	42,522
36																
37 Total PGW	507,266	6,087,195	49,998,819							87,030	15,470	55,914	1,487	0	309,796	469,694

PHILADELPHIA GAS WORKS
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)
2019 REVENUE & RECOVERABLE COSTS - YTD

<u>Month</u>		<u>Total DSIC</u> <u>Revenue Billed</u>	<u>DSIC Recoverable</u> <u>Costs</u>
January 2019	Actual	\$ 5,579,424	\$ -
February	Actual	\$ 5,883,125	\$ -
March	Actual	\$ 5,076,106	\$ -
April	Actual	\$ 3,092,647	\$ -
May	Actual	\$ 1,733,600	\$ 6,799,028

PHILADELPHIA GAS WORKS
JULY 1, 2019 - QUARTERLY FILING
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

RECOVERABLE COSTS - 3/1/19 to 5/31/19

FERC Account #	PGW Project #	Location	Type	Costs			
				Mar-19	Apr-19	May-19	Total
376	411462	1700 Bancroft St, 1700-1800 S 16th St, 1700 Mole St	8" (LP / IP)	\$ -	\$ -	\$ 551,404	\$ 551,404
376	411540	100-400 W Luzerne 3800-3900 N Front 100-200 E Erie 3500-3700 B 200-300 E Tioga	30" HP	\$ -	\$ -	\$ 6,230,865	\$ 6,230,865
376	411410	4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum	12" LP	\$ -	\$ -	\$ 1,307,472	\$ 1,307,472
376 *	411364	Collins, Ontario to Tioga; Tioga, Collins to Brabant; Ontario, Kensington to Collins	30" HP	\$ -	\$ -	\$ (438,634)	\$ (438,634)
376 *	411477	1400 - 1800 Washington Ln.	12" HP	\$ -	\$ -	\$ 3,442	\$ 3,442
376 *	411457	1100, 4500 Adams, 1100-1400 Unity, 4300 E Wingohocking, 4400 Oakland, 4300-4400 Elizabeth, 4400 Leiper	12" HP	\$ -	\$ -	\$ (69,578)	\$ (69,578)
376 *	411333	1400-1500 Conlyn, 1400-1500 Grange, 1400-1500 Clearview, 5700-5800 N. 15th, 5700-5800 N. 16th	8" (LP / IP), 12" LP	\$ -	\$ -	\$ (168,441)	\$ (168,441)
376 *	411372	6000-6300 Wister, 6100-6300 N. Beechwood, 6200 N. Norwood, 2100 Medary	8" (LP / IP), 20" LP	\$ -	\$ -	\$ (464,344)	\$ (464,344)
376 *	411371	5500-5600 Sprague, Blakemore, Matthews, Ardleigh, 5700 Anderson, 1000-1100 Woodlawn, 1000-1200 Chelton	8" (LP / IP)	\$ -	\$ -	\$ (85,141)	\$ (85,141)
376 *	411374	200 Wolf, 100 Daly, 2100-2200 Front, 100-200 Jackson, 100-200 Snyder, 2100 S. 2nd	8" (LP / IP)	\$ -	\$ -	\$ (84,331)	\$ (84,331)
376 *	411394	3700-3900 Cresson, 100 Salaingnac, 100-200 Hermit, 100 Seville, 3700-3800 Sharp	8" (LP / IP)	\$ -	\$ -	\$ 1,802	\$ 1,802
376 *	411408	2500-2600 S. 68th, 6800-6900 Elmwood, 6800 Dicks Ave, 2500-2600 Carroll, 2500 Massey	8" (LP / IP)	\$ -	\$ -	\$ (67,886)	\$ (67,886)
376 *	411423	2000 Gratz St, 2000 Cleveland St, 1900-2000 18th St, 1900 17th St, 1800 Fontain St, 1800 Norris St, 1700 Monument St, 1600 Berks St, 1800 Berks St	8" (LP / IP)	\$ -	\$ -	\$ 201,859	\$ 201,859
376 *	411428	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	8" (LP / IP)	\$ -	\$ -	\$ 81,195	\$ 81,195
376 *	411431	6100-6200 Lindbergh Ave, 6100-6200 Harley Ave, 2900 Felton Ave, 2900 S 62nd St, 2900 Robinson St, 2900 Dewey St	8" (LP / IP)	\$ -	\$ -	\$ (44,668)	\$ (44,668)
376 *	411456	4800-4900 Summerdale, 4600-4700 Roosevelt Blvd, 800-900 Adams Ave	12" HP	\$ -	\$ -	\$ 1,649	\$ 1,649
376 *	411478	4700-5200 N 9TH ST 900 W FISHER AVE 5300-5500 N 11TH ST Lining Job	30" HP	\$ -	\$ -	\$ 111,361	\$ 111,361
376 *	411488	7600 Germantown, 00-100 Roumfort, 7200-7500 Boyer, 00 McPherson, 7400-7500 Devon St	12" HP	\$ -	\$ -	\$ (144,610)	\$ (144,610)
376 *	411420	500-600 Gates St, 500 Acorn St, 6300 Lawnton St	8" (LP / IP)	\$ -	\$ -	\$ 112,865	\$ 112,865
376 *	411435	1200-1500 N Howard St, 100 Master St, 1300 Hope St, 100 Jefferson St	8" (LP / IP)	\$ -	\$ -	\$ (237,254)	\$ (237,254)

* Adjustment To Project From 2018

Recoverable Costs (DSIC) \$ - \$ - \$ 6,799,028 \$ 6,799,028

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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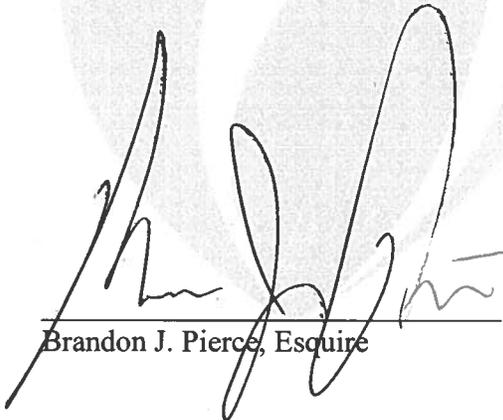
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Dated: June 20, 2019



Brandon J. Pierce, Esquire