

Daniel Clearfield
717.237.7173
dclearfield@eckertseamans.com

October 31, 2019

VIA HAND DELIVERY

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

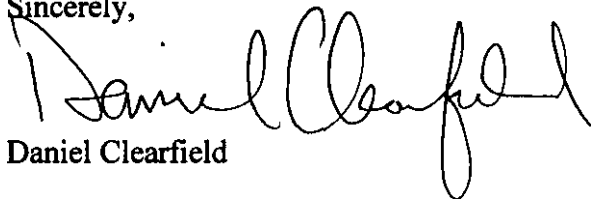
RE: Philadelphia Gas Works Annual Asset Optimization Plan for FY 2019 and FY
2020 (Projected) Docket No. M-2019-

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' (PGW) Annual Asset Optimization Plan for FY 2019 and FY 2020 (Projected). Copies will be served in accordance with the attached Certificate of Service.

Please contact me if you have any questions.

Sincerely,



Daniel Clearfield

DC/jls
Enclosure

cc: Certificate of Service w/encs.
Renardo Hicks, Esq. w/encs. (via email)
Paul Diskin w/encs. (via email)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Philadelphia Gas Works :
Annual Asset Optimization Plan :
FY 2019 and FY 2020 (Projected) : **Docket No. M-2019-_____**
:
:

**PHILADELPHIA GAS WORKS
ANNUAL ASSET OPTIMIZATION PLAN
FY 2019 AND FY 2020 (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, 2018 – August 31, 2019, and September 1, 2019 – August 31, 2020 (Projected).

PGW’s current LTIP (“LTIP II”) was approved by the Pennsylvania Public Utility Commission (“Commission”) on August 31, 2017,¹ 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, 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 seventh 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

¹ See Docket No. P-2017-2602315, *Opinion and Order* (Aug. 31, 2017).

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).

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observed below, PGW has exceeded the main replacement goals set forth in the LTIP II. In FY 2019, PGW replaced 34.60 miles of cast iron main, compared to the LTIP goal of 31.80 miles.

In FY 2020, PGW is currently projecting to replace 33.16 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 approximately \$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 LTIP.

The following data is submitted in compliance with that requirement (begins on next page):

⁴ 52 Pa. Code § 121.6.

(1) Description of eligible property repaired, improved, and replaced in the prior twelve-month period (FY 2019) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2020):

2019 Annual Asset Optimization Plan				
QUANTITIES	FY 2019		FY 2020	
	LTIIIP	Actual	LTIIIP	Projected
<u>CURRENT BASELINE PROGRAM</u>				
8" & Smaller LP/IP	18.00	18.10	18.00	18.00
<u>ACCELERATED PROGRAM</u>				
<u>12" & Larger HP</u>	5.50	5.79	5.30	6.47
<u>12" & Larger LP</u>	1.35	0.64	1.40	1.13
8" & Smaller LP/IP	7.00	10.06	7.00	7.18
Abandonment for Non-Use	N/A	N/A	N/A	0.38
ACCELERATED TOTALS	13.85	16.50	13.70	15.16
Yearly Totals	31.85	34.60	31.70	33.16

(2) Detailed description of facilities repaired, improved, and replaced in FY 2019:

2019 Annual Asset Optimization Plan					
FY 2019 Detailed Description of Facilities		* Blended diameter project.	**6" and 8" larger projected expenditure total and footage was incorrectly added on the 2018 ADP. It reflects a total of 8.77 miles and expenditures of \$1,851,940. It has been corrected to reflect 8.45 miles and expenditures of \$1,122,046 for total projected expenditures of \$32,697,327.		
30" HP		FY 2019 Actual		FY 2019 Projected	
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures	
100-400 W Luzerne 3800-3900 N Front 100-200 E Erie 3500-3700 B 200-300 E Tioga	5,611	\$6,444,600	5,997	\$5,637,980	
4000 - 4600 N 9TH St 400 - 800 W Luzerne	5,178	\$3,999,590	4,796	\$1,165,880	
30" HP TOTAL MILEAGE/COST	2.04	\$10,444,190.05	2.04	\$6,803,860	
20" HP					
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures	
100-400 W Luzerne 3800-3900 N Front 100-200 E Erie 3500-3700 B 200-300 E Tioga	152	TRANSITION-DIGITAL SERVICES DIVISION Luzerne 3800-3900 N Front 100-200 E Erie 3500-3700 B 200-300 E Tioga			
20" HP TOTAL MILEAGE/COST	0.03				
16" HP					
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures	
63rd Market to Haverford Calhoun/D Gross to Felton (Lining).	4,394	\$3,914,348	4,221	\$598,486	
16" HP TOTAL MILEAGE/COST	0.83	\$3,914,347.73	0.80	\$598,486	
12" HP					
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures	
1900-2200 Bryn Mawr Ave 5000-5100 Diamond St	1,561	\$888,873	1,442	\$690,417	
3rd Ohey to 65th Chelton 3rd to 5th 3. 65th 3rd to Walnut Park	6,160	\$2,084,723	6,255	\$3,375,000	
5600 Rising Sun, 300-400 E Godfrey, 5700 Newton, 300 E Sanger, 5700-5800 Weymouth	2,793	\$1,288,557	2,640	\$1,663,200	
700-800 E Upsal St	462	\$303,819	1,060	\$477,000	
8500 Glen Campbell, 900 Lomond, 900 Glenroy, 900 E Cathedral 8400-8500 Chippewa	1,807	\$645,896	1,884	\$729,610	
Red Lion Halteman to Buskleton HP Main Replacement	2,469	\$1,319,859	2,545	\$1,692,000	
12" HP TOTAL MILEAGE/COST	2.89	\$6,531,728.01	3.00	\$8,627,227	
12" & Larger HP Total		5.79	\$20,890,265.79	5.84	\$16,029,578

(table continued on next page)

12" & Larger LP				
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures
200 E Washington, 6300 Morton St, 6300 Gardenia St, 6300 Carnation St	425	\$1,334,145	422	\$1,047,430
2000 Spruce St, 2000 Waverly St	497	\$587,642	507	\$297,955
4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum	1,551	\$1,329,830	1,410	\$1,137,186
63rd Market to Haverford Callowhill Gross to Felton	76	*Shared Project - See total expenditures under 63rd Market to Haverford Callowhill Gross to Felton W/P	76	\$913,337
2100 Fanshawe St, 6600 Bustleon Ave, 6600 Akron St, 6600 Eastwood St, 6600 Oakland St, 2000 Magee, 1900-2000 Unruh	853	*Shared Project - See total expenditures under 2100 Fanshawe St, 6600 Bustleon Ave, 6600 Akron St, 6600 Eastwood St, 6600 Oakland St, 2000 Magee, 1900-2000 Unruh W/P		
12" LP TOTAL MILEAGE/COST	0.64	\$3,251,616.26	0.46	\$3,395,908
8" and Smaller LP/IP				
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures
1100, 4500 Adams, 1100-1400 Unity, 4300 E Wingohocking, 4400 Oakland, 4300-4400 Elizabeth, 4400 Leiper (Small Diameter portion, Large Diameter portion was on 2018 AOP)	3658	\$547,580.71	3628	\$1,350,106
1300-1400 E. Montgomery, 600 Gaul, 600 Miller	1,758	\$575,244	1,663	\$565,853
1700-1800 Spruce St, 1700-1800 Delancey St, 1700 Panama St, 1600 Pine St, 1700-1800 Addison St, 1700 Lombard St, 200 & 400 S 18th St, 300-400 S 17th St, 300 Chadwick St	4,030	\$2,457,610	4,030	\$1,224,716
2100 Fanshawe St, 6600 Bustleon Ave, 6600 Akron St, 6600 Eastwood St, 6600 Oakland St, 2000 Magee, 1900-2000 Unruh	5,683	\$1,767,681	6,303	\$1,966,120
2100 S 23rd, 2200 Cantrell, 2200 Winton, 2100-2300 S 22nd, 2100 Wolf, 2200-2300 Croskey, 2200-2300 Hemberger, 2300 Jackson, 2200 S 24th	4,928	\$1,156,546	4,798	\$1,071,843
2800-2900 Chatham St, 2900 Gaul St, 2800-2900 Belgrade St, 2400-2600 Cambria St, 2500 Monmouth St	3,499	\$858,320	2,951	\$1,041,536
2900 Ella St, 2800-2900 Kip St, 2800-2900 B St, 2800 Rosehill, 300 E Cambria, 300 E William St	3,140	\$1,074,625	2,992	\$1,044,053
300-500 E Washington Ln, 6200-6300 Homer St, 6300 Ross St	3,392	\$1,489,803	3,373	\$940,261

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500-600 Gates St, 500 Acorn St, 6300 Lawnton St	6,393	\$1,219,275	5506	\$971,373
6100-6200 Lansdowne, 1500 Felton, 1400-1500 S. 62nd, 1500 S. 61st, 1400-1500 Robinson, 6100-6200 Media, 1400 Hirst, 6100-6200 Master	5,100	\$1,604,942	5246	\$1,036,185
1700 Bancroft St, 1700-1800 S 16th St, 1700 Mole St	1,658	\$624,790	Not originally planned. Added during FY 19	
900 S. 8th, 700 Salter, 700 Montrose, 700 Carpenter, 900 Beulah, 900 S. 7th	572	\$1,272,145	Not originally planned. Added during FY 19	
200 E Washington, 6300 Morton St, 6300 Gardenia St, 6300 Carnation St	3,508	*Blended Project - Sanitair expenditures under 200 E Washington, 6300 Morton St, 6300 Gardenia St, 6300 Carnation St LP	3364	
2000 Spruce St, 2000 Waverly St	482	*Blended Project - Sanitair expenditures under 2000 Spruce St, 2000 Waverly St LP	483	
4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum	3,100	*Blended Project - Sanitair expenditures under 4300-4400 Edgemont, 2600-2700 Orthodox, 2600 Lefevre, 4300-4500 Salmon, 2700 Plum LP	3386	
63rd Market to Haverford Callowhill Gross to Felton	838	*Blended Project - Sanitair expenditures under 63rd Market to Haverford Callowhill Gross to Felton LP	846	
1900-2200 Bryn Mawr Ave 5000-5100 Diamond St	1326	*Blended Project - Sanitair expenditures under 1900-2200 Bryn Mawr Ave, 5000-5100 Diamond St LP	1390	
8500 Glen Campbell, 900 Lomond, 900 Glenroy, 900 E Cathedral, 8400-8500 Chippewa	46	*Blended Project - Sanitair expenditures under 8500 Glen Campbell, 900 Lomond, 900 Glenroy, 900 E Cathedral, 8400-8500 Chippewa LP		
8" and Smaller LP/IP TOTAL MILEAGE/COST	10.06	\$14,648,561.81	**9.46	*** \$11,212,046
Abandonment for Non-Use				
Project Location	CI Removed from Inventory	Expenditures	CI Removed from Inventory	Expenditures
Abandonment for Non-Use Mileage/COST				
Total Cast Iron Inventory Reduction Acceleration	16.50	\$38,790,444	15.76	\$30,637,527

(table continued on next page)

(3) Detailed description of facilities projected to be repaired, improved, and replaced in FY 2020:

2020 Annual Asset Optimization Plan FY 2020 Detailed Description of Facilities		
	* Blended diameter project.	
30" HP	FY 2020 Projected	
Project Location	CI Removed from Inventory	Expenditures
1800-2400 Venango, 3600 Balfour, 2900 E Victoria, 3600 Bath	4,335	\$3,781,498
2700-2900 Castor Ave; 3600 Balfour St, 3700-3800 Thompson	3,640	\$643,939
30" HP TOTAL MILEAGE/COST	1.51	\$4,425,437
20" HP		
2700 C St, 4200 E Somerset St, 3200 Kensington Ave/ 900-1200 W. Lycoming/300 E Lehigh to 2000 E Lehigh	3518	\$1,894,869
20" HP TOTAL MILEAGE/COST	0.67	\$1,894,869

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12" HP		
Project Location	CI Removed from Inventory	Expenditures
5200-5300 Parkside Ave, 3200-3300 52nd St	2,925	\$785,855
1500-1900 Belmont Ave	3,825	\$1,131,389
Unit W Hampton, 8800, 9000-9100 Crefeld, 8500-8700 Seminole	2,832	\$1,473,611
5600-5800 N 12th St	1,342	\$471,289
7200-8200 Ridge Ave	5,724	\$1,797,800
300 E Lehigh to 1100 W Lehigh	6,000	\$2,255,073
2700 C St, 4200 E Somerset St, 3200 Kensington Ave/ 900-1200 W. Lycoming/300 E Lehigh to 2000 E Lehigh	21	<small>*Blended Project- See total projected expenditures under 2700 C St, 4200 E Somerset St, 3200 Kensington Ave/ 900-1200 W. Lycoming/300 E Lehigh to 2000 E Lehigh 20" HP</small>
12" HP TOTAL MILEAGE/COST	4.29	\$7,915,017
12" & Larger HP Total	6.47	\$14,235,323

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12" & Larger LP		
Project Location	CI Removed from Inventory	Expenditures
5800-5900 Woodbine 2100-2200 58th 5700 Malvern	3,137	\$1,480,205
1400-1700 Frankford Ave, Unit E Columbia Ave, Unit E Oxford St, 1400 Marlborough St	1,113	\$708,930
Unit-200 N 60th St, 5900-6100 Vine St	1,695	\$1,436,296
12" LP TOTAL MILEAGE/COST	1.13	\$3,625,431
8" and Smaller LP/IP		
Project Location	CI Removed from Inventory	Expenditures
5100 Ogden St, 4900-5100 Parrish St, 4900-5000 Reno St, 4800 Brown St, 800 49th St	2,552	\$1,087,878
100 W Sharpnack St, 100 W Weaver St, 6500 Berdan St, 6500 Cherokee St	1,963	\$518,257
Unit-200 W Johnson St, 6300 McCallum St, Unit-100 W Pamona St, 6300-6400 Cherokee St, 100 W Cliveden St, 6400 Emlen St, 6000 Emlen St	5,142	\$1,197,882
1500 E. Montgomery, 1500 E. Wilt, 1600 E. Berks, 1600 Eyre, 1600 Hewson, 1700-1800 Tulip, 1800 Memphis	3,099	\$848,745
5800 Woodcrest 5800 Malvern 2200 Wanamaker 2200 Hobart 2200 Melvin	3,615	\$852,774
1300 Greeby St	87	\$136,265
4800-4900 Hawthorne, 4900 Duffield St, 1700 Fillmore St, 1700 Wakelling St, 1700 Harrison St	2714	\$560,391
100 W Gurney, 2900 Front, 2800-2900 Hope, 2900 Howard, 2900 Waterloo, 100 Somerset	2233	\$641,725
4900 N 5th St, 500-600 W Ruscomb St, 5000 N Fairhill St, 500 Ashdate St, 5000 N 6th St	3304	\$712,167
500-600 66th 6600 N 5th 6600-6700 N Fairhill 6600-6700 N 6th	4296	\$794,042

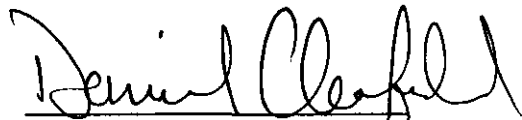
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1000 McKean 1100 McKean 1000 Mercy 2000 Hutchinson	1577	\$463,353
900 Chew, 5600 N 11th St, 5600 N Warnock St, 5600 N 10th St	1493	\$394,082
5800-5900 Woodbine 2100-2200 58th 5700 Malvern	821	*Blended Project- See total projected expenditures under 5800-5900 Woodbine 2100-2200 58th 5700 Malvern 12" LP
1400-1700 Frankford Ave, Unit E Columbia Ave, Unit E Oxford St, 1400 Marlborough St	1106	*Blended Project- See total projected expenditures under 1400-1700 Frankford Ave, Unit E Columbia Ave, Unit E Oxford St, 1400 Marlborough St 12" LP
Unit-200 N 60th St, 5900-6100 Vine St	3,916	*Blended Project- See total projected expenditures under Unit-200 N 60th St, 5900-6100 Vine St 12" LP
8" and Smaller LP/IP TOTAL MILEAGE/COST	7.18	\$8,207,561
Abandonment for Non-Use		
Project Location	CI Removed from Inventory	Expenditures
2300-2500 Passyunk Ave (16" HP)	2000	\$346,651
Abandonment for Non-Use Mileage/COST	0.38	\$346,651.00
Total Cast Iron Inventory Reduction Acceleration	15.16	\$26,414,966

III. CONCLUSION

PGW's Annual Asset Optimization Plan for FY 2019 and projections for FY 2020 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,



Daniel Clearfield, Esquire
Eckert Seamans Cherrin & Mellott, LLC
213 Market Street, 8th Fl.
Harrisburg, PA 17101
717-237-6000
dclearfield@eckertseamans.com

Dated: October 31, 2019

Attorneys for Philadelphia Gas Works

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Annual Asset Optimization Plan for FY 2019 and FY 2020 (Projected) upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.


Darryl Lawrence, Esq.
Erin Gannon, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921
dlawrence@paoca.org
egannon@paoca.org

Sharon Webb, Esq.
Office of Small Business Advocate
Forum Place Building
555 Walnut Street, 1st Floor
Harrisburg, PA 17120
swebb@pa.gov

Richard Kanaskie, Esq.
Bureau of Investigation & Enforcement
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street, 2nd Floor
Harrisburg, PA 17120
rkanaskie@pa.gov

Charis Mincavage, Esq.
Adeolu Bakare, Esq.
McNees Wallace & Nurick
100 Pine Street
Harrisburg, PA 17101
cmincavage@mwn.com
abakare@mwn.com

Date: October 31, 2019


Daniel Clearfield, Esquire

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