



PHILADELPHIA GAS WORKS

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October 30, 2020

Via E-Filing Only

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: Philadelphia Gas Works Annual Asset Optimization Plan for FY 2020 and FY 2021
(Projected) Docket No. M-2020-

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' (PGW) Annual Asset Optimization Plan for FY 2020 and FY 2021 (Projected). This Plan is also being filed in Docket No. M-2020-3019711, the Commission's periodic review of PGW's Long-Term Infrastructure Improvement Plan. Copies will be served in accordance with the attached Certificate of Service.

Respectfully,

/s/ Craig W. Berry
Craig W. Berry, Esquire

Enclosure

cc: Certificate of Service (email only)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's AAO Plan upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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/s/ Craig W. Berry
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Periodic Review of Philadelphia Gas Works' :
Long-Term Infrastructure Improvement Plan : Docket No. M-2020-
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**PHILADELPHIA GAS WORKS
ANNUAL ASSET OPTIMIZATION PLAN
FY 2020 AND FY 2021 (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 LTIIIP period September 1, 2019 - August 31, 2020, and September 1, 2020 - August 31, 2021 (Projected).

PGW's current LTIIIP (“LTIIIP 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 LTIIIP, on February 12, 2016, PGW filed a petition to modify the final year of the LTIIIP, 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 LTIIIP modification by Order dated June 9, 2016.³

This is the eighth 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.

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).

In FY 2020, PGW removed 27.33 miles of cast iron main from inventory, compared to the LTIP goal of 31.70 miles. The 4.37-mile shortfall is the direct result of the 10-week shutdown from mid-March through May due to the COVID-19 pandemic.

In FY 2021, PGW is projecting to replace 36.03 miles of at-risk main. This projection is 4.44 miles above the FY 2021 approved mileage of 31.59. The additional mileage of at-risk main removal will make up for the shortfall caused by the construction shutdown in FY 2020.

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.

⁴ 52 Pa. Code § 121.6.

(1) Description of eligible property repaired, improved, and replaced in the prior twelve-month period (FY 2020) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2021):

FY 2020 Annual Asset Optimization Plan				
<i>QUANTITIES in miles</i>	<u>FY 2020</u>		<u>FY 2021</u>	
	LTIP	Actual	LTIP	Projected
<u>BASELINE PROGRAM</u>				
8" & Smaller LP/IP	18.00	18.05	18.00	18.00
<u>ACCELERATED PROGRAM</u>				
12" & Larger HP	5.30	5.72	5.25	5.92
12" & Larger LP	1.40	0.59	1.34	1.12
8" & Smaller LP/IP	7.00	2.97	7.00	10.98
Abandonment for Non-Use	0.00	0.00	0.00	0.00
ACCELERATED TOTALS	13.70	9.28	13.59	18.03
Yearly Totals	31.70	27.33	31.59	36.03

(2) Detailed description of facilities repaired, improved, and replaced in FY 2020:

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
1500 E. Montgomery, 1500 E. Wilt, 1600 E. Berks, 1600 Eyre, 1600 Hewson, 1700-1800 Tulip, 1800 Memphis	3,099	\$848,745	3,250			3,250	\$843,387
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	5,321			5,321	\$1,208,983
100 W Sharpnack St, 100 W Weaver St, 6500 Berdan St, 6500 Cherokee St	1,963	\$518,257	1,966			1,966	\$373,382
5100 Ogden St, 4900-5100 Parrish St, 4900-5000 Reno St, 4800 Brown St, 800 49th St	2,552	\$1,087,878	2,582			2,582	\$967,285
5800-5900 Woodbine 2100-2200 58th 5700 Malvern	3,958	\$1,480,205	851	3,128		3,979	\$2,002,194
Unit W Hampton, 8800, 9000-9100 Crefeld, 8500-8700 Seminole	2,832	\$1,473,611			4,706	4,706	\$1,810,569
1300 Greeby St	87	\$136,265	144			144	\$220,797
5600-5800 N 12th St	1,342	\$471,289			1,326	1,326	\$600,291
1800-2400 Venango, 3600 Balfour, 2900 E Victoria, 3600 Bath	4,335	\$3,781,498			4,434	4,434	\$4,021,995
2700-2900 Castor Ave; 3600 Balfour St, 3700-3800 Thompson	3,640	\$643,939			3,688	3,688	\$679,669
4200-4300 Westminster Ave			22		339	361	\$515,292
4800-4900 Hawthorne, 4900 Duffield St, 1700 Fillmore St, 1700 Wakeling St, 1700 Harrison St	2,714	\$560,391	2,698			2,698	\$437,163

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
4900 N 5th St, 500-600 W Ruscomb St, 5000 N Fairhill St, 500 Ashdale St, 5000 N 6th St	3,304	\$712,167	3,238			3,238	\$408,619
2300-2500 Passyunk Ave	2,000	\$346,651			1,780	1,780	\$602,565
900 Chew, 5600 N 11th St, 5600 N Warnock St, 5600 N 10th St	1,493	\$394,082	1,484			1,484	\$516,784
1000 McKean 1100 McKean 1000 Mercy 2000 Hutchinson	1,577	\$463,353	1,570			1,570	\$433,780
300 E Lehigh to 1100 W Lehigh	6,000	\$2,255,073	88		6,332	6,420	\$2,686,220
Total Cast Iron Main Footage Removed / Total Cost	46,038	\$16,371,286	15,658	3,128	30,209	48,947	\$18,328,975
Mileage	8.72		2.97	0.59	5.72	9.27	

(3) Detailed description of facilities projected to be repaired, improved, replaced in FY 2021:

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
7200-8200 Ridge Ave			5,724	5,724	\$2,109,477
1700 N 54th St, 1700 N Ruby St, 1700 Georges Ln, 5300 Hazelhurst St, 5300 Columbia Ave	2,534			2,534	\$633,043
Unit-200 N 60th St, 5900-6100 Vine St	3,916	1,695		5,611	\$1,439,877
100 W Gurney, 2900 Front, 2800-2900 Hope, 2900 Howard, 2900 Waterloo, 100 Somerset	2,233			2,233	\$615,920
1600 N 54th ST, 5300 Turner ST, 5300 Oxford St, 5300 Jefferson St	2,175			2,175	\$662,620
4000-4600 S. Broad St			2,183	2,183	\$1,139,953
500-600 E Tioga, 3500 F St, 700 E Venango			1,976	1,976	\$1,778,465
3100-3300 S 61st			965	965	\$841,690
1400-1700 Frankford Ave, Unit E Columbia Ave, Unit E Oxford St, 1400 Marlborough St	1,106	1,113		2,219	\$778,161
500-600 66 th 6600 N 5 th 6600-6700 N Fairhill 6600-6700 N 6th	4,296			4,296	\$775,445
2700 E Allegheny, 3100 Salmon, 3100 Emery, 2700 E Madison, 3200 Edgemont, 3200 Tilton	2,808			2,808	\$941,328
2800-3400 E. Thompson St	369		4,832	5,201	\$4,064,622
Venango St - Aramingo to Kensington	63		3,505	3,568	\$3,255,824
700-900 Morris 1600 S 8th 800 Fernon 1600 Franklin 700 Tasker	2,360			2,360	\$913,546
4000-4200 Passmore 4200 Hellerman 4200 Elbridge 6400 Erdrick 6400 Walker 6400 Charles	5,370			5,370	\$2,004,293
300-500 N 31st, 3100 Powelton			1,640	1,640	\$682,277
Adams Ave - Unity to Orthodox			1,281	1,281	\$524,421

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
4400-4500 E Thompson 4500 Mercer 4400-4500 Almond 4400 Belgrade 2500-2600 Lefevre 2600 Wilmot 4400 Livingston 2500 Buckius	4,851			4,851	\$1,285,843
6900 Shelbourne 200-400 Longshore 300-400 Kerper St 6700-6900 Oakland 6800 Martins Mills	3,701			3,701	\$974,323
3900-4300 Wissahickon, 2500 Roberts, 2200-2300 Venango			2,987	2,987	\$1,456,513
1300 Farrington, 1300 Pennington, 1300 N 76th, 7500-7600 Malvern, 7500-7600 Brockton	4,853	1,200		6,053	\$1,160,435
6000-6200 Washington 6000-6200 Ellsworth 6100-6200 Cobbs Creek Pkwy 1000 S 61st	4,208	593		4,801	\$1,109,137
100 W Tioga, 100-200 E Tioga, 3500 Mascher, 100 W Venango, 100-200 W Glenwood	274		2,550	2,824	\$2,245,093
1100 Oxford 1200 Oxford 1600 Marvine			952	952	\$1,056,514
Unit W Logan 4900-5100 Knox 100 Manheim 5100 Marion 5100 Greene Unit Ashmead PI S Unit Ashmead PI N	4,434	605		5,039	\$1,381,296
1800 Diamond 1900 Diamond 2000 Diamond 2100 Diamond 2100 Van Pelt 2200 Van Pelt 2300 Beechwood			2,658	2,658	\$3,137,847
3300 Ainslie St, 3300 Tilden St, 3400-3500 Vaux St, 3500 Henry St	1,752	117		1,869	\$682,165
7400 Jackson St, 4300-4400 Loring St, 4400-4600 Vista St, 4300-4400 Shelmire St	4,691	606		5,297	\$2,305,333
900-1000 Dakota 2300 N 11th 1000 Arizona 2300 N 10th 2300 N 8th	1,996			1,996	\$472,688
Total Cast Iron Main Footage Removed / Total Cost	57,990	5,929	31,253	95,172	\$40,428,150
Mileage	10.98	1.12	5.92	18.03	

III. CONCLUSION

Although PGW's Annual Asset Optimization Plan for FY 2020 fell short of the projected at-risk main removal mileage set forth in the approved LTIIIP, this was caused by circumstances out of PGW's control. In the prime construction season, the Commonwealth of Pennsylvania ordered a state-wide construction shutdown for approximately 10 weeks due to the COVID-19 pandemic. In addition, although PGW did not hit the projections for FY 2020, the cumulative mileage of at-risk main removed in three (3) years completed of LTIIIP II still exceeds the projected mileage in the approved LTIIIP II. Furthermore, PGW plans to make up the FY 2020 shortfall in mileage in FY 2021.

To recap, although PGW did fall short of the projected mileage in FY 2020 due to unavoidable circumstances, the projection for FY 2021 demonstrates, in accordance with 52 Pa. Code § 121.6, that PGW's performance substantially complies, with the overall schedule of repairs, improvements, and replacements of the specific eligible property set forth in its current LTIIIP II for the corresponding twelve-month periods.