



PHILADELPHIA GAS WORKS

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October 27, 2021

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 2021 and FY 2022
(Projected) Docket No. M-2021-**

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' (PGW) Annual Asset Optimization Plan for FY 2021 and FY 2022 (Projected).

If you have any questions on this matter please do not hesitate to contact me..

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
Craig W. Berry, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Periodic Review of Philadelphia Gas Works’ Long-Term Infrastructure Improvement Plan : Docket No. M-2021-
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**PHILADELPHIA GAS WORKS
ANNUAL ASSET OPTIMIZATION PLAN
FY 2021 AND FY 2022 (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, 2020 - August 31, 2021, and September 1, 2021 - August 31, 2022 (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

¹ See Docket No. P-2017-2602315, Opinion and Order (August 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).

This is the ninth 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.

In FY 2021, PGW removed 37.48 miles of cast iron main from inventory, compared to the LTIP goal of 31.59 miles. Actual replacement in FY 2021 exceeded the FY 2021 LTIP goal by 5.90 miles making up for the shortfall of 4.37 miles in FY 2020, which occurred as a direct result of the FY 2020 10-week shutdown from mid-March through May due to the COVID-19 pandemic.

In FY 2022, PGW is projecting to replace 33.04 miles of at-risk main. This projection is 1.69 miles above the FY 2022 approved mileage of 31.35. The additional mileage of planned at-risk main removal is due to PGW's heightened main replacement efficiency and the ability to maximize DSIC billings.

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 2021) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2022):

FY 2021 Annual Asset Optimization Plan				
<i>QUANTITIES in miles</i>	<u>FY 2021</u>		<u>FY 2022</u>	
	LTIIIP	Actual	LTIIIP	Projected
<u>BASELINE PROGRAM</u>				
8" & Smaller LP/IP	18.00	17.45	18.00	18.00
12" & Larger LP/IP	N/A	0.59	N/A	N/A
12" & Larger HP	N/A	0.003	N/A	N/A
Baseline Totals	18.00	18.05	18.00	18.00
<u>ACCELERATED PROGRAM</u>				
12" & Larger HP*	5.25	5.51	5.15	4.19
12" & Larger LP/IP	1.34	1.15	1.20	2.83
8" & Smaller LP/IP	7.00	12.78	7.00	7.06
Abandonment for Non-Use*	0.00	0.00	0.00	0.96
ACCELERATED TOTALS	13.59	19.43	13.35	15.04
Yearly Totals	31.59	37.48	31.35	33.04

*Total 12" and Larger HP projected for FY 2022 to be removed from service is 5.15 miles. This is accomplished through the abandonment for non-use of 0.96 miles and the replacement of 4.19 miles.

(2) Detailed description of facilities repaired, improved, and replaced in FY 2021:

Final costs for some projects were estimated from Contractor invoices and have not been paid to date

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
5800 Thompson St 1300 N 59th St 5800 Master St 1300 N Wanamaker St	3,484	\$842,817.00	3,480			3,480	\$731,832
7200-8200 Ridge Ave	5,919	\$2,109,477.00	103		5,960	6,063	\$3,113,095
1700 N 54th St, 1700 N Ruby St, 1700 Georges Ln, 5300 Hazelhurst St, 5300 Columbia Ave	2,534	\$633,043.00	2,816			2,816	\$595,068
Unit-200 N 60th St, 5900-6100 Vine St	5,611	\$1,439,877.00	4,188	1,618		5,806	\$1,642,471
100 Wishart St, 100 Lippincott St, 100 Clearfield St, 100 W Indiana Ave, 3000-3100 Howard St, 3000 Front St, 3000-3100 Hope St, 3000-3100 Mascher St	2,880	\$906,134.00	3,109			3,109	\$934,969
100 W Gurney, 2900 Front, 2800-2900 Hope, 2900 Howard, 2900 Waterloo, 100 Somerset	2,233	\$615,920.00	2,214			2,214	\$629,892
Unit-200 N Edgewood St, 6000 Race St, 6000 Summer St, 6000 Spring St, 6100 Race St, 200 N 61st St	3,240	\$665,854.00	3,331			3,331	\$669,953
1600 N 54th ST, 5300 Turner ST, 5300 Oxford St, 5300 Jefferson St	2,175	\$655,204.00	2,196			2,196	\$651,288
100 W Logan 4900-5100 Knox 100 Manheim 5100 Marion 5100 Greene Unit Ashmead PI S Unit Ashmead PI N	5,039	\$1,304,892.00	4,354	615		4,969	\$1,474,030
4000-4600 S.Broad St	2,212	\$2,162,068.00			2,248	2,248	\$2,309,114
3100-3300 S 61st	965	\$1,404,078.70			1,003	1,003	\$1,864,848

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
1400-1700 Frankford Ave, Unit E Columbia Ave, Unit E Oxford St, 1400 Marlborough St	2,219	\$778,161.00	966	1,230		2,196	\$1,035,520
500 W Roosevelt Blv, 4800 N 5th St, 4900 N Lawrence St, 300-400 W Ruscomb St, 5000 N 4th St, 400 Ashdale St	2,504	\$782,742.00	2,593			2,593	\$636,884
500-600 66th 6600 N 5th 6600-6700 N Fairhill 6600-6700 N 6th	4,296	\$775,445.00	4,200			4,200	\$772,506
2700 E Allegheny, 3100 Salmon, 3100 Emery, 2700 E Madison, 3200 Edgemont, 3200 Tilton	2,808	\$941,328.00	3,232			3,232	\$1,079,614
2800-3400 E. Thompson St	5,570	\$4,064,622.00	422		5,330	5,752	\$5,426,466
700-900 Morris 1600 S 8th 800 Fernon 1600 Franklin 700 Tasker	2,360	\$913,546.00	2,367			2,367	\$800,163
4500 Griscom 4500 Frankford 1500 Seller 1500 Gillingham	1,489	\$384,917.00	1,484			1,484	\$428,768
300-500 N 31st, 3100 Powelton	1,640	\$564,843.28			1,640	1,640	\$593,355
4500 Adams Ave, 1100 Adams Ave, 1100 Unity	1,281	\$524,421.00			1,281	1,281	\$679,088
4400-4500 E Thompson 4500 Mercer 4400-4500 Almond 4400 Belgrade 2500-2600 Lefevre 2600 Wilmot 4400 Livingston 2500 Buckius	5,745	\$1,285,843.00	5,786			5,786	\$1,194,597
6900 Shelbourne 200-400 Longshore 300-400 Kerper St 6700-6900 Oakland 6800 Martins Mills	3,701	\$902,926.12	3,886			3,886	\$823,002
1300 Farrington, 1300 Pennington, 1300 N 76th, 7500-7600 Malvern, 7500-7600 Brockton	6,053	\$1,160,435.00	4,853	1,200		6,053	\$1,214,286
7400 Jackson St, 4300-4400 Loring St, 4400-4600 Vista St, 4300-4400 Shelmire St	6,654	\$1,478,655.00	6,005	626		6,631	\$1,436,249
6000-6200 Washington 6000-6200 Ellsworth 6100-6200 Cobbs Creek Pkwy 1000 S 61st	4,801	\$1,140,440.00	4,119	663		4,782	\$1,292,725

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
1100 Oxford 1200 Oxford 1600 Marvine	952	\$870,051.00			952	952	\$963,190
1800 Diamond 1900 Diamond 2000 Diamond 2100 Diamond 2100 Van Pelt 2200 Van Pelt 2300 Beechwood	2,650	\$2,598,606.00			2,725	2,725	\$2,975,584
3300 Ainslie St, 3300 Tilden St, 3400-3500 Vaux St, 3500 Henry St	1,869	\$605,272.00	1,752	117		1,869	\$896,756
2700 C St, 4200 E Somerset St, 3200 Kensington Ave	3,518	\$1,920,293.00			3,765	3,765	\$2,269,704
1500-1900 Belmont Ave	3,825	\$1,132,537.00			4,178	4,178	\$1,698,994
Total Cast Iron Main Footage Removed / Total Cost	100,227	\$35,564,448	67,456	6,069	29,082	102,607	\$41,068,879
Mileage	18.98		12.78	1.15	5.51	19.43	

(3) Detailed description of facilities projected to be repaired, improved, replaced in FY 2022:

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
500-600 E Tioga, 3500 F St, 700 E Venango			2,018	2,018	\$2,403,304
4900-5800 Springfield Ave; 1600-1700 s 59th st			2,514	2,514	\$2,883,032
Flatrock- Main St, Ridge Ave			5,076	5,076	\$695,529
5700 Chestnut, 5700 Ludlow, 5700 Sansom, unit-100 S 57th, unit-100 S 58th St	4,332			4,332	\$1,238,120
3900-4300 Wissahickon, 2500 Roberts, 2200-2300 Venango			2,987	2,987	\$3,237,553
1100 Arrott, 1100 Overington, 4600 Naples	2,998			2,998	\$960,960
5400 Quentin 500 E Salignac St	1,559			1,559	\$523,380
2900 Poplar St, 800 N Pennock St, 900 N 26th St, 900 N Taney	872	1,523		2,395	\$1,163,799
100 W Tioga, 100-200 E Tioga, 3500 Mascher, 100 W Venango, 100-200 W Glenwood	286		2,396	2,682	\$3,204,620
Unit-100 W Tulpehocken, Unit W Washington	934	1,320		2,254	\$638,300
1600 Conklin, 1600 Dyre, 5000-5100 Duffield, 5000-5100 Hawthron, 5100 Darrah, 5100 Duffield	2,365			2,365	\$783,380
1600 Wakeling, 1600, Haworth, 5000 Duffield	2,069			2,069	\$532,220
4000 Ridge 4100 Ridge 4200 Ridge 4300 Ridge 4400 Ridge 4500 Ridge	646		4,164	4,810	\$4,974,291
5400 Torresdale; 2100 Betts; 2100 Kennedy; 2100 Larue; 2100 Simon; 2100 Fraley	2,664	2,013		4,677	\$2,516,157
700 N 23rd, 2200 Brown, 2200 Aspen, 700 N Croskey	1,735			1,735	\$540,540
7300-7400 Walnut, 2000-21000 74th, 7300 20th, 7400 Georgian	5,321			5,321	\$1,459,900
500-700 E Cheltenham, 5700 Stokes, 600 Stafford	2,287	614		2,901	\$729,560
5100 Keyser, 100-200 Manheim, 5000 Wayne, 2000 Seymour	1,096	1,244		2,340	\$1,091,034

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
200 Manheim, 200 Seymour, 5000-5100 Newhall, 200 Hansberry	2,606	468		3,074	\$1,312,857
1800 Mohican St, 1800 Nolan St, 7300 Thouron Ave, 1800 E Pastorius St, 7300 Rugby St	3,790	820		4,610	\$1,163,760
2800-3000 Oxford St, 1500 Hollywood St	855	838		1,693	\$700,440
2700 Oxford St, 1600 N. Marston St, 1600 N. 28th St, 1600 N. 27th St	903	420		1,323	\$417,040
2200-2800 Allegheny Ave, 3100 Pennock	1,231	3,196		4,427	\$1,205,880
6900-7000 Stenton, 1200-1400 Haines, 2200 Stenton, 5700-5800 Crittenden, 1300 Narragansett, 1300 E Rittenhouse, 1300 E Price	4,507	378		4,885	\$1,489,540
4500 Marple, 4500 Sheffield, 7500-7700 Jackson	2,497	52		2,549	\$610,220
4400-4500 Oakmont, 4500-4600 Shelmire, 7400-7500 Jackson	3,106	320		3,426	\$1,023,880
900-1300 Lehigh Ave	1,305	1,736		3,041	\$1,335,789
4900-5700 Springfield Ave	332		4,111	4,443	\$4,654,292
48th St - Market to Springfield; Springfield 49th to 48th	302		6,093	6,395	\$5,192,767
500-2300 Fitzwater (East)			2,019	2,019	\$1,349,762
1800-2300 E. Venango St	38		3,604	3,642	\$3,199,577
Total Cast Iron Main Footage Removed / Total Cost	37,259	14,942	27,214	79,415	\$41,262,395
Mileage	7.06	2.83	5.15	15.04	

III. CONCLUSION

Although PGW's Annual Asset Optimization Plan for FY 2021 fell short of the projected at-risk main removal mileage for 12" & Larger LP/IP set forth in the approved LTIP, PGW exceeded the projected at-risk main removal mileage for 12" & Larger HP set forth in the approved LTIP and plans to make up for the shortfall in mileage in the 12" & Larger LP/IP category in FY 2022. The cumulative mileage of at-risk main removed in the first four (4) years completed of PGW's current LTIP exceeds the first four years of projected mileage in the approved LTIP. Furthermore, with FY 2022 projections, PGW should exceed all categories by the end of the five-year LTIP period beginning September 1, 2017 through August 31, 2022 (PGW's fiscal years 2018 through 2022).

To recap, the projection for FY 2022 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 LTIP for the corresponding twelve-month periods.