



PHILADELPHIA GAS WORKS

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March 28, 2023

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 2022 and FY 2023
(Projected) Docket No. M-2022-3036434**

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Revised Annual Asset Optimization Plan for FY 2022 and FY 2023 (Projected). The revision was necessary because PGW revised the CY 2022 Distribution System Improvement Charge ("DSIC") recoverable costs to align with the allowable cap. This was done through the removal of one main replacement project from the CY 2022 May DSIC filing in Docket No. M-2022-3033086. Removing the project reduces PGW's 8" and smaller accelerated replacement by .48 miles. However, the overall mileage replaced for FY 2022 remains unaffected due to this mileage being captured under the Baseline Program instead.

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 2022 AND FY 2023 (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, 2021 - August 31, 2022, and September 1, 2022 - August 31, 2023 (Projected).

PGW's current LTIP ("LTIP III") was approved by the Pennsylvania Public Utility Commission ("Commission") on August 25, 2022,¹ and covers the five-year period beginning September 1, 2022 through August 31, 2027 (PGW's fiscal years 2023 through 2027). 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 (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).

The current LTIP (“LTIP III”) modified the cast iron removal categories in PGW’s Accelerated Replacement Program by combining 12” and Larger LP/IP and 12” and Larger HP into 12” and Larger All Pressures (LP/IP/HP) to allow for more flexibility in the design and conceptualization of main replacement projects. PGW continues to target the riskiest assets for replacement as identified by Advantica’s Mains Replacement Prioritization software.

This is the tenth 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 2022, PGW removed 33.39 miles of cast iron main from inventory, compared to the LTIP goal of 31.35 miles. Actual replacement in FY 2022 exceeded the FY 2022 LTIP goal by 2.04 miles.

In FY 2023, PGW is projecting to replace 30.63 miles of at-risk main. This projection is .14 miles above the FY 2023 approved LTIP mileage of 30.49 miles. 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 2022) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2023):

FY 2022 Annual Asset Optimization Plan				
<i>QUANTITIES in miles</i>	<u>FY 2022</u>		<u>FY 2023</u>	
	LTIP	Actual	LTIP	Projected
<u>BASELINE PROGRAM</u>				
8" & Smaller LP/IP	18.00	19.49	18.00	18.00
12" & Larger LP/IP	N/A	0.20	N/A	N/A
12" & Larger HP	N/A	0.002	N/A	N/A
Baseline Totals	18.00	19.69	18.00	18.00
<u>ACCELERATED PROGRAM</u>				
12" & Larger HP*	5.15	6.14	5.49	5.57
12" & Larger LP/IP	1.20	1.45		
8" & Smaller LP/IP	7.00	5.12	7.00	7.06
Abandonment for Non-Use**	N/A	0.99	N/A	0.00
ACCELERATED TOTALS	13.35	13.70	12.49	12.63
Yearly Totals	31.35	33.39	30.49	30.63

*Total 12" and Larger HP abandoned for FY 2022 is 7.13 miles.

**The 0.99 miles listed in the Abandonment for Non-Use Category is 12" and Larger HP.

(2) Detailed description of facilities repaired, improved, and replaced in FY 2022:

^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		
100 W Tioga, 100-200 E Tioga, 3500 Mascher, 100 W Venango, 100-200 W Glenwood	2,682	\$3,204,620.00	250		2,465	2,715	\$2,802,499
4900-5700 Springfield Ave	4,443	\$4,981,994.00	437		4,002	4,439	\$4,325,720
48th St - Market to Springfield; 4800 Springfield Ave	6,395	\$5,620,744.00	206		5,927	6,133	\$6,449,495
5700-5800 Springfield Ave; 1600-1700 s 59th st; 1800-1900 s 58th st	2,514	\$2,649,428.00	51		2,147	2,198	\$3,381,821
500-600 E Tioga, 3500 F St, 700 E Venango	2,018	\$2,403,304.00			2,089	2,089	\$3,598,932
3900-4300 Wissahickon, 2500 Roberts, 2200-2300 Venango	2,987	\$3,237,553.31			2,989	2,989	\$3,898,036
Flatrock- Main St, Ridge Ave	5,076	\$751,649.00			5,218	5,218	\$1,325,575
5400 Torresdale; 2100 Betts; 2100 Kennedy; 2100 Larue; 2100 Simon; 2100 Fraley	4,677	\$3,075,574.00	2,680	2,030		4,710	\$2,503,695
500-700 E Cheltenham, 5700 Stokes, 600 Stafford	2,901	\$772,979.00	2,308	623		2,931	\$732,352
200 Manheim, 200 Seymour, 5000-5100 Newhall, 200 Hansberry	3,074	\$841,159.00	2,290	493		2,783	\$856,851
2800-3000 Oxford St, 1500 Hollywood St	1,693	\$849,752.00	1,237	847		2,084	\$738,326
2700 Oxford St, 1600 N. Marston St, 1600 N. 28th St, 1600 N. 27th St	1,323	\$537,179.00	893	516		1,409	\$681,693
4400-4500 Oakmont, 4500-4600 Shelmire, 7400-7500 Jackson	3,426	\$883,869.00	2,892	247		3,139	\$934,912
900-1300 Lehigh Ave	3,041	\$999,691.00	1,269	1,748		3,017	\$1,246,514
4500 Marple, 4500 Sheffield, 7500-7700 Jackson	2,549	\$540,490.00	2,755			2,755	\$439,512

Project Location	Projected Removal	Projected Cost	Low		High	Total Footage	Actual Cost
			10" and Smaller	12" and Larger	12" and Larger		
4700-5100 Parkside Ave*					3,094	3,094	\$1,808,152
500-900 Fitzwater St*					1,974	1,974	\$2,073,491
4000 Ridge 4100 Ridge 4200 Ridge 4300 Ridge 4400 Ridge 4500 Ridge*			593		4,153	4,746	\$6,305,952
1800-2300 E. Venango St*			38		3,604	3,642	\$3,382,020
1600 Wakeling, 1600, Haworth, 5000 Duffield*			2,017			2,017	\$405,020
5700 Chestnut, 5700 Ludlow, 5700 Sansom, unit-100 S 57th, unit-100 S 58th St*			4,315			4,315	\$1,083,623
5400 Quentin 500 E Salaignac St*			1,489			1,489	\$463,553
Total Cast Iron Main Footage Removed / Total Cost	51,139	\$32,298,814	27,031	7,641	37,662	72,334	\$50,337,894
Mileage	9.69		5.12	1.45	7.13	13.70	

*Projects were not scheduled for FY 2022 replacement at the time of PGW's FY 2021 AAOP submission

(3) Detailed description of facilities projected to be repaired, improved, replaced in FY 2023:

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
1100 - 2200 Fitzwater	445		5,387	5,832	\$4,869,085
2100-3500 W. Allegheny Ave			6,734	6,734	\$5,855,730
2800 Old Passyunk, 2400-2500 S 28th			5,093	5,093	\$9,215,000
3200-3300 Willits Rd			2,377	2,377	\$920,000
Moyamensing & Packer & 20th St			178	178	\$67,620
1800 Mohican St, 1800 Nolan St, 7300 Thouron Ave, 1800 E Pastorius St, 7300 Rugby St	3,790	820		4,610	\$1,043,861
2600-2900 Poplar St, 900 Taney St, 900 N 26th St	872	1,523		2,395	\$937,305
30th and Market		255		255	\$79,110
4700-4800 Baltimore, 4900 Florence, 700 S 49th, 4900 Pentridge	3,191	841		4,032	\$1,964,200
5700 Rising Sun, 300-400 E Cheltenham, 500 Sanger, 5800 Hasbrook	1,682	968		2,650	\$1,250,395
5800-5900 Rising Sun, 500 Van Kirk	1,376	1,236		2,612	\$1,345,500
6400 Stenton, 1300 Cardeza, 1300 Cliveden, 1300 Barringer	3,312	1,308		4,620	\$2,145,440
700-800 S 51st St, 5000 Baltimore, 5000 Willows Ave	2,625	453		3,078	\$1,615,060
Unit-100 W Tulpehocken St, Unit W Washington Ln	934	1,320		2,254	\$1,109,980
6900 Henley, 6900 Wayne, 700 Carpenter	3,866	913		4,779	\$826,513
7300 N 18th St, 1800 Ashley Rd, 7300 N 19th St	2,616			2,616	\$491,989

Project Location	Low		High	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger	12" and Larger		
7700 Walker St, 4200 Meridian St, 4300 McMenamy St, 7700-7800 Cottage St	1,916			1,916	\$591,570
5900 Weymouth St, 5900 Reach St, 200-300 Howell, 5900 Crystal, 5800 Newtown St	3,249			3,249	\$740,705
5900-6000 Castor Ave, 1400 Comly St, 1300 Howell St, 5900 E Roosevelt Blv, 1300 Van Kirk St	2,815			2,815	\$734,670
6100-6200 Baynton, Unit E Tulpehocken, 100 E Mayland	2,559			2,559	\$719,820
7800 Walker St, 4200-4300 Hartel Ave, 4200 Lansing	2,010			2,010	\$471,702
Total Cast Iron Main Footage Removed / Total Cost	37,258	9,637	19,769	66,664	\$36,995,255
Mileage	7.06	1.83	3.74	12.63	

III. CONCLUSION

Although PGW fell short of the 8” and Smaller LP/IP projected at-risk main removal mileage set forth in the approved LTIIIP for FY 22, PGW exceeded the five-year projected at-risk main removal mileage for this category by 4.40 miles. Due to supply chain difficulties as a result of the ongoing Covid-19 pandemic, PGW also fell short of the five-year projected at-risk main removal for the 12” and Larger LP/IP category set forth in the approved LTIIIP. However, when factoring in the 12” and Larger LP/IP main that was removed as a result of PGW’s Baseline program, the total shortfall of 12” and Larger LP/IP removal at the end of the approved LTIIIP is only .43 miles. PGW has exceeded the five-year projected at-risk main removal mileage for 12” and Larger All Pressures (LP/IP/HP) set forth in the approved LTIIIP by 2.37 miles. The cumulative mileage of at-risk main removed during LTIIIP II exceeded the total projected mileage in the approved LTIIIP by 8.37 miles.

To recap, the projection for FY 2023 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 LTIIIP for the corresponding twelve-month periods.