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October 30, 2023

VIA E-FILING

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

RE: Philadelphia Gas Works (“PGW”) Annual Asset Optimization Plan for FY 2023
and FY 2024 (Projected); Docket No. M-2023-

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works’ (“PGW”) Annual Asset Optimization Plan for FY 2023 and FY 2024 (Projected).

If you have any questions, please feel free to contact me at your convenience.

Sincerely,

Sarah C. Stoner

Sarah C. Stoner

SCS/jls
Enclosure

cc: Certificate of Service (via email only)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Annual Asset Optimization Plan FY 2023 and FY 2024 (Projected), upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email

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/s/ Sarah C. Stoner

Sarah C. Stoner, Esquire

Date: October 30, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Periodic Review of Philadelphia Gas Works’ Long-Term Infrastructure Improvement Plan : Docket No. M-2023-
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**PHILADELPHIA GAS WORKS
ANNUAL ASSET OPTIMIZATION PLAN
FY 2023 AND FY 2024 (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 Long-Term Infrastructure Improvement Plan (“LTIIIP”) period September 1, 2022 - August 31, 2023, and September 1, 2023 - August 31, 2024 (Projected).

PGW’s current LTIIIP (“LTIIIP 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 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

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 LTIIIP (“LTIIIP 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 DNV’s Mains Replacement Prioritization software.

This is the eleventh 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 2023, PGW removed 32.97 miles of cast iron main from inventory, compared to the LTIIIP goal of 30.49 miles. Actual replacement in FY 2023 exceeded the FY 2023 LTIIIP goal by 2.48 miles.

In FY 2024, PGW is projecting to replace 31.49 miles of at-risk main. This projection is 1.09 miles above the FY 2024 approved LTIIIP mileage of 30.40 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 LTIIIP.

⁴ 52 Pa. Code § 121.6.

(1) Description of eligible property repaired, improved, and replaced in the prior twelve-month period (FY 2023) and projection of eligible property to be repaired, improved, and replaced in the upcoming twelve-month period (FY 2024):

FY 2023 Annual Asset Optimization Plan				
<i>QUANTITIES in miles</i>	<u>FY 2023</u>		<u>FY 2024</u>	
	LTIIP	Actual	LTIIP	Projected
<u>BASELINE PROGRAM</u>				
8" & Smaller LP/IP	18.00	19.85	18.00	18.00
12" & Larger LP/IP	N/A	0.02	N/A	N/A
12" & Larger HP	N/A	0.00	N/A	N/A
Baseline Totals	18.00	19.87	18.00	18.00
<u>ACCELERATED PROGRAM</u>				
12" & Larger All Pressures	5.49	4.51	5.40	6.40
8" & Smaller LP/IP	7.00	8.59	7.00	7.09
Abandonment for Non-Use	N/A	N/A	N/A	N/A
ACCELERATED TOTALS	12.49	13.10	12.40	13.49
Yearly Totals	30.49	32.97	30.40	31.49

(2) Detailed description of facilities repaired, improved, and replaced in FY 2023:

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

Project Location	Projected Removal	Projected Cost	Low	All Pressures	Total Footage	Actual Cost
			10" and Smaller	12" and Larger		
6900 Henley, 6900 Wayne, 700 Carpenter	4,726	\$826,513	3,866	913	4,779	\$979,363
2600-2900 Poplar St, 900 Taney St, 900 N 26th St	2,395	\$937,305	682	1,555	2,237	\$941,243
Unit-100 W Tulpehocken St, Unit W Washington Ln	2,254	\$862,770	949	1,300	2,249	\$1,133,269
1800 Mohican St, 1800 Nolan St, 7300 Thouron Ave, 1800 E Pastorius St, 7300 Rugby St	4,610	\$1,043,861	3,799	690	4,489	\$1,124,964
700-800 S 51st St, 5000 Baltimore, 5000 Willows Ave	3,078	\$1,037,544	2,613	453	3,066	\$884,037
5800-5900 Rising Sun, 500 Van Kirk	2,681	\$1,221,076	1,421	1,276	2,697	\$1,222,295
1100 - 2200 Fitzwater	5,832	\$5,634,259	449	5,462	5,911	\$4,356,081
5700 Rising Sun, 300-400 E Cheltenham, 500 Sanger, 5800 Hasbrook	2,873	\$1,250,395	1,811	1,005	2,816	\$1,658,350
6400 Stenton, 1300 Cardeza, 1300 Cliveden, 1300 Barringer	4,620	\$1,360,927	3,385	1,329	4,714	\$1,284,063
2100-3500 W. Allegheny Ave	6,734	\$6,323,485	165	6,714	6,879	\$7,011,450
7800 Walker St, 4200-4300 Hartel Ave, 4200 Lansing	2,010	\$471,702	2,019	0	2,019	\$410,648
5900-6000 Castor Ave, 1400 Comly St, 1300 Howell St, 5900 E Roosevelt Blvd, 1300 Van Kirk St	2,815	\$666,864	2,783	0	2,783	\$560,452
6100-6200 Baynton, Unit E Tulpehocken, 100 E Mayland	2,559	\$517,854	2,582	0	2,582	\$530,311
7300 N 18th St, 1800 Ashley Rd, 7300 N 19th St	2,616	\$491,989	2,877	0	2,877	\$552,686

Project Location	Projected Removal	Projected Cost	Low	All Pressures	Total Footage	Actual Cost
			10" and Smaller	12" and Larger		
5900 Weymouth St, 5900 Reach St, 200-300 Howell, 5900 Crystal, 5800 Newtown St	3,217	\$740,705	3,329	0	3,329	\$748,393
2200-2800 Allegheny Ave, 3100 Pennock*	4,427	\$1,502,771	1,357	3,111	4,468	\$1,693,948
4500-4600 Van Kirk St, 5700-5900 Ditman St, 5800-5900 Torresdale Ave, 4600 Howell St*	2,783	\$674,891	2,787	0	2,787	\$578,960
1000-1200 Fillmore, 1000-1200 Harrison*	3,756	\$764,819	3,756	0	3,756	\$836,122
100 W. Godfrey Ave, 6200 Palethorp, 6200 Hancock, 6100-6200 Mascher, 6200 Howard, 6200 Hope, 6200 Front*	4,708	\$1,322,412	4,719	0	4,719	\$1,405,453
Total Cast Iron Main Footage Removed / Total Cost	68,694	\$27,652,142	45,349	23,808	69,157	\$27,912,088
Mileage	13.01		8.59	4.51	13.10	

*Projects were not scheduled for FY 2023 replacement at the time of PGW's FY 2022 AAOP submission

(3) Detailed description of facilities projected to be repaired, improved, replaced in FY 2024:

Project Location	Low	All Pressures	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger		
3200-3300 Willits Rd		2,377	2,377	\$1,883,446
Moyamensing & Packer & 20th St		178	178	\$315,611
2800 Old Passyunk, 2400-2500 S 28th		5,733	5,733	\$9,964,976
30th and Market		255	255	\$75,600
600-800 N 46th, 800 N 44th, 4400-4500 Parrish	58	2,519	2,577	\$2,361,450
1300 S. Ruby St, 1300 S. 53rd St, 1200. S. Wilton St, 5100-5300 Chester Ave, 1100 S. Paxon St, 1000-1200 S. 52nd St	2,168	2,567	4,735	\$2,145,440
4700-4800 Baltimore, 4900 Florence, 700 S 49th, 4900 Pentridge	3,191	919	4,110	\$1,567,025
1100 Lehigh, 2700-3000 N 12th, 1300 W Clearfield, 3100-3300 N Park, 1300 Allegheny	18	4,785	4,803	\$5,078,311
5700-5800 McMahan, 700 E Price, 700-900 Cheltenham, 5600-5700 Chew	2,975	1,362	4,337	\$1,330,222
300, 400, 500 W Springfield Ave, 7700,7800 Cherokee St, 7700,7800 Huron St, 7800 Cresheim St	3,282	3,995	7,277	\$2,034,990
2000 Hazzard, 2000 Sergeant, 2500 Coral,1900 Huntingdon	1,049	304	1,353	\$722,660
3800-3900 Wissahickon Ave, 2200-2300 W Venango St, 2300-2500 W Hunting Park Ave, 2300 Atlantic St, 3500 Judson St	954	5,483	6,437	\$1,443,480
2300 77th Ave, 2200 Washington, 2300 Cheltenham	2,369	1,210	3,579	\$1,095,720
3200-3500 N 17th St, 1600-1700 W Westmoreland St, 1600-1700 W Ontario St	613	2,117	2,730	\$1,311,920

Project Location	Low	All Pressures	Projected Footage	Estimated Cost
	10" and Smaller	12" and Larger		
500 Dudley St, 500 Hoffman St, 500 McKean St, 1800-2000 S. 6th St	1,858		1,858	\$577,800
4300-4400 Vista, 4400-4500 Bleigh	2,901		2,901	\$768,960
6400 Lansdowne Ave, 600-900 Marlyn St, 600-700N 64th St	3,848		3,848	\$1,063,530
3600-3700 N 13th St. 1200 W Airdrie St, 1200-1300 E Erie Ave, 3700 Old York Rd, 1300 W Venango St	2,304		2,304	\$1,111,820
3200 N Stillman St, 2400 Hilton St, 3200 N Bambrey St, 2500 W. Willard St	1,779		1,779	\$477,360
900-1000 Paxon, 5100 Warrington, 1000 51st, 5100 Springfield	1,997		1,997	\$459,313
2100 Grange, 2100 Church, 6000 Beechwood	1,261		1,261	\$351,810
4700-4900 Chester, 4800 Springfield, 4800 Trinity, 1000 S 47th, 1000 S 48th, 1000 S 49th	4,821		4,821	\$1,328,400
Total Cast Iron Main Footage Removed / Total Cost	37,446	33,804	71,250	37,469,844
Mileage	7.09	6.40	13.49	

III. CONCLUSION

Although PGW fell short of the 12” and Larger All Pressures projected at-risk main removal mileage set forth in the approved LTIP for FY 23 by .98 miles, PGW plans to make up the shortfall in the 12” and Larger All Pressures category in FY 24. The shortfall can be attributed to ongoing supply chain difficulties as a result of the Covid-19 pandemic. 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 All Pressures removal at the end of FY 23 is .96 miles. PGW exceeded both the Baseline and Accelerated 8” and Smaller LP/IP goals by a combined 3.44 miles which brings PGW’s cumulative at-risk main removal above the total projected mileage in the approved LTIP by 2.48 miles.

To recap, the projection for FY 2024 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 for the corresponding twelve-month periods.