

COMMONWEALTH OF PENNSYLVANIA



DARRYL A. LAWRENCE
Consumer Advocate

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
(800) 684-6560

✕ @pa_oca
f /pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

June 26, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
Philadelphia Gas Works
Docket No. R-2023-3037933

Dear Secretary Homsher:

Enclosed please find the Admitted Testimony, Exhibit, and Verification on behalf of the Pennsylvania Office of Consumer Advocate (OCA), pursuant to the Order Granting Joint Stipulation and Motion for Admission of Evidence into the Record, that was issued on June 11, 2026 in this proceeding.

- Remand Direct Testimony and Exhibits of Jerome D. Mierzwa, labelled OCA Statement No. 1-Remand, with OCA Exhibit Schedule JDM-1, and sworn testimony Verification of Jerome D. Mierzwa.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/Harrison W. Breitman
Harrison W. Breitman, Esq.
Senior Assistant Consumer Advocate
PA Attorney I.D. # 320580
hbreitman@paoca.org

Enclosures:

cc: The Honorable Eranda Vero (**email only**)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2023-3037933
	:	
Philadelphia Gas Works	:	

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Testimony and Exhibits on Remand, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 26th day of June, 2026.

SERVICE BY E-MAIL ONLY

Carrie B. Wright, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
carwright@pa.gov
Counsel for I&E

Daniel Clearfield, Esquire
Bryce Beard, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
bbeard@eckertseamans.com
Counsel for PGW

Steven Gray, Esquire
Rebecca Lyttle, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923
sgray@pa.gov
relyttle@pa.gov
Counsel for OSBA

Robert Hoaglund, Esq.
Philadelphia Gas Works
800 West Montgomery Ave.
Philadelphia, PA 19122
Robert.Hoaglund@pgworks.com
Counsel for PGW

Charis Mincavage, Esquire
Adeolu A. Bakare, Esquire
Brigid Landu Khuri, Esquire
Victoria Geddis, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com
bkhuri@mcneeslaw.com
vgeddis@mcneeslaw.com
Counsel for PICGUG

Robert W. Ballenger, Esquire
Joline R. Price, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
rballenger@clsphila.org
jprice@clsphila.org
Counsel for TURN

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: 717-783-5048
Fax: 717-783-7152

Dated: June 26, 2026

Todd S. Steward, Esq.
HMS Legal LLP
501 Corporate Circle, Suite 302
Harrisburg, PA 17110
tsstewart@hmslegal.com

John W. Sweet, Esquire
Elizabeth R. Marx, Esquire
Ria M. Pereira, Esquire
Lauren N. Berman, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org
Counsel for CAUSE-PA

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Senior Assistant Consumer Advocate
PA Attorney I.D. # 320580
hbreitman@paoca.org

Counsel for:
Darryl A. Lawrence
Consumer Advocate

OCA STATEMENT No. 1-Remand

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC	)	
UTILITY COMMISSION	)	
	)	
v.	)	DOCKET NO. R-2023-3037933
	)	
PHILADELPHIA GAS WORKS	)	
	)	
	)	

**DIRECT TESTIMONY OF
JEROME D. MIERZWA**

**ON BEHALF OF THE
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE**

MARCH 19, 2026

1 Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS
2 ADDRESS?

3 A. My name is Jerome D. Mierzwa. I am a Principal at and the President of Exeter
4 Associates, Inc (“Exeter”). My business address is 10480 Little Patuxent Parkway,
5 Suite 300, Columbia, Maryland 21044. Exeter specializes in providing public utility-
6 related consulting services.

7 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
8 EXPERIENCE.

9 A. I graduated from Canisius College in Buffalo, New York, in 1981 with a Bachelor of
10 Science Degree in Marketing.¹ In 1985, I received a Master’s Degree in Business
11 Administration with a concentration in finance, also from Canisius College. In July
12 1986, I joined National Fuel Gas Distribution Corporation (“NFG Distribution”) as a
13 Management Trainee in the Research and Statistical Services Department (“RSS”).
14 I was promoted to Supervisor RSS in January 1987. While employed with NFG
15 Distribution, I conducted various financial and statistical analyses related to the
16 Company’s market research activity and state regulatory affairs. In April 1987, as part
17 of a corporate reorganization, I was transferred to National Fuel Gas Supply
18 Corporation’s (“NFG Supply”) rate department where my responsibilities included
19 utility cost of service and rate design analysis, expense and revenue requirement
20 forecasting, and activities related to federal regulation. I was also responsible for
21 preparing NFG Supply’s Federal Energy Regulatory Commission (“FERC”) Purchase
22 Gas Adjustment (“PGA”) filings and developing interstate pipeline and spot market
23 supply gas price projections. These forecasts were utilized for internal planning

¹ Effective August 1, 2023, Canisius College became Canisius University.

1 purposes as well as in NFG Distribution's Pennsylvania Section 1307(f) purchased
2 gas cost proceedings.

3 In April 1990, I accepted a position as a Utility Analyst with Exeter. In
4 December 1992, I was promoted to Senior Regulatory Analyst. Effective April 1,
5 1996, I became a Principal at Exeter. Since joining Exeter, I have specialized in
6 utility class cost of service and rate design analysis, evaluating the gas purchasing
7 practices and policies of natural gas utilities, sales and rate forecasting, performance-
8 based incentive regulation, revenue requirement analysis, the unbundling of utility
9 services, and the evaluation of customer choice natural gas transportation programs.

10 Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY
11 PROCEEDINGS ON UTILITY RATES?

12 A. Yes. I have provided testimony on over 500 occasions in proceedings before FERC,
13 utility regulatory commissions in Arkansas, Delaware, Georgia, Illinois, Indiana,
14 Louisiana, Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire,
15 New Jersey, Ohio, Rhode Island, Texas, South Carolina, Utah, and Virginia, as well
16 as before the Pennsylvania Public Utility Commission ("Commission").

17 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

18 A. On February 27, 2023, Philadelphia Gas Works ("PGW" or the "Company") filed an
19 application with the Commission to increase rates by \$85.8 million, or 10.3%. In its
20 application, PGW filed an allocated class cost of service study ("ACCOSS"), and the
21 Company proposed a revenue allocation that sought to move the rates of each
22 customer class closer to their full cost of service as indicated by the ACCOSS without
23 assigning an unreasonably large increase to any one customer class. During the
24 proceeding, the Company revised its revenue allocation to reflect proposed revenues
25 from Vicinity Energy Philadelphia, Inc. ("Vicinity"), a customer served under a

1 special contract since 1996. In an Opinion and Order entered November 9, 2023, the
2 Commission approved an overall revenue increase of \$26.2 million, and found
3 PGW's ACCOSS to be reasonable. The Commission also found PGW's proposed
4 revenue allocation to be reasonable, and generally accepted a proportionate scale-
5 back of PGW's proposed revenue allocation to reflect the reduced \$26.2 million
6 increase approved by the Commission.

7 In the ACCOSS presented by PGW, distribution mains costs were allocated to
8 each customer class utilizing an average and excess demand ("AED") method
9 wherein 50% of the costs were allocated based on the average daily usage of the class
10 and 50% of the costs were allocated based on actual peak day usage in excess of
11 average daily usage of the class. In the ACCOSS, the excess usage of interruptible
12 transportation customers served under Rate Interruptible Transportation ("IT") was
13 determined based on their actual contribution to historic peak demand. In the
14 litigation of PGW's rate proceeding, the Philadelphia Industrial and Commercial Gas
15 User Group ("PICGUG") argued that the excess demand of interruptible customers
16 should be set to zero in the ACCOSS because interruptible customers are technically
17 interruptible. In response to PICGUG's claim, the Company explained that the
18 interruptible customer class should be treated the same as firm customers in the
19 ACCOSS because they have not been interrupted for over 20 years. In its November
20 9, 2023, Opinion and Order, the Commission approved PGW's ACCOSS which
21 included the excess demand of interruptible customers in the allocation of distribution
22 mains under the AED method.

23 On November 20, 2023, Vicinity filed a Petition for Clarification of the
24 Commission's November 9, 2023, Opinion and Order. On November 27, 2023, PGW
25 filed a Petition for Reconsideration of the Commission's November 9, 2023, Opinion

1 and Order. In an Opinion and Order entered January 18, 2024, the Commission
2 addressed the Petitions filed by Vicinity and PGW. This Opinion and Order did not
3 specifically address the ACCOSS approved in the November 9, 2023, Opinion and
4 Order.

5 On February 14, 2024, PICGUG petitioned the Commonwealth Court of
6 Pennsylvania for review of the Commission's January 18, 2024, Opinion and Order.
7 By Order dated August 1, 2025, the Commonwealth Court vacated the January 18,
8 2024, Order and Opinion of the Commission, and remanded the matter to the
9 Commission for further explanation and clarification regarding the following
10 questions:

- 11 1. Whether treating Philadelphia Industrial Commercial Gas
12 Users Group as technically "Firm" for purposes of rate
13 allocation while, at the same time, requiring it to adhere to
14 the obligations of interruptible customers under
15 Philadelphia Gas Work's (PGW) Tariff violates PGW's
16 Tariff and, thus, Section 1303 of PUC Code;
- 17 2. How, under a cost causation analysis, Rate IT customers
18 caused PGW's distribution mains-related costs to be
19 incurred;
- 20 3. Whether the Commission applied a new retrospective
21 benefits or "value of service" principle to conclude that
22 interruptible customers should pay for the benefits that
23 they ultimately received from a utility service for purposes
24 of rate allocation, and if so, whether that principle is
25 consistent with cost causation principles or whether it is a
26 new ratemaking principle that would replace or
27 supplement cost causation as the operative ratemaking
28 rationale in this unique situation; and
- 29 4. Whether employing a benefits principle can be squared
30 with the Commission's duty to impose only "just and
31 reasonable" rates considering the interruptible nature of
32 Rate IT customers and their investment in systems to
33 allow for interruptions in the event that PGW does call for
34 a curtailment.

1 Exeter was retained by the Pennsylvania Office of Consumer Advocate (“OCA”) to
2 assist the OCA in addressing the Commonwealth Court’s remand of the
3 Commission’s January 18, 2024, Order and Opinion.

4 Q. IN THIS PROCEEDING, PICGUG HAS ARGUED THAT THE
5 COMPANY’S ACCOSS SHOULD BE MODIFIED TO ELIMINATE THE
6 RATE IT ALLOCATION OF PEAK-RELATED EXCESS DEMAND
7 COSTS. IF THE COMPANY’S ACCOSS WAS MODIFIED AS
8 RECOMMENDED BY PICGUG, WOULD THE RATES OF RATE IT
9 CUSTOMERS BEEN LOWER THAN THE RATES APPROVED IN THE
10 2023 BASE RATE CASE?

11 A. No. Schedule JDM-1 attached to my testimony presents the results of the ACCOSS
12 sponsored by PGW in this proceeding modified to eliminate the allocation of peak-
13 related excess demand costs to Interruptible customers, as recommended by
14 PICGUG. As shown in Schedule JDM-1, the cost of service for the Interruptible class
15 would have been \$22.8 million. This cost of service was based on the \$85.8 million
16 increase initially requested by PGW. The actual increase authorized by the
17 Commission in this case was \$26.2 million. If the cost of service of the Interruptible
18 class was proportionately reduced to reflect the actual increase authorized by the
19 Commission, the cost of service of the Interruptible class would be reduced to \$20.2
20 million.² In the 2023 base rate case, as shown on Schedule JDM-1, revenues at
21 present rates for the Interruptible class were \$12.8 million, and PGW proposed to
22 increase the rates of Interruptible customers by \$3.7 million to \$16.5 million. The

² As shown on Schedule JDM-1, PGW proposed increasing its rates from \$441.3 million to \$527.1 million, or \$85.8 million. The Commission authorized PGW to increase its rates by \$26.2 million to \$467.5 million, which reflects 88.7% of cost of service/revenue requirement requested by PGW. Proportionately adjusting the Interruptible cost of service to reflect a similar reduction reduces the Interruptible cost of service to \$20.2 million (($\$467.5 \text{ million} / \527.1 million) x $\$22.8 \text{ million}$ = $\$20.2 \text{ million}$)

1 actual increase assigned to Interruptible customers in the 2023 base rate case was \$1.2
2 million, increasing Interruptible revenues to \$13.9 million, which is significantly less
3 than the cost of service of \$20.2 million, indicating that no reduction to Interruptible
4 rates would have been appropriate.

5 Q. WERE THE RATES APPROVED IN THE 2023 BASE RATE CASE FOR
6 RATE IT CUSTOMERS COMPARABLE TO THE RATES ADOPTED FOR
7 FIRM CUSTOMERS?

8 A. No. There are currently five Rate IT customer rate classes. Each rate class has an
9 annual minimum eligibility volume requirement. These five Rate IT customer classes,
10 the annual minimum volume requirement for each rate class, and the distribution
11 volume charge approved for each rate class in PGW's 2023 base rate case are
12 identified in Table 1.
13

Table 1
Rate IT Customer Classes and Volume Charges

Rate Class	Minimum Volume (Dth)	Distribution Charge (Mcf)
ITA	2,500	\$3.0038
ITB	5,000	\$1.4539
ITC	10,000	\$1.1345
ITD	25,000	\$1.0066
ITE	80,000	\$0.9747

14 Most Rate IT customers are Industrial customers. The distribution volume charge
15 approved for firm Industrial transportation customers in the 2023 base rate
16 proceeding was \$5.4459 per Mcf. As shown in Table 1, this rate is significantly
17 higher than each of the distribution volume charges approved for Rate IT in the 2023
18 base rate proceeding. For example, the firm Industrial transportation customer

1 distribution volume charge is five times the Rate Class ITC charge, and more than
2 five times the Rate Class ITD and ITE charges.

3 Q. THE COMMONWEALTH COURT'S REMAND SOUGHT FURTHER
4 EXPLANATION AND CLARIFICATION REGARDING FOUR
5 QUESTIONS WHICH YOU PREVIOUSLY IDENTIFIED IN YOUR
6 TESTIMONY. ARE YOU GOING TO RESPOND TO THOSE FOUR
7 QUESTIONS AT THIS TIME?

8 A. No. However, I intend on addressing PGW's response to the four questions in my
9 rebuttal testimony.

10 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

11 A. Yes, it does.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC
UTILITY COMMISSION**

v.

**CITY OF LANCASTER –
BUREAU OF WATER**

)
)
)
)
)
)
)
)
)
)

DOCKET NO. R-2025-3057237

**SCHEDULE ACCOMPANYING THE
DIRECT TESTIMONY OF
JEROME D. MIERZWA**

**ON BEHALF OF THE
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE**

DECEMBER 17, 20205

PHILADELPHIA GAS WORKS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED AUGUST 31, 2024
WITHOUT GAS COSTS

Service Classification (1)	Pro Forma Cost of Service (in 000's)		Pro Forma Margin Revenues,		Under Proposed Rates		Revenue Increase	
	Amount (2)	Percent (3)	Under Present Rates Amount (in 000's) (4)	Percent (5)	Amount (in 000's) (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 403,306	76.27%	\$ 351,526	79.66%	\$ 419,616	79.60%	\$ 68,090	19.37%
Commercial	74,465	14.08%	61,799	14.00%	72,656	13.78%	10,857	17.57%
Industrial	5,784	1.09%	4,920	1.11%	5,880	1.12%	960	19.52%
Municipal	6,985	1.32%	4,873	1.10%	6,299	1.20%	1,427	29.28%
PHA - GS	2,039	0.39%	1,648	0.37%	2,006	0.38%	358	21.70%
PHA - Rate 8	3,082	0.58%	2,614	0.59%	2,992	0.57%	377	14.44%
NGVS	56	0.01%	27	0.01%	35	0.01%	8	29.77%
Interruptible	22,818	4.32%	12,773	2.89%	16,516	3.13%	3,743	29.30%
Grays Ferry/Veolia	10,260	1.94%	1,129	0.26%	1,129	0.21%	-	0.00%
Total	\$ 528,794	100.00%	\$ 441,310	100.00%	\$ 527,130	100.00%	\$ 85,820	19.45%
NGS/LNG and Contract Re	686		686		686		-	
Surcharges	79,027		79,027		79,027		-	
Other Operating Revenues	(4,205)		(2,391)		(4,205)		(1,814)	
Total Other Revenues	75,508		77,322		75,508		(1,814)	
Total	\$ 604,302		\$ 518,631		\$ 602,638		\$ 84,006	16.2%

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

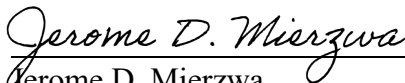
Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2023-3037933
	:	
Philadelphia Gas Works	:	

VERIFICATION

I, Jerome D. Mierzwa, hereby state that the facts above set forth in my Direct Testimony, OCA Statement No. 1-Remand, are true and correct to the best of my knowledge, information, and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: March 19, 2026

Signature:


Jerome D. Mierzwa

Address:

Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044-3575

PHILADELPHIA GAS WORKS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED AUGUST 31, 2024
WITHOUT GAS COSTS

Service Classification (1)	Pro Forma Cost of Service (in 000's)		Pro Forma Margin Revenues,				Revenue Increase	
	Cost of Service (in 000's)		Under Present Rates		Under Proposed Rates		Amount (8)	Percent Increase (9)
	Amount (2)	Percent (3)	Amount (in 000's) (4)	Percent (5)	Amount (in 000's) (6)	Percent (7)		
Residential	\$ 403,306	76.27%	\$ 351,526	79.66%	\$ 419,616	79.60%	\$ 68,090	19.37%
Commercial	74,465	14.08%	61,799	14.00%	72,656	13.78%	10,857	17.57%
Industrial	5,784	1.09%	4,920	1.11%	5,880	1.12%	960	19.52%
Municipal	6,985	1.32%	4,873	1.10%	6,299	1.20%	1,427	29.28%
PHA - GS	2,039	0.39%	1,648	0.37%	2,006	0.38%	358	21.70%
PHA - Rate 8	3,082	0.58%	2,614	0.59%	2,992	0.57%	377	14.44%
NGVS	56	0.01%	27	0.01%	35	0.01%	8	29.77%
Interruptible	22,818	4.32%	12,773	2.89%	16,516	3.13%	3,743	29.30%
Grays Ferry/Veolia	10,260	1.94%	1,129	0.26%	1,129	0.21%	-	0.00%
Total	<u>\$ 528,794</u>	<u>100.00%</u>	<u>\$ 441,310</u>	<u>100.00%</u>	<u>\$ 527,130</u>	<u>100.00%</u>	<u>\$ 85,820</u>	19.45%
NGS/LNG and Contract Rev	686		686		686		-	
Surcharges	79,027		79,027		79,027		-	
Other Operating Revenues	<u>(4,205)</u>		<u>(2,391)</u>		<u>(4,205)</u>		<u>(1,814)</u>	
Total Other Revenues	75,508		77,322		75,508		(1,814)	
Total	<u>\$ 604,302</u>		<u>\$ 518,631</u>		<u>\$ 602,638</u>		<u>\$ 84,006</u>	16.2%

PHILADELPHIA GAS WORKS

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PROPOSED RATES

Item (1)	Total (2)	Residential (3)	Commercial (4)	Industrial (5)	Municipal (6)	PHA - GS (7)	PHA -Rate 8 (8)	NGVS (9)	Interruptible (10)	Grays Ferr (11)
1. Revenues From Tariff Sales and Transportation	528,116	\$ 419,616	\$ 72,656	\$ 5,880	\$ 6,299	\$ 2,992	\$ 2,992	\$ 35	\$ 16,516	\$ 1,129
2. Other Revenues	75,508	52,885	18,099	1,435	1,845	380	814	25	8	17
3. Total Operating Revenues	603,623	472,501	90,755	7,315	8,144	3,372	3,806	60	16,524	1,146
4. Less: Operating Expenses and City Contribution	392,697	299,387	60,484	4,717	5,709	1,517	2,508	53	11,865	6,456
5. Income Before Interest and Surplus	210,926	173,114	30,271	2,598	2,435	1,855	1,297	8	4,659	(5,310)
6. Less: Interest	64,310	47,655	9,749	760	948	274	422	9	3,331	1,161
7. Current Revenue Over/Under Requirements	146,616	125,459	20,522	1,838	1,487	1,581	875	(1)	1,328	(6,471)
8. Original Cost Measure of Value (Factor 15.)	1,763,900	1,307,088	267,410	20,848	26,009	7,525	11,564	236	91,368	31,852
9. Rate of Return before Interest and Surplus, Percent	11.96%	13.24%	11.32%	12.46%	9.36%	24.65%	11.22%	3.20%	5.10%	-16.67%
10. Relative Rate of Return	1.00	1.11	0.95	1.04	0.78	2.06	0.94	0.27	0.43	-1.39

PHILADELPHIA GAS WORKS
DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION
UNDER PRESENT RATES

Item (1)	Total (2)	Residential (3)	Commercial (4)	Industrial (5)	Municipal (6)	PHA - GS (7)	PHA -Rate 8 (8)	NGVS (9)	Interruptible (10)	Grays Ferry (11)
1. Revenues From Tariff Sales and Transportation	\$ 441,777	\$ 351,526	\$ 61,799	\$ 4,920	\$ 4,873	\$ 1,648	\$ 3,082	\$ 27	\$ 12,773	\$ 1,129
2. Other Revenues	<u>75,508</u>	<u>52,885</u>	<u>18,099</u>	<u>1,435</u>	<u>1,845</u>	<u>380</u>	<u>814</u>	<u>25</u>	<u>8</u>	<u>17</u>
3. Total Operating Revenues	517,285	404,411	79,898	6,355	6,717	2,028	3,896	52	12,781	1,146
4. Less: Operating Expenses and City Contribution	<u>392,697</u>	<u>299,387</u>	<u>60,484</u>	<u>4,717</u>	<u>5,709</u>	<u>1,517</u>	<u>2,508</u>	<u>53</u>	<u>11,865</u>	<u>6,456</u>
5. Income Before Interest and Surplus	124,588	105,024	19,414	1,637	1,008	512	1,387	(1)	916	(5,310)
6. Less: Interest	<u>64,310</u>	<u>47,655</u>	<u>9,749</u>	<u>760</u>	<u>948</u>	<u>274</u>	<u>422</u>	<u>9</u>	<u>3,331</u>	<u>1,161</u>
7. Current Revenue Over/Under Requirements	60,278	57,369	9,665	877	60	238	965	(10)	(2,415)	(6,471)
8. Original Cost Measure of Value (Factor 15.)	1,763,900	1,307,088	267,410	20,848	26,009	7,525	11,564	236	91,368	31,852
9. Rate of Return before Interest and Surplus, Percent	7.06%	8.03%	7.26%	7.85%	3.88%	6.80%	12.00%	-0.24%	1.00%	-16.67%
10. Relative Rate of Return	1.00	1.14	1.03	1.11	0.55	0.96	1.70	-0.03	0.14	-2.36

**COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS**

PHILADELPHIA GAS WORKS

COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

Account	Factor Ref.	Cost of Service in '000's	Volumetric Costs									Customer Costs							
			Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - R8	NGVS	Interruptible	Grays Ferry	Res	Com	Ind	Muni	PHA - GS	PHA - R8	NGVS	Interruptible
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
DISTRIBUTION EXPENSES																			
870 Supervision And Engineering	8	2,757	911	238	21	24	4	11	0	126	58	967	324	27	28	6	9	0	1
871 Distribution Load Dispatching	3A	2,159	1,345	350	31	36	7	17	0	176	198	-	-	-	-	-	-	-	-
874 Mains And Services Expenses																			
Mains	3	3,287	2,168	567	49	58	11	27	1	303	103	-	-	-	-	-	-	-	-
Services	6	3,287	-	-	-	-	-	-	-	-	-	3,056	179	5	10	23	6	0	7
875 M & R Station Expenses -General	3A	2,280	1,421	369	32	38	7	17	0	185	209	-	-	-	-	-	-	-	-
876 M & R Station Expenses - Industrial	5	152	-	-	-	-	-	-	-	-	-	-	-	152	-	-	-	-	-
877 M & R Station Expenses - City Gate Station	3A	751	468	122	11	13	2	6	0	61	69	-	-	-	-	-	-	-	-
878 Meter and House Regulator Expenses	4	18,880	-	-	-	-	-	-	-	-	-	12,158	5,650	331	503	74	159	6	-
879 Customer Installations Expenses	4	10,926	-	-	-	-	-	-	-	-	-	7,036	3,270	192	291	43	92	3	-
880 Other Expenses	8	16,489	5,447	1,423	124	146	27	67	1	753	349	5,785	1,940	161	169	36	55	2	3
881 Rents	8	10	3	1	0	0	0	0	0	0	0	4	1	0	0	0	0	0	0
885 Maintenance Super. And Engineering	8	380	126	33	3	3	1	2	0	17	8	133	45	4	4	1	1	0	0
887 Maint. Of Mains	3	30,061	19,831	5,186	451	531	98	244	5	2,774	941	-	-	-	-	-	-	-	-
889 Maint. Of Measuring Station Expenses - General	3A	1,279	797	207	18	21	4	10	0	104	117	-	-	-	-	-	-	-	-
890 Maint. Of Measuring Station Expenses - Industrial	5	93	-	-	-	-	-	-	-	-	-	-	-	93	-	-	-	-	-
891 Maint. Of Measuring Station Expenses - City Gate	3A	618	385	100	9	10	2	5	0	50	57	-	-	-	-	-	-	-	-
892 Maint. Of Services	6	2,487	-	-	-	-	-	-	-	-	-	2,313	135	4	8	17	4	0	5
893 Maint. Of Meters and House Regulators	7	3,703	-	-	-	-	-	-	-	-	-	3,491	176	4	6	15	7	0	3
Total Distribution Expenses		99,598	32,902	8,596	749	881	162	405	9	4,551	2,110	34,943	11,720	973	1,019	215	334	12	19
CUSTOMER ACCOUNTING EXPENSES																			
Operation																			
901 Supervision	7	2,839	-	-	-	-	-	-	-	-	-	2,676	135	3	5	12	6	0	2
902 Meter Reading Expenses	7	868	-	-	-	-	-	-	-	-	-	818	41	1	1	4	2	0	1
903 Customer Records & Coll Expenses	7	37,465	-	-	-	-	-	-	-	-	-	35,317	1,785	41	62	155	75	0	28
Total Customer Accounting Expenses		41,172	-	-	-	-	-	-	-	-	-	38,812	1,962	45	69	171	82	0	31
CUSTOMER SERVICE AND INFORMATION EXPENSES																			
Operation																			
908 Customer Assistance Expenses	7	6,334	-	-	-	-	-	-	-	-	-	5,971	302	7	11	26	13	0	5
Total Customer Service & Info Expenses		6,334	-	-	-	-	-	-	-	-	-	5,971	302	7	11	26	13	0	5

PHILADELPHIA GAS WORKS

COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

	Account	Factor Ref.	Cost of Service in '000's	Volumetric Costs								Customer Costs								
				Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - R8	NGVS	Interruptible	Grays Ferry	Res	Com	Ind	Muni	PHA - GS	PHA - R8	NGVS	Interruptible
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
ADMINISTRATIVE AND GENERAL EXPENSES																				
920	Administrative & General Salaries	10	24,028	7,896	1,919	160	213	39	98	1	603	283	10,562	1,853	136	145	54	57	2	7
921	Office Supplies and Expenses	10	19,700	6,474	1,573	131	175	32	80	1	494	232	8,659	1,519	111	119	45	47	1	6
921	Customer Programs - ELIRP, Senior Discounts, CRP	1A	23,451	15,891	4,708	386	437	76	199	9	-	1,744	-	-	-	-	-	-	-	-
922	Administrative Expenses Transferred-Credit - Benefits	11	(10,717)	(5,437)	(1,432)	(123)	(146)	(27)	(67)	(1)	(598)	(295)	(2,290)	(248)	(15)	(17)	(11)	(8)	-	(2)
922	Administrative Expenses Transferred-Credit	10	(31,571)	(10,375)	(2,521)	(210)	(280)	(52)	(129)	(2)	(792)	(372)	(13,877)	(2,434)	(178)	(191)	(72)	(75)	(2)	(10)
923	Outside Services Employed - Other	10	3,979	1,308	318	26	35	7	16	0	100	47	1,749	307	22	24	9	9	0	1
925	Injuries and Damages	11	11,132	5,648	1,487	127	152	28	70	1	621	306	2,379	258	16	17	11	9	-	2
926	Employee Pensions and Benefits	11	74,022	37,555	9,890	848	1,011	184	463	9	4,132	2,036	15,818	1,714	104	115	75	57	-	11
999	OPEB Funding	11	(10,095)	(5,122)	(1,349)	(116)	(138)	(25)	(63)	(1)	(564)	(278)	(2,157)	(234)	(14)	(16)	(10)	(8)	-	(1)
924	Property Insurance	10	2,072	681	165	14	18	3	8	0	52	24	911	160	12	13	5	5	0	1
928	Regulatory Commission Expense	10	4,397	1,445	351	29	39	7	18	0	110	52	1,933	339	25	27	10	10	0	1
929	Duplicate Charges	10	(1,596)	(524)	(127)	(11)	(14)	(3)	(7)	(0)	(40)	(19)	(702)	(123)	(9)	(10)	(4)	(4)	(0)	(0)
930	General Advertising Expenses	10	9,073	2,982	724	60	81	15	37	1	228	107	3,988	700	51	55	21	21	1	3
	Taxes Other Than Income	11	10,434	5,294	1,394	119	143	26	65	1	582	287	2,230	242	15	16	11	8	-	2
	Total Administrative & General Expenses		128,309	63,714	17,101	1,442	1,725	312	790	20	4,929	4,154	29,201	4,051	275	298	144	129	2	20
	Total Operation and Maintenance Expenses		309,686	123,317	31,583	2,649	3,336	610	1,530	31	9,480	6,289	108,927	18,035	1,301	1,396	555	558	14	76
DEPRECIATION AND AMORTIZATION EXPENSE																				
PRODUCTION PLANT																				
305	Structures and Improvements	1	371	293	61	4	8	2	4	0	-	0	-	-	-	-	-	-	-	-
306	Boiler Plant Equipment	1	20	16	3	0	0	0	0	0	-	0	-	-	-	-	-	-	-	-
307	Other Power Equipment	1	141	111	23	2	3	1	1	0	-	0	-	-	-	-	-	-	-	-
311	LPG Equipment	1	29	23	5	0	1	0	0	0	-	0	-	-	-	-	-	-	-	-
312	Oil Gas Equipment	1	3	2	0	0	0	0	0	0	-	0	-	-	-	-	-	-	-	-
319	Gas Mixing Equipment	1	0	0	0	0	0	0	0	0	-	0	-	-	-	-	-	-	-	-
320	Other Equipment	1	551	434	90	6	12	2	6	0	-	1	-	-	-	-	-	-	-	-
STORAGE PLANT																				
361	Structures and Improvements	2A	313	240	57	5	6	1	3	0	-	-	-	-	-	-	-	-	-	-
362	Gas Holders	2A	14	11	3	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
363	Purification Equipment	2A	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
364	Liquefaction Equipment	2A	823	632	150	14	17	3	8	0	-	-	-	-	-	-	-	-	-	-
365	Vaporizing Equipment	2A	300	230	54	5	6	1	3	0	-	-	-	-	-	-	-	-	-	-
366	Compressor Equipment	2A	251	193	46	4	5	1	2	0	-	-	-	-	-	-	-	-	-	-
367	Measuring and Regulating Equipment	2A	85	65	15	1	2	0	1	0	-	-	-	-	-	-	-	-	-	-
368	Other Equipment	2A	1,000	768	182	17	20	4	9	0	-	-	-	-	-	-	-	-	-	-
DISTRIBUTION PLANT																				
375	Structures And Improvements	9	17	7	2	0	0	0	0	0	1	0	5	1	0	0	0	0	0	0
376	Mains	3	18,867	12,446	3,255	283	333	61	153	3	1,741	590	-	-	-	-	-	-	-	-
377	Compression Station Equipment	3A	1	1	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-
378	Measuring & Regulating Equipment - General	3A	350	218	57	5	6	1	3	0	28	32	-	-	-	-	-	-	-	-
380	Services	6	19,688	-	-	-	-	-	-	-	-	-	18,309	1,069	30	63	138	35	0	43
381	Meters	4	2,526	-	-	-	-	-	-	-	-	-	1,627	756	44	67	10	21	1	-
382	Meter Installations	4	2,697	-	-	-	-	-	-	-	-	-	1,737	807	47	72	11	23	1	-
383	House Regulators	6	50	-	-	-	-	-	-	-	-	-	46	3	0	0	0	0	0	0
384	House Regulator Installations	4	49	-	-	-	-	-	-	-	-	-	31	15	1	1	0	0	0	-
385	Industrial Measuring & Regulating Equipment	5	13	-	-	-	-	-	-	-	-	-	-	13	-	-	-	-	-	-
387	Other Equipment	9	153	65	17	1	2	0	1	0	9	3	47	6	0	0	0	0	0	0

PHILADELPHIA GAS WORKS

COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

Account	Factor Ref.	Cost of Service in '000's	Volumetric Costs									Customer Costs							
			Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - R8	NGVS	Interruptible	Grays Ferry	Res	Com	Ind	Muni	PHA - GS	PHA - R8	NGVS	Interruptible
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
GENERAL PLANT																			
390 Structures And Improvements	10	2,140	703	171	14	19	4	9	0	54	25	941	165	12	13	5	5	0	1
391 Office Furniture And Equipment	10	4,707	1,547	376	31	42	8	19	0	118	55	2,069	363	27	28	11	11	0	1
392 Transportation Equipment	10	4,900	1,610	391	33	44	8	20	0	123	58	2,154	378	28	30	11	12	0	1
393 Stores Equipment	10	13	4	1	0	0	0	0	0	0	0	6	1	0	0	0	0	0	0
394 Tools, Shop And Garage Equipment	10	637	209	51	4	6	1	3	0	16	8	280	49	4	4	1	2	0	0
396 Power Operated Equipment	10	67	22	5	0	1	0	0	0	2	1	30	5	0	0	0	0	0	0
397 Communication Equipment	10	517	170	41	3	5	1	2	0	13	6	227	40	3	3	1	1	0	0
398 Miscellaneous Equipment	10	859	282	69	6	8	1	4	0	22	10	378	66	5	5	2	2	0	0
Lease - GASB 87	10	2,836	932	226	19	25	5	12	0	71	33	1,247	219	16	17	6	7	0	1
Software Subscriptions - GASB 96	10	423	139	34	3	4	1	2	0	11	5	186	33	2	3	1	1	0	0
Total Depreciation & Amortization Expense		65,412	21,376	5,385	462	574	106	264	4	2,209	829	29,320	3,975	232	307	198	120	3	49
10,077 Cost of Removal	12	6,729	2,904	743	64	78	14	36	1	345	122	2,082	277	15	21	14	8	0	4
756 Regulatory Asset - Pandemic Bad Debt	14	10,077	2,904	743	64	78	14	36	1	345	122	2,082	277	15	21	14	8	0	4
Regulatory Asset - Pandemic	10	756	248	60	5	7	1	3	0	19	9	332	58	4	5	2	2	0	0
Total Operating Expenses		392,660	147,845	37,772	3,180	3,995	732	1,832	36	12,053	7,248	150,248	22,818	1,562	1,735	772	688	17	128
Interest Gain/Loss and Other Income	12	(7,211)	(3,112)	(797)	(69)	(83)	(15)	(38)	(1)	(370)	(130)	(2,232)	(296)	(16)	(23)	(15)	(9)	(0)	(4)
INTEREST AND OTHER EXPENSE																			
Interest on Long Term Debt	12	62,738	27,075	6,932	599	726	134	334	6	3,216	1,133	19,416	2,579	143	199	134	78	2	34
Other	12	(1,776)	(766)	(196)	(17)	(21)	(4)	(9)	(0)	(91)	(32)	(550)	(73)	(4)	(6)	(4)	(2)	(0)	(1)
Loss From Extinguishment of Debt	12	3,348	1,445	370	32	39	7	18	0	172	60	1,036	138	8	11	7	4	0	2
Total Interest and Other Expense		64,310	27,753	7,106	614	744	137	342	7	3,297	1,161	19,902	2,644	146	204	137	80	2	35
FEDERAL GRANT REVENUE	3A	(10,752)	(6,700)	(1,741)	(152)	(179)	(33)	(82)	(2)	(875)	(987)	-	-	-	-	-	-	-	-
CITY PAYMENT	12	18,000	7,768	1,989	172	208	38	96	2	923	325	5,571	740	41	57	38	22	1	10
NET INCOME	12	147,295	63,565	16,275	1,406	1,704	314	783	15	7,550	2,660	45,584	6,055	335	468	314	162	5	79
TOTAL COST OF SERVICE		604,302	237,118	60,603	5,151	6,389	1,173	2,933	57	22,578	10,277	219,073	31,961	2,067	2,441	1,246	963	24	248
Less: Other Revenues																			
Uncollectible Accounts - MFC	DA	(13,699)	(12,967)	(719)	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uncollectible Accounts - Other	14	(23,220)	-	-	-	-	-	-	-	-	-	(22,091)	(1,090)	(21)	(12)	(7)	-	-	-
Appliance Repair and Other Revenues	4	7,807	-	-	-	-	-	-	-	-	-	5,027	2,336	137	208	31	66	2	-
Other Revenues - LNG Sales	2A	1,059	814	192	18	21	4	10	0	-	-	-	-	-	-	-	-	-	-
Other Revenues - Cap Release	1	10,124	7,976	1,658	108	225	41	103	0	-	13	-	-	-	-	-	-	-	-
Other Revenues - Finance Charges	14	14,187	-	-	-	-	-	-	-	-	-	13,497	666	13	7	4	-	-	-
CRP Forgiveness	1B	12,870	9,422	2,792	229	259	45	118	5	-	-	-	-	-	-	-	-	-	-
Senior Discount	1B	1,705	1,248	370	30	34	6	16	1	-	-	-	-	-	-	-	-	-	-
DSIC Surcharge at 7.50%	13A	38,783	16,100	4,115	350	434	80	199	4	-	-	14,875	2,170	140	166	85	65	2	-
OPEB Surcharge	1B	16,792	12,293	3,642	298	338	59	154	7	-	-	-	-	-	-	-	-	-	-
ELIRP	1B	7,989	5,848	1,733	142	161	28	73	3	-	-	-	-	-	-	-	-	-	-
Efficiency Cost Recovery ECR	DA	887	675	200			3	8											
Unbilled Adjustment	13	(463)	(182)	(46)	(4)	(5)	(1)	(2)	(0)	(17)	(8)	(168)	(24)	(2)	(2)	(1)	(1)	(0)	(0)
NGS/LNG and Contract Revenues	13	686	269	69	6	7	1	3	0	26	12	249	36	2	3	1	1	0	0
Subtotal		75,508	41,496	14,005	1,165	1,475	267	683	21	8	17	11,389	4,094	270	370	113	131	4	0
TOTAL COST OF SERVICE RELATED TO TARIFF SALES AND TRANSPORTATION		\$ 528,794	195,622	46,598	3,986	4,914	906	2,250	36	22,570	10,260	207,684	27,867	1,797	2,071	1,133	832	20	248

PHILADELPHIA GAS WORKS

COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

Account	Factor Ref.	Cost of Service in '000's	Volumetric Costs									Customer Costs							
			Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - R8	NGVS	Interruptible	Grays Ferry	Res	Com	Ind	Muni	PHA - GS	PHA - R8	NGVS	Interruptible
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
RATE BASE																			
PRODUCTION PLANT																			
304		1,453	1,145	238	16	32	6	15	0	-	2	-	-	-	-	-	-	-	-
305		6,833	5,383	1,119	73	152	28	69	0	-	9	-	-	-	-	-	-	-	-
306		478	376	78	5	11	2	5	0	-	1	-	-	-	-	-	-	-	-
307		5,962	4,697	976	64	133	24	61	0	-	8	-	-	-	-	-	-	-	-
311		522	411	85	6	12	2	5	0	-	1	-	-	-	-	-	-	-	-
312		69	55	11	1	2	0	1	0	-	0	-	-	-	-	-	-	-	-
319		0	0	0	0	0	0	0	0	-	0	-	-	-	-	-	-	-	-
320		17,761	13,991	2,908	190	395	72	180	1	-	23	-	-	-	-	-	-	-	-
		33,078	26,058	5,416	354	735	134	336	1	-	43	-	-	-	-	-	-	-	-
STORAGE AND PROCESSING PLANT																			
360	2A	328	252	60	5	7	1	3	0	-	-	-	-	-	-	-	-	-	-
361	2A	9,620	7,391	1,748	160	194	37	90	0	-	-	-	-	-	-	-	-	-	-
362	2A	488	375	89	8	10	2	5	0	-	-	-	-	-	-	-	-	-	-
363	2A	1	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
364	2A	6,928	5,323	1,259	115	140	27	65	0	-	-	-	-	-	-	-	-	-	-
365	2A	4,248	3,264	772	71	86	16	40	0	-	-	-	-	-	-	-	-	-	-
366	2A	5,481	4,211	996	91	111	21	51	0	-	-	-	-	-	-	-	-	-	-
367	2A	1,227	943	223	20	25	5	11	0	-	-	-	-	-	-	-	-	-	-
368	2A	40,863	31,395	7,424	681	824	157	381	1	-	-	-	-	-	-	-	-	-	-
		69,182	53,152	12,569	1,152	1,395	266	645	2	-	-	-	-	-	-	-	-	-	-
DISTRIBUTION PLANT																			
374	9	101	43	11	1	1	0	1	0	6	2	31	4	0	0	0	0	0	0
375	(2)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
376	3	908,970	599,633	156,819	13,651	16,053	2,952	7,378	160	83,880	28,443	-	-	-	-	-	-	-	-
377	3A	12	7	2	0	0	0	0	0	1	1	-	-	-	-	-	-	-	-
378	3A	5,834	3,636	945	83	97	18	45	1	475	536	-	-	-	-	-	-	-	-
380	6	396,938	-	-	-	-	-	-	-	-	-	369,144	21,562	603	1,263	2,780	705	8	872
381	4	53,974	-	-	-	-	-	-	-	-	-	34,757	16,152	947	1,437	211	453	17	-
382	4	54,567	-	-	-	-	-	-	-	-	-	35,138	16,329	958	1,453	213	458	17	-
383	6	1,484	-	-	-	-	-	-	-	-	-	1,380	81	2	5	10	3	0	3
384	6	694	-	-	-	-	-	-	-	-	-	645	38	1	2	5	1	0	2
385	5	156	-	-	-	-	-	-	-	-	-	-	-	156	-	-	-	-	-
387	9	1,789	759	198	17	20	4	9	0	106	36	555	68	3	5	4	2	0	1
		1,424,516	604,077	157,975	13,752	16,172	2,974	7,433	162	84,468	29,018	441,650	54,234	2,671	4,165	3,224	1,623	41	878

PHILADELPHIA GAS WORKS

COST OF SERVICE AS OF AUGUST 31, 2024, AT PROPOSED REVENUE LEVEL ALLOCATED TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

		Factor Ref.	Cost of Service in '000's	Volumetric Costs								Customer Costs								
Account	(1)			Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - R8	NGVS	Interruptible	Grays Ferry	Res	Com	Ind	Muni	PHA - GS	PHA - R8	NGVS	Interruptible
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
GENERAL PLANT																				
389	Land and Land Rights	10	3,713	1,220	296	25	33	6	15	0	93	44	1,632	286	21	22	8	9	0	1
390	Structures And Improvements	10	62,742	20,618	5,010	417	557	103	256	3	1,574	738	27,579	4,837	355	380	142	148	4	19
391	Office Furniture And Equipment	10	69,992	23,000	5,589	466	622	115	286	4	1,756	824	30,765	5,386	396	424	159	165	5	21
392	Transportation Equipment	10	26,393	8,673	2,107	176	234	43	108	1	662	311	11,601	2,035	149	160	60	62	2	8
393	Stores Equipment	10	47	15	4	0	0	0	0	0	1	1	21	4	0	0	0	0	0	0
394	Tools, Shop And Garage Equipment	10	9,985	3,281	797	66	89	16	41	1	251	118	4,389	770	56	60	23	24	1	3
396	Power Operated Equipment	10	86	28	7	1	1	0	0	0	2	1	38	7	0	1	0	0	0	0
397	Communication Equipment	10	446	147	36	3	4	1	2	0	11	5	196	34	3	3	1	1	0	0
398	Miscellaneous Equipment	10	25,008	8,218	1,997	166	222	41	102	1	628	294	10,993	1,928	141	151	57	59	2	8
	Total General Plant		198,413	65,201	15,843	1,320	1,762	326	810	11	4,979	2,335	87,213	15,298	1,122	1,201	450	469	13	61
	Total Plant		1,725,190	748,488	191,803	16,579	20,065	3,700	9,223	176	89,446	31,396	528,864	69,532	3,793	5,366	3,674	2,092	54	939
OTHER RATE BASE ELEMENTS																				
	Cash Working Capital	10	38,711	12,721	3,091	258	344	64	158	2	971	456	17,016	2,985	219	234	88	91	3	12
	Total Other Rate Base Elements		38,711	12,721	3,091	258	344	64	158	2	971	456	17,016	2,985	219	234	88	91	3	12
	Total Measure of Value		\$ 1,763,900	761,209	194,893	16,836	20,409	3,764	9,381	179	90,418	31,852	545,879	72,516	4,012	5,600	3,762	2,183	57	951

PHILADELPHIA GAS WORKS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT RATES AND PARITY REVENUE
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED AUGUST 31, 2024
WITHOUT GAS COSTS

Service Classification (1)	Pro Forma Cost of Service (in 000's)		Pro Forma Margin Revenues,				Revenue Increase	
	Amount (2)	Percent (3)	Under Present Rates		Under Parity		Amount (8)	Percent Increase (9)
			Amount (in 000's) (4)	Percent (5)	Amount (in 000's) (6)	Percent (7)		
Residential	\$ 403,306	76.27%	\$ 351,526	79.66%	\$ 395,012	74.70%	\$ 43,486	12.4%
Commercial	74,465	14.08%	61,799	14.00%	72,527	13.72%	10,727	17.4%
Industrial	5,784	1.09%	4,920	1.11%	5,606	1.06%	686	14.0%
Municipal	6,985	1.32%	4,873	1.10%	6,780	1.28%	1,907	39.1%
PHA - GS	2,039	0.39%	1,648	0.37%	2,002	0.38%	354	21.5%
PHA - Rate 8	3,082	0.58%	2,614	0.59%	2,984	0.56%	370	14.1%
NGVS	56	0.01%	27	0.01%	56	0.01%	28	104.7%
Interruptible	22,818	4.32%	12,773	2.89%	33,590	6.35%	20,817	163.0%
Grays Ferry/Veolia	10,260	1.94%	1,129	0.26%	10,237	1.94%	9,108	806.7%
Total	<u>\$ 528,794</u>	<u>100.0%</u>	<u>\$ 441,310</u>	<u>100.0%</u>	<u>\$ 528,794</u>	<u>100.0%</u>	<u>\$ 87,484</u>	<u>19.8%</u>
NGS/LNG and Contract Re	686		686		686		-	
Surcharges	79,027		79,027		79,027		-	
Other Operating Revenues	<u>(4,205)</u>		<u>(2,391)</u>		<u>(4,205)</u>		<u>(1,814)</u>	
Total Other Revenues	75,508		77,322		75,508		(1,814)	
Total	<u>\$ 604,302</u>		<u>\$ 518,631</u>		<u>\$ 604,302</u>		<u>\$ 85,670</u>	<u>16.5%</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 1, 1A AND 1B. ALLOCATION OF COSTS WHICH VARY DIRECTLY WITH SALE OF GAS

Factors are based on the pro forma average daily sales volumes for each service classification.

Service Classification	Pro Forma Average Daily PGC Volumes (Mcf)	Allocation Factor 1	Pro Forma Average Daily Firm Sales (Mcf)	Allocation Factor 1A	Pro Forma Average Daily Firm Sales For Surcharges (Mcf)	Allocation Factor 1B
(1)	(2)	(3)	(4)	(5)	(4)	(5)
<u>Volumetric Costs</u>						
Residential	89,006	0.78778	95,409	0.67764	95,409	0.73208
Commercial	18,499	0.16373	28,268	0.20077	28,268	0.21690
Industrial	1,210	0.01071	2,316	0.01645	2,316	0.01777
Municipal	2,511	0.02222	2,623	0.01863	2,623	0.02013
PHA GS	459	0.00406	459	0.00326	459	0.00352
PHA R8	1,147	0.01015	1,196	0.00850	1,196	0.00918
NGVS	5	0.00004	55	0.00039	55	0.00042
Interruptible	-	-	-	-	-	-
Grays Ferry/Veolia	146	0.00129	10,471	0.07437	-	-
Total	112,983	1.00000	140,797	1.00000	130,326	1.00000

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 2 AND 2A. CALCULATION OF MAXIMUM DAY EXTRA DEMAND FACTORS.

Factors are based on the maximum day extra demand throughput for each classification.

Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 2	Allocation Factor 2A*
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)
<u>Volumetric Costs</u>					
Residential	95,409	429,513	334,104	0.76680	0.76829
Commercial	28,268	107,276	79,008	0.18133	0.18168
Industrial	2,316	9,559	7,243	0.01662	0.01666
Municipal	2,623	11,394	8,771	0.02013	0.02017
PHA GS	459	2,131	1,673	0.00384	0.00385
PHA R8	1,196	5,251	4,054	0.00931	0.00932
NGVS	55	70	15	0.00003	0.00003
Interruptible	31,867	31,867	0	0.00000	
Grays Ferry/Veolia	10,471	11,316	845	0.00194	
Total	<u>172,664</u>	<u>608,377</u>	<u>435,714</u>	<u>1.00000</u>	<u>1.00000</u>

* Factor 2A excludes Interruptible volumes.

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 2B. CALCULATION OF MAXIMUM DAY EXTRA DEMAND FACTORS.

Factors are based on the maximum day extra demand throughput for each classification.

Service Classification	Pro Forma Average Daily Throughput Volumes (Mcf)	Peak Day Capacity (Mcf)	Extra Capacity (Mcf)	Allocation Factor 2B
(1)	(2)	(3)	(4)=(3)-(2)	(5)
<u>Volumetric Costs</u>				
Residential	95,409	429,513	334,104	0.75923
Commercial	28,268	107,276	79,008	0.17954
Industrial	2,316	9,559	7,243	0.01646
Municipal	2,623	11,394	8,771	0.01993
PHA GS	459	2,131	1,673	0.00380
PHA R8	1,196	5,251	4,054	0.00921
NGVS	55	70	15	0.00003
Interruptible	31,867	31,867	0	0.00000
Grays Ferry/Veolia	33,663	38,850	5,187	0.01179
Total	195,856	635,911	440,056	1.00000

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH DISTRIBUTION

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

Service Classification	Average Daily Throughput			Maximum Day Extra Demand		Allocation Factor 3
	MCF/Day	Allocation Factor	Weighted Factor*	Allocation Factor 2	Weighted Factor*	
(1)	(2)	(3)	(4)=(3)x 0.50000	(5)	(6)=(5)x 0.50000	(7)=(4)+(6)
<u>Volumetric Costs</u>						
Residential	95,409	0.55257	0.27629	0.76680	0.38340	0.65968
Commercial	28,268	0.16372	0.08186	0.18133	0.09067	0.17252
Industrial	2,316	0.01341	0.00671	0.01662	0.00831	0.01502
Municipal	2,623	0.01519	0.00760	0.02013	0.01007	0.01766
PHA GS	459	0.00266	0.00133	0.00384	0.00192	0.00325
PHA R8	1,196	0.00693	0.00346	0.00931	0.00465	0.00812
NGVS	55	0.00032	0.00016	0.00003	0.00002	0.00018
Interruptible	31,867	0.18456	0.09228	0.00000	0.00000	0.09228
Grays Ferry	10,471	0.06064	0.03032	0.00194	0.00097	0.03129
Total	172,664	1.00000	0.50000	1.00000	0.50000	1.00000

* The weighting of the factors is based on the percentage of average daily throughput.

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 3A. ALLOCATION OF COSTS ASSOCIATED WITH DISTRIBUTION, OTHER THAN MAINS

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

Service Classification	Average Daily Throughput			Maximum Day Extra Demand		Allocation Factor 3A
	MCF/Day	Allocation Factor	Weighted Factor*	Allocation Factor 2B	Weighted Factor*	
(1)	(2)	(3)	(4)=(3)x 0.50000	(5)	(6)=(5)x 0.50000	(7)=(4)+(6)
<u>Volumetric Costs</u>						
Residential	95,409	0.48714	0.24357	0.75923	0.37962	0.62319
Commercial	28,268	0.14433	0.07217	0.17954	0.08977	0.16194
Industrial	2,316	0.01183	0.00591	0.01646	0.00823	0.01414
Municipal	2,623	0.01339	0.00670	0.01993	0.00997	0.01666
PHA GS	459	0.00234	0.00117	0.00380	0.00190	0.00307
PHA R8	1,196	0.00611	0.00305	0.00921	0.00461	0.00766
NGVS	55	0.00028	0.00014	0.00003	0.00002	0.00016
Interruptible	31,867	0.16271	0.08135	0.00000	0.00000	0.08135
Grays Ferry	33,663	0.17188	0.08594	0.01179	0.00589	0.09183
Total	195,856	1.00000	0.50000	1.00000	0.50000	1.00000

* The weighting of the factors is based on the percentage of average daily throughput.

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH METERS AND ACCOUNTS 381

Factors are based on the cost of meters by class included in Accounts 381 Meters and M&R Equipment.

<u>Service Classification</u> (1)	<u>Original Cost of Meters</u> (2)	<u>Allocation Factor</u> (3)
<u>Customer Costs</u>		
Residential	\$ 33,991,918	0.64395
Commercial	15,796,766	0.29926
Industrial	926,622	0.01755
Municipal	1,405,252	0.02662
PHA - GS	206,290	0.00391
PHA - Rate 8	443,266	0.00840
NGVS	16,329	0.00031
Interruptible	-	-
Total	<u>\$ 52,786,442</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL MEASURING AND REGULATING EQUIPMENT.

Directly assigned to the Industrial Class

Service Classification (1)	Allocation Factor (1)
<u>Volumetric</u> Industrial	1.0000

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES AND HOUSE REGULATORS.

Factors are based on the cost of services by class included in Account 380, Service Lines.

Service Classification (1)	Original Cost of Service Lines (2)	Allocation Factor (3)
<u>Customer Costs</u>		
Residential	\$ 622,311,038	0.92998
Commercial	36,349,977	0.05432
Industrial	1,016,179	0.00152
Municipal	2,128,931	0.00318
PHA - GS	4,687,344	0.00700
PHA - Rate 8	1,189,237	0.00178
NGVS	13,013	0.00002
Interruptible	1,470,369	0.00220
Total	<u><u>\$ 669,166,088</u></u>	<u><u>1.00000</u></u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER ACCOUNTING AND METER READING.

Factors are based on the number of customers for each classification, as follows.

<u>Service Classification</u> (1)	<u>Number of Customers</u> (2)	<u>Allocation Factor 7</u> (3)
<u>Customer Costs</u>		
Residential	488,206	0.94267
Commercial	24,679	0.04765
Industrial	572	0.00110
Municipal	863	0.00167
PHA - GS	2,145	0.00414
PHA - Rate 8	1,035	0.00200
NGVS	3	0.00001
Interruptible	393	0.00076
Total	<u>517,896</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 8. ALLOCATION OF DISTRIBUTION OPERATION OTHER EXPENSES AND RENT.

Factors are based on distribution operation expenses other than those being allocated.

Service Classification	Operation Expenses	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Residential	\$ 26,415	0.33035
Commercial	6,901	0.08630
Industrial	601	0.00752
Municipal	707	0.00884
PHA GS	130	0.00163
PHA R8	325	0.00406
NGVS	7	0.00009
Interruptible	3,654	0.04570
Grays Ferry/Veolia	1,694	0.02119
<u>Customer Costs</u>		
Residential	28,054	0.35084
Commercial	9,410	0.11768
Industrial	781	0.00977
Municipal	818	0.01023
PHA GS	172	0.00215
PHA R8	268	0.00335
NGVS	9	0.00012
Interruptible	15	0.00019
Total	<u>\$ 79,962</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 9. ALLOCATION OF DISTRIBUTION ASSETS

Factors are based on distribution assets other than those being allocated.

Service Classification	Rate Base Costs	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Residential	\$ 603,276	0.42406
Commercial	157,765	0.11090
Industrial	13,734	0.00965
Municipal	16,151	0.01135
PHA GS	2,970	0.00209
PHA R8	7,423	0.00522
NGVS	161	0.00011
Interruptible	84,356	0.05930
Grays Ferry/Veolia	28,980	0.02037
<u>Customer Costs</u>		
Residential	441,065	0.31004
Commercial	54,162	0.03807
Industrial	2,668	0.00188
Municipal	4,159	0.00292
PHA GS	3,220	0.00226
PHA R8	1,621	0.00114
NGVS	41	0.00003
Interruptible	877	0.00062
Total	<u>\$ 1,422,628</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 10. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of operation and maintenance expenses.

Service Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
<u>Volumetric Costs</u>		
Residential	\$ 59,603	0.32861
Commercial	14,482	0.07985
Industrial	1,207	0.00665
Municipal	1,611	0.00888
PHA GS	298	0.00164
PHA R8	740	0.00408
NGVS	10	0.00006
Interruptible	4,551	0.02509
Grays Ferry/Veolia	2,135	0.01177
<u>Customer Costs</u>		
Residential	79,725	0.43956
Commercial	13,984	0.07710
Industrial	1,025	0.00565
Municipal	1,098	0.00605
PHA GS	411	0.00227
PHA R8	429	0.00236
NGVS	12	0.00007
Interruptible	55	0.00031
Total	<u>\$ 181,377</u>	<u>1.0000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 11. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of total operation and maintenance direct labor expense to service classifications as shown on the following page.

Service Classification (1)	Total Labor Expense (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Residential	\$ 79,259	0.50735
Commercial	20,873	0.13361
Industrial	1,789	0.01145
Municipal	2,134	0.01366
PHA GS	389	0.00249
PHA R8	977	0.00625
NGVS	20	0.00013
Interruptible	8,721	0.05582
Grays Ferry/Veolia	4,296	0.02750
<u>Customer Costs</u>		
Residential	33,383	0.21369
Commercial	3,617	0.02315
Industrial	220	0.00141
Municipal	243	0.00156
PHA GS	158	0.00101
PHA R8	121	0.00077
NGVS	-	-
Interruptible	23	0.00015
Total	\$ 156,223	1.00000

PHILADELPHIA GAS WORKS
FACTOR 11 - ALLOCATION OF LABOR COSTS TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

		Volumetric Costs										Customer Costs									
Account	Factor Ref.	Labor Costs	Residential	Commercial	Industrial	Municipal	PHA GS	PHA - R8	NGVS	Interruptible	Grays Ferry/Viola	Res	Com	Ind	Muni	PHA - GS	PHA - Rate 8	NGVS	Interruptible		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
OPERATION AND MAINTENANCE EXPENSES																					
TOTAL PAYROLL - 2022																					
02 President & CEO	10	\$ 107	\$ 35	\$ 9	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 3	\$ 1	\$ 47	\$ 8	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -		
03 Corporate Communications	10	1,657	545	132	11	15	3	7	-	42	20	728	128	9	10	4	4	-	1		
04 Officers Salaries	10	4,521	1,486	361	30	40	7	18	-	113	53	1,987	349	26	27	10	11	-	1		
05 Legal	10	1,599	525	128	11	14	3	7	-	40	19	703	123	9	10	4	4	-	-		
07 Commercial Resource Center	7	1,192	-	-	-	-	-	-	-	-	-	1,124	57	1	2	5	2	-	1		
09 Gas Control & Acquisition	1A	2,900	1,965	582	48	54	9	25	1	-	216	-	-	1	-	-	-	-	-		
10 VP Reg. Compliance & Customer Programs	10	4,477	1,471	357	30	40	7	18	-	112	53	1,968	345	25	27	10	11	-	1		
11 Human Resources	10	1,193	392	95	8	11	2	5	-	30	14	524	92	7	7	3	3	-	-		
13 Chief Operating Officer	10	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
14 Security	10	206	68	16	1	2	-	1	-	5	2	91	16	1	1	-	-	-	-		
15 VP Regulatory & Legislative Affairs	10	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
16 VP Supply Chain	10	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
17 VP Budget & Strategic Development	10	758	249	61	5	7	1	3	-	19	9	333	58	4	5	2	2	-	-		
20 Gas Planning & Rates	10	842	277	67	6	7	1	3	-	21	10	370	65	5	5	2	2	-	-		
21 Customer Review	7	959	-	-	-	-	-	-	-	-	-	904	46	1	2	4	2	-	1		
22 By-Pass Bonuses	10	32	11	3	-	-	-	-	-	1	-	14	2	-	-	-	-	-	-		
30 Engineering Services	3	1,140	752	197	17	20	4	9	-	105	36	-	-	-	-	-	-	-	-		
31 Chemical Services	1	651	513	107	7	14	3	7	-	-	1	-	-	-	-	-	-	-	-		
38 VP Technical Compliance	10	530	174	42	4	5	1	2	-	13	6	233	41	3	3	1	1	-	-		
39 SVP HRD, Labor, & Corp Comm	10	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
40 Chief Financial Officer	10	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
41 Risk Management	10	973	320	78	6	9	2	4	-	24	11	428	75	6	6	2	2	-	-		
43 Account Management	7	2,628	-	-	-	-	-	-	-	-	-	2,477	125	3	4	11	5	-	2		
44 Customer Service	7	10,716	-	-	-	-	-	-	-	-	-	10,102	511	12	18	44	21	-	8		
45 Accounting & Reporting	10	1,770	582	141	12	16	3	7	-	44	21	778	136	10	11	4	4	-	1		
46 Treasury	10	1,098	361	88	7	10	2	4	-	28	13	483	85	6	7	2	3	-	-		
47 Information Services	10	6,159	2,024	492	41	55	10	25	-	155	72	2,707	475	35	37	14	15	-	2		
49 Collections	7	2,630	-	-	-	-	-	-	-	-	-	2,479	125	3	4	11	5	-	2		
50 Field Services	30	202	19,924	5,211	454	533	98	245	5	2,787	945	-	-	-	-	-	-	-	-		
52 Distribution	3	43,316	28,575	7,473	651	765	141	352	8	3,997	1,355	-	-	-	-	-	-	-	-		
53 Gas Processing	1A	13,550	9,182	2,720	223	252	44	115	5	-	1,008	-	-	-	-	-	-	-	-		
54 Internal Auditing	10	101	33	8	1	1	-	-	-	3	1	44	8	1	1	-	-	-	-		
56 SVP Operations & Supply Chain	3	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
57 SVP Gas Management	3	559	369	96	8	10	2	5	-	52	17	-	-	-	-	-	-	-	-		

PHILADELPHIA GAS WORKS

FACTOR 11 - ALLOCATION OF LABOR COSTS TO
CUSTOMER CLASS SERVICE CLASSIFICATIONS

		Volumetric Costs										Customer Costs																									
Account	Factor Ref.	Labor Costs	Residential	Commercial	Industrial	Municipal	PHA GS	PHA - R8	NGVS	Interruptible	Grays Ferry/Viola	Res	Com	Ind	Muni	PHA - GS	PHA - Rate 8	NGVS	Interruptible																		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)																		
58	VP Marketing	10	73	24	6	-	1	-	-	-	2	1	32	6	-	-	-	-	-																		
59	Organizational Development	10	1,315	432	105	9	12	2	5	-	33	15	578	101	7	8	3	3	-																		
60	Marketing	10	2,969	976	237	20	26	5	12	-	74	35	1,305	229	17	18	7	7	-																		
63	Data & Analytics	10	1,033																1																		
64	CIS	10	963																																		
65	Labor Relations	10	240	79	19	2	2	-	1	-	6	3	106	19	1	1	1	1	-																		
67	Corporate Planning	10	900	296	72	6	8	1	4	-	23	11	397	69	5	5	2	2	-																		
68	Customer Programs	7	893	-	-	-	-	-	-	-	-	-	842	43	1	1	4	2	1																		
71	Supply Chain	3	6,809	4,492	1,175	102	120	22	55	1	628	213	-	-	-	-	-	-	-																		
72	Facilities Management	3	2,143	1,414	370	32	38	7	17	-	198	67	-	-	-	-	-	-	-																		
73	Fleet Operations	10	3,638	1,195	290	24	32	6	15	-	91	43	1,599	280	21	22	8	9	1																		
77	Resource Management and Technology	3	784	518	135	12	14	3	6	-	72	25	-	-	-	-	-	-	-																		
TOTAL LABOR RELATED COST FOR ALLOCATION		\$	158,226	\$	79,259	\$	20,873	\$	1,789	\$	2,134	\$	389	\$	977	\$	20	\$	8,721	\$	4,296	\$	33,383	\$	3,617	\$	220	\$	243	\$	158	\$	121	\$	-	\$	23

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 12. ALLOCATION OF SURPLUS AND INTEREST EXPENSE.

Factors are based on the result of allocating the original cost measure of value, as presented on the following pages.

Service Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Residential	\$ 761,209	0.43155
Commercial	194,893	0.11049
Industrial	16,836	0.00954
Municipal	20,409	0.01157
PHA GS	3,764	0.00213
PHA R8	9,381	0.00532
NGVS	179	0.00010
Interruptible	90,418	0.05126
Grays Ferry	31,852	0.01806
<u>Customer Costs</u>		
Residential	545,879	0.30947
Commercial	72,516	0.04111
Industrial	4,012	0.00227
Municipal	5,600	0.00317
PHA GS	3,762	0.00213
PHA R8	2,183	0.00124
NGVS	57	0.00003
Interruptible	951	0.00054
Total	<u>\$ 1,763,900</u>	<u>1.00000</u>

FACTOR 13. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER REVENUES.

Factors are based on the allocated cost of service excluding those items being allocated.

Service Classification (1)	Total Cost of Service (2)	Allocation Factor (3)
<u>Volumetric Costs</u>		
Residential	\$ 237,118	0.39238
Commercial	60,603	0.10029
Industrial	5,151	0.00852
Municipal	6,389	0.01057
PHA GS	1,173	0.00194
PHA R8	2,933	0.00485
NGVS	57	0.00009
Interruptible	22,578	0.03736
Grays Ferry	10,277	0.01701
<u>Customer Costs</u>		
Residential	219,073	0.36252
Commercial	31,961	0.05289
Industrial	2,067	0.00342
Municipal	2,441	0.00404
PHA GS	1,246	0.00206
PHA R8	963	0.00159
NGVS	24	0.00004
Interruptible	248	0.00041
Total	<u>\$ 604,302</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 13A. ALLOCATION OF OPEB SURCHARGE

Factors are based on the allocated cost of service excluding those items being allocated, excluding IT and Grays Ferry cost of service,

Service Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
<u>Volumetric Costs</u>		
Residential	\$ 237,118	0.41512
Commercial	60,603	0.10610
Industrial	5,151	0.00902
Municipal	6,389	0.01118
PHA GS	1,173	0.00205
PHA R8	2,933	0.00513
NGVS	57	0.00010
Interruptible	-	-
Grays Ferry	-	-
<u>Customer Costs</u>		
Residential	219,073	0.38353
Commercial	31,961	0.05595
Industrial	2,067	0.00362
Municipal	2,441	0.00427
PHA GS	1,246	0.00218
PHA R8	963	0.00169
NGVS	24	0.00004
Interruptible	-	-
Total	<u>\$ 571,199</u>	<u>1.00000</u>

FACTOR 14. ALLOCATION OF UNCOLLECTIBLES NOT RECOVERED FROM MFC

Factors are based on 3-year average of uncollectibles.

Service Classification	3-Year Average Uncollectibles	Allocation Factor
(1)	(2)	(3)
<u>Customer Costs</u>		
Residential	\$ 24,714,302	0.95136
Commercial	1,219,711	0.04695
Industrial	23,660	0.00091
Municipal	12,938	0.00050
PHA GS	7,311	0.00028
PHA R8	-	-
Total	<u>25,977,922</u>	<u>1.00000</u>

PHILADELPHIA GAS WORKS

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

	Cost of Service (1)	Residential (2)	Commercial (3)	Industrial (4)	Municipal (5)	PHA - GS (6)	PHA - R8 (7)	NGVS (8)	Interruptible (9)
Fully Allocated Customer Costs									
Customer Costs (in 1,000's)	258,023	\$ 219,073	\$ 31,961	\$ 2,067	\$ 2,441	\$ 1,246	\$ 963	\$ 24	\$ 248
Number of Customers	517,896	488,206	24,679	572	863	2,145	1,035	3	393
Customer Cost per bill		\$ 37.39	\$ 107.92	\$ 301.37	\$ 235.68	\$ 48.42	\$ 77.54	\$ 680.54	\$ 52.57
Direct Customer Costs (in 1000's)									
<u>O & M Expenses:</u>									
874 Mains And Services Expenses									
Mains									
Services	3,287	3,056	179	5	10	23	6	0	7
876 M & R Station Expenses - Industrial	152			152					
878 Meter and House Regulator Expenses	18,880	12,158	5,650	331	503	74	159	6	-
879 Customer Installations Expenses	10,926	7,036	3,270	192	291	43	92	3	-
892 Maintenance of Services	2,487	2,313	135	4	8	17	4	0	5
893 Maintenance of Meters & House Regulators	3,703	3,491	176	4	6	15	7	0	3
901 Supervision	2,839	2,676	135	3	5	12	6	0	2
902 Meter Reading Expenses	868	818	41	1	1	4	2	0	1
903 Customer Records & Coll Expenses	37,465	35,317	1,785	41	62	155	75	0	28
904 Uncollectible Accounts	23,220	22,091	1,090	21	12	7	-	-	-
908 Customer Assistance Expenses	6,334	5,971	302	7	11	26	13	0	5
Subtotal O & M Expenses	110,161	94,927	12,764	762	909	376	363	10	52

PHILADELPHIA GAS WORKS

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

		Cost of Service (1)	Residential (2)	Commercial (3)	Industrial (4)	Municipal (5)	PHA - GS (6)	PHA - R8 (7)	NGVS (8)	Interruptible (9)
<u>Depreciation Expense</u>										
380	Services	19,688	18,309	1,069	30	63	138	35	0	43
381	Meters	2,526	1,627	756	44	67	10	21	1	-
382	Meter Installations	2,697	1,737	807	47	72	11	23	1	-
383	House Regulators	50	46	3	0	0	0	0	0	0
384	House Regulator Installations	49	31	15	1	1	0	0	0	-
385	Industrial M & R Equipment	13	-	-	13	-	-	-	-	-
390	Structures and Improvements	-								
391	Office Furniture And Equipment	-								
Subtotal Depreciation		25,022	29,320	3,975	232	307	198	120	3	49
<u>Rate Base</u>										
380	Services	396,938	369,144	21,562	603	1,263	2,780	705	8	872
381	Meters	53,974	34,757	16,152	947	1,437	211	453	17	-
382	Meter Installations	54,567	35,138	16,329	958	1,453	213	458	17	-
383	House Regulators	1,484	1,380	81	2	5	10	3	0	3
384	House Regulator Installations	694	645	38	1	2	5	1	0	2
385	Industrial M & R Equipment	156	-	-	156	-	-	-	-	-
390	Structures And Improvements	33,465 *	27,579	4,837	355	380	142	148	4	19
391	Office Furniture and Equipment	37,331 *	30,765	5,396	396	424	159	165	5	21
Subtotal Rate Base		578,609	499,409	64,396	3,418	4,963	3,521	1,934	50	917
Surplus and Interest @ 12.0%		69,412	59,911	7,725	410	595	422	232	6	110
Total Direct Customer Costs		\$ 213,777	\$ 184,158	\$ 24,464	\$ 1,404	\$ 1,811	\$ 996	\$ 715	\$ 19	\$ 210
Number of Customers		517,896	488,206	24,679	572	863	2,145	1,035	3	393
Direct Costs per bill			\$ 31.43	\$ 82.61	\$ 204.64	\$ 174.90	\$ 38.69	\$ 57.56	\$ 521.63	\$ 44.59

* Customer cost portion of account.

PHILADELPHIA GAS WORKS

CALCULATION OF MERCHANT FUNCTION CHARGE

Line No.		Residential	Commercial	Industrial	Municipal	PHA - GS	PHA - Rate 8	NGVS	Interruptible	Total
(1)	Non-Gas Revenue - Proposed Rates	\$ 419,616	\$ 72,656	\$ 5,880	\$ 6,299	\$ 2,006	\$ 2,992	\$ 35	\$ 16,516	\$ 526,001
(2)	GCR Revenue	245,607	51,471	3,343	6,924	1,264	3,165	14	-	311,787
(3)	Total Revenue - Lines (1)+(2)	\$ 665,223	\$ 124,127	\$ 9,223	\$ 13,224	\$ 3,270	\$ 6,156	\$ 49	\$ 16,516	\$ 837,788
(4)	Percent of GCR to Total Revenue - Lines (2)/(3)	36.92%	41.47%	36.24%						
(5)	Uncollectible Account 904 (000's)	35,123	1,733	34	18	10	-	-	-	36,919
(6)	Uncollectible Account 904 to GCR (000's) - Line (4) X (5)	12,967	719	12						
(7)	Uncollectible Share of Revenue, % - Line (6)/(2)	5.28%	1.40%	0.36%						
(8)	Uncollectible Account 904 to GCR - Line (6) X 1000	12,967,480	718,847	12,186						
(9)	Annual Firm Sales Service Volumes	32,487,015	6,752,009	441,628						
(10)	Merchant Function Charge per MCF - Line (8)/(9)	0.3992	0.1065	0.0276						

PHILADELPHIA GAS WORKS

CALCULATION OF GAS PROCUREMENT CHARGE

Natural Gas Supply Service, Acquisition and Management and Benefits	\$ 536,259
Storage Gas Working Capital Plus Cash Working Capital - Cost	<u>2,718,568</u>
Total GPC Costs	\$ 3,254,827
Annual Firm Sales Service Volumes - MCF	41,231,182
Gas Procurement Charge	0.0789

PHILADELPHIA GAS WORKS
SUMMARY OF PRO FORMA VOLUMES BY

Service Classification
R- No Heat
R-Heat
C-No Heat
C-Heat
I-No Heat
I-Heat
M- No Heat
M-Heat
PHA GS
PHA R8
NGVS
Interruptible*
Grays Ferry
Total

* does not include Cogen, TED or BUS - contracts

KS
CLASSIFICATION

FACTOR 1	Annual	FACTOR 2&3		
All Gas		Total		
Sales - Annual	Transport.	MCF	Throughput	Peak Day - 2018
(1)	(2)	(3)=(1)+(2)		
333,220	34,440	367,660	3,981	1,007.29
32,153,795	2,302,690	34,456,486	425,532	94,401.33
909,717	442,942	1,352,660	10,107	3,705.92
5,842,292	3,122,912	8,965,203	97,169	24,562.20
92,252	158,092	250,345	2,156	685.88
349,376	245,570	594,946	7,402	1,629.99
211,257	772	212,029	1,415	580.90
705,218	40,276	745,494	9,980	2,042.45
167,360		167,360	2,131	458.52
418,601	18,045	436,645	5,251	1,196.29
1,785	18,337	20,121	70 *	55.13
0	11,631,416	11,631,416	73,869	31,866.89
53,129	3,768,722	3,821,851	36,380	10470.82374
41,238,001	21,784,213	63,022,214	675,443	639,063.25

Daily Ave Throughput

162,193

Ratio to Peak Day

0.24013

-

Daily Ave Throughput Excl Interrupti

130,326

Peak Day Excluding Interruptibles

565,194

Ratio to Peak Day Excluding Interru

0.2306