

PHILADELPHIA GAS WORKS
GAS SERVICE TARIFF



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List of Changes Made by this Tariff Supplement

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") (PAGE No. 151)

Effective July 1, 2014, the DSIC percentage increases from 2.60% to 5.00%.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 5.00% will apply consistent with the Commission Order dated May 9, 2013 at Docket No. P-2012-2337737 approving the DSIC.

(I)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements. The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The initial DSIC will become effective upon one (1) day notice after submission of a compliance tariff in compliance with commission order.

2. Computation of the DSIC

A. Calculation: The initial DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rates and have been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC. The DSIC will be updated on July 1, 2013 and on a quarterly basis thereafter to reflect eligible plant additions that have not previously been reflected in the Utility's rates and will have been placed in service during the three-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

(I) - Increase