



PHILADELPHIA GAS WORKS

800 West Montgomery Avenue • Philadelphia, PA 19122

March 2, 2026

Gemela N. McClendon, Esquire
Executive Director
Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

RE: Responses to Data Requests

Dear Ms. McClendon:

Attached are the responses to PH-1, PH-2 and PH-3.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Gallagher', is written over a large, light blue, stylized flame graphic that occupies the right side of the page.

William J. Gallagher
VP Budget and Strategic Development

WJG/mlo'b
Attachments
cc: Service List

RESPONSE TO THE HEARING EXAMINER'S POST-HEARING DATA REQUEST
FISCAL YEAR 2027 CAPITAL BUDGET

- PH-1:** (To PGW) What is the status of pipeline replacement funding? (S. Murray)
- 1) How are emergency replacements due to leaks handled? Operating or Capital?
 - 2) Have we seen any trends in the last 5 years? More or less emergency replacements?
 - 3) How was this current winter's ice storm impacting leaks?

RESPONSE PROVIDED BY: Shawn Murray – Director, Resource Management and Technology

RESPONSE:

- 1) The investigation and repair of leaks is considered an operating expense. The replacement of an asset is capitalized. An example of a leak repair is installing a clamp on a leaking cast iron bell and spigot joint. An example of a replacement for a leaking asset is the renewal of a leaking service or a section of leaking main that is cut out and replaced.
- 2) Over the past 5 years, PGW has remained fairly consistent with emergency replacement spending with the 5 year average spending equaling \$9,872,889.

FY 2021 Total	\$9,734,193
FY 2022 Total	\$9,732,534
FY 2023 Total	\$10,208,675
FY 2024 Total	\$9,773,734
FY 2025 Total	\$9,915,307

- 3) The winter storm that occurred at the end of January had minimal impact on the capital expenses that PGW would normally incur during the winter months. The operating expenses would be impacted more significantly due to the snow and ice that accumulated and stayed present for nearly a month. As previously explained above, leak investigation is an operating expense and this would have been the activity that was most impacted by the snow and ice.

RESPONSE TO THE HEARING EXAMINER'S POST-HEARING DATA REQUEST
FISCAL YEAR 2027 CAPITAL BUDGET

PH-2: (To PGW) Are there emissions reductions tied to the new liquefier?

RESPONSE PROVIDED BY: Daniel J. Cassidy, P.E., Vice President – Technical Operations

RESPONSE:

The replacement of the liquefier will result in continued lower emissions for the City versus other heating options and is aligned with the City's goal of reducing emissions. In areas of the country that do not have sufficient gas supply to meet winter demand, coal and heating oil were the largest sources of energy during the winter storms this past month. Those areas had far higher emissions than natural gas would have produced.

RESPONSE TO THE HEARING EXAMINER'S POST-HEARING DATA REQUEST
FISCAL YEAR 2027 CAPITAL BUDGET

PH-3: (To PGW) How much overall demand would have to be reduced in order offset the LNG expansion?

- Are there incentive programs to have customers reduce demand?
- Are there time of use rates? If not, what would it take to request from PUC?
 - Is this limited by new AMI meter rollout? What is that timeline?

RESPONSE PROVIDED BY: Daniel J. Cassidy, P.E., Vice President – Technical Operations

RESPONSE:

Overall demand would need to be reduced by greater than 30% for vaporization of LNG to not be a required component of sendout. Additionally, LNG is required for PGW to meet demand in several failure scenarios, including pipeline curtailment and interruption of an M&R Station.

- Yes. PGW has a low-income usage reduction program specifically for low-income customers and a Demand Side Management program for commercial and residential customers.
- PGW does not have time of use rates. While used by many electric utilities, we are unaware of any peer gas utilities with time of use rates. PGW has not researched the utilization of time of use rates or evaluated a PUC rate request. This is currently not related to the AMI rollout.