



PEOPLES NATURAL GAS



PEOPLES TWP

375 N. Shore Drive, Suite 600
Pittsburgh, PA 15212

Lynda W. Petrichevich
Director – Rates, Planning and Forecasting

Peoples Service Company LLC
Phone: 412-208-6528; Fax: 412-208-6577
Email: lynda.w.petrichevich@peoples-gas.com

March 20, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Peoples TWP LLC
Distribution System Improvement Charge (DSIC)
Quarterly Filing
Docket No. P-2013-2344595

Dear Secretary Chiavetta:

Peoples TWP LLC is making its quarterly DSIC filing for the limited purpose of providing supplemental information to the Commission. Effective with the implementation of new base rates on January 1, 2014 in Peoples TWP's base rate proceeding at Docket No. R-2013-2355886, Peoples TWP's DSIC rate was reset to zero. Peoples TWP continues to invest in DSIC eligible plant and the amount of DSIC eligible plant for December 2014 through February 2015 brings the total plant investment above the amount included in base rates. Further, some of the DSIC eligible plant accounts are also above the amounts included in rates. However, the last earnings report filed by the company for the period ending September 2014 indicated a return on equity above the commission set rate of 10.0%. Therefore, there is no change in the current DSIC rate of 0.00%.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

Lynda W. Petrichevich

Enclosure

cc: Certificate of Service

PEOPLES TWP LLC
ELIGIBLE PROPERTY
Quarterly Filing - April 2015

Eligible Property	FERC Acct.	Beginning		Revised	<u>DSIC Eligible Additions 3/</u>			Total
		Balance November 30, 2013	Plant Rolled-into PTWP 2013 Rate Case		Beginning Balance	Dec 2014	Jan 2015	
Distribution Lines	376	\$ 5,579,542	\$ (5,579,542)	\$ -				\$ -
Company Owned Services	380	\$ 1,780,188	\$ (1,780,188)	\$ -				\$ -
Storage Lines	353	\$ -	\$ -	\$ -				\$ -
Transmission Lines	367	\$ 1,581,497	\$ (1,581,497)	\$ -				\$ -
Meter Installation	382	\$ 158,641	\$ (158,641)	\$ -				\$ -
Meters	334, 369 & 381	\$ 91,016	\$ (91,016)	\$ -				\$ -
Bar Coding/Mapping Technology	1/ 391.02	\$ -	\$ -	\$ -				\$ -
Smart Meter Technology	2/ 303 & 387	\$ -	\$ -	\$ -				\$ -
Total		\$ 9,190,884	\$ (9,190,884)	\$ -	\$ -	\$ -	\$ -	\$ -

1/ As shown in Peoples' LTIIIP, Peoples TWP is not projecting any expenditures for this category during 2014.

2/ As explained in Peoples TWP's LTIIIP, Peoples TWP plans to study the deployment of a Smart Meter Technology for its customers during the first two years of its LTIIIP. Therefore, there are no expenditures for this quarter.

3/ Refer to page 6 of 6 for DSIC Eligible Plant Additions.

PEOPLES TWP LLC
DEPRECIATION ON ELIGIBLE PROPERTY
Quarterly Filing - April 2015

Eligible Property	Eligible Property	Depreciation Rate	Annual Depreciation
Distribution Lines	\$ -	1.88%	\$ -
Company Owned Services	\$ -	2.26%	-
Storage Lines	\$ -	2.32%	-
Transmission Lines	\$ -	1.54%	-
Meter Installation	\$ -	2.61%	-
Meters	\$ -	4.03%	-
Bar Coding/Mapping Technology	\$ -		-
Smart Meter Technology	\$ -		-
	\$ -		\$ -
January 2015 Quarterly Filing Accumulated Depreciation			\$ -
Accumulated Depreciation July 2013 - November 2014			\$ -
Total Accumulated Depreciation			\$ -

**PEOPLES TWP LLC
DSIC COMPUTATION
EFFECTIVE: April 1, 2015**

DSIC =	<u>(DSI x PTRR) + Dep + e</u> PQR	<u>Annual</u>	<u>Quarterly</u>	
	Distribution System Improvement Costs		\$ -	
	Less Accumulated Depreciation		\$ -	
DSI	Net Distribution System Improvement Costs		<u>\$ -</u>	
PTRR	<i>Annual Pretax Rate of Return</i>	11.42%		
	<i>Quarterly Pretax Rate of Return</i>		2.86%	
DSI x PTRR	Quarterly Capital Cost Recovery		\$ -	
	Annual Depreciation Expense	\$ -		Monthly
Dep	Quarterly Depreciation Expense		<u>\$ -</u>	Recoverable
				Amount
<i>(DSI x PTRR) + Dep</i>	<i>Current Period Recoverable Cost Amount</i>		<u>\$ -</u>	<u>\$ -</u>
	(Over)/Under Collection		\$ -	\$ -
	Audit Adjustment		\$ -	\$ -
	Interest Refundable		\$ -	\$ -
	Prior Period 'E' Factor Residual		\$ -	\$ -
	Misc. Adjustments (Refund)/Recoup		\$ -	\$ -
	Net 'E' Factor Amount		<u>\$ -</u>	<u>\$ -</u>
e	Quarterly 'E' Factor Amount		<u>\$ -</u>	<u>\$ -</u>
<i>(DSI x PTRR)</i>				
Dep + e	Total DSIC Revenue Requirement		<u>\$ -</u>	<u>\$ -</u>
PQR	Projected Quarterly Revenue		\$ 14,425,000	
DSIC	DSIC Surcharge Rate 1/			0.00%

1/ With the implementation of new base rates in Peoples TWP's base rate case effective January 1, 2014, Peoples TWP's DSIC surcharge was reset to 0.00%.

**PEOPLES TWP LLC
WEIGHTED COST OF CAPITAL**

	Capital Structure as of 2/28/15	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-Tax Rate of Return
L/T Debt 1/	45.67%	4.67%	2.13%	-	2.13%
Common Equity	54.33%	10.00%	5.43%	1.709	9.29%
	100.00%		7.57%	-	11.42%

Note: The cost rate of debt is the Company's actual cost rate. The equity cost rate is from the Pa PUC Staff Quarterly Report for the period ending June 30, 2014 (2nd Quarter Report). The tax multiplier is calculated as follows: $1/[(1 - \text{PA Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the PA tax rate is 9.99% and the Fed. Tax Rate is 35.00%.

1/ Refer to page 5 of 6 for details.

Peoples TWP LLC
Capital Structure & Debt Components

	Balance as of 02/28/2015	% of Total Capitalization	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-Tax Rate of Return
L/T Debt	\$ 89,714,785	45.67%	4.67%	2.13%		2.13%
Common Equity	\$ 106,745,801	54.33%	10.00%	5.43%	1.709	9.29%
Total Capitalization	\$ 196,460,586	100.00%		7.57%		11.42%

	Effective Cost Rate	Balance as of 02/28/2015	Annualized Interest
Note Payable	6.44%	\$ 10,909,095	\$ 702,546
Note Payable	6.02%	\$ 8,181,818	\$ 492,545
Note Payable	5.70%	\$ 1,818,185	\$ 103,637
Note Payable	5.69%	\$ 8,181,825	\$ 465,546
Note Payable	7.02%	\$ 3,638,000	\$ 255,388
Note Payable	4.54%	\$ 21,000,000	\$ 953,400
Note Payable	3.67%	\$ 30,000,000	\$ 1,101,000
CapEx Revolver	1.96%	\$ 5,985,862	\$ 117,157
		\$ 89,714,785	\$ 4,191,218

Weighted Cost of Debt

4.67%

<u>Eligible Property</u>	<u>FERC Acct.</u>	<u>Plant in PTWP 2013 Rate Case</u>	<u>Plant in Service as of 11/30/2014</u>	<u>Plant in Service as Compared to Rate Case Claim</u>	<u>DSIC Spend Dec 14 - Feb 15</u>	<u>DSIC Eligible</u>
Distribution Lines	376	\$ 103,239,422	\$ 103,564,985	\$ 325,563	1,258,695	\$ 1,258,695
Company Owned Services	380	30,272,621	33,483,546	\$ 3,210,925	237,170	\$ 237,170
Gathering Lines	332	-	-	\$ -	-	\$ -
Storage Lines	353	1,298,968	1,487,863	\$ 188,895	-	\$ -
Transmission Lines	367	73,284,213	73,084,180	\$ (200,033)	87,720	\$ -
Meter Installation	382	3,084,823	3,236,475	\$ 151,652	19,008	\$ 19,008
Gathering M&R Station	334	-	-	\$ -	-	\$ -
Transmission M&R Station	369	7,392,739	6,931,360	\$ (461,379)	-	\$ -
Meters	381	20,571,356	19,610,854	(960,502)	111,361	\$ -
		\$ 239,144,142	\$ 241,399,263	\$ 2,255,121	\$ 1,713,954	\$ 1,514,873

CERTIFICATE OF SERVICE
(Docket No. P-2013-2344595 and C-2013-2348849)

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of §1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Erin L. Gannon, Esquire
Christy M. Appleby, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Sharon E. Webb, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Allison C. Kaster, Esquire
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Kevin J. Moody, Esquire
Vice President and General Counsel
Pennsylvania Independent Oil & Gas Association
212 Locust Street, Suite 300
Harrisburg, PA 17101

Dated: March 20, 2015



Lynda W. Petrichevich