

RECEIVED  
00 OCT -6 PM 12:49  
PA.P.U.C.  
SECRETARY'S BUREAU

EXHIBIT J  
OTS ~~Statement~~ No. 3  
Witness: Andrew R. O'Donnell  
Date: September 18, 2000

9/28/00  
Phil OD  
143

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

v.

**Philadelphia Gas Works**

**Docket No. R-00005654**

**DOCKETED**  
OCT 10 2000

DOCUMENT  
FOLDER

**Exhibits to Accompany**

**The**

**Direct Testimony**

**Of**

**Andrew R. O'Donnell**

**Office of Trial Staff**

**Concerning: Interim Rate Filing**

## Table of Contents

OTS-RR-1	Annual Debt Service Requirements (Issuance through Maturity).
OTS-RR-2	Debt Service Payments – Fiscal Year 2000-2001.
OTS-RR-3	Description of where Debt Service Coverage is calculated.
OTS-RR-4	Clarification of the difference between total debt service and that required on bonds.
OTS-RR-5(a)	Bond Ordinances

**RESPONSE TO OFFICE OF TRIAL STAFF DATA REQUEST  
REGARDING PGW'S INTERIM RATE PROCEEDING**

**Question OTS-RR-1:** Provide a schedule detailing by month for each bond issue by series, the principal and interest payments applicable as "debt service" from the date of issue through the date of maturity.

**Response Provided By:** Thomas E. Knudsen, Interim Chief Financial Officer

**Response:** PGW does not maintain a monthly detailed schedule of its outstanding bonds from date of issue. PGW would have to reconstruct each individual bond issue and the respective debt service. Since some bond issues have been fully defeased they are no longer part of PGW's balance sheet liabilities. Attached are the annual schedules prospectively for all outstanding bond issues.

RECEIVED  
11 SEP 12 AM 9:20  
CA 000  
OFFICE OF TRIAL STAFF

**PHILADELPHIA GAS WORKS DEBT SERVICE PAYMENTS**

INTEREST PAYMENTS	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue Bonds</b>	<b>Paid</b>									
SERIES 11 C TECA	3,810,648.00	4,043,033.00	4,274,134.00	4,491,189.00	4,691,536.00					
SERIES 12 A & TECA	111,180.00	920,313.00	978,526.20	2,759,512.20	2,893,986.95	3,023,049.95	3,144,079.95			
SERIES 13	198,355.00	102,375.00								
SERIES 14	14,606,480.00	14,097,735.00	13,884,485.00	12,520,735.00	11,943,785.00	11,170,780.00	10,629,510.00	9,974,822.00	9,376,072.00	8,836,072.00
SERIES 15	5,972,446.75	5,305,623.75	4,833,723.75	4,478,473.75	4,284,983.75	4,079,030.00	3,859,542.50	3,768,736.25	3,675,336.25	3,587,662.50
SERIES 16	3,352,045.55	3,284,975.00	3,239,375.00	3,212,575.00	3,183,037.50	3,151,862.50	2,745,775.00	2,319,475.00	1,871,912.50	1,402,300.00
<b>Total 1975 Ordinance Bonds</b>	<b>28,049,137.30</b>	<b>27,734,054.75</b>	<b>27,010,243.95</b>	<b>27,462,484.95</b>	<b>28,997,306.20</b>	<b>21,424,702.45</b>	<b>20,378,907.45</b>	<b>19,063,033.25</b>	<b>14,923,320.75</b>	<b>13,808,034.50</b>
First Series A - Refunding	8,357,818.75	8,331,718.75	7,928,761.25	7,758,018.75	7,271,018.75	7,025,518.75	6,538,318.75	6,181,318.75	5,571,918.75	4,999,393.75
First Series B - New Money	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00
Second Series	5,810,962.78	5,611,537.50	5,535,482.50	5,458,200.00	5,373,537.50	5,284,725.00	5,188,325.00	5,089,850.00	4,982,581.25	4,867,631.25
<b>Total 1998 Ordinance Senior Bonds</b>	<b>19,359,108.53</b>	<b>19,133,581.25</b>	<b>18,852,568.75</b>	<b>18,402,543.75</b>	<b>17,834,881.25</b>	<b>17,500,588.75</b>	<b>16,917,968.75</b>	<b>16,461,293.75</b>	<b>15,744,825.00</b>	<b>15,027,350.00</b>
<b>Total Revenue Bond Interest</b>	<b>47,408,243.83</b>	<b>46,867,636.00</b>	<b>45,862,812.70</b>	<b>45,865,028.70</b>	<b>44,832,190.45</b>	<b>38,925,271.20</b>	<b>37,298,876.20</b>	<b>32,524,327.00</b>	<b>30,668,145.75</b>	<b>28,833,384.50</b>
AMR \$20.1 Capital Lease	490,875.00	279,850.00	56,525.00							
\$23.0 Capital Leasing	959,161.00	798,107.00	624,303.00	443,279.00	252,541.00	51,588.00				
<b>Total Capital Leases</b>	<b>1,450,036.00</b>	<b>1,078,957.00</b>	<b>680,828.00</b>	<b>443,279.00</b>	<b>252,541.00</b>	<b>51,588.00</b>				
First Series C - Subordinate	988,695.00	925,385.00	880,855.00	833,140.00	783,475.00	731,680.00	678,440.00	617,480.00	555,840.00	490,080.00
<b>Total Interest Payments</b>	<b>49,824,974.83</b>	<b>48,668,778.00</b>	<b>47,224,295.70</b>	<b>47,141,447.70</b>	<b>45,668,208.45</b>	<b>39,708,497.20</b>	<b>37,973,316.20</b>	<b>33,141,817.00</b>	<b>31,223,965.75</b>	<b>29,323,444.50</b>

PRINCIPAL PAYMENTS	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue Bonds</b>	<b>Paid</b>									
SERIES 11 C TECA	3,420,457.00	3,198,987.00	2,985,668.00	2,748,810.80	2,543,464.25					
SERIES 12 A & TECA	1,635,000.00	624,867.00	768,473.80	1,900,467.80	1,761,033.05	1,631,949.90	1,510,919.90			
SERIES 13	1,270,000.00	1,365,000.00								
SERIES 14	8,925,000.00	7,125,000.00	16,825,000.00	10,490,000.00	14,055,000.00	8,680,000.00	10,475,000.00	9,580,000.00	8,640,000.00	7,635,000.00
SERIES 15	15,690,000.00	10,725,000.00	7,480,000.00	3,985,000.00	4,185,000.00	4,385,000.00	1,780,000.00	1,900,000.00	2,080,000.00	2,180,000.00
SERIES 16	355,000.00	640,000.00	670,000.00	695,000.00	725,000.00	7,735,000.00	8,120,000.00	8,525,000.00	8,945,000.00	8,980,000.00
<b>Total 1975 Ordinance Bonds Principal</b>	<b>31,295,457.00</b>	<b>23,878,854.00</b>	<b>28,517,339.80</b>	<b>19,829,298.60</b>	<b>23,269,497.30</b>	<b>22,421,949.90</b>	<b>21,885,919.90</b>	<b>19,905,000.00</b>	<b>19,685,000.00</b>	<b>18,785,000.00</b>
First Series A - Refunding	580,000.00	6,525,000.00	3,565,000.00	8,700,000.00	4,910,000.00	9,280,000.00	6,800,000.00	11,080,000.00	10,955,000.00	10,620,000.00
First Series B - New Money										
Second Series - New Money	1,720,000.00	1,780,000.00	1,865,000.00	1,945,000.00	2,030,000.00	2,120,000.00	2,215,000.00	2,315,000.00	2,420,000.00	2,535,000.00
<b>Total 1998 Ordinance Bonds Principal</b>	<b>2,300,000.00</b>	<b>10,315,000.00</b>	<b>5,480,000.00</b>	<b>11,645,000.00</b>	<b>8,940,000.00</b>	<b>11,400,000.00</b>	<b>9,015,000.00</b>	<b>13,395,000.00</b>	<b>13,375,000.00</b>	<b>13,355,000.00</b>
<b>Total Revenue Bond Principal Payments</b>	<b>33,595,457.00</b>	<b>34,191,654.00</b>	<b>33,977,339.80</b>	<b>31,474,298.60</b>	<b>30,209,497.30</b>	<b>33,821,949.90</b>	<b>30,900,919.90</b>	<b>33,300,000.00</b>	<b>33,040,000.00</b>	<b>32,140,000.00</b>
AMR \$20.1 Capital Lease	3,500,000.00	3,700,000.00	1,900,000.00							
\$23.0 Capital Leasing	3,038,259.45	3,201,312.67	3,373,116.40	3,554,140.27	3,744,879.08	1,947,144.31				
<b>Total Capital Leases</b>	<b>6,538,259.45</b>	<b>6,901,312.67</b>	<b>5,273,116.40</b>	<b>3,554,140.27</b>	<b>3,744,879.08</b>	<b>1,947,144.31</b>				
First Series C - Subordinate	1,020,000.00	1,085,000.00	1,105,000.00	1,155,000.00	1,205,000.00	1,255,000.00	1,310,000.00	1,370,000.00	1,430,000.00	1,500,000.00
<b>Total Principal Payments</b>	<b>41,153,716.45</b>	<b>42,157,968.67</b>	<b>40,355,456.20</b>	<b>38,183,438.87</b>	<b>35,159,376.38</b>	<b>37,024,094.21</b>	<b>32,210,919.90</b>	<b>34,670,000.00</b>	<b>34,470,000.00</b>	<b>33,640,000.00</b>

**PHILADELPHIA GAS WORKS DEBT SERVICE**

<b>INTEREST PAYMENTS</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Revenue Bonds</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>				
SERIES 11 C TECA		8,897,758.00	11,259,600.00							
SERIES 12 A & TECA										
SERIES 13										
SERIES 14	8,349,341.00	7,929,547.00	7,598,366.00	7,345,597.00	6,716,066.00	6,144,666.00	5,635,622.00	4,836,078.00	4,064,465.00	3,384,171.00
SERIES 15	3,454,516.75	2,907,550.00	2,751,512.50	2,587,612.50	2,415,325.00	2,234,625.00	1,827,000.00	1,677,112.50	1,517,775.00	1,348,725.00
SERIES 16	930,325.00	930,325.00	930,325.00	930,325.00	558,250.00	166,375.00				
<b>Total 1975 Ordinance Bonds</b>	<b>12,734,164.75</b>	<b>20,465,180.00</b>	<b>22,539,803.50</b>	<b>10,863,534.50</b>	<b>9,689,641.00</b>	<b>8,545,666.00</b>	<b>7,462,622.00</b>	<b>6,513,190.50</b>	<b>5,602,240.00</b>	<b>4,732,896.00</b>
First Series A - Refunding	4,374,293.75	3,813,593.75	3,342,931.25	3,036,287.50	2,753,293.75	2,494,756.25	2,261,750.00	1,937,000.00	1,633,000.00	1,351,000.00
First Series B - New Money	5,109,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,190,325.00	5,157,075.00	4,973,250.00	4,889,500.00	4,764,500.00	4,566,250.00
Second Series	4,747,218.75	4,614,468.75	4,474,968.75	4,317,750.00	4,148,075.00	3,969,050.00	3,780,125.00	3,560,750.00	3,389,750.00	3,189,000.00
<b>Total 1996 Ordinance Senior Bonds</b>	<b>14,230,837.50</b>	<b>13,618,387.50</b>	<b>13,006,225.00</b>	<b>12,544,362.50</b>	<b>12,091,693.75</b>	<b>11,620,881.25</b>	<b>11,015,125.00</b>	<b>10,407,250.00</b>	<b>9,787,250.00</b>	<b>9,136,250.00</b>
<b>Total Revenue Bond Interest</b>	<b>26,965,022.25</b>	<b>34,083,567.50</b>	<b>35,546,028.50</b>	<b>23,407,897.00</b>	<b>21,781,334.75</b>	<b>20,166,747.25</b>	<b>18,477,947.00</b>	<b>16,920,440.50</b>	<b>15,389,490.00</b>	<b>13,869,146.00</b>
<b>AMR \$20.1 Capital Lease</b>										
<b>\$23.0 Capital Leasing</b>										
<b>Total Capital Leases</b>										
First Series C - Subordinate	421,060.00	347,505.00	268,785.00	184,750.00	94,500.00					
<b>Total Interest Payments</b>	<b>27,386,082.25</b>	<b>34,431,072.50</b>	<b>35,814,813.50</b>	<b>23,592,647.00</b>	<b>21,875,834.75</b>	<b>20,166,747.25</b>	<b>18,477,947.00</b>	<b>16,920,440.50</b>	<b>15,389,490.00</b>	<b>13,869,146.00</b>

<b>PRINCIPAL PAYMENTS</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Revenue Bonds</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>	<b>Paid</b>				
SERIES 11 C TECA		2,319,035.00	2,745,400.00							
SERIES 12 A & TECA										
SERIES 13										
SERIES 14	6,585,000.00	5,195,000.00	3,985,000.00	9,875,000.00	8,980,000.00	7,985,000.00	12,545,000.00	11,790,000.00	10,985,000.00	10,125,000.00
SERIES 15	11,050,000.00	2,980,000.00	3,130,000.00	3,290,000.00	3,450,000.00	7,980,000.00	2,655,000.00	3,035,000.00	3,220,000.00	3,420,000.00
SERIES 16				6,765,000.00	7,125,000.00	3,025,000.00				
<b>Total 1975 Ordinance Bonds Principal</b>	<b>17,635,000.00</b>	<b>10,494,035.00</b>	<b>6,840,400.00</b>	<b>19,930,000.00</b>	<b>19,535,000.00</b>	<b>18,990,000.00</b>	<b>15,400,000.00</b>	<b>14,825,000.00</b>	<b>14,205,000.00</b>	<b>13,545,000.00</b>
First Series A - Refunding	10,680,000.00	8,985,000.00	5,705,000.00	5,265,000.00	4,810,000.00	4,335,000.00	6,495,000.00	6,080,000.00	5,640,000.00	5,180,000.00
First Series B - New Money					665,000.00	3,420,000.00	1,675,000.00	2,500,000.00	3,385,000.00	4,275,000.00
Second Series - New Money	2,655,000.00	2,790,000.00	2,925,000.00	3,085,000.00	3,255,000.00	3,435,000.00	3,625,000.00	3,620,000.00	4,015,000.00	4,215,000.00
<b>Total 1996 Ordinance Bonds Principal</b>	<b>13,335,000.00</b>	<b>11,755,000.00</b>	<b>6,830,000.00</b>	<b>6,350,000.00</b>	<b>8,730,000.00</b>	<b>11,190,000.00</b>	<b>11,795,000.00</b>	<b>12,400,000.00</b>	<b>13,020,000.00</b>	<b>13,670,000.00</b>
<b>Total Revenue Bond Principal Payments</b>	<b>30,970,000.00</b>	<b>22,249,035.00</b>	<b>18,470,400.00</b>	<b>28,280,000.00</b>	<b>28,265,000.00</b>	<b>30,180,000.00</b>	<b>27,195,000.00</b>	<b>27,225,000.00</b>	<b>27,225,000.00</b>	<b>27,215,000.00</b>
<b>AMR \$20.1 Capital Lease</b>										
<b>\$23.0 Capital Leasing</b>										
<b>Total Capital Leases</b>										
First Series C - Subordinate	1,565,000.00	1,640,000.00	1,715,000.00	1,805,000.00	1,690,000.00					
<b>Total Principal Payments</b>	<b>32,535,000.00</b>	<b>23,889,035.00</b>	<b>20,185,400.00</b>	<b>30,085,000.00</b>	<b>30,155,000.00</b>	<b>30,180,000.00</b>	<b>27,195,000.00</b>	<b>27,225,000.00</b>	<b>27,225,000.00</b>	<b>27,215,000.00</b>

**PHILADELPHIA GAS WORKS DEBT SERVICE**

INTEREST PAYMENTS	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Revenue Bonds</b>										
SERIES 11 C TECA										
SERIES 12 A & TECA										
SERIES 13										
SERIES 14	2,738,702.00	2,151,584.00	1,826,264.00	1,188,828.00	777,113.00	481,888.00	225,994.00			
SERIES 15	1,188,175.00	978,882.50	777,000.00	531,037.50	272,212.50					
SERIES 16										
<b>Total 1975 Ordinance Bonds</b>	<b>3,907,877.00</b>	<b>3,130,426.50</b>	<b>2,403,264.00</b>	<b>1,897,863.50</b>	<b>1,049,325.50</b>	<b>481,888.00</b>	<b>225,994.00</b>			
First Series A - Refunding	1,092,000.00	857,000.00	847,500.00	484,750.00	309,750.00	184,500.00	90,000.00			
First Series B - New Money	4,382,500.00	4,121,000.00	3,808,250.00	3,444,500.00	3,024,750.00	2,546,500.00	2,007,250.00	1,432,000.00	733,500.00	
Second Series	2,978,250.00	2,757,000.00	2,524,750.00	2,280,750.00	2,024,750.00	1,740,000.00	1,435,500.00	1,110,250.00	788,125.00	398,375.00
<b>Total 1998 Ordinance Senior Bonds</b>	<b>8,452,750.00</b>	<b>7,735,000.00</b>	<b>6,981,500.00</b>	<b>6,190,000.00</b>	<b>5,358,250.00</b>	<b>4,471,000.00</b>	<b>3,532,750.00</b>	<b>2,542,250.00</b>	<b>1,499,625.00</b>	<b>398,375.00</b>
<b>Total Revenue Bond Interest</b>	<b>12,360,827.00</b>	<b>10,865,426.50</b>	<b>9,384,764.00</b>	<b>7,887,863.50</b>	<b>6,408,575.50</b>	<b>4,932,888.00</b>	<b>3,758,744.00</b>	<b>2,542,250.00</b>	<b>1,499,625.00</b>	<b>398,375.00</b>
<b>AMR \$20.1 Capital Lease</b>										
<b>\$23.0 Capital Leasing</b>										
<b>Total Capital Leases</b>										
First Series C - Subordinate										
<b>Total Interest Payments</b>	<b>12,360,827.00</b>	<b>10,865,426.50</b>	<b>9,384,764.00</b>	<b>7,887,863.50</b>	<b>6,408,575.50</b>	<b>4,932,888.00</b>	<b>3,758,744.00</b>	<b>2,542,250.00</b>	<b>1,499,625.00</b>	<b>398,375.00</b>

PRINCIPAL PAYMENTS	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Revenue Bonds</b>										
SERIES 11 C TECA										
SERIES 12 A & TECA										
SERIES 13										
SERIES 14	9,210,000.00	8,240,000.00	7,210,000.00	6,110,000.00	4,845,000.00	3,700,000.00	3,545,000.00			
SERIES 15	3,825,000.00	3,845,000.00	4,885,000.00	4,930,000.00	5,185,000.00					
SERIES 16										
<b>Total 1975 Ordinance Bonds Principal</b>	<b>12,835,000.00</b>	<b>12,085,000.00</b>	<b>11,895,000.00</b>	<b>11,040,000.00</b>	<b>10,130,000.00</b>	<b>3,700,000.00</b>	<b>3,545,000.00</b>			
First Series A - Refunding	4,700,000.00	4,190,000.00	3,855,000.00	3,100,000.00	2,505,000.00	1,890,000.00	1,800,000.00			
First Series B - New Money	5,230,000.00	6,235,000.00	7,295,000.00	8,395,000.00	9,585,000.00	10,785,000.00	11,505,000.00	13,970,000.00	14,870,000.00	
Second Series - New Money	4,425,000.00	4,845,000.00	4,880,000.00	5,120,000.00	5,845,000.00	6,035,000.00	6,445,000.00	6,820,000.00	7,325,000.00	7,850,000.00
<b>Total 1998 Ordinance Bonds Principal</b>	<b>14,355,000.00</b>	<b>15,070,000.00</b>	<b>15,830,000.00</b>	<b>16,615,000.00</b>	<b>17,715,000.00</b>	<b>18,710,000.00</b>	<b>19,750,000.00</b>	<b>20,790,000.00</b>	<b>21,995,000.00</b>	<b>7,850,000.00</b>
<b>Total Revenue Bond Principal Payments</b>	<b>27,190,000.00</b>	<b>27,155,000.00</b>	<b>27,725,000.00</b>	<b>27,655,000.00</b>	<b>27,845,000.00</b>	<b>22,410,000.00</b>	<b>23,295,000.00</b>	<b>20,790,000.00</b>	<b>21,995,000.00</b>	<b>7,850,000.00</b>
<b>AMR \$20.1 Capital Lease</b>										
<b>\$23.0 Capital Leasing</b>										
<b>Total Capital Leases</b>										
First Series C - Subordinate										
<b>Total Principal Payments</b>	<b>27,190,000.00</b>	<b>27,155,000.00</b>	<b>27,725,000.00</b>	<b>27,655,000.00</b>	<b>27,845,000.00</b>	<b>22,410,000.00</b>	<b>23,295,000.00</b>	<b>20,790,000.00</b>	<b>21,995,000.00</b>	<b>7,850,000.00</b>

**RESPONSE TO OFFICE OF TRIAL STAFF DATA REQUEST  
REGARDING PGW'S INTERIM RATE PROCEEDING**

**Question OTS-RR-2:** Provide a detailed calculation of the \$90.9 million total debt service as shown at PGW-IR ST. 1.0 APPENDIX B PAGE 4 of 5.

**Response Provided By:** Thomas E. Knudsen, Interim Chief Financial Officer

**Response:** See attached schedule.

**PHILADELPHIA GAS WORKS  
DEBT SERVICE PAYMENTS  
FISCAL YEAR 2000-01**

OTS-RR-2

<b>BOND SERIES</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>1975 Indenture Senior</b>			
11th "C" TECA	\$3,197	\$4,043	\$7,240
12th "B"	825	920	1,745
13th	1,365	102	1,467
14th	7,125	14,098	21,223
15th	10,725	5,306	16,031
16th	640	3,265	3,905
<b>Total</b>	<b>\$23,877</b>	<b>\$27,734</b>	<b>\$51,611</b>
<b>1998 Indenture Senior</b>			
1st "A"	\$8,525	\$8,332	\$16,857
1st "B"	-	5,190	5,190
2nd	1,790	5,612	7,402
<b>Total</b>	<b>\$10,315</b>	<b>\$19,134</b>	<b>\$29,449</b>
<b>1998 Indenture Subordinate</b>			
1st "C"	\$1,065	\$925	\$1,990
<b>Total</b>	<b>\$1,065</b>	<b>\$925</b>	<b>\$1,990</b>
<b>Capital Leases</b>			
1996 \$20.1 M	\$3,700	\$280	\$3,980
1997 \$23.0 M	3,201	796	3,997
<b>Total</b>	<b>\$6,901</b>	<b>\$1,076</b>	<b>\$7,977</b>
<b>Total</b>	<b>\$42,158</b>	<b>\$48,869</b>	<b>\$91,027</b>

The \$90.9 million as shown at PGW-IR ST.1.0 Appendix B Page 4 of 5 for total debt service differs from the above due to rounding.

**RESPONSE TO OFFICE OF TRIAL STAFF DATA REQUEST  
REGARDING PGW'S INTERIM RATE PROCEEDING**

**Question OTS-RR-3:** Provide a detailed calculation for each bond issue, of the following debt service totals as depicted at PGW-IR ST. 1.0 APPENDIX PAGE 3 OF 5:

1975 Ordinance Bonds Debt Service	\$51,611,000
1998 Ordinance Bonds Debt Service	\$29,449,000
1998 Ordinance Subord Bond Debt Service	<u>\$ 1,990,000</u>
	<b>\$83,050,000</b>

**Response Provided By:** Thomas E. Knudsen, Interim Chief Financial Officer

**Response:** PGW does not calculate coverage requirements on each bond issue. The calculation provided on PGW-IR ST. 1.0 Appendix B Page 3 of 5 meets the requirements of PGW's bond ordinances.

**RESPONSE TO OFFICE OF TRIAL STAFF DATA REQUEST  
REGARDING PGW'S INTERIM RATE PROCEEDING**

**Question OTS-RR-4:** Explain the difference in total debt service of \$90,900,000 and \$83,050,000 as referenced above.

**Response Provided By:** Thomas E. Knudsen, Interim Chief Financial Officer

**Response:** The difference between the total debt service of \$90.9 million and the \$83.1 million reflects the debt service on PGW's capital leases which total \$7.977 million for Fiscal Year 2000-01. The response to OTS-RR2 provides a detail of all debt service.

**RESPONSE TO OFFICE OF TRIAL STAFF DATA REQUEST  
REGARDING PGW'S INTERIM RATE PROCEEDING**

**Question OTS-RR-5(a):** Regarding the Bond covenant: Provide a copy of the entire Bond covenant document.

**Response Provided By:** Thomas E. Knudsen, Interim Chief Financial Officer

**Response:** See the attached copy of the 1975 and 1998 Bond Ordinances.

# City of Philadelphia



( Bill No. 980232 )

## AN ORDINANCE

Authorizing, generally, the issuance of Gas Works Revenue Bonds of the City of Philadelphia which shall be subordinate to bonds issued under the General Gas Works Revenue Bond Ordinance of 1975, which ordinance is hereby amended to limit issuances of bonds thereunder, prescribing the form of bonds issued hereunder and providing for their execution, transfer, exchange, payment and redemption, prescribing the conditions precedent to the issue of specific series of bonds, including supplemental authorizing ordinances, pledging certain revenues of the Gas Works as security, adopting a rate covenant, and directing the Gas Commission to impose rates sufficient to comply therewith, designating a fiscal agent and sinking fund depository, establishing a Sinking Fund, including a Sinking Fund Reserve, and providing for its management, providing remedies upon default, and providing for amendments and modifications.

***THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:***

**SECTION 1.**

**ARTICLE I**

# City of Philadelphia

Bill No. 980232.

Certified Copy

## AUTHORIZATION, SCOPE AND PURPOSE SHORT TITLE

This Ordinance is enacted pursuant to the provisions of The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. 15901 et seq.), as amended, for the purpose of authorizing the issuance from time to time of revenue bonds of the City to be secured by a pledge of certain revenues of the Gas Works as security, in such principal amounts as shall from time to time be authorized by further ordinances of the Council of the City as more particularly hereinafter set forth. This Ordinance shall be known as the General Gas Works Revenue Bond Ordinance of 1998.

## ARTICLE II

### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

**SECTION 2.01. Definitions.** For all purposes of this Ordinance and any ordinance supplemental hereto, except as otherwise expressly provided or unless the context otherwise requires:

**Accreted Value** means, with respect to any Capital Appreciation Bond, as of any specified date, the Original Value of such Bond, plus interest accreted on such Bond to such date, all as may be provided in an applicable Supplemental Ordinance.

**Act** means The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. 15901 to 15224), as from time to time amended. The words and phrases which are defined in the Act shall have such defined meanings when used in this Ordinance.

# City of Philadelphia

Bill No. 980232

Certified Copy

**Bond or Bonds** means any Gas Works revenue bond or note of the City issued and outstanding pursuant to the Act under this Ordinance and any Supplemental Ordinance.

**Bond Counsel** means any firm of nationally recognized bond counsel acceptable to the City.

**Bondholder or Holder** means the registered owner of any Bond.

**Bond Register** means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Fiscal Agent on behalf of the City.

**Bond Year** for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is selected by the City as permitted under the Code. If no day is selected by the City before the earlier of the final maturity date of the Series of Bonds or the date that is five (5) years after the issue date, the Bond Year with respect to such Series of Bonds shall end on each anniversary of the issue date and on the final maturity date.

**Business Day** means a day other than a Saturday, Sunday or holiday on which the Fiscal Agent is authorized or required to be closed under applicable state or federal law.

**Capital Appreciation Bonds** means any Bonds issued hereunder which do not pay interest until maturity or until a specified date prior to maturity, but whose Original Value accretes periodically to the amount due on the maturity date.

**City** means The City of Philadelphia, Pennsylvania.

# City of Philadelphia

Bill No. 980232

Certified Copy

**City Charges** means the proportionate charges, if any, for services performed for the Gas Works by all officers, departments, boards or commissions of the City which are contained in the computation of operating expenses of the Gas Works, including, without limitation, the expenses of the Gas Commission, and also means the base payments to the City contained in the Management Agreement and all other payments made to the City from Gas Works Revenues.

**City Controller** means the head of the City's auditing department as provided by the Philadelphia Home Rule Charter.

**City Solicitor** means the head of the City's law department as provided by the Philadelphia Home Rule Charter.

**Code** means the Internal Revenue Code of 1986, as amended, or any successor legislation, and the regulations and published rulings promulgated thereunder or applicable thereto.

**Credit Facility** means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement) that is provided by a commercial bank, insurance company or other institution, with a current long term rating (or whose obligations thereunder are guaranteed by a financial institution with a long term rating) from Moody's and S&P not lower than "A."

**Credit Facility Issuer** or issuer of a Credit Facility means each issuer of a Credit Facility then in effect, and its successors. References herein to the Credit Facility Issuer shall be read to mean the issuer of the Credit Facility applicable to a particular Series of Bonds or each issuer of a Credit Facility, as

# City of Philadelphia

Bill No. 980232

Certified Copy

the context requires.

**Debt Service Requirements** means, for a specified period, the sum of (i) the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period and (ii) all net amounts due and payable by the City under Qualified Swaps and Exchange Agreements during the period. For purposes of estimating Debt Service Requirements for any future period, (i) any Option Bond outstanding during such period shall be assumed to mature on the stated maturity date thereof, except that the principal amount of any Option Bond tendered for payment and cancellation before its stated maturity date shall be deemed to accrue on the date required for payment pursuant to such tender; (ii) Debt Service Requirements on Bonds for which the City has entered into a Qualified Swap or an Exchange Agreement shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed or variable rate payable by the City on the Qualified Swap or Exchange Agreement or, if applicable and if greater than such stated rate, the applicable rate for any Bonds issued in connection with the Qualified Swap or Exchange Agreement adjusted, in the case of variable rate obligations, as provided in Section 4.03(b); and (iii) Debt Service Requirements with respect to Variable Rate Bonds shall be subject to adjustments as permitted by Section 4.03(b).

**Director of Finance** means the chief financial, accounting and budget officer of the City as established by the Philadelphia Home Rule Charter, including a person acting as Director of Finance under applicable law.

**Exchange Agreement** means, with respect to a Series of Bonds, or any portion thereof to the extent from time to time permitted by applicable law, any interest exchange agreement.

# City of Philadelphia

Bill No. 980232

Certified Copy

interest rate swap agreement, currency swap agreement or other contract or agreement, other than a Qualified Swap, authorized, recognized and approved by a Supplemental Ordinance as an Exchange Agreement and providing for payments to and from an entity whose senior long term debt obligations, other senior unsecured long term obligations, or claims paying ability or whose obligations under an Exchange Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated not less than A3 by Moody's, A- by S&P or A- by Fitch, or the equivalent thereof by any successor thereto as of the date the Exchange Agreement is entered into, which payments are calculated by reference to fixed or variable rates and constituting a financial accommodation between the City and the counterparty.

**Fiscal Agent** means any bank, bank and trust company or trust company named as such in Section 6.02 or its successor.

**Fiscal Year** means the fiscal year of the Gas Works.

**Fitch** means Fitch IBCA, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of Fitch are specified in this Ordinance, such categories shall be irrespective of gradations within a category.

**Gas Commission** means the Gas Commission provided for by the Philadelphia Home Rule Charter as presently constituted or hereafter reconstituted in accordance with law.

# City of Philadelphia

Bill No. 980232

Certified Copy

**Gas Works** means all property, real and personal, owned by the City and used in the acquisition or manufacture, storage and distribution of natural, liquefied, synthetic or manufactured gas or in the maintenance, management or administration thereof and all activities ancillary and related thereto, and also means, as the context may require, the business entity managed by the Manager.

**Gas Works Revenues** means all operating and nonoperating revenues of the Gas Works derived from its activities and assets involved in the supply, manufacture, storage and distribution of gas, including all rents, rates and charges imposed or charged by the City upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom and all other income derived by the City from the Gas Works. Revenues derived from activities unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto shall not be included in Gas Works Revenues, provided that the Gas Works receives fair payment for the use of gas related assets and personnel of the Gas Works used in such activities, which payments shall be included in Gas Works Revenues. In particular, Gas Works Revenue shall not include revenue from enterprises or functions not related to gas activities (e.g., activities involving the supply, generation or distribution of electricity). Gas Works Revenues shall not include those portions of the Gas Works' rents, rates and charges which are securitized and sold pursuant to Section 4.03(b). Gas Works Revenues may be divided into separate components in one or more Supplemental Ordinances and any Series of Bonds issued thereafter may be limited as to source of payment to one or more of such components as provided in the Supplemental Ordinance authorizing the particular Series of Bonds.

**Government Obligations** means any of the following which

# City of Philadelphia

Bill No. 980232

Certified Copy

are noncallable and which at the time of investment are legal investments under the Act for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; or

(c) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "FIRRE Act"), (i) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are

# City of Philadelphia

Bill No. 980232

Certified Copy

issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

**Independent** means a person who is not a salaried employee or elected or appointed official of the City; provided, however, that the fact that such person is retained regularly by or transacts business with the City shall not make such person an employee within the meaning of this definition.

**Interim Debt** means any bond anticipation notes or other temporary borrowing which the City anticipates permanently financing with Bonds or other long term indebtedness under this Ordinance or otherwise.

**Management Agreement** means the Agreement dated December 29, 1972 between the City and the Manager for the management and operation of the Gas Works, as presently or hereafter amended, or any successor agreement which may be entered into by the City pertaining to the management of the Gas Works.

**Manager** means Philadelphia Facilities Management Corporation, currently managing the Gas Works pursuant to the Management Agreement, or its successor or such other person, corporation, board, commission or department of the City which may be designated by the City to manage the Gas Works.

**Mayor** means the Mayor of the City.

**Moody's** means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State

# City of Philadelphia

Bill No. 980232

Certified Copy

of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of Moody's are specified in this Ordinance, such categories shall be irrespective of gradations.

**Net Operating Expenses** means Operating Expenses exclusive of City Charges.

**1975 Ordinance** means the General Gas Works Revenue Bond Ordinance of 1975, as amended.

**Office of the Fiscal Agent** means the corporate trust office of the Fiscal Agent designated by the Fiscal Agent.

**Operating Expenses** means all costs and expenses of the Gas Works necessary and appropriate to operate and maintain the Gas Works in good operable condition during each Fiscal Year, and shall include, without limitation, the Manager's fee, salaries and wages, purchases of service by contract, costs of materials, supplies and expendable equipment, maintenance costs, costs of any property or the replacement thereof or for any work or project, related to the Gas Works, which does not have a probable useful life of at least five years, pension and welfare plan and workmen's compensation requirements, provision for claims, refunds and uncollectible receivables and for City Charges, all in accordance with generally accepted municipal accounting principles consistently applied, but shall exclude depreciation and interest and sinking fund charges. Operating Expenses shall not include Unrelated Expenses.

**Option Bond** means any Bond which by its terms may be tendered by and at the option of the Holder thereof for payment

# City of Philadelphia

Bill No. 980232

Certified Copy  
by the City prior to its stated maturity date or the maturity date  
of which may be extended by and at the option of the Holder  
thereof.

**Ordinance** means this Ordinance, as from time to time amended.

**Original Value**, with respect to a Series of Bonds issued as Capital Appreciation Bonds, means the principal amount paid by the initial purchasers thereof on the date of original issuance.

**Outstanding**, when used with reference to the Bonds, means, as of any particular date, all Bonds which have been authenticated and delivered under this Ordinance, except:

(a) Bonds canceled after purchase in the open market or because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which sufficient moneys shall have been theretofore deposited with the Fiscal Agent (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 5.02 or arrangements satisfactory to the Fiscal Agent shall have been made therefor, or waiver of such notice satisfactory in form to the Fiscal Agent shall have been filed with the Fiscal Agent; and

(c) Bonds in lieu of which or in substitution for which others have been authenticated and delivered under Section 3.04.

Bonds paid with the proceeds of any Credit Facility shall be

# City of Philadelphia

Bill No. 980232

Certified Copy

Outstanding until the issuer of such Credit Facility has been reimbursed for the amount of the payment or has presented the Bonds for cancellation.

**Philadelphia Home Rule Charter** means the Philadelphia Home Rule Charter, as amended or superseded by any new home rule charter, adopted pursuant to authorization of the First Class City Home Rule Act approved April 21, 1949, P.L. 665, sec. 1 et seq. (53 P.S. 13101 et seq.).

**Prior Obligations** means the obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of this Ordinance.

**Qualified Escrow Securities** means funds which are represented by (i) demand deposits, interest-bearing time accounts, savings deposits or certificates of deposit, but only to the extent such deposits or accounts are fully insured by the Federal Deposit Insurance Corporation or any successor United States governmental agency, or to the extent not insured, fully secured and collateralized by Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such deposits or accounts, (ii) if at the time permitted under the Act, obligations of any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision for which cash, Government Obligations or a combination thereof have been irrevocably pledged to or deposited in a segregated escrow account for the payment when due of principal or redemption price of and interest on such obligations, and any such cash or Government Obligations pledged and deposited are payable as to principal or interest in such amounts and on such dates as may be necessary without reinvestment to provide for the payment when due of the principal or redemption price of and interest on such obligations, and such obligations are rated by

# City of Philadelphia

Bill No. 980232

Certified Copy

any Rating Agency in the highest rating category assigned by such Rating Agency to obligations of the same type, or (iii) noncallable Government Obligations. In each case such funds (i) are subject to withdrawal, mature or are payable at the option of the holder at or prior to the dates needed for disbursement, provided such deposits or accounts, whether deposited by the City or by such depository, are insured or secured as public deposits with securities having at all times a market value exclusive of accrued interest equal to the principal amount thereof, (ii) are irrevocably pledged for the payment of such obligations and (iii) are sufficient, together with the interest to the disbursement date payable with respect thereto, if also pledged, to meet such obligations in full.

**Qualified Swap or Swap Agreement** means, with respect to a Series of Bonds or any portion thereof, any financial arrangement that (i) is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) provides that (a) the City shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Outstanding Bonds of such Series or portion thereof, and that such entity shall pay to the City an amount based on the interest accruing on a principal amount initially equal to the same principal amount of such Bonds, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement or (b) the City shall pay to such entity an amount based on the interest accruing on the principal amount of the Outstanding Bonds of such Series or portion thereof at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the City an amount based on interest accruing on a principal amount equal to the same principal amount of such Bonds at a

# City of Philadelphia

Bill No. 980232

Certified Copy

variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Fiscal Agent by the City as a Qualified Swap with respect to such Bonds.

**Qualified Swap Provider** means, with respect to a Series of Bonds, an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated (at the time the subject Qualified Swap is entered into) at least as high as Aa by Moody's and AA by S&P, or the equivalent thereof by any successor thereto.

**Rate Covenant** means the rate covenant contained in subsection (b) of Section 4.03.

**Rating Agency** means Moody's, S&P or Fitch, to the extent that any of such rating services have issued a credit rating on any of the Outstanding Bonds or, upon discontinuance of any of such rating services, such other nationally recognized rating service or services if any such rating service has issued a credit rating on any of the Outstanding Bonds.

**Rebate Amount** means the amount with respect to a Series of Bonds which is required to be paid to the United States of America, as of any computation date, in compliance with the restrictions imposed by Section 148(f) of the Code.

**S & P** means Standard & Poor's Ratings Services, a corporation organized and existing under the laws of the State

# City of Philadelphia

Bill No. 980232

Certified Copy

of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of S&P are specified in this Ordinance, such categories shall be irrespective of gradations within a category.

**Senior Bonds** means Bonds which shall be first in right of payment and as to which the coverage requirement under the Rate Covenant shall be 150%.

**Series**, when applied to Bonds, means collectively all of the Bonds of a given issue authorized by Supplemental Ordinance as provided in Article IV hereof and may also mean, if appropriate, a subseries of any such issue if, for any reason, the City should determine to divide any such issue into one or more subseries of Bonds.

**Sinking Fund** means the 1998 Ordinance Gas Works Revenue Bond Sinking Fund established by Section 6.01.

**Sinking Fund Depository** means the Fiscal Agent or any other bank, bank and trust company or trust company appointed as such by the City.

**Sinking Fund Reserve** means the Sinking Fund Reserve established by Section 6.04.

**Sinking Fund Reserve Requirement** means, with respect to all Bonds secured by the Sinking Fund Reserve, an amount equal to the greatest amount of Debt Service Requirements payable in any Fiscal Year (except that such Debt Service Requirements will be computed as if any Qualified Swap did not exist and the Debt Service Requirements attributable to any

# City of Philadelphia

Bill No. 980232

Certified Copy

Variable Rate Bonds may be based upon the fixed rate of interest as set forth in the Supplemental Ordinance for such Bonds), determined as of any particular date.

**Subordinate Bonds** means those Bonds which shall be subordinate in right of payment to Senior Bonds and as to which the coverage requirement under the Rate Covenant shall be 100%.

**Supplemental Ordinance** means an ordinance supplemental hereto enacted pursuant to the Act and this Ordinance by the Council of the City authorizing the issuance of a Series of Bonds.

**Uncertificated Bond** means any Bond which is fully registered as a to principal and interest and which is not represented by an instrument.

**Unrelated Expenses** means expenses unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto.

**Variable Rate Bond** means any Bond, the rate of interest on which is subject to change prior to maturity and cannot be determined in advance of such change.

**SECTION 2.02. Interpretation.** All references in this Ordinance to articles, sections and other sub-divisions are to the designated articles, sections or other sub-divisions of this Ordinance as from time to time amended. The words "herein," "hereof," "hereby" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular article, section or other subdivision.

**SECTION 2.03. Descriptive Headings.** The descriptive

# City of Philadelphia

Bill No. 980232

Certified Copy

headings of the several articles and sections of this Ordinance are inserted for convenience only and shall not control or affect the meaning or construction of any of its provisions.

**SECTION 2.04. Severability.** In case any one or more of the provisions contained in this Ordinance or in any Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Ordinance or of said Bonds, and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

## ARTICLE III

### CONCERNING THE BONDS

**SECTION 3.01. Forms Generally.** All Bonds shall be in substantially the form set forth in this Article III, with such appropriate insertions, omissions, substitutions and other variations, including, without limitation, provisions for optional and mandatory redemption, variable interest rates, capital appreciation, book entry and coupon form, as are required or permitted by this Ordinance or any Supplemental Ordinance, and may be designated as of such Series by date, number, letter or otherwise and may also have such individual letters, identifying numbers or other marks, legends or endorsements placed thereon, as may, consistently with this Ordinance and the Act, be determined by a Supplemental Ordinance or by the Director of Finance. The Supplemental Ordinance or the Director of Finance shall also determine whether or not a Series of Bonds is to be issued in a manner whereby interest thereon

# City of Philadelphia

Bill No. 980232

Certified Copy

will be excluded from gross income for Federal income tax purposes and whether or not a Series of Bonds is to be secured by the Sinking Fund Reserve. The Bonds may also have printed thereon or on the reverse thereof the text of an approving legal opinion with respect thereto and an appropriate certificate as to its correspondence with an executed counterpart may be included on the face or on the reverse of the Bonds. A statement of bond insurance applicable to any Bonds may also be printed on such Bonds. Any portion of the text of any Bond may be set forth on the reverse thereof with an appropriate reference on the face of the Bond.

**SECTION 3.02. Form of Fully Registered Bond.** Bonds shall be substantially in the following form, subject to modification as provided in Section 3.01:

(Form of Fully Registered Bond)

No. R-

\$

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

CITY OF PHILADELPHIA GAS WORKS REVENUE  
BOND

(1998 General Ordinance) Series of

Interest  
Rate

Maturity  
Date

Dated  
Date

CUSIP

REGISTERED OWNER:

# City of Philadelphia

Bill No. 980232

Certified Copy

PRINCIPAL AMOUNT:

DOLLARS

The City of Philadelphia, Pennsylvania (the "City"), for value received, hereby promises to pay, but only out of Pledged Amounts (as hereinafter defined), to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Amounts) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from \_\_\_\_\_, on \_\_\_\_\_ and \_\_\_\_\_ in each year (each an "Interest Payment Date"), commencing \_\_\_\_\_, until payment of the principal sum shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of \_\_\_\_\_, or its successor, as Fiscal Agent (the "Fiscal Agent"). Interest on this Bond will be paid by the Fiscal Agent on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City (the "Bond Register") maintained by the Fiscal Agent and at the address appearing thereon on the [last] [fifteenth] day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Fiscal Agent not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be

# City of Philadelphia

Bill No. 980232

Certified Copy

payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Fiscal Agent in accordance with Section 2.03 of the Ordinance (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on this Bond shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months and the actual number of days elapsed.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Office of the Fiscal Agent. No transfer shall be valid as against the City or the Fiscal Agent unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the City and the Fiscal Agent shall execute and deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The City and the Fiscal Agent may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Ordinance (as hereinafter defined) shall be valid and effectual to satisfy and discharge the

# City of Philadelphia

Bill No. 980232

Certified Copy

liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Ordinance shall be conclusive and binding upon such registered owner, such owner's heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

This Bond is one of a duly authorized issue of bonds of the City designated as its Gas Works Revenue Bonds (1998 General Ordinance) of the Series designated hereon (the "Bonds"), limited in aggregate principal amount to \$            issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, as amended, 53 P.S. 15901 et seq.) (the "Act") under the General Gas Works Revenue Bond Ordinance of 1998 (the "Ordinance") and the supplemental ordinance dated            (the "Supplemental Ordinance"). (Terms used herein, unless defined herein, shall have the meanings given in the Ordinance or the Supplemental Ordinance.) The Bonds, together with all previous bonds of the City, if any, issued under the Ordinance and under previous supplemental ordinances and together with all bonds of the City hereafter issued under the Ordinance and all subsequent supplemental ordinances, are and will be secured under the Ordinance by a pledge of all the rents, rates and charges imposed or charged by the City for the use of or services rendered by the Gas Works of the City and of certain other moneys derived from the Gas Works and from the investment of such revenue (the "Gas Works Revenues") and amounts held in the Sinking Fund Reserve established under the Ordinance (collectively, the "Pledged Amounts"). This Bond is a [Senior] [Subordinate] Bond and is [prior] [subordinate] in right of payment to other bonds issued under the Ordinance except other [Senior]

# City of Philadelphia

Bill No. 980232

Certified Copy

[Subordinate] Bonds, as to which it is equally and ratably secured. The Ordinance requires Gas Works Revenues to be applied in order of priority to (1) Net Operating Expenses then payable, (2) debt service on bonds issued under the General Gas Works Revenue Bond Ordinance of 1975, as amended, and amounts required to be paid into the sinking fund reserve thereunder, (3) debt service on Senior Bonds, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Senior Bonds and payments due in respect of obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of the Ordinance, (4) payments due to issuers of Credit Facilities related to Senior Bonds, (5) debt service on Subordinate Bonds and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds (including notes issued under the City's General Inventory and Receivables Gas Works Revenue Note Ordinance of 1993, or any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds, (7) required payments of the Rebate Amount to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve, (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses.

The City covenants, so long as this Bond shall remain outstanding, to make payments of interest on the indebtedness represented by this Bond, out of the Sinking Fund, in the semi-

# City of Philadelphia

Bill No. 980232

Certified Copy

annual amount shown hereon on each interest payment date of this Bond, or, as the case may be, the proportionate part thereof from the date hereof to the next interest payment date, and to pay, upon surrender hereof, from the Sinking Fund on the maturity date hereof or, if this Bond shall be selected for mandatory or optional redemption, then on the applicable redemption date, the principal amount hereof with the applicable premium, if any, plus, in the case of redemption, all interest accrued to the redemption date.

Reference is hereby made to the Ordinance for a statement of the terms and conditions under which previous bonds, if any, have been issued, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under the Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the Ordinance may be amended or modified, and the rights of the holders or registered owners of the Bonds with respect to such security. The City hereby represents to and covenants with the registered owner of this Bond that, except for bonds issued under the General Gas Works Revenue Bond Ordinance of 1975 (which has been closed to future bond issuances other than refunding bonds and bonds issued upon exchanges, transfers or replacements), and in the case of Subordinate Bonds, outstanding and future Senior Bonds, (i) no Gas Works revenue bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to payment therefrom and (ii) all Gas Works revenue bonds which have been or will be equally and ratably secured by such pledged revenues have and will be issued in accordance with the provisions of the Ordinance. However, nothing herein contained shall be construed to prevent the City from financing

# City of Philadelphia

Bill No. 980232

Certified Copy

Gas Works projects by the issuance of its general obligation bonds or by the issuance of Gas Works revenue bonds under other authorization for the payment of which project revenues of the Gas Works may be pledged subject and subordinate in each fiscal year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such fiscal year under the Ordinance in respect of Gas Works revenue bonds issued and outstanding thereunder.

[Insert redemption provisions.]

## Notice of Redemption

When the City shall determine to redeem Bonds, upon prior written notice to the Fiscal Agent of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Fiscal Agent shall be required to redeem Bonds from moneys in the Sinking Fund, without action on the part of the City, the Fiscal Agent, at the City's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the Office of the Fiscal Agent, and that from and after such date interest thereon shall cease to accrue; provided, however, that the Holders of any Bonds to be redeemed may file written waivers of notice with the Fiscal Agent, and if so waived, such Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Fiscal Agent, such notice shall be conditioned upon the deposit of moneys with the Fiscal Agent on or before the date fixed for redemption and such

# City of Philadelphia

Bill No. 980232

Certified Copy

notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Fiscal Agent in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

No covenant or agreement contained in this Bond or in the Ordinance shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the City in his individual capacity, and any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Ordinance or the Supplemental Ordinance or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the adoption of the Ordinance and the Supplemental Ordinance and the issuance of this Bond.

**THIS BOND IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THIS BOND, NOR SHALL THIS BOND BE DEEMED TO BE A GENERAL OBLIGATION OF THE CITY.**

# City of Philadelphia

Bill No. 980232

Certified Copy

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the Ordinance precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance and delivery of this Bond have been duly authorized by ordinance of the City duly adopted.

IN WITNESS WHEREOF, The City of Philadelphia, Pennsylvania has caused this Bond to be properly executed by its Fiscal Agent, by two duly authorized officers thereof, and the facsimile of the seal of the City of Philadelphia to be imprinted hereon, and to be duly countersigned and attested by a facsimile signature of the City Controller, as of

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By: \_\_\_\_\_  
Fiscal Agent

Countersigned and Attested  
by (Facsimile Signature)

By: \_\_\_\_\_  
Authorized Officer

City Controller

By: \_\_\_\_\_  
Authorized Officer

**SECTION 3.03. General Form, Content and Payment of Bonds.** The Bonds shall be generally designated as Gas Works Revenue Bonds (1998 General Ordinance) of the City and shall be issued in such Series and within such Series in such subseries as the City may from time to time determine. The aggregate principal amount of Bonds which may be issued,

# City of Philadelphia

Bill No. 980232

Certified Copy

authenticated and delivered under this Ordinance is unlimited, but prior to issuance of each Series of Bonds, the City shall adopt a Supplemental Ordinance authorizing such Series.

The Bonds of each Series shall be issued in such aggregate principal amount, shall be dated on or as of such date or dates, shall be in such denominations, shall mature or be subject to mandatory redemption in such principal amounts and on such dates, shall bear interest from such date or dates and at such rate or rates (including, without limitation, variable, adjustable and convertible rates), shall be subject to optional redemption at such times and upon such terms, shall be designated as Senior Bonds or Subordinate Bonds (and within such categories may be designated as subordinate to other Bonds in such category and may be limited as to source of payment to one or more specific components of Gas Works Revenues), and shall contain such other terms and conditions not inconsistent with this Ordinance or the Act, all as shall be determined by the City and set forth in the Supplemental Ordinance under which such Bonds are issued, or as shall be determined by a designated officer or officers of the City thereunto authorized by the Supplemental Ordinance or, in the absence of such provisions or designation, as shall be determined by the Director of Finance as specified in Section 4.05.

If permitted by applicable law, any Series of Bonds may be issued as Uncertificated Bonds and the foregoing provisions specifying the form of Bonds shall be inapplicable to such Series of Bonds.

A Series of Bonds may be secured by a Credit Facility meeting the requirements of this Ordinance and the applicable Supplemental Ordinance. In connection with the issuance of its Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the City also may enter into Qualified

# City of Philadelphia

Bill No. 980232

Certified Copy

Swaps or Exchange Agreements if a majority of the Mayor, the City Controller and the City Solicitor determines that such Qualified Swap or Exchange Agreement will assist the City in more effectively managing its interest costs or its interest rate exposure. The City's payment obligation under any Qualified Swap or Exchange Agreement shall be made only from Gas Works Revenues. Unless otherwise acknowledged by each Rating Agency by virtue of its confirmation of the existing credit ratings on the City's Outstanding Bonds, the City will not enter into any Qualified Swap or Exchange Agreement unless it gives at least fifteen (15) days advance notice of its intention to do so to each of the Rating Agencies, which notice shall specify the identify of the Qualified Swap Provider or Exchange Agreement counterparty, as the case may be.

The principal of, premium, if any, and interest on Bonds issued hereunder shall be payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts; provided that, if applicable law permits, the principal or redemption price of and the interest on a Series of Bonds may be payable in such foreign currency as may be specified in the Supplemental Ordinance authorizing such Series of Bonds. Principal of and premium, if any, on Bonds shall be payable at the Office of the Fiscal Agent, upon presentation and surrender of the Bonds as the same shall become due and payable. Interest on the Bonds shall be paid by the Fiscal Agent on each interest payment date by check or draft mailed to the person in whose name a Bond is registered on the registration books maintained by the Fiscal Agent (as hereinafter provided) at the close of business on the associated record date, and at the address appearing on such registration books or in lieu thereof, if so requested in a written notice provided to the Fiscal Agent not less than ten (10) days prior to the relevant interest payment date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds, by

# City of Philadelphia

Bill No. 980232

Certified Copy

wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof as of the associated record date, and shall be payable to the person who is the registered owner thereof (or of one or more predecessor bonds) at the close of business on the special record date preceding the special payment date set by the Fiscal Agent whenever moneys become available for payment of such interest. Notice of such special payment date shall be given by the Fiscal Agent to registered owners as of the special record date not less than ten (10) days prior to the special payment date. All Bonds shall provide that principal or redemption price and interest in respect thereof shall be payable only out of Gas Works Revenues, moneys in the Sinking Fund Reserve and proceeds of any applicable letter of credit, bond insurance policy or other Credit Facility then in effect.

Each Bond executed and delivered upon any transfer, exchange or substitution, shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by the Bond or Bonds surrendered upon such transfer or exchange, or, as the case may be, the part thereof represented by such new Bond, and, notwithstanding anything to the contrary contained in this Ordinance, such new Bond shall be so dated that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

The foregoing provisions of this Section 3.03, any other provision in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the principal of and interest on all Bonds issued hereunder and the premium, if any, payable on redemption thereof, shall be payable only from the rentals, revenues and moneys of the City pledged for the payment thereof pursuant to this Ordinance and not otherwise.

# City of Philadelphia

Bill No. 980232

Certified Copy

**SECTION 3.04. Registration, Transfer and Exchange of Bonds; Persons Treated as Bondholders.** The Fiscal Agent shall maintain and keep on behalf of the City, at its Principal Office, the Bond Register, which shall, at all reasonable times, be open for inspection by the City; and, upon presentation for such purpose of any Bond entitled to registration or registration of exchange or transfer at the Office of the Fiscal Agent, the Fiscal Agent shall register or register the exchange or transfer of such Bond in the Bond Register, under the provisions hereof and such reasonable regulations as the City and the Fiscal Agent may prescribe. The Fiscal Agent shall make all necessary provisions to permit the exchange or transfer of Bonds at its Principal Office.

The transfer of any Bond shall be registered in the Bond Register at the written request of the Bondholder thereof or his attorney duly authorized in writing, upon surrender and cancellation thereof at the Office of the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the Bondholder or his duly authorized attorney. Upon the registration of transfer of any such Bond or Bonds, the City shall issue in the name of the transferee, in authorized denominations, a new fully registered Bond or Bonds in the same aggregate principal amount and of like tenor as the surrendered Bond or Bonds.

The Bonds, upon surrender thereof at the Office of the Fiscal Agent, may, at the option of the Bondholder thereof or his attorney duly authorized in writing, be exchanged for an equal aggregate principal amount of any authorized denominations of Bonds of the same Series and maturity and having the same interest rate as the surrendered Bonds.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the

# City of Philadelphia

Bill No. 980232

Certified Copy

Fiscal Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. For every such exchange or transfer of Bonds, whether temporary or definitive, the City or the Fiscal Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Fiscal Agent shall not be required to make any exchange or transfer of any Bonds during the period of fifteen Business Days next preceding any interest payment date for such Bonds or during the period of twenty Business Days next preceding the first mailing of any notice of redemption of such Bonds or to make any exchange or transfer of any Bonds called for redemption.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of surrendered Bonds shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, and shall be secured by this Ordinance to the same extent as such surrendered Bonds.

The City and the Fiscal Agent may deem and treat the Bondholder of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Any consent, waiver or other action taken by the Holder of any Bond pursuant to the provisions of this

# City of Philadelphia

Bill No. 980232

Certified Copy

Ordinance shall be conclusive and binding upon such Holder, such Holder's heirs, successors or assigns and upon all transferees of such Bond, whether or not notation thereof is made on such Bond or any Bond issued in exchange therefor.

**SECTION 3.05. Bonds are Negotiable Instruments.** The Bonds shall have the qualities of negotiable instruments under the law merchant and the laws pertaining to negotiable instruments of the Commonwealth of Pennsylvania, subject to the provisions for registration and transfer contained in Section 3.04 and in the Bonds.

**SECTION 3.06. Temporary Bonds.** Until Bonds in definitive form are ready for delivery, the City and the Fiscal Agent may execute and deliver to the purchasers thereof, subject to the provisions, limitations and conditions set forth above, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Ordinance, including the right to transfer and exchange any Bond in temporary form for other Bonds in temporary form. Upon the presentation and surrender of any Bond or Bonds in temporary form, the City and the Fiscal Agent shall, without unreasonable delay, prepare, execute and deliver to the Holder or Holders thereof, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made without making any charge therefor to the Holders of such Bonds in temporary form.

**SECTION 3.07. Execution of Bonds.** The Bonds shall be executed on behalf of the City by the Fiscal Agent by the manual signatures of two of its duly authorized officers, under

# City of Philadelphia

Bill No. 980232

*Certified Copy*

the seal of the City which shall be either affixed or reproduced thereon in facsimile and shall be countersigned and attested by the manual or facsimile signature of the City Controller, all in accordance with the Act of March 24, 1949, P. L. 312, or in such other manner as shall be authorized by law and prescribed by Supplemental Ordinance. Any such Bonds may be executed, issued and delivered notwithstanding that one or more of the officers signing such Bonds or whose facsimile signature shall be upon such Bonds, shall have ceased to be such officer or officers at the time when such Bonds shall actually be delivered, and although at the nominal date of such Bonds any such person shall not have been such officer.

**SECTION 3.08. Mutilated, Destroyed, Lost or Stolen Bonds.** Upon receipt by the Fiscal Agent and the City of evidence satisfactory to both of them that any Outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, the City and the Fiscal Agent shall execute and deliver a new Bond of the same Series, maturity date, principal amount and interest rate in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, lost or stolen.

The City may, for each new Bond authenticated and delivered under the provisions of this Section 3.08, require the payment of the expenses, including counsel fees, which may be incurred by the City and the Fiscal Agent in connection therewith. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion, may, instead of issuing a new Bond, direct the payment thereof at maturity and the Fiscal Agent shall thereupon pay the same.

Any Bond issued under the provisions of this Section 3.08

# City of Philadelphia

Bill No. 980232

Certified Copy

in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City, whether or not the Bond so alleged to be destroyed, lost or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefit of this Ordinance with all other Bonds issued under this Ordinance.

**SECTION 3.09. Credit Enhancement; Exchange Agreements; Qualified Swaps.** As provided by Supplemental Ordinance and subject to the requirements of this Ordinance, the City may provide for a Credit Facility, Exchange Agreement or Qualified Swap with respect to any Series of Bonds or portion thereof.

## ARTICLE IV

### ISSUANCE OF BONDS; PLEDGE OF REVENUES; COVENANTS

**SECTION 4.01. Purpose of Bonds.** The Bonds issued under this Ordinance shall be issued for the purpose of paying the cost of projects, as such term is defined in the Act, related to the Gas Works, of reimbursing any fund of the City from which such costs have been paid or advanced, of funding any of such costs for which the City shall have outstanding bond anticipation notes or other obligations, of refunding any bonds of the City issued for the foregoing purposes under the Act, of refunding general obligation bonds of the City issued for the foregoing purposes or of financing anything else relating to the Gas Works permitted under the Act.

**SECTION 4.02. Pledge of Revenues; Grant of Security Interest; Application of Revenues; Limitation on Recourse.**

# City of Philadelphia

Bill No. 980232

Certified Copy

The City hereby pledges for the security and payment of all Bonds issued under this Ordinance and hereby grants a lien on and security interest in, all Gas Works Revenues, all accounts, contract rights and general intangibles representing the Gas Works Revenues and all funds and accounts established under this Ordinance, and in each case, the proceeds of the foregoing, except as limited for a Series of Bonds in the Supplemental Ordinance authorizing the issuance of such Series of Bonds; provided, however, that the pledge of this Ordinance may also be for the benefit of the provider of a Credit Facility, Qualified Swap or Exchange Agreement, or any other person who undertakes to provide moneys for the account of the City for the payment of principal or redemption price of and interest on any Series of Bonds on an equal and ratable basis with the related Series of Bonds, to the extent provided by any Supplemental Ordinance. For the purpose of compliance with the filing requirements of the Uniform Commercial Code in order to perfect the security interest herein granted, the Fiscal Agent shall be deemed to be, and the City hereby recognizes the Fiscal Agent as, the representative of Bondholders to execute financing statements as the secured party. All Gas Works Revenues as and when collected in each Fiscal Year shall be applied in order of priority, to the extent then payable, to (1) Net Operating Expenses then payable, (2) debt service on bonds issued under the 1975 Ordinance and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance, (3) debt service on Senior Bonds, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Senior Bonds and payments due in respect of obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of the Ordinance, (4) payments due to issuers of Credit Facilities related to Senior Bonds, (5) debt service on Subordinate Bonds and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds

# City of Philadelphia

Bill No. 980232

Certified Copy

(including notes issued under the City's General Inventory and Receivables Gas Works Revenue Note Ordinance of 1993, or any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds, (7) required payments of the Rebate Amount to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve, (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works Revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses. The foregoing provisions shall not be construed to require the segregation of revenues upon collection.

Neither the Bonds nor the City's reimbursement or other contractual obligations with respect to any Credit Facility, Qualified Swap or Exchange Agreement shall constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Bondholder or beneficiary of any of the foregoing agreements shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal and redemption price of or interest on the Bonds or the making of any payments hereunder. The Bonds and the obligations evidenced thereby and by the foregoing agreements shall not constitute a lien on any property of the City other than the Gas Works Revenues.

**SECTION 4.03. Particular Covenants.** The City

# City of Philadelphia

Bill No. 980232

Certified Copy

covenants with the Holders of all Bonds from time to time and at the time outstanding under this Ordinance, that so long as any such Bonds shall remain outstanding:

(a) No Bonds will be issued by the City hereunder or under any ordinance supplemental hereto unless the financial report of the chief fiscal officer of the City required by Section 8 of the Act is filed with the Council of the City. Such report may be given in reliance on an engineering report of an Independent consulting engineer or an Independent firm of consulting engineers, in either case having broad experience in the design and analysis of the operation of gas works or gas distribution systems of the magnitude and scope of the Gas Works and a favorable reputation for competence in such field (the "Engineer") setting forth the qualifications of the Engineer and

(i) containing a statement that the Engineer has made such investigation of the physical properties included in the Gas Works and of the books and records of the Gas Works maintained by the City or by the Manager, as it deemed necessary; and

(ii) on the basis of such investigation containing:

(aa) the same matters, statements and opinion as are required by Section 8 of the Act to be contained in the financial report of the chief fiscal officer supported by appropriate schedules and summaries;

(bb) a statement that the Gas Works rents, rates and charges, on the basis of which the statements required by the foregoing clause (aa) are made, are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b); and

# City of Philadelphia

Bill No. 980232

Certified Copy

(cc) a statement that, in the opinion of the Engineer, the Gas Works are in good operating condition or that adequate steps are being taken to make them so.

(b) It will, at a minimum, impose, charge and collect in each Fiscal Year such gas rates and charges as shall, together with all other Gas Works Revenues to be received in such Fiscal Year, equal not less than the greater of:

A. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) all principal of and interest on bonds issued and outstanding under the 1975 Ordinance payable during such Fiscal Year and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance during such Fiscal Year;

(iii) 150% of the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Senior Bonds and 100% of the amounts payable in respect of the Prior Obligations during such Fiscal Year;

(iv) the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Subordinate Bonds and other obligations of the Gas Works on a parity with Subordinate Bonds payable during such Fiscal Year;

(v) the amount, if any, required to be paid into the Sinking Fund Reserve during such Fiscal Year;

(vi) the Rebate Amount required to be paid to the

# City of Philadelphia

Bill No. 980232

Certified Copy

United States during such Fiscal Year; and

(vii) the amounts required to be paid to the issuers of Credit Facilities and the providers of Qualified Swaps and Exchange Agreements during such Fiscal Year; or

B. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) all principal of and interest on bonds issued and outstanding under the 1975 Ordinance payable during such Fiscal Year and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance during such Fiscal Year;

(iii) all Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Bonds and all amounts payable in respect of obligations of the Gas Works which are on a parity with any of the Bonds and in respect of general obligation bonds issued for improvements to the Gas Works and all amounts, if any, required during such Fiscal Year to be paid into the Sinking Fund Reserve;

(iv) the Rebate Amount required to be paid to the United States during such Fiscal Year; and

(v) the amounts required to be paid to the issuers of Credit Facilities and the providers of Qualified Swaps and Exchange Agreements during such Fiscal Year.

For purposes of estimating Sinking Fund deposits with respect to Interim Debt and Variable Rate Bonds, the City shall be entitled to assume that (1) Interim Debt will be amortized

# City of Philadelphia

Bill No. 980232

Certified Copy

over a period of up to the maximum term permitted by the Act, but not in excess of the useful life of the assets to be financed, on an approximately level debt service basis and bear interest at the average interest rate on bonds of a similar maturity and credit rating (without any credit enhancement) as the Bonds Outstanding under this Ordinance and (2) Variable Rate Bonds will bear interest at a rate equal to the average interest rate on such Variable Rate Bonds during the period of twenty-four (24) consecutive calendar months immediately preceding the date of calculation or during such shorter period that such Variable Rate Bonds have been Outstanding.

The Gas Commission is hereby authorized and directed, without further authorization, to impose and charge and to collect, or cause to be collected, rents, rates and charges which shall be sufficient in each Fiscal Year to comply with the foregoing Rate Covenant.

Notwithstanding the requirements of this Section 4.03(b) and the pledge under Section 4.02, the City may, at such time as there are no bonds outstanding under the 1975 Ordinance, pursuant to a Supplemental Ordinance, securitize and sell that portion of the Gas Works rents, rates and charges which relate to assets which are designated as non-performing by the Gas Commission and as to which the Gas Commission has designated specific rents, rates or charges; provided that prior to any such securitization and sale the City delivers to the Fiscal Agent (1) an Engineer's report including a statement that, for the three year period following such securitization and sale, the Gas Works rents, rates and charges (excluding those securitized and sold) are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b) applied as if the percentage in subsection A(iii) were 175% rather than 150% and (2) an opinion of Bond Counsel that such securitization and sale will not adversely affect the exclusion

# City of Philadelphia

Bill No. 980232

Certified Copy

from gross income for Federal income tax purposes of interest on any Outstanding Bonds the interest on which is intended to be so excluded. Proceeds received from any such securitization and sale shall be excluded from Gas Works Revenues in all calculations relating to the Rate Covenant and, notwithstanding any provision of this Ordinance to the contrary, may be used to redeem or refund obligations issued to finance the related assets designated as non-performing.

(c) It will pay or cause the Fiscal Agent or any paying agent appointed by the City to pay from the Gas Works Revenues deposited in the Sinking Fund the principal of, and premium, if any, and interest on, all Bonds as the same shall become due and payable and as more particularly set forth in the Bonds.

(d) It will continuously maintain in good condition and continuously operate the Gas Works.

(e) It will not in any Fiscal Year pay from the Gas Works Revenues any City Charges or deposit from the Gas Works Revenues in the general sinking fund of the City any sinking fund charges in respect of general obligation bonds of the City unless prior thereto or concurrently therewith all sinking fund charges then payable in respect of Outstanding Bonds shall have been deposited in the Sinking Fund, all amounts then payable in respect of obligations of the Gas Works which are on a parity with Bonds shall have been paid, all amounts then payable to issuers of Credit Facilities and providers of Qualified Swaps and Exchange Agreements shall have been paid and all deposits then required to the Sinking Fund Reserve shall have been made.

(f) It will, not later than 120 days following the close of each Fiscal Year, file with the Fiscal Agent a report of the

# City of Philadelphia

Bill No. 980232

Certified Copy

operation of the Gas Works setting forth, among other things, in reasonable detail financial data concerning the Gas Works for such Fiscal Year, including a balance sheet, statements of income, equity, and changes in financial condition, and an analysis of funds available to cover debt service (in each case not inconsistent with the statements of income, expenses, and other accounts of the City audited by the City Controller) prepared by the Manager in accordance with generally recognized municipal accounting principles consistently applied, showing compliance with the Rate Covenant, accompanied by a certificate of the Manager that the Gas Works are in good operating condition and by a certificate of the Director of Finance that as of the date of such report the City has complied with all of the covenants in this Ordinance and in all ordinances supplemental hereto on its part to be performed. Such report shall be furnished to the Fiscal Agent in such reasonable number of copies as shall be required to meet the written requests of Bondholders therefor on a first come first served basis. The Fiscal Agent shall keep on file a copy of each report and its accompanying certificates for a period of ten (10) years and shall exhibit the same to, and permit the copying thereof by, any Bondholder or his authorized representative at all reasonable times.

**SECTION 4.04. Parity and Priority of Bonds.** All Bonds issued hereunder shall be secured by the pledge of, and grant of a security interest in, the Gas Works Revenues, except as limited for a Series of Bonds in the Supplemental Ordinance authorizing the issuance of such Series of Bonds. Subordinate Bonds shall be subordinate to Senior Bonds in right of payment of principal, premium, if any, and interest. Senior Bonds and Subordinate Bonds shall not have any preference, priority or distinction as to lien or otherwise, except as otherwise provided herein or in a Supplemental Ordinance, over any other Senior Bonds or Subordinate Bonds, respectively.

# City of Philadelphia

Bill No. 980232

Certified Copy

The City hereby reserves the right, and nothing herein shall be construed to impair such right, to finance improvements to its Gas Works by the issuance of its general obligation bonds or by the issuance, under ordinances other than Supplemental Ordinances, of Gas Works obligations for the payment of which Gas Works Revenues may be pledged subject and subordinate in each Fiscal Year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such Fiscal Year under this Ordinance, as from time to time supplemented and amended, in respect of Bonds.

**SECTION 4.05. Sale of Bonds; Taxes Not to be Assumed; Terms and Provisions; Authority of Director of Finance.** To the extent that the Supplemental Ordinance authorizing any Series of Bonds hereunder shall not otherwise provide pursuant to Section 4.06:

(a) All Bonds shall be sold at public, private or invited sale upon such terms not inconsistent with the Act as a majority of the Mayor, the City Controller and the City Solicitor may determine to be in the best interest of the City and, if sold at competitive public sale, shall be sold to the purchaser or purchasers submitting the highest and best bid upon such terms and conditions of the bidding as shall be specified in an official notice of sale issued in the name of the City by the Director of Finance;

(b) no covenant to pay or assume any taxes shall be included in such Bonds; and

(c) subject to the foregoing, the terms upon which or the prices for which the Bonds are to be sold or exchanged, and the form, terms and provisions of the Bonds, including, without limitation, the matters referred to in Section 5 of the Act and in the second paragraph of Section 3.03, shall be determined by

# City of Philadelphia

Bill No. 980232

Certified Copy

the Director of Finance, who is hereby designated as the officer of the City to make such determinations based, to the extent applicable, on the prices, interest rates or other terms set forth in the highest and best proposal conforming to the bidding specifications as ascertained and accepted on behalf of the City by the Director of Finance.

**SECTION 4.06. Conditions of Issuing Bonds, Supplemental Ordinance; Filing of Transcript; Use of Proceeds; Refunding Bonds.** Prior to the issuance of any Series of Bonds, the Council of the City shall adopt an ordinance supplemental hereto specifying the aggregate principal amount or maximum aggregate principal amount, and authorizing the issuance of such Bonds; stating that such Bonds are issued in respect of capital costs of a Gas Works project or projects of the City or to fund or refund bond anticipation or other obligations of the City issued in respect thereof or for the purpose of refunding debt issued for such purpose; making a finding based on the report of the Director of Finance required by Section 8 of the Act that the Gas Works Revenues pledged hereunder will be sufficient to comply with the Rate Covenant and also to pay all costs, expenses and payments required to be paid therefrom and in the order and priority stated in Section 4.02; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution. Such Supplemental Ordinance may specify such form, terms and provisions of the Bonds to be issued thereunder; may specify a particular method of sale; may specify the terms upon which, or the prices for which, the Bonds are to be sold or exchanged, including, if applicable, competitive bidding specifications; may contain such amendments to this Ordinance, including amendments or rescission of the covenants herein contained, and may contain or authorize such further covenants and agreements, including such covenants as may be appropriate under existing regulations

# City of Philadelphia

Bill No. 980232

Certified Copy

so that the Bonds may not be deemed to be "arbitrage bonds" as such term is defined in the Code and applicable regulations, all as the Council of the City may deem appropriate and proper and as shall be authorized or permitted by the Act, but no such amendments, provisions, terms, covenants or agreements (other than those permitted under Section 9.01 and adopted pursuant thereto) which shall be inconsistent with the provisions of, or if they would impair a prior covenant contained in, this Ordinance as at the time amended or supplemented, shall become effective until all Bonds the holders of which are entitled to the protection of, or to enforce compliance with, such prior covenant shall cease to be outstanding.

Prior to the issuance of any Series of Bonds hereunder, the Director of Finance shall, in addition to the filing requirements of Section 12 of the Act, file with the Fiscal Agent a transcript of the proceedings authorizing the issuance of such Series of Bonds which shall include (i) a certified copy of this Ordinance (unless previously so filed); (ii) a certified copy of the Supplemental Ordinance; (iii) an executed or certified copy of the report of the Director of Finance required by subsection (a) of Section 8 of the Act; (iv) an executed copy of the opinion of the City Solicitor required by subsection (b) of Section 8 of the Act; and (v) an opinion of Bond Counsel to the effect that (1) the Series of Bonds has been duly issued for a permitted purpose under the Act and under this Ordinance, (2) all conditions precedent to the issuance of the Series of Bonds pursuant to the Act and this Ordinance have been satisfied, (3) the Series of Bonds has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the City and (4) if the interest on the Series of Bonds is intended to be excluded from gross income for Federal income tax purposes, interest on the Series of Bonds will be so excluded; and thereupon the proper officers of the City and the Fiscal Agent shall be authorized to execute and deliver the

# City of Philadelphia

Bill No. 980232

Certified Copy

Bonds so authorized, to receipt for the purchase price thereof and to execute and deliver on behalf of the City the usual closing statements, affidavits and certificates.

The Director of Finance, the City Solicitor, the City Controller and such other officers of the City as may be appropriate are authorized, in connection with the issuance of any Series of Bonds hereunder, to prepare, execute and file on behalf of the City such statements, documents or other material as may accurately and properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Bonds and as may be required or appropriate to comply with applicable state or federal laws or regulations.

Unless otherwise provided in the Supplemental Ordinance, the proceeds of sale of all Bonds issued hereunder shall be deposited in the consolidated cash account of the City to the credit of the capital improvement funds and shall be disbursed therefrom, in accordance with established procedures, for the costs of the project or projects (as such term is defined in the Act) for which the Bonds were issued; provided, however, that, if such Bonds shall be issued for the purpose of funding or refunding bonds or notes previously issued by the City, such proceeds shall, unless otherwise directed by the Supplemental Ordinance, be deposited in a special account in the Sinking Fund and deposited, invested (if appropriate) and disbursed under the direction of the Director of Finance for the purpose of retiring the bonds or notes being funded or refunded, and provided further that proceeds of the sale of any Series of Bonds representing capitalized interest on such Series of Bonds shall be deposited in a separate account in the Sinking Fund and applied, together with any profit from investment thereof, only to pay interest on such Series of Bonds.

If the City shall, by Supplemental Ordinance, authorize the

# City of Philadelphia

Bill No. 980232

Certified Copy

issuance of revenue refunding bonds pursuant to Section 10 of the Act, in the absence of specific direction or inconsistent authorization contained in the Supplemental Ordinance, the Director of Finance is hereby authorized in the name and on behalf of the City to take all such action, including the irrevocable pledge of proceeds and the income and profit from the investment thereof for the payment and redemption of the funded or refunded bonds or notes and, if a Qualified Swap or Exchange Agreement has been provided with respect to Bonds to be refunded, provision for the payment of all amounts due and payable by the City to the provider of such Qualified Swap or Exchange Agreement upon the refunding of such Bonds and the mailing of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the funding or refunding and to comply with the requirements of Section 10 of the Act.

## ARTICLE V

### REDEMPTION OF BONDS

**SECTION 5.01. General Provisions for Redemption.** Bonds issued hereunder shall be subject to redemption at such times, in such order, at such redemption prices, upon such notice, unless waived, and upon such terms and conditions as may be expressed in the particular Bonds, or, as the case may be, in the pertinent Supplemental Ordinance. Notwithstanding or in limitation of the foregoing, a Supplemental Ordinance for a Series of Bonds may contain provisions for optional redemption of such Series of Bonds which may be retained by the City as a call option or may be held by the City or sold simultaneously with such Series of Bonds or at future dates as determined by such Supplemental Ordinance. Unless otherwise

# City of Philadelphia

Bill No. 980232

Certified Copy

specified in the Bonds or the pertinent Supplemental Ordinance, Bonds subject to optional redemption may be redeemed in such order of maturity as specified by the Director of Finance and within a maturity by lot. Whenever Bonds to be redeemed are required to be selected by lot, the Fiscal Agent shall be authorized to draw by lot the numbers of the Bonds to be redeemed in any manner deemed reasonable by the Fiscal Agent. In the case of a Bond of a denomination greater than the minimum authorized denomination, the Fiscal Agent shall treat such Bond as representing such number of separate Bonds as is obtained by dividing the actual principal amount of such Bond by the minimum authorized denomination.

**SECTION 5.02. Notice of Redemption.** Unless otherwise provided by Supplemental Ordinance, when the City shall determine to redeem Bonds, upon prior written notice to the Fiscal Agent of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Fiscal Agent shall be required to redeem Bonds from moneys in the Sinking Fund without action on the part of the City, the Fiscal Agent, at the City's expense, shall cause a notice of redemption to be mailed to the Holders of the Bonds being redeemed. Such notice shall specify (i) the complete official name of the Series of Bonds being redeemed; (ii) if less than all then Outstanding Bonds of a Series are to be redeemed, the numbers, including CUSIP numbers if applicable, of the Bonds to be redeemed, which may, if appropriate, be expressed in designated blocks of numbers, (iii) the date of issue of each Bond being redeemed as originally issued, (iv) the rate of interest borne by each Bond being redeemed, (v) the maturity date of each Bond being redeemed and (vi) any other descriptive information considered appropriate by the City to accurately identify the Bonds being redeemed. Such notice shall also state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the

# City of Philadelphia

Bill No. 980232

Certified Copy

Office of the Fiscal Agent, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of any Bonds being redeemed may file written waivers of notice with the Fiscal Agent, and if so waived, such Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Fiscal Agent, such notice shall be conditioned upon the deposit of moneys with the Fiscal Agent on or before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notices required to be given by this Section 5.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or stated on the Bonds.

The notice to Bondholders shall be deposited by the Fiscal Agent in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days, unless otherwise provided with respect to any Series of Bonds in the Supplemental Ordinance authorizing such Series of Bonds, prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing in the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholders. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

When notice of redemption is mailed to Bondholders, the

# City of Philadelphia

Bill No. 980232

Certified Copy

Fiscal Agent shall mail a similar notice to The Bond Buyer and each Rating Agency then maintaining a rating on such Bonds, but failure to mail any such notice referred to in this paragraph or any defect in such mailed notice or in the mailing thereof shall not affect the validity of the redemption notice.

Not more than sixty (60) days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

**SECTION 5.03. Effect of Redemption; Payment.** Notice having been given in the manner hereinbefore provided in this Article V or irrevocable instructions to give such notice having been delivered to the Fiscal Agent to pay said Bonds or portions thereof, and funds complying with the provisions of subparagraph (1) of Section 10 of the Act having been deposited in trust with the Fiscal Agent or having been set aside with the Sinking Fund Depositary in a special account in the Sinking Fund, on or prior to the date fixed for redemption, the Bonds or portions thereof so called for redemption, shall become due and payable on the redemption date so designated, and interest on such Bonds or portions thereof shall cease from such redemption date, whether such Bonds be presented for redemption or not. The principal amount of all Bonds or portions thereof so called for redemption, together with the premium, if any, and accrued interest thereon, shall be paid by the Fiscal Agent, upon presentation and surrender thereof.

**SECTION 5.04. Partial Redemption.** Upon presentation of any Bond which is to be redeemed in part only, the City and the Fiscal Agent shall execute and deliver to the Holder thereof, at the expense of the City, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to and of the

# City of Philadelphia

Bill No. 980232

Certified Copy

same Series and maturity as the unredeemed portion of the Bond or Bonds so presented.

## ARTICLE VI

### SINKING FUND

**SECTION 6.01. Establishment and Investment of Sinking Fund.** There is hereby established a sinking fund to be known as the City of Philadelphia 1998 Ordinance Gas Works Revenue Bond Sinking Fund (referred to in this Ordinance as the "Sinking Fund") for the benefit and security of the Holders of all Bonds. The Sinking Fund shall be held in the name of the City in an account or accounts separate and apart from all other accounts of the City and payments therefrom shall be made only as hereinafter in this Ordinance provided.

The City covenants and the Director of Finance is directed to deposit in, and there is hereby appropriated to, the Sinking Fund from the Gas Works Revenues in each Fiscal Year such amounts as will, together with interest and profits earned and to be earned on investments held therein, be sufficient to accumulate therein (exclusive of the amount in the Sinking Fund Reserve), on or before each interest and principal payment date of the Bonds, the amounts required to pay the principal of and the interest on the Bonds then becoming due and payable. Payment into the Sinking Fund shall be scheduled at such times and in such amounts in relation to the receipt of revenues and the operation and maintenance requirements of the Gas Works as the Director of Finance shall determine.

The Fiscal Agent shall establish such accounts in the Sinking Fund as it deems appropriate to identify the source or

# City of Philadelphia

Bill No. 980232

Certified Copy

use of moneys therein. Without limiting the generality of the preceding sentence, moneys deposited in the Sinking Fund to pay the redemption price of particular Bonds shall be held in separate accounts and applied only for such redemption.

**SECTION 6.02. Fiscal Agent.** Such state or federally chartered bank, bank and trust company or trust company as may from time to time be appointed by the City in accordance with law, shall act as Fiscal Agent in respect of all Bonds issued under this Ordinance or in respect of any particular Series of Bonds. The Fiscal Agent shall also act as Sinking Fund Depositary of the Sinking Fund and as paying agent and registrar of the Bonds in respect of which it is the Fiscal Agent, unless others are appointed in such capacities by the City. Nothing in this Ordinance shall be construed to prevent the City from engaging other or additional Fiscal Agents from time to time or from engaging other or additional Sinking Fund Depositaries, paying agents or registrars of the Bonds or any Series thereof.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of accounts and records, the disposal of canceled Bonds, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of this Ordinance.

**SECTION 6.03. Payments From the Sinking Fund.** The Sinking Fund Depositary shall, on direction of the Director of Finance, or if for any reason he should fail to give such direction, on the direction of the Fiscal Agent, liquidate investments, if necessary, and pay over from the Sinking Fund

# City of Philadelphia

Bill No. 980232

Certified Copy

in cash to the Fiscal Agent not later than the due date thereof the full amount of the principal, interest on, and premium, if any, payable upon redemption of, Bonds.

Any excess moneys in the Sinking Fund, including any excess amount in the Sinking Fund Reserve, shall be transferred to the operating accounts of the Gas Works.

**SECTION 6.04. Sinking Fund Reserve.** There is hereby established a Sinking Fund Reserve which shall be held by the Sinking Fund Depository as part of the Sinking Fund but for which a separate account shall be maintained. Unless otherwise provided in the applicable Supplemental Ordinance in compliance with this Section 6.04, the City shall, under direction of the Director of Finance, deposit in the Sinking Fund Reserve from the proceeds of sale of each Series of Bonds issued hereunder and/or Gas Works Revenues an amount which, together with other amounts in the Sinking Fund Reserve, will cause the amount in the Sinking Fund Reserve to equal the Sinking Fund Reserve Requirement. The money and investments (valued at market) in the Sinking Fund Reserve and amounts which can be drawn under Credit Facilities held for the Sinking Fund Reserve shall be held and maintained in an amount equal to the Sinking Fund Reserve Requirement.

In lieu of a deposit to the Sinking Fund Reserve or in substitution for amounts in the Sinking Fund Reserve, the City may provide one or more letters of credit or other Credit Facilities in the same aggregate amount issued by a provider or providers whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's or S&P, provided that (1) in the case of a substitution for moneys in the Sinking Fund Reserve, an opinion of Bond Counsel is delivered to the Fiscal Agent that such substitution will not adversely affect the exclusion from

# City of Philadelphia

Bill No. 980232

Certified Copy

gross income for Federal income tax purposes of interest on the Bonds the interest on which is intended to be so excluded, (2) each such Credit Facility permits the Fiscal Agent to make a draw thereon up to the principal amount thereof if the Sinking Fund Reserve is needed to cover a shortfall in the Sinking Fund and other moneys in the Sinking Fund Reserve are insufficient and (3) each such Credit Facility provides that a draw will be made thereon to replenish the Sinking Fund Reserve on the expiration thereof unless the City has otherwise made such deposit to the Sinking Fund Reserve or has obtained another Credit Facility meeting the requirements of this Section 6.04.

If, at any time and for any reason, the moneys in the Sinking Fund, other than in the Sinking Fund Reserve, shall be insufficient to pay as and when due, the principal of, and premium, if any, and interest on, any Bond or Bonds secured by the Sinking Fund Reserve, the Sinking Fund Depository is hereby authorized and directed to withdraw from the Sinking Fund Reserve and to draw on Credit Facilities held for the Sinking Fund Reserve and pay over to the Fiscal Agent the amount of such deficiency. If by reason of such withdrawal (including draws on any Credit Facilities held to satisfy the Sinking Fund Reserve Requirement) or for any other reason there shall be a deficiency in the Sinking Fund Reserve, the City hereby covenants to restore such deficiency (either by a deposit of funds or the reinstatement of the cash limits of Credit Facilities) within twelve months. The Sinking Fund Reserve shall be valued by the Sinking Fund Depository promptly after any withdrawal from the Sinking Fund Reserve or any other event indicating a possible deficiency in the Sinking Fund Reserve and on August 31 of each Fiscal Year.

**SECTION 6.05. Consolidated Fund.** The Sinking Fund shall be a consolidated fund for the equal and proportionate benefit of the Holders of all Bonds from time to time

# City of Philadelphia

Bill No. 980232

Certified Copy

Outstanding hereunder and may be invested and reinvested on a consolidated basis. The principal of and interest on and profits (and losses if any) realized on investments in the Sinking Fund shall be allocated pro rata for the Series of Bonds or the specific Bonds in respect of which such investments were made without distinction or priority, but moneys (and the investments thereof) specifically deposited for the payment of any particular installment of principal, interest (including capitalized interest) or premium in respect of particular Bonds shall be held and applied exclusively to the payment of such particular principal, interest or premium.

## ARTICLE VII

### INVESTMENT OF FUNDS

#### SECTION 7.01. Management of Funds and Accounts.

The moneys on deposit in the funds and accounts established hereunder, to the extent not currently required, shall be invested and secured as required by Section 9 of the Act, all at the direction and under the management of the Director of Finance.

SECTION 7.02. Investment of Funds and Accounts. All moneys deposited in any fund or account established hereunder or under any Supplemental Ordinance may be invested by the Fiscal Agent, at the oral or written direction of the Director of Finance, in any investments then permitted by law; provided that any investments with respect to amounts on deposit in the funds and accounts established hereunder shall mature or shall be subject to redemption by the holder thereof upon demand at par no later than the date when such amounts are needed for the purposes of such funds or accounts.

# City of Philadelphia

Bill No. 980232

Certified Copy

**SECTION 7.03. Valuation of Funds and Accounts.** In computing the assets of any fund or account established hereunder, investments and accrued interest therein shall be deemed a part thereof. Such investments shall be valued on June 30 of each Fiscal Year at the current market value thereof, valuing any Credit Facility held for the Sinking Fund Reserve at the amount which can then be drawn thereunder; provided that any fund or account created by a Supplemental Ordinance may be valued as provided in such Supplemental Ordinance. The annual valuation shall apply for all purposes of this Ordinance except if Bonds are issued or a deficit in the Sinking Fund Reserve occurs, in which cases a valuation shall be made on the date Bonds are issued or the deficit is eliminated, as the case may be. Investment earnings shall be included in Gas Works Revenues and, to the extent not required to be retained in the fund or account to which such earnings relate, shall be transferred to the operating accounts of the Gas Works.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**SECTION 8.01. Defaults and Statutory Remedies.** If the City shall fail or neglect to pay or to cause to be paid the principal of, or the redemption premium, if any, or the interest on, any Bond, whether at stated maturity or upon call for prior redemption, or if the City, after written notice to it, shall fail or neglect to make any payment owed by it to the provider of a Credit Facility, a Qualified Swap or an Exchange Agreement provided with respect to the Bonds and such provider gives the Fiscal Agent written notice of such failure or neglect, or if the City shall fail to comply with any provision of the Bonds or with any covenant of the City contained in this Ordinance or an

# City of Philadelphia

Bill No. 980232

Certified Copy

applicable Supplemental Ordinance, then, under and subject to the terms and conditions stated in the Act, the Holder or Holders of any Bond or Bonds shall be entitled to all of the rights and remedies provided in the Act, including the appointment of a trustee; provided, however, that the remedy provided in Section 20(b)(4) of the Act may be exercised only upon the failure of the City to pay, when due, principal and redemption price of (including principal due as a result of a scheduled mandatory redemption) and interest on a Series of Bonds.

Upon the occurrence of an event of default specified in this Section 8.01, the Fiscal Agent shall, within thirty (30) days, give written notice thereof by first-class mail to all Bondholders.

**SECTION 8.02. Remedies Not Exclusive; Effect of Delay In Exercise of Remedies.** No remedy herein or in the Act conferred upon or reserved to the trustee, if one be appointed, or to the Holder of any Bond is intended to be exclusive (except as specifically provided in the Act) of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission of the trustee, if one be appointed, or of any Holder of any Bond to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII, by the Act or otherwise may be exercised from time to time and as often as may be deemed expedient.

**SECTION 8.03. Remedies to be Enforced Only Against Pledged Revenues.** Any decree or judgment for the payment

# City of Philadelphia

Bill No. 980232

Certified Copy

of money against the City by reason of default hereunder shall be enforceable only against the Gas Works Revenues, amounts in the Sinking Fund Reserve and other amounts which may be specifically pledged therefor and the investments thereof and no decree or judgment against the City upon an action brought hereunder shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

## ARTICLE IX

### AMENDMENTS AND MODIFICATIONS

SECTION 9.01. In addition to the adoption of Supplemental Ordinances supplementing or amending this Ordinance as provided in Section 4.06 in connection with the issuance of successive Series of Bonds, this Ordinance and any Supplemental Ordinance may be further supplemented, modified or amended: (a) to cure any ambiguity, formal defect or omission herein or therein; (b) to make such provisions in regard to matters or questions arising hereunder or thereunder which shall not be inconsistent with the provisions hereof or thereof and which shall not adversely affect the interests of Bondholders; (c) to grant to or confer upon Bondholders or a trustee, if any, for the benefit of Bondholders any additional rights, remedies, powers, authority or security that may be lawfully granted or conferred; (d) to incorporate modifications requested by any Rating Agency to obtain or maintain a credit rating on any Series of Bonds; (e) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Bonds, but no amendment or modification shall be made with

# City of Philadelphia

Bill No. 980232

Certified Copy

respect to any Outstanding Bonds to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon or to alter the redemption provisions thereof without the written consent of the Holders of all affected Outstanding Bonds; and (f) except as aforesaid, in such other respect as may be authorized in writing by the Holders of a majority in principal amount (using Accreted Value in the case of Capital Appreciation Bonds) of the Bonds Outstanding and affected. The written authorization of Bondholders of any supplement to or modification or amendment of this Ordinance or any Supplemental Ordinance need not approve the particular form of any proposed supplement, modification or amendment but only the substance thereof.

## ARTICLE X

### CLOSURE OF 1975 ORDINANCE

**SECTION 10.01. Limits on Issuances Under 1975 Ordinance.** After the adoption of this Ordinance, the City shall not issue any bonds under the 1975 Ordinance except to refund bonds issued under the 1975 Ordinance or to replace bonds issued thereunder which have been mutilated, destroyed, lost or stolen as provided therein or in substitution for bonds issued thereunder upon transfer or exchange as provided therein.

**SECTION 10.02. Designation of Refunding Bonds Under 1975 Ordinance.** Any refunding bonds issued under the 1975 Ordinance shall include in the title of such bonds a designation indicating that such bonds relate to the 1975 Ordinance in order to distinguish such bonds from Bonds issued under this Ordinance.

# City of Philadelphia

Bill No. 980232

Certified Copy

## ARTICLE XI

### MISCELLANEOUS

**SECTION 11.01. Deposit of Funds for Payment of Bonds.** When interest on, and principal or redemption price (as the case may be) of, all Bonds issued hereunder, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), have been paid, or there shall have been deposited with the Fiscal Agent an amount, evidenced by moneys or Qualified Escrow Securities the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), the pledge and grant of security interest in the Gas Works Revenues made hereunder shall cease and terminate, and the Fiscal Agent and any other depository of funds and accounts established hereunder shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds and accounts established hereunder.

If the City deposits with the Fiscal Agent moneys or Qualified Escrow Securities sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the City with respect to such Bond or Bonds shall likewise cease, except as provided in the following paragraph. From and after such deposit, such Bond or Bonds shall be deemed not to be Outstanding hereunder and the Holder or Holders thereof shall have recourse solely and

# City of Philadelphia

Bill No. 980232

Certified Copy

exclusively to the funds so deposited for any claims of whatsoever nature with respect to such Bond or Bonds, and the Fiscal Agent shall hold such funds in trust for the Holder or Holders of such Bond or Bonds.

Moneys deposited with the Fiscal Agent pursuant to the preceding paragraphs which remain unclaimed two (2) years after the date payment thereof becomes due shall, upon written request of the City, if the City is not at the time to the knowledge of the Fiscal Agent (the Fiscal Agent having no responsibility to independently investigate) in default with respect to any covenant in this Ordinance or the Bonds, be paid to the City, and the Holders of the Bond for which the deposit was made shall thereafter be limited to a claim against the City; provided, however, that before making any such payment to the City, the Fiscal Agent shall, at the expense of the City, publish in a newspaper of general circulation published in the City, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of publication of such notice, the balance of such moneys then unclaimed will be paid to the City.

**SECTION 11.02. Ordinances are Contracts With Bondholders.** This Ordinance and Supplemental Ordinances adopted pursuant hereto are contracts with the Holders of all Bonds from time to time Outstanding hereunder and thereunder and shall be enforceable in accordance with the provisions of Article VIII and the laws of the Commonwealth of Pennsylvania.

**SECTION 11.03. Parties Interested Herein.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Holders of Bonds, the Fiscal Agent, and each provider of a Credit Facility, Qualified Swap or

# City of Philadelphia

Bill No. 980232

Certified Copy

Exchange Agreement, any right, remedy or claim under or by reason of this Ordinance or any covenants, condition or stipulation therefor; and all the covenants, stipulations, promises and agreements in this Ordinance by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiscal Agent, the Holders of Bonds and each provider of a Credit Facility, Qualified Swap or Exchange Agreement.

**SECTION 11.04. Repeals.** All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

# City of Philadelphia

Bill No. 980232

• Certified Copy

PHILADELPHIA LEGISLATION

# City of Philadelphia

Bill No. 980232

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on April 30, 1998 The Bill was Signed by the Mayor on May 8, 1998



Marie B. Hauser  
Chief Clerk of the City Council

# City of Philadelphia



( Bill No. 980233 )

## AN ORDINANCE

Constituting the First Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds, First Series, of the City of Philadelphia, in one or more subseries, in the maximum aggregate principal amount of three hundred million (300,000,000) dollars (the "First Series Bonds"); provided, however, that the aggregate principal amount of First Series Bonds authorized to be issued to pay the cost of capital projects shall not exceed one hundred million (100,000,000) dollars, the aggregate principal amount of First Series Bonds authorized to be issued to acquire the headquarter building occupied by the Gas Works and owned by the Philadelphia Municipal Authority shall not exceed twenty-five million (25,000,000) dollars and the aggregate principal amount of First Series Bonds authorized to be issued to refund certain outstanding Gas Works revenue bonds shall not exceed one hundred seventy-five million (175,000,000) dollars; and provided further that, if the First Series Bonds are sold at a discount, the aggregate principal amount may be increased to reflect such discount as long as the aggregate gross proceeds to the City from the sale of the First Series Bonds do not exceed three hundred million (300,000,000) dollars, plus accrued interest, if any; designating that the First Series Bonds are

# City of Philadelphia

Bill No. 980233

Certified Copy

being issued to pay the costs of certain projects and to redeem or refund all or a portion of certain outstanding series of Gas Works revenue bonds and the application of proceeds of the First Series Bonds for such purpose; authorizing the City to obtain credit enhancement for the First Series Bonds; determining the sufficiency of Gas Works revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the First Series Bonds from general accounts of the City; covenanting the payment of interest and principal on the First Series Bonds; authorizing covenants and action in order that the First Series Bonds shall not be arbitrage bonds; authorizing the First Series Bonds to be issued in book-entry form and providing book-entry provisions to apply in such case; and providing that this Ordinance is supplemental to the 1998 General Ordinance and that the provisions of the 1998 General Ordinance, to the extent not modified, amended or superseded by this Ordinance, are applicable.

## *THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Mayor, the City Controller and the City Solicitor (the "Bond Committee"), or a majority of them, are hereby authorized, on behalf of the City, to borrow, by the issuance and sale of Gas Works Revenue Bonds, First Series, of the City (the "First Series Bonds"), in one or more subseries and with such relative priorities as they deem desirable, pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act") and the General Gas Works Revenue Bond Ordinance of 1998, Bill No. \_\_\_\_\_, adopted by the City on \_\_\_\_\_, 1998 (the "1998 General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of First Series Bonds authorized to be issued hereunder, to be expended as provided in Section 2 of

# City of Philadelphia

Bill No. 980233

Certified Copy

this Ordinance. The First Series Bonds shall be sold at public or private sale and shall contain such terms and provisions as are determined by a majority of the Bond Committee to be in the best interests of the City and are not inconsistent with the provisions hereof, of the Act or of the 1998 General Ordinance. If a majority of the Bond Committee determines it to be in the best interests of the City, the First Series Bonds may be issued in book-entry form; and in such event a majority of the Bond Committee shall also select a securities depository (the "Depository") for the First Series Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may obtain credit enhancement for all or a portion of the First Series Bonds. A majority of the Bond Committee is authorized to take any and all other actions as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

The First Series Bonds are authorized to be issued hereunder in an aggregate principal amount up to three hundred million (300,000,000) dollars; provided, however, that the aggregate principal amount of First Series Bonds authorized to be issued to pay the cost of capital projects (other than the following-described building acquisition) shall not exceed one hundred million (100,000,000) dollars, the aggregate principal amount of First Series Bonds authorized to be issued to acquire a building from the Philadelphia Municipal Authority shall not exceed twenty-five million (25,000,000) dollars and the aggregate principal amount of First Series Bonds authorized to be issued to refund certain outstanding series of Gas Works revenue bonds shall not exceed one hundred seventy-five million (175,000,000) dollars; and provided further that, if any of the First Series Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of First Series Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate

# City of Philadelphia

Bill No. 980233

Certified Copy

gross proceeds to the City from the sale of the First Series Bonds shall not exceed three hundred million (300,000,000) dollars, plus accrued interest, if any.

The First Series Bonds shall not pledge the City's credit or taxing power, create any debt or charge against the tax or general revenues of the City or create any lien against any property of the City other than the revenues pledged by the 1998 General Ordinance. The opinion of the City Solicitor required by Section 8 of the Act with respect to the matters stated in the preceding sentence is attached hereto as Exhibit A.

**SECTION 2.** The First Series Bonds shall be issued for the purpose of providing funds for any or all of the following purposes: (i) the capital projects included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council, which may include, without limitation, (a) the acquisition of land or rights therein; (b) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery and apparatus; (c) the acquisition, construction or replacement of pipes and pipe lines; and (d) the acquisition or replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works system of the City; (ii) the refunding of all or a portion of the City's outstanding Gas Works Revenue Bonds, Twelfth Series, Thirteenth Series, Fourteenth Series and Fifteenth Series (the "Prior Bonds"), which were issued under the General Gas Works Revenue Bond Ordinance of 1975 (the "1975 General Ordinance"); (iii) the acquisition of the building currently being leased by the Gas Works from the Philadelphia Municipal Authority; (iv) paying the costs of issuing the First Series Bonds and any required deposits to the Sinking Fund Reserve; and (v) paying any other Project Costs (as defined in the Act), which may include, without limitation, the repayment

# City of Philadelphia

Bill No. 980233

Certified Copy

to any fund of the City or to accounts of the Gas Works of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect of Project Costs.

The City covenants that proceeds of the First Series Bonds applicable to the refunding of Prior Bonds will be deposited in one or more escrow or similar accounts with the Fiscal Agent under and as defined in the 1975 General Ordinance, separate and apart from all other accounts of the City or the Gas Works, including the Sinking Fund established by the 1975 General Ordinance, to be held for the benefit of the holders of the applicable refunded Prior Bonds and applied to payment of refunded Prior Bonds in accordance with a certificate of the Director of Finance or an escrow deposit agreement (as to Prior Bonds that are being currently refunded) or an escrow deposit agreement (as to Prior Bonds that are being advance refunded).

The City covenants that the proceeds of the First Series Bonds which remain available for the payment of the costs of the capital improvements, after payment of the financing costs, the required payment into the Sinking Fund Reserve and the repayment to the City and the Gas Works of amounts previously advanced for Project Costs or for the funding or refunding of bond anticipation notes or other obligations as described above, shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts. All interest and income earned on the investment of such proceeds (except for amounts to be rebated to the United States) pending expenditure for the aforesaid purposes may be transferred to

# City of Philadelphia

Bill No. 980233

Certified Copy

and deposited in the operating funds of the Gas Works and applied as Gas Works Revenues in accordance with Section 4.02 of the 1998 General Ordinance.

The Director of Finance is hereby authorized to determine, on behalf of the City, the particular series and maturities of the Prior Bonds to be refunded and the amount of proceeds of the First Series Bonds to be applied to the refunding of such Prior Bonds, to use such proceeds to redeem, or to deposit in an escrow account for the benefit of the holders of, the refunded Prior Bonds, and to take any and all other action, including the irrevocable pledge of such proceeds and/or the income or profit from the investment thereof, for the payment and redemption of the refunded Prior Bonds, and the publication of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the refunding of the Prior Bonds selected for refunding and to comply with the requirements of Section 10 of the Act.

SECTION 3. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Gas Works Revenues (as defined in the 1998 General Ordinance) will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the 1998 General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the 1998 General Ordinance. An executed copy of the Financial Report is attached hereto as Exhibit B.

SECTION 4. The City covenants that, as long as any of the First Series Bonds shall remain outstanding, all pledged Gas Works Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the

# City of Philadelphia

Bill No. 980233

Certified Copy

consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the 1998 General Ordinance.

SECTION 5. The City covenants that, as long as any First Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its 1998 Gas Works Revenue Bond Sinking Fund created under the 1998 General Ordinance at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the First Series Bonds, such obligation may be satisfied, in whole or in part, by the delivery by the City to the Fiscal Agent of a principal amount of First Series Bonds of the maturity required to be redeemed for cancellation prior to the date specified for such redemption.

SECTION 6. The Director of Finance is authorized to make such elections under the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder with respect to the First Series Bonds and to take such actions on behalf of the City with respect to the investment of the proceeds of the First Series Bonds as he deems advisable, and the Director of Finance or any member of the Bond Committee is authorized to make such covenants as may be necessary or advisable in order that the First Series Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code of 1986, as amended.

SECTION 7. In the event First Series Bonds are issued in book-entry form, the ownership of one fully registered First

# City of Philadelphia

Bill No. 980233

Certified Copy

Series Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name(s) designated by the Depository. So long as, but only so long as, the book-entry only system is applicable to the First Series Bonds, the following provisions of this Section 7 shall govern as to matters set forth in Section 3 of the 1998 General Ordinance.

Pursuant to the book-entry only system, ownership interests in the First Series Bonds may be purchased in the manner directed by the Depository, which may be through financial institutions for whom the Depository effects book-entry transfers (the "Participants"). A person who owns such an interest in a First Series Bond, (a "Beneficial Owner") will not receive certificated First Series Bonds and will not be the registered owner thereof. Receipt by the Beneficial Owners of timely payment of principal, purchase price, redemption price and interest on the First Series Bonds, is subject to the Depository's making such timely payment, either to the Beneficial Owner or to the Participants to be forwarded to the Beneficial Owners. Neither the City nor the Fiscal Agent will have any responsibility or obligation to such Participants or to the Beneficial Owners for any failure of the Depository to act or make any payment with respect to the First Series Bonds or the providing of notices relating to redemption or mandatory tender to Participants or the Beneficial Owners of the First Series Bonds.

The Depository will receive payments from the Fiscal Agent to be remitted by the Depository to the Beneficial Owners or to the Participants for whom the Depository holds the First Series Bonds for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the First Series Bonds shall be recorded on the records of the Depository or the records of the Participants, whose ownership interests

# City of Philadelphia

Bill No. 980233

Certified Copy

will be recorded on the records of the Depository.

When notices are given, they shall be sent by the Fiscal Agent to the Depository with a request that the Depository forward (or cause to be forwarded) the notice to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the Beneficial Owners.

Transfers of ownership interests in the First Series Bonds will be accomplished by book-entries made by the Depositories and/or the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the First Series Bonds, except as specifically provided herein. So long as the Depository is the Bondholder, interest, principal and redemption price of the Bonds will be paid when due by the Fiscal Agent to the Depository, then paid by the Depository to the Beneficial Owners, or by the Depository to the Participants and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under the First Series Bonds.

For every transfer and exchange of the First Series Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the First Series Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any First Series Bonds shall be required to be made fewer than fifteen (15) days prior to any interest payment date or fifteen (15) days prior to any mailing of notice of redemption of the First Series Bonds. No transfers shall be made of First Series Bonds previously called for redemption, except pursuant to the optional or mandatory tender provisions hereof.

The Depository may determine to discontinue providing its

# City of Philadelphia

Bill No. 980233

Certified Copy

services with respect to the First Series Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates in such names as the City and the Fiscal Agent are directed by the Depository.

The Bondholders have no right to a depository for the First Series Bonds. If the book-entry only system is no longer utilized, bond certificates will be issued in such names as the city and the Fiscal Agent, are directed by the Depository.

Notwithstanding any other provision of the 1998 General Ordinance, so long as the Depository is the registered Bondholder of all First Series Bonds, the Depository may present notices, approvals, waivers or other communications required or permitted to be made by Bondholders under the 1998 General Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners.

The appropriate officials of the City are authorized to execute any documentation required by the Depository in connection with book-entry registration of the First Series Bonds.

**SECTION 8.** This Ordinance is supplementary to the 1998 General Ordinance and all sections of the 1998 General Ordinance not modified, amended or superseded by this Ordinance are applicable to the First Series Bonds. All definitions of terms contained in the Act or the 1998 General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

**SECTION 9.** This Ordinance shall take effect immediately.

# City of Philadelphia

Bill No. 980233

Certified Copy

## EXHIBIT A

CITY SOLICITOR

April 21, 1998

Honorable John F. Street, President  
City Council of Philadelphia.

RE: Philadelphia Gas Works  
Revenue Bonds, First Series

Dear Council President Street:

The office of the City Solicitor has reviewed The First Class City Revenue Bond Act, the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance") and the proposed First Supplemental Ordinance thereto (the "First Supplemental Ordinance") authorizing the issuance of Gas Works Revenue Bonds (1998 General Ordinance), First Series (the "Bonds") of the City of Philadelphia in the maximum principal amount of \$300,000,000 (or, if the Bonds are sold at a discount, such greater principal amount as will reflect such discount so long as the aggregate gross proceeds to the City do not exceed \$300,000,000).

Based on that review, it is my opinion that, under the 1998 General Ordinance and the First Supplemental Ordinance, the registered owners of the Bonds will have no claim upon the taxing power or general revenues of the City of Philadelphia, nor will they have any lien upon any property of the City of Philadelphia other than the Gas Works Revenues (as defined in the 1998 General Ordinance) and the funds properly pledged to such registered owners pursuant to the terms and conditions of the 1998 General Ordinance and the First Supplemental

# City of Philadelphia

Bill No. 980233  
Ordinance.

Certified Copy

Sincerely,

---

City Solicitor.

# City of Philadelphia

Bill No. 980233

Certified Copy

## EXHIBIT B

### OFFICE OF THE DIRECTOR OF FINANCE

April 17, 1998

To the President and Members of the  
Council of the City of Philadelphia.

### FINANCIAL REPORT OF THE DIRECTOR OF FINANCE

RE: Philadelphia Gas Works Revenue Bonds,  
First Series

The Mayor has transmitted to the Council the First Supplemental Ordinance (the "First Supplemental Ordinance") to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"), authorizing the issuance and sale of a maximum principal amount of \$300,000,000 (or, if the Bonds are sold at a discount, such greater principal amount as will reflect such discount, so long as the aggregate gross proceeds to the City do not exceed \$300,000,000) of Gas Works Revenue Bonds (1998 General Ordinance), First Series (the "Bonds") of the City of Philadelphia (the "City").

In preparation for the issuance of the Bonds, the Philadelphia Gas Works, a City-owned utility (the "Gas Works") has engaged the firm of Stone and Webster Management Consultants, Inc. of New York, New York ("Stone and Webster") to (i) investigate the physical properties included in the Gas Works and the accounts and records of the Gas Works; (ii) review the capital program of the Gas Works; and

# City of Philadelphia

Bill No. 980233

Certified Copy

(iii) compile relevant data upon which to make projections to determine whether the revenues of the Gas Works are and will be sufficient to satisfy the tests of adequacy required by Act No. 234 of October 18, 1972, known as The First Class City Revenue Bond Act (the "Act"), and the 1998 General Ordinance.

The firm of Stone and Webster is an independent consulting firm having broad experience in utility systems of a similar magnitude and scope as the Gas Works and has a favorable reputation for competence in this field of work. They have conducted an in-depth examination of the Gas Works and have collaborated with the officers and employees of the Gas Works in the preparation of a report (the "Engineering Report"), a copy of which is attached hereto.

The Engineering Report forms the basis for the statements and opinions contained in this financial report. The Engineering Report has been reviewed by the Gas Works.

The following statements and opinions are made in compliance with Section 8 of the Act and Section 4.03(a) of the 1998 General Ordinance:

(i) The Bonds are to be issued in respect of capital costs of the Gas Works incurred or to be incurred for the purpose of (a) acquiring and constructing the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council, which may include, without limitation (1) the acquisition of land or rights therein; (2) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery and apparatus; (3) the acquisition, construction or replacement of pipes and pipe lines; and (4) the acquisition or

# City of Philadelphia

Bill No. 980233

Certified Copy

replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works; (b) the refunding of all or a portion of the City's outstanding Gas Works Revenue Bonds, Twelfth Series, Thirteenth Series, Fourteenth Series and Fifteenth Series, which were issued under the General Gas Works Revenue Bond Ordinance of 1975 (the "1975 General Ordinance"), as shall be determined by the City's Director of Finance (the "Refunded Bonds"); (c) the acquisition of the headquarters building currently being leased by the Gas Works from the Philadelphia Municipal Authority; (d) paying the costs of issuing the Bonds and making any required deposits to the Sinking Fund Reserve; (e) paying any other Project Costs (as defined in the Act), which may include, without limitation, the repayment to any fund of the City or to accounts of the Gas Works of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect of Project Costs.

(ii) The revenues pledged for the payment of the Bonds will be all operating and nonoperating revenues of the Gas Works derived from its activities and assets involved in the supply, manufacture, storage and distribution of gas, including all rents, rates and charges imposed or charged by the Gas Works upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom and all other income derived by the City from the Gas Works (the "Gas Works Revenues").

(iii) Assuming not more than \$300,000,000 of Bonds are to be issued, amortizing no more than 30 years, at an average interest rate not exceeding 7.5 percent, I find that with the rates currently in effect and on the basis of estimated future financial operations of the Gas Works, as detailed in the Engineering Report, the Gas Works will, in my opinion, yield pledged Gas

# City of Philadelphia

Bill No. 980233

Certified Copy

Works Revenues over the amortization period of the Bonds sufficient to meet the payment and/or deposit requirements of (a) all expenses of operation, maintenance, repair and replacement of the Gas Works; (b) all reserve or special funds required to be established and maintained out of Gas Works Revenues; (c) the principal of and interest on all revenue bonds issued under the 1998 General Ordinance and under the 1975 General Ordinance, as the same shall become due and payable; and (d) any State taxes assumed by the City to be paid on such bonds and also to provide such coverage on such bonds as prescribed by the 1998 General Ordinance.

(iv) The Gas Works Revenues forming the basis for the statements set forth in clause (iii) above comply with the requirements of the definition of "Project Revenues" contained in Section 2 of the Act.

(v) Based on their investigations, Stone and Webster have found that the Gas Works is in good operating condition and that adequate steps are being taken to maintain it in good operating condition.

For the purpose of the opinion expressed in clause (iii) above, you are advised that no State taxes on any of such bonds have been or are being assumed by the City.

Respectfully submitted,

Ben Hayllar  
Director of Finance.

# City of Philadelphia

Bill No. 980233

Certified Copy



# City of Philadelphia

Bill No. 980233

Certified Copy

# City of Philadelphia

Bill No. 980233

Certified Copy

**CERTIFICATION:** This is a true and correct copy of the original Bill, Passed by the City Council on April 30, 1998 The Bill was Signed by the Mayor on May 8, 1998



Marie B. Hauser  
Chief Clerk of the City Council

# City of Philadelphia



( Bill No. 990286 )

## AN ORDINANCE

Constituting the Second Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds (1998 General Ordinance), Second Series, of the City of Philadelphia, in one or more subseries, in the maximum aggregate principal amount of one hundred fifteen million (115,000,000) dollars (the "Second Series Bonds"); provided, however, that, if the Second Series Bonds are sold at a discount, the aggregate principal amount may be increased to reflect such discount as long as the aggregate gross proceeds to the City from the sale of the Second Series Bonds do not exceed one hundred fifteen million (115,000,000) dollars, plus accrued interest, if any; designating that the Second Series Bonds are being issued to pay the costs of certain projects of the Philadelphia Gas Works (the "Gas Works") and the application of proceeds of the Second Series Bonds for such purpose; authorizing the City to obtain credit enhancement for the Second Series Bonds; determining the sufficiency of Gas Works revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Second Series Bonds from general accounts of the City; covenanting the payment of interest and principal on the Second Series Bonds; authorizing covenants and action in order that the Second Series Bonds shall not be

# City of Philadelphia

Bill No. 990286

Certified Copy

arbitrage bonds; authorizing the Second Series Bonds to be issued in book-entry form and providing book-entry provisions to apply in such case; and providing that this Ordinance is supplemental to the 1998 General Ordinance and that the provisions of the 1998 General Ordinance, to the extent not modified, amended or superseded by this Ordinance, are applicable.

## *THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Mayor, the City Controller and the City Solicitor (the "Bond Committee"), or a majority of them, are hereby authorized, on behalf of the City, to borrow, by the issuance and sale of the City's Gas Works Revenue Bonds (1998 General Ordinance), Second Series (the "Second Series Bonds"), in one or more subseries and with such relative priorities as they deem desirable, pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act") and the General Gas Works Revenue Bond Ordinance of 1998, Bill No. 980232 (approved May 8, 1998) (the "1998 General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of Second Series Bonds authorized to be issued hereunder, to be expended as provided in Section 2 of this Ordinance. The Second Series Bonds shall be sold at public or private sale and shall contain such terms and provisions as are determined by a majority of the Bond Committee to be in the best interests of the City and are not inconsistent with the provisions hereof, of the Act or of the 1998 General Ordinance. If a majority of the Bond Committee determines it to be in the best interests of the City, the Second Series Bonds may be issued in book-entry form; and in such event a majority of the Bond Committee shall also select a securities depository (the "Depository") for the Second Series

# City of Philadelphia

Bill No. 990286

Certified Copy

Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may obtain credit enhancement for all or a portion of the Second Series Bonds. A majority of the Bond Committee is authorized to take any and all other actions as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

The Second Series Bonds are authorized to be issued hereunder in an aggregate principal amount up to one hundred fifteen million (115,000,000) dollars; provided, however, that, if any of the Second Series Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of Second Series Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Second Series Bonds shall not exceed one hundred fifteen million (115,000,000) dollars, plus accrued interest, if any.

The Second Series Bonds shall not pledge the City's credit or taxing power, create any debt or charge against the tax or general revenues of the City or create any lien against any property of the City other than the revenues pledged by the 1998 General Ordinance. The opinion of the City Solicitor required by Section 8 of the Act with respect to the matters stated in the preceding sentence is attached hereto as Exhibit A.

SECTION 2. The Second Series Bonds shall be issued for the purpose of providing funds for any or all of the following purposes: (i) the capital projects included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council, which may include, without limitation, (a) the acquisition of land or rights therein; (b) the acquisition, construction or improvement of buildings, structures and facilities together with their related

# City of Philadelphia

Bill No. 990286

Certified Copy

furnishings, equipment, machinery and apparatus; (c) the acquisition, construction or replacement of pipes and pipe lines; and (d) the acquisition or replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works system of the City; (ii) paying the costs of issuing the Second Series Bonds and making any required deposit to the Sinking Fund Reserve; and (iii) paying any other Project Costs (as defined in the Act), which may include, without limitation, the repayment to any fund of the City or to accounts of the Gas Works of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect of Project Costs.

The City covenants that the proceeds of the Second Series Bonds which remain available for the payment of the costs of the capital improvements, after payment of the financing costs, the required payment into the Sinking Fund Reserve and the repayment to the City and the Gas Works of amounts previously advanced for Project Costs or for the funding or refunding of bond anticipation notes or other obligations as described above, shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts. All interest and income earned on the investment of such proceeds (except for amounts to be rebated to the United States) pending expenditure for the aforesaid purposes may be transferred to and deposited in the operating funds of the Gas Works and applied as Gas Works Revenues in accordance with Section 4.02 of the 1998 General Ordinance.

# City of Philadelphia

Bill No. 990286

Certified Copy

SECTION 3. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Gas Works Revenues (as defined in the 1998 General Ordinance) will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the 1998 General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the 1998 General Ordinance. An executed copy of the Financial Report is attached hereto as Exhibit B.

SECTION 4. The City covenants that, as long as any of the Second Series Bonds shall remain outstanding, all pledged Gas Works Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the 1998 General Ordinance.

SECTION 5. The City covenants that, as long as any Second Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its 1998 Gas Works Revenue Bond Sinking Fund created under the 1998 General Ordinance at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the Second Series Bonds, such obligation may be satisfied, in whole or in part, by the delivery by the City to the Fiscal Agent of a principal amount of Second Series Bonds of the maturity

# City of Philadelphia

Bill No. 990286

Certified Copy

required to be redeemed for cancellation prior to the date specified for such redemption.

SECTION 6. The Director of Finance is authorized to make such elections under the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder with respect to the Second Series Bonds and to take such actions on behalf of the City with respect to the investment of the proceeds of the Second Series Bonds as he deems advisable, and the Director of Finance or any member of the Bond Committee is authorized to make such covenants as may be necessary or advisable in order that the Second Series Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code of 1986, as amended.

SECTION 7. In the event Second Series Bonds are issued in book-entry form, the ownership of one fully registered Second Series Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name(s) designated by the Depository. So long as, but only so long as, the book-entry only system is applicable to the Second Series Bonds, the following provisions of this Section 7 shall govern as to matters set forth in Section 3 of the 1998 General Ordinance.

Pursuant to the book-entry only system, ownership interests in the Second Series Bonds may be purchased in the manner directed by the Depository, which may be through financial institutions for whom the Depository effects book-entry transfers (the "Participants"). A person who owns such an interest in a Second Series Bond (a "Beneficial Owner"), will not receive certificated Second Series Bonds and will not be the registered owner thereof. Receipt by the Beneficial Owners of timely payment of principal, purchase price, redemption price and interest on the Second Series Bonds is subject to the

# City of Philadelphia

Bill No. 990286

Certified Copy

Depository's making such timely payment, either to the Beneficial Owner or to the Participants to be forwarded to the Beneficial Owners. Neither the City nor the Fiscal Agent will have any responsibility or obligation to such Participants or to the Beneficial Owners for any failure of the Depository to act or make any payment with respect to the Second Series Bonds or the providing of notices relating to redemption or mandatory tender to Participants or the Beneficial Owners of the Second Series Bonds.

The Depository will receive payments from the Fiscal Agent to be remitted by the Depository to the Beneficial Owners or to the Participants for whom the Depository holds the Second Series Bonds for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Second Series Bonds shall be recorded on the records of the Depository or the records of the Participants, whose ownership interests will be recorded on the records of the Depository.

When notices are given, they shall be sent by the Fiscal Agent to the Depository with a request that the Depository forward (or cause to be forwarded) the notice to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the Beneficial Owners.

Transfers of ownership interests in the Second Series Bonds will be accomplished by book-entries made by the Depository and/or the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Second Series Bonds, except as specifically provided herein. So long as the Depository is the Bondholder, interest, principal and redemption price of the Second Series Bonds will be paid when due by the Fiscal Agent to the Depository, then paid by the Depository to the Beneficial Owners, or by the Depository to

# City of Philadelphia

Bill No. 990286

Certified Copy

the Participants and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under the Second Series Bonds.

For every transfer and exchange of the Second Series Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Second Series Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any Second Series Bonds shall be required to be made fewer than fifteen (15) days prior to any interest payment date or fifteen (15) days prior to any mailing of notice of redemption of the Second Series Bonds. No transfers shall be made of Second Series Bonds previously called for redemption, except pursuant to any optional or mandatory tender provisions thereof.

The Depository may determine to discontinue providing its services with respect to the Second Series Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates in such names as the City and the Fiscal Agent are directed by the Depository.

The Bondholders have no right to a depository for the Second Series Bonds. If the book-entry only system is no longer utilized, bond certificates will be issued in such names as the City and the Fiscal Agent are directed by the Depository.

Notwithstanding any other provision of the 1998 General Ordinance, so long as the Depository is the registered Bondholder of all Second Series Bonds, the Depository may present notices, approvals, waivers or other communications

# City of Philadelphia

Bill No. 990286

Certified Copy

required or permitted to be made by Bondholders under the 1998 General Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners.

The appropriate officials of the City are authorized to execute any documentation required by the Depository in connection with book-entry registration of the Second Series Bonds.

SECTION 8. This Ordinance is supplementary to the 1998 General Ordinance and all sections of the 1998 General Ordinance not modified, amended or superseded by this Ordinance are applicable to the Second Series Bonds. All definitions of terms contained in the Act or the 1998 General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

SECTION 9. This Ordinance shall take effect immediately.

# City of Philadelphia

Bill No. 990286

Certified Copy

# City of Philadelphia

Bill No. 990286

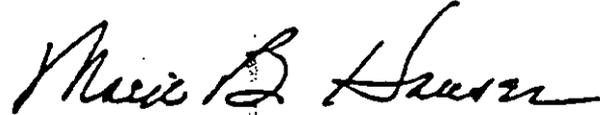
Certified Copy

# City of Philadelphia

Bill No. 990286

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on May 27, 1999 The Bill was Signed by the Mayor on May 31, 1999



Marie B. Hauser  
Chief Clerk of the City Council

# City of Philadelphia



(Bill No. 990810)

## AN ORDINANCE

Constituting the Third Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 ("1998 General Ordinance"); authorizing the Director of Finance, on behalf of the City, to enter into a Qualified Swap Agreement, as defined in the 1998 General Ordinance, with respect to the City's Gas Works Revenue Bonds (1998 General Ordinance), First Series B of 1998 ("Series 1998B Bonds"); applying the provisions of Section 4.02 of the 1998 General Ordinance, including the grant therein of a security interest in Gas Works revenues, to such Qualified Swap Agreement; covenanting to make the payments under such Qualified Swap Agreement in accordance with the provisions of the 1998 General Ordinance and confirming the covenants of the City in the 1998 General Ordinance with respect to such Qualified Swap Agreement; authorizing the Director of Finance and other officers of the City to take such other actions as may be necessary or appropriate to enter into such Qualified Swap Agreement and to effectuate the transactions contemplated thereby; and providing that this Ordinance is supplemental to the 1998 General Ordinance and that the provisions of the 1998 General Ordinance, to the extent not modified, amended or suspended by this Ordinance, are applicable.

# City of Philadelphia

Bill No. 990810

Certified Copy

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Director of Finance is hereby authorized to enter into an option and interest rate swap transaction consisting of a Master Agreement, Schedule and Confirmation ("1999 Swap"), collectively constituting a Qualified Swap Agreement, as such term is defined in the General Gas Works Revenue Bond Ordinance of 1998 ("1998 General Ordinance"), with respect to the City's Gas Works Revenue Bonds (1998 General Ordinance), the First Series B of 1998 ("Series 1998B Bonds"), as authorized and permitted pursuant to Section 3.09 of the 1998 General Ordinance. The 1999 Swap shall be in a notional amount not to exceed \$103,550,000 (the outstanding aggregate principal amount of the Series 1998B Bonds), amortizing in accordance with the principal amortization schedule of the Series 1998B Bonds. The 1999 Swap shall be entered into with a Qualified Swap Provider, as such term is defined in the 1998 General Ordinance.

SECTION 2. (a) In accordance with and as permitted by Section 4.02 of the 1998 General Ordinance, the pledge and grant of a lien on and security interest in all Gas Works Revenues, all accounts, contract rights and general intangibles representing the Gas Works Revenues and all funds and accounts established under the 1998 General Ordinance (except for the Sinking Fund and the Sinking Fund Reserve), and in each case, the proceeds of the foregoing, shall be for the benefit of the provider of the 1999 Swap and the provider of a Credit Facility securing any payments of the City to be made pursuant to the 1999 Swap ("Swap Credit Facility").

(b) All of the provisions of Section 4.02 of the 1998 General Ordinance relating to Qualified Swaps, except to the extent limited by Section 2(a) hereof with respect to the Sinking

# City of Philadelphia

Bill No. 990810

Certified Copy

Fund and the Sinking Fund Reserve, shall apply to the 1999 Swap and to payments due from the City to the providers of the 1999 Swap and the Swap Credit Facility, respectively. Payments to a provider of a Swap Credit Facility shall have the same priority as the corresponding payments under the 1999 Swap secured by such Swap Credit Facility. The provider of the 1999 Swap and the provider of a Swap Credit Facility shall have no right or claim at any time to amounts on deposit in the Sinking Fund or the Sinking Fund Reserve.

(c) All of the provisions of Section 4.03(b) of the 1998 General Ordinance relating to Qualified Swaps shall apply to the 1999 Swap and to the Swap Credit Facility. For the purpose of complying with the provisions of Section 4.03(b) of the 1998 General Ordinance, the City shall be entitled to assume that the rate applying to floating rate payments to be made under the 1999 Swap will be equal of (i) if the option in the 1999 Swap is exercisable, the daily weighted average of the BMA Municipal Swap Index (or its successor index) for the 180-day period ending on the day prior to the calculation date, and (ii) if the option in the 1999 Swap has been exercised, the average floating rate on the 1999 Swap during the period of twenty-four consecutive calendar months immediately preceding the date of calculation or during such shorter period that such floating rate payments have been payable.

SECTION 3. This Ordinance is supplementary to the 1998 General Ordinance, as supplement by the First Supplemental Ordinance (Bill No. 980233) enacted by City Council on April 30, 1998 and approved by the Mayor on May 8, 1998 ("First Supplemental Ordinance"), which First Supplemental Ordinance authorized the issuance of the Series 1998B Bonds, and is enacted pursuant to Section 3.09 and Section 9.01(b) of the 1998 General Ordinance. All sections of the 1998 General Ordinance as supplemented by the First Supplemental

# City of Philadelphia

Bill No. 990810

Certified Copy

Ordinance, not modified, amended or superseded by this Ordinance, are applicable to the 1999 Swap and the Swap Credit Facility and are hereby ratified and confirmed in all respects. All definitions of terms contained in the 1998 General Ordinance shall apply to such terms in this Ordinance.

SECTION 4. The Director of Finance is hereby authorized to execute and deliver the 1999 Swap, consisting of a Master Agreement, Schedule and Confirmation, containing such provisions as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance and the 1998 General Ordinance. The Director of Finance and all other proper officials of the City are hereby authorized, jointly and severally, on behalf of the City, to execute all documents and to take all actions, including the filing of Uniform Commercial Code financing statements, as may be necessary or appropriate in order to effectuate the 1999 Swap and the Swap Credit Facility.

SECTION 5. This Ordinance shall take effect immediately.

# City of Philadelphia

Bill No. 990810

Certified Copy

# City of Philadelphia

Bill No. 990810

Certified Copy

# City of Philadelphia

Bill No. 990810

Certified Copy

# City of Philadelphia

Bill No. 990810

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on December 16, 1999 The Bill was Signed by the Mayor on December 21, 1999



Marie B. Hauser  
Chief Clerk of the City Council

Certificate As To Legislative Procedures, Compliance  
With Statutory Requirements and Effective Status of  
Bond Ordinance and Related Ordinances

Re: \$62,315,000 City of Philadelphia, Pennsylvania  
Gas Works Revenue Bonds (1975 General Ordinance), Sixteenth Series

I, Marie B. Hauser, Chief Clerk of the Council of the City of Philadelphia, Pennsylvania (the "Council"), do hereby certify that it appears from the records of said Council that:

- a. Public hearings were held on each of the Bills listed below, as required by Section 2-201(2) of the Philadelphia Home Rule Charter:
  - i. Bill No. 1871 approved by the Mayor on May 30, 1975, authorizing generally the issuance and sale of Gas Works Revenue Bonds as specified by supplemental ordinances (hearing held May 21, 1975); as amended by Ordinance of City Council approved July 26, 1979 - Bill No. 2068 (hearing held June 27, 1979), Ordinance of City Council approved July 31, 1980 - Bill No. 274 (hearing held July 21, 1980), Ordinance of City Council approved September 22, 1982 - Bill No. 1316 (hearing held June 16, 1982, Ordinance of City Council approved May 17, 1985 - Bill No. 534 (hearing held May 8, 1985) and Ordinance of City Council approved January 28, 1993 - Bill No. 379 (hearing held January 12, 1993) (referred to hereafter collectively as "1975 General Ordinance Bills").
  - ii. Bill No. 990285 approved by the Mayor on May 31, 1999, authorizing the creation of a loan in the amount of up to \$80,000,000 to be evidenced by Gas Works Revenue Bonds (hearing held May 11, 1999).
- b. Notice of public hearings on said Bills and of their reports from committee were duly given by advertisement, each such Bill was duly enacted by the affirmative vote of a majority of all the members of the Council after the elapse of not less than five days from the printing and distribution of such Bill as reported from committee, and the votes thereon have been recorded in the Journal of Council, all as required by Section 2-201 of the Philadelphia Home Rule Charter.
- c. A summary of each section of the 1975 General Ordinance Bills and Bill No. 990285 were duly published, as required by Article XVIII, Section 3, of the Act of June 25, 1919, P.L. 581, and each such Bill was duly passed by the affirmative vote of two-thirds of the members of the Council, as required by Article XVIII, Section 1, of such Act.
- d. Prior to the enactment of Bill No. 990285, the Director of Finance of the City of Philadelphia (the chief fiscal officer of the City of Philadelphia), in accordance

with Section 8 of The First Class City Revenue Bond Act, Act. No. 234, approved October 18, 1972 (the "Revenue Bond Act"), filed with Council the following documents:

- i. An executed copy of the financial report dated May 7, 1999, signed by the chief fiscal officer of the City of Philadelphia, together with an executed letter of Stone & Webster Management Consultants, Inc., independent consultants, addressed to the Director of Finance of the City of Philadelphia, and a copy of the report on the Gas Works of the City of Philadelphia prepared by said independent consultants attached thereto, as required by Section 8(a) of the Revenue Bond Act; and
  - ii. An executed copy of the opinion of Stephanie L. Franklin-Suber as City Solicitor, dated May 11, 1999, required by Section 8(b) of the Revenue Bond Act.
- e. The copies of the Ordinances attached hereto (identified as Bills No. 1871, as amended, and 990285) are true and correct copies of the originals of those Ordinances, as amended, on file in the office of the Chief Clerk of the Council; and such Ordinances have not been amended or repealed and are in full force and effect on the date of this certificate.

  
Chief Clerk of the Council of the  
City of Philadelphia

(SEAL)

Dated: June 23, 1999

Approved for the City of Philadelphia as to correctness and form:

By .....  
City Solicitor

Explanation.  
(Brackets) indicate matter deleted.  
Italics indicate new matter added.

Approved the thirtieth day of May, A.D. 1975.

FRANK L. RIZZO.  
Mayor of Philadelphia.

\* Bill No. 1870

AN ORDINANCE

Authorizing, generally, the issuance and sale by the City of Gas Works Revenue Bonds of the City of Philadelphia, prescribing the form of bonds, their execution, transfer, exchange, payment and redemption, prescribing the conditions precedent to the issue of specific series of bonds, including a supplemental authorizing ordinance, pledging the revenues of the Gas Works of the City as security, adopting a rate covenant, and directing the Gas Commission to impose rates sufficient to comply therewith, designating a fiscal agent and sinking fund depository, establishing a Sinking Fund, including a Sinking Fund Reserve, and providing for its management, providing remedies upon default, and for amendments and modifications.

The Council of the City of Philadelphia hereby ordains:

SECTION 1.

ARTICLE I  
AUTHORIZATION, SCOPE AND PURPOSE—  
SHORT TITLE

This Ordinance is enacted pursuant to the provisions of The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. §15901 to 15924) for the purpose of authorizing the issuance from time to time of

is to correctness

City Solicitor

D. 1975.

L. RIZZO.  
of Philadelphia.

sale by the City of Philadelphia.  
execution, transfer,  
describing the con-  
fic series of bonds.  
ordinance, pledg-  
he City as security,  
ing the Gas Com-  
comply therewith,  
g fund depository,  
g a Sinking Fund  
gement, providing  
lments and modifi-

he hereby ordains:

PURPOSE—

to the provisions of  
approved October  
1 to 15924) for the  
time to time of

gas works revenue Bonds of the City to be secured by a  
pledge of the revenues of the Gas Works of the City, in  
such principal amounts as shall from time to time be au-  
thorized by further ordinance of the Council as more par-  
ticularly hereinafter set forth. This Ordinance shall be  
known as the General Gas Works Revenue Bond Ordinance  
of 1975.

SECTION 2.

ARTICLE II  
DEFINITIONS AND OTHER PROVISIONS OF  
GENERAL APPLICATION

SECTION 2.01. *Definitions.* For all purposes of this Ordi-  
nance and any ordinance supplemental hereto, except as  
otherwise expressly provided or unless the context otherwise  
requires:

*Act* means The First Class City Revenue Bond Act ap-  
proved October 18, 1974 (Act No. 234, 53 P.S. §15901 to  
15924) as from time to time amended. The words and  
phrases which are defined in the Act shall have such defined  
meaning when used in this Ordinance.

*Bond or Bonds* means any gas works revenue bond of the  
City issued and outstanding pursuant to the Act under this  
Ordinance and any supplemental ordinance and shall in-  
clude installment bonds, temporary bonds and interim cer-  
tificates.

*Bondholder* means the holder of any bearer bond and the  
registered owner of any registered bond and the term  
Holder, or Holders unless the context otherwise requires,  
shall be deemed to include the registered owners of any  
bond or bonds as well as the holders of bearer bonds.

*City* means the City of Philadelphia, Pennsylvania.

*City Charges* means the proportionate charges, if any,  
for services performed for the Gas Works of the City by  
all officers, departments, boards or commissions of the City  
which are contained in the computation of operating ex-  
penses of the Gas Works, including, without limitation, the

expenses of the Gas Commission, and also means the base payments to the City contained in the Agreement between the City and the Manager and all other payments made to the City from Project Revenues.

*Director of Finance* means the chief financial, accounting and budget officer of the City as established by the Philadelphia Home Rule Charter.

*Fiscal Agent* means the bank named as such in Section 6.02 or its successor.

*Fiscal Year* means the fiscal year of the City.

*Gas Works* means all property, real and personal, owned by the City and used in the acquisition or manufacture, storage and distribution of natural, liquified, synthetic or manufactured gas or in the maintenance, management or administration thereof, and also means, as the context may require, the business entity managed by the Manager.

*Manager* means The Philadelphia Facilities Management Corporation currently managing the Gas Works pursuant to an ordinance of City Council approved December 29, 1972, setting forth the Agreement between the City and The Philadelphia Facilities Management Corporation, or its successor or such other person, corporation, board, commission or department of the City, which may be designated by ordinance to manage the Gas Works.

*Net Operating Expenses* means Operating Expenses exclusive of City Charges.

*Operating Expenses* means all costs and expenses of the Gas Works necessary and appropriate to operate and maintain the Gas Works in good operable condition during each fiscal year of the City, and shall include, without limitation, the Manager's fee, salaries and wages, purchases of service by contract, costs of materials, supplies and expendable equipment, maintenance costs, costs of any property or the replacement thereof or for any work or project, related to the Gas Works, which does not have a probable useful life of at least five years, pension and welfare plan and work-

men's compensation requirements, provision for claims, refunds and uncollectible receivables and for City Charges, all in accordance with generally accepted municipal accounting principles consistently applied, but shall exclude depreciation and interest and sinking fund charges.

*Project Revenues* means the revenues pledged for the security and payment of the Bonds as set forth in Section 4.02.

*Rate Covenant* means the rate covenant contained in subsection (b) of Section 4.03.

*Series* when applied to Bonds means collectively all of the Bonds of a given issue authorized by Supplemental Ordinance as provided in Article IV thereof and may also mean, if appropriate, a subseries of any series if, for any reason, the City should determine to divide any series into one or more subseries of Bonds.

*Sinking Fund* means the Gas Works Revenue Bond Sinking Fund established by Section 6.01.

*Sinking Fund Depository* means the bank named as such in Section 6.02 or its successor.

*Sinking Fund Reserve* means the Sinking Fund Reserve established by Section 6.04.

*Supplemental Ordinance* means an ordinance supplemental hereto enacted pursuant to the Act and this Ordinance by the Council of the City authorizing the issuance of a series of Bonds.

**SECTION 2.02. Interpretation.** All references in this Ordinance to articles, sections and other sub-divisions of the Ordinance are to the designated articles, sections or other sub-divisions of this Ordinance as originally enacted. The words "herein," "hereof," "hereby" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular article, section or other sub-division.

**SECTION 2.03. Descriptive Headings.** The descriptive headings of the several articles and sections of this Ordinance

means the base  
ement between  
ments made to

cial, accounting  
by the Phila-

such in Section

ity.

personal, owned  
r manufacture,  
d, synthetic or  
management or  
ntext may  
anager.

Management  
Works pursuant  
December 29,  
the City and  
Corporation, or  
on, board, com-  
y be designated

Expenses ex-

expenses of the  
rate and main-  
tion during each  
about limitation,  
phase of service  
and expendable  
property or the  
project, related to  
able useful life  
plan and work-

nance are inserted for convenience only and shall not control or affect the meaning or construction of any of its provisions.

SECTION 2.04. *Severability.* In case any one or more of the provisions contained in this Ordinance or in any Bond or coupon issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Ordinance or of said Bonds or coupons, and this Ordinance or said Bonds or coupons shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

SECTION 3.

ARTICLE III  
CONCERNING THE BONDS

SECTION 3.01. *Forms Generally.* All Bonds, and the coupons, if any, appertaining thereto, shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Ordinance, and may be designated as of such Series by date, number, letter or otherwise and may also have such individual letters, identifying numbers or other marks, and such descriptive panels, registration panels, legends or endorsements placed thereon, as may, consistently with this Ordinance and the Act, be determined by the Director of Finance. The Bonds may also have printed thereon or on the reverse thereof the text of an approving legal opinion with respect thereto and an appropriate certificate as to its correspondence with an executed counterpart may be included on the face or on the reverse of the Bonds. Any portion of the text of any Bond may be set forth on the reverse thereof with an appropriate reference on the face of the bond.

SECTION 3.02. *Form of Fully Registered Bond.* Fully registered bonds shall be substantially in the following form:



at the principal office of any successor Fiscal Agent appointed under the 1975 Ordinance.

This Bond is one of a duly authorized issue of bonds of the City designated as its Gas Works Revenue Bonds of the Series designated hereon (the Bonds), limited in aggregate principal amount to \$ \_\_\_\_\_ issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, 53 P.S. §15901) (the Act) under the 1975 Ordinance and supplemental ordinance dated.

The Bonds, together with all previous bonds of the City, if any, issued under the 1975 Ordinance and under previous supplemental ordinances and together with all bonds of the City hereafter issued under the 1975 Ordinance and all subsequent supplemental ordinances, are and will be equally and ratably secured under the 1975 Ordinance by a pledge of all the rents, rates and charges imposed or charged by the City for the use of or services rendered by the Gas Works of the City and of certain other moneys derived from the Gas Works and from the investment of such revenue. The 1975 Ordinance requires such revenues to be applied in order of priority to net operating expenses, sinking fund payments required by the 1975 Ordinance, payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works revenues, debt service on other general obligation bonds issued for the Gas Works, City charges and any other proper purpose of the City.

The City covenants, so long as this Bond shall remain outstanding, to make payments of interest on the indebtedness represented by this Bond, out of its Gas Works Revenue Bond Sinking Fund, in the semi-annual amount shown hereon on each interest payment date of this Bond, or as the case may be, the proportionate part thereof from the date hereof to the next interest payment date, and to pay, upon surrender hereof, from said Sinking Fund on the maturity date hereof or, if this Bond shall be selected for mandatory or optional redemption, then on the applicable redemption date, the principal amount hereof with the applicable premium, if any.

Fiscal Agent ap-

Issue of bonds of  
 issue Bonds of the  
 cited in aggregate  
 to be issued pur-  
 and Act (Act No.  
 by approved Octo-  
 under the 1975  
 Ord.

of the City, if  
 under previous  
 all bonds of the  
 amount and all sub-  
 will be equally  
 amount by a pledge  
 and or charged by  
 created by the Gas  
 works derived from  
 of such revenue.  
 to be applied  
 to sinking fund  
 payment of gen-  
 eral service on other  
 Gas Works, City  
 the City.

Bond shall remain  
 on the indebted-  
 Gas Works Rev-  
 amount shown  
 this Bond, or as  
 thereof from the  
 date, and to pay,  
 Sinking Fund on the  
 shall be selected for  
 on the applicable  
 provided with the ap-

Reference is hereby made to the 1975 Ordinance for a statement of the terms and conditions under which previous bonds, if any, have been issued, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under the 1975 Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the 1975 Ordinance may be amended or modified, and the rights of the holders or registered owners of the Bonds with respect to such security. The City hereby represents to and covenants with the registered owner of this Bond that no Gas Works revenue bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to payment therefrom and that all Gas Works revenue bonds which have been or will be equally and ratably secured by such pledged revenues have and will be issued in accordance with the provisions of the 1975 Ordinance. However, nothing herein contained shall be construed to prevent the City from financing Gas Works projects by the issuance of its general obligation bonds or by the issuance of Gas Works revenue bonds under other authorization for the payment of which project revenues of the Gas Works may be pledged subject and subordinate in each fiscal year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such fiscal year under the 1975 Ordinance in respect of Gas Works Revenue Bonds issued and outstanding thereunder.

In the manner and upon the terms and conditions provided in the 1975 Ordinance,

(here insert specific provisions with respect to redemption, including, if applicable, mandatory redemption)

If less than an entire year's maturity is to be redeemed at any particular time, the Bonds or portions thereof to be redeemed shall be chosen by the Fiscal Agent by lot.

Each such redemption shall be made after notice by publication once a week for two successive weeks in not less than two or more than four daily newspapers published and of general circulation in the City of Philadelphia, Pennsylvania, the first publication to be not less than thirty (30) days or more than sixty (60) days prior to the date fixed for redemption. Notice having been so given and provision having been made for redemption from funds on deposit with the Fiscal Agent or Sinking Fund Depository, all interest on Bonds called for redemption accruing after the date fixed for redemption shall cease, and the holders or registered owners of the Bonds called for redemption shall have no security, benefit or lien under the 1975 Ordinance or any right except to receive payment of the redemption price.

This Bond is transferable and exchangesable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal Philadelphia office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the 1975 Ordinance, and upon surrender and cancellation of this Bond. Upon any such transfer or exchange, the City shall issue in the name of the transferee or of the registered owner hereof, and shall deliver in exchange for this Bond, to or upon the order of such registered owner, a new registered Bond or new registered Bonds in authorized denominations aggregating the principal amount hereof or a coupon Bond or coupon Bonds of such denominations and aggregate principal amount with coupons attached representing all unpaid interest due or to become due and, in each case, maturing on the same date and bearing interest at the same rate as this Bond, and bearing the same designation as to series or subseries as this Bond.

As provided by the Act, this Bond, its transfer and the income therefrom (including any gains made on the sale thereof other than underwriting profits in a distribution thereof) shall at all times be free from taxation within and by the Commonwealth of Pennsylvania but this exemption shall not extend to underwriting profits or to gift, succes-

sion or inheritance taxes or any other taxes not levied directly on this Bond, the receipt of income therefrom, or the realization of gains on the sale thereof.

The City and the Fiscal Agent may treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes whether or not this Bond or any installment of interest be overdue and neither the City nor the Fiscal Agent shall be affected by any notice to the contrary. All payments of the principal, or premium upon redemption, of this Bond or of interest hereon to such registered owner in the manner herein and in the 1975 Ordinance set forth shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid whether or not notation of the same be made hereon, and any consent, waiver or other action taken by such registered owner pursuant to the provisions of the 1975 Ordinance shall be conclusive and binding upon such registered owner, his heirs, successors or assigns, and upon all transferees hereof whether or not notation thereof be made hereon or on any Bond issued in exchange or transfer hereof.

In case an event of default, as defined in the 1975 Ordinance, shall occur, the principal of all bonds then outstanding under the 1975 Ordinance may be declared or may become due and payable and any such declarations may thereafter be annulled, all upon the conditions and in the manner and with the effect provided in the 1975 Ordinance and in the Act.

This Bond is a special obligation of the City payable solely from the pledged rentals, revenues and moneys and neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, or interest on this Bond, nor shall this Bond be deemed to be a general obligation of the City.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the 1975 Ordinance precedent to and in the issu-

er notice by pub-  
weeks in not less  
papers published  
of Philadelphia,  
at less than thirty  
prior to the date  
so given and pro-  
from funds on  
Fund Depository,  
on accruing after  
and the holders  
for redemption  
for the 1975 Ordi-  
ent of the redemp-

able by the regis-  
his attorney duly  
Philadelphia office  
subject to the  
es provided in  
and cancellation  
or exchange, the  
aseree or of the  
r in exchange for  
registered owner, a  
onds in authorized  
amount hereof or  
denominations and  
as attached repre-  
e due and, in each  
ring interest at the  
same designation

to transfer and the  
made on the sale  
to in a distribution  
within and  
but this exemption  
to gift, succes-

ance of this Bond, exist, have happened and have been performed, and that the issuance and delivery of this Bond have been duly authorized by Ordinance of the City duly adopted.

IN WITNESS WHEREOF, the City of Philadelphia has caused this Bond to be properly executed by its Fiscal Agent, by two duly authorized officers thereof, and the facsimile of the seal of the City of Philadelphia to be imprinted hereon, and to be duly countersigned and attested by a facsimile signature of the City Controller, as of

CITY OF PHILADELPHIA

By ..... Fiscal Agent

Countersigned and Attested By ..... Authorized Officer  
by (Facsimile Signature)

City Controller By ..... Authorized Officer

SECTION 3.03. *Form of Coupon Bond and Form of Coupon for Interest.* Coupon Bonds and the coupons thereunto appertaining shall be substantially in the following form:

(Form of Coupon Bond)

UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA  
CITY OF PHILADELPHIA  
GAS WORKS REVENUE BONDS

(Numerical Designation) §

(Series Designation)

%

The City of Philadelphia, Pennsylvania (the City), for value received, hereby promises to pay in lawful money of the United States of America to the bearer, or if this Bond is registered as to principal as hereinafter provided, to the registered owner hereof, on unless this

Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, from the rentals, revenues and moneys of the City pledged for the payment hereof pursuant to the General Gas Works Revenue Bond Ordinance of 1975 (Ordinance No.                      approved                      , 1975) of the City (the 1975 Ordinance) but solely therefrom and not otherwise, upon surrender hereof, the principal sum of                      Dollars (\$                      ), and to pay interest on such principal amount in like money, but solely from said rentals, revenues and moneys aforesaid, from the date hereof initially on                      and thereafter on each subsequent                      and                      until payment of such principal amount, or provision therefor, shall have been made upon redemption or at or after maturity, at the annual rate shown hereon, but, with respect to interest accrued at or prior to maturity, only upon presentation and surrender of the coupons for interest hereunto appertaining as they severally mature. The principal of and interest on this Bond and the premium, if any, payable upon redemption, are payable at the principal Philadelphia office of                      , Fiscal Agent of the City, in Philadelphia, Pennsylvania, or at the principal office of any successor Fiscal Agent appointed under the 1975 Ordinance.

This Bond is one of a duly authorized issue of bonds of the City designated as its Gas Works Revenue Bonds of the series designated hereon (the Bonds), limited in aggregate principal amount to \$                      , issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, 53 P.S. §15901) (the Act) under the 1975 Ordinance and supplemental ordinance dated                      .

The Bonds, together with all previous bonds of the City, if any, issued under the 1975 Ordinance and under previous supplemental ordinances and together with all bonds of the City hereafter issued under the 1975 Ordinance and all subsequent supplemental ordinances, are and will be equally and ratably secured under the 1975 Ordinance.

have been per-  
of this Bond  
the City duly

Philadelphia has  
by its Fiscal  
and the  
Philadelphia to be  
and attested  
as of

CITY OF  
ADELPHIA

Agent

Officer

Officer

Form of Coupon  
Surrender to ad-  
ministrator form:

PHILADELPHIA

(City), for  
money of  
of this Bond  
to the  
this

nance by a pledge of all the rents, rates and charges imposed or charged by the City for the use of or services rendered by the Gas Works of the City and of certain other moneys derived from the Gas Works and from the investment of such revenue. The 1975 Ordinance requires such revenues to be applied in order of priority to net operating expenses, sinking fund payments required by the 1975 Ordinance, payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works revenues, debt service on other general obligation bonds issued for the Gas Works, City charges and any other proper purpose of the City.

The City covenants, so long as this Bond shall remain outstanding, to make payments of interest on the indebtedness represented by this Bond, upon surrender of the applicable coupons, out of its Gas Works Revenue Bond Sinking Fund in the amount shown on the respective coupons hereunto appertaining on each interest payment date of this Bond and to pay, upon surrender hereof, from said Sinking Fund on the maturity date hereof or, if this Bond shall be selected for mandatory or optional redemption, then on the applicable redemption date, the principal amount hereof with the applicable premium, if any.

Reference is hereby made to the 1975 Ordinance for a statement of the terms and conditions under which previous bonds, if any, have been issued, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under the 1975 Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the 1975 Ordinance may be amended or modified, and the rights of the holders or registered owners of the Bonds with respect to such security. The City hereby represents to and covenants with the holder of this Bond that no Gas Works Revenue Bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to

payment therefrom and that all Gas Works revenue bonds which have been or will be equally and ratably secured by such pledged revenues have and will be issued in accordance with the provisions of the 1975 Ordinance. However, nothing herein contained shall be construed to prevent the City from financing Gas Works projects by the issuance of its general obligation bonds or by the issuance of Gas Works revenue bonds under other authorization for the payment of which project revenues of the Gas Works may be pledged subject and subordinate in each fiscal year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such fiscal year under the 1975 Ordinance in respect of Gas Works Revenue Bonds issued and outstanding thereunder.

In the manner and upon the terms and conditions provided in the 1975 Ordinance,

(here insert specific provisions with respect to redemption, including, if applicable, mandatory redemption)

If less than an entire year's maturity is to be redeemed at any particular time, the Bonds or portions thereof to be redeemed shall be chosen by the Fiscal Agent by lot.

Each such redemption shall be made after notice by publication once a week for two successive weeks in not less than two or more than four daily newspapers published and of general circulation in the City of Philadelphia, Pennsylvania, the first publication to be not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption. Notice having been so given and provision having been made for redemption from funds on deposit with the Fiscal Agent or Sinking Fund Depository, all interest on Bonds called for redemption accruing after the date fixed for redemption shall cease, and the holders or registered owners of the Bonds called for redemption shall have no security, benefit or lien under the 1975 Ordinance or any right except to receive payment of the redemption price.

This Bond is transferable by delivery unless registered as to principal in the name of the owner on the bond register

charges im-  
services ren-  
certain other  
in the invest-  
requires such  
net operating  
the 1975 Ord-  
the City ad-  
revenues, debt  
for the Gas  
purpose of the

shall remain  
the indebted-  
of the appli-  
Bond Sinking  
coupons here-  
date of this  
said Sinking  
and shall be  
then on the  
amount hereof

Ordinance for a  
which previous  
the Bonds are  
be issued, and  
revenues and  
of all bonds  
re. extent and  
terms and con-  
be amended or  
registered owners  
the City hereby  
of this Bond  
City have been  
holder has or  
the revenues  
prior right to

of the City to be kept for that purpose at the principal Philadelphia Office of the Fiscal Agent, such registration to be noted hereon by the Fiscal Agent on behalf of the City. After such registration no transfer shall be valid unless made by the registered owner in person or by his duly authorized attorney and similarly noted upon said bond register and hereon. This Bond, however, may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored after which this Bond may again from time to time be registered or made transferable by delivery as before. Such registration, however, shall not affect the negotiability of the coupons for interest hereto attached, which shall always continue to be payable to bearer and to be transferable by delivery.

This Bond is exchangeable by the holder or, if registered as to principal, by the registered owner in person or by his attorney duly authorized in writing, at the principal Philadelphia office of the Fiscal Agent, but only in the manner, subject to the limitations, and upon payment of the charges provided in the 1975 Ordinance, and upon surrender of this Bond. Upon request for such exchange, the City shall issue in the name of the holder or registered owner or his nominee or in bearer form at the option of the holder or registered owner, and shall deliver in exchange for this Bond, to or upon the order of the holder or registered owner, a new registered Bond or new registered Bond in authorized denominations aggregating the principal amount hereof or a new coupon Bond or coupon Bonds of such denominations and aggregate principal amount with coupons attached representing all unpaid interest due or to become due and, in each case, maturing on the same date and bearing interest at the same rate as this Bond, and bearing the same designation as to series or subseries as this Bond.

As provided by the Act, this Bond, its transfer and the income therefrom (including any gains made on the sale thereof other than underwriting profits in a distribution thereof) shall at all times be free from taxation within and by the Commonwealth of Pennsylvania but this exemption

shall not extend to the underwriting profits or to gift, succession or inheritance taxes or any other taxes not levied directly on this Bond, the receipt of income therefrom, or the realization of gains on the sale thereof.

The City and the Fiscal Agent may treat the holder of this Bond if it shall not at the time be registered as to principal, the registered owner of this Bond if it shall at the time be so registered, and the holder of any coupon appertaining hereto, whether or not this Bond shall be so registered, as the absolute owner of this Bond or such coupon, as the case may be, for all purposes whether or not this Bond or such coupon be overdue, and neither the City nor the Fiscal Agent shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the holder or registered owner hereof pursuant to the provisions of the 1975 Ordinance shall be conclusive and binding upon such holder or registered owner, his heirs, successors or assigns and upon all transferees hereof whether or not notation thereof be made hereon or on any Bond issued in exchange hereof.

In case an event of default, as defined in the 1975 Ordinance, shall occur, the principal of all bonds then outstanding under the 1975 Ordinance may be declared or may become due and payable and any such declarations may thereafter be annulled, all upon the conditions and in the manner and with the effect provided in the 1975 Ordinance and in the Act.

This Bond is a special obligation of the City payable solely from the pledged rentals, revenues and moneys and neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, or interest on this Bond, nor shall this Bond be deemed to be a general obligation of the City.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the 1975 Ordinance precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance and delivery of this Bond

at the principal  
each registration  
half of the City.  
be valid unless  
or by his duly  
said bond reg-  
be discharged  
transferred to  
delivery shall be  
on time to time  
very as before.  
be negotiability  
which shall al-  
to be transfer-

or, if registered  
person or by his  
principal Phila-  
in the manner,  
of the charges  
ender of this  
ty shall issue  
of his nominee  
or registered  
his Bond, to or  
owner, a new  
authorized de-  
out hereof or  
demoninations  
upon attached  
come due and,  
bearing interest  
the same designa-

transfer and the  
made on the sale  
a distribution  
within and  
this exemption



SECTION 3.04. *General Form, Content and Payment of Bonds.* Bonds shall be generally designated as Gas Works Revenue Bonds of the City and shall be issued in such series and within such series in such subseries as the City may from time to time determine. The aggregate principal amount of Bonds which may be issued, authenticated and delivered under this Ordinance is unlimited, but prior to issuance of each Series of Bonds, the City shall adopt a Supplemental Ordinance authorizing such Series.

The Bonds of each Series may be issued in coupon form with principal payable to bearer or registered as to principal only, in fully registered form, or may consist in whole or in part of one or more installment Bonds in fully registered form payable as to principal or subject to mandatory redemption in annual installments, or any combination of the foregoing, shall be issued in such aggregate principal amount, shall be dated on or as of such date or dates, shall be in such denominations, shall mature or be subject to mandatory redemption in such principal amounts and on such dates, shall bear interest from such date or dates and at such rate or rates, shall be subject to optional redemption at such times and upon such terms, and shall contain such other terms and conditions not inconsistent with this Ordinance or the Act, all as shall be determined by the City and set forth in the supplemental ordinance under which such bonds are issued, or as shall be determined by a designated officer or officers of the City thereunto authorized by the Supplemental Ordinance, or in the absence of such provisions or designation, as shall be determined by the Director of Finance as specified in Section 4.05.

The principal of and interest on (except the final installment of principal and the interest then payable) and the principal, premium, if any, and accrued interest payable upon partial redemption with respect to, all fully registered installment Bonds, and the interest payable in respect of fully registered Bonds, shall be payable by check or draft of the Fiscal Agent mailed to the registered owner of such Bonds at the address of such owner as it appears upon the bond register, and the records of the Fiscal Agent shall be

of the City duly  
Philadelphia has  
by its Fiscal  
and the fac-  
to be imprinted  
and attested by a  
er, and has also  
authenticated with  
er, as of

PHILADELPHIA

Fiscal Agent

Authorized Officer

Authorized Officer

City of Philadelphia  
the bearer unless  
been called for  
redemption price  
Philadelphia office  
Pennsylvania,  
of moneys referred  
the amount shown  
State of America,  
the Revenue Bond,

PHILADELPHIA

City Controller

conclusive as to such payment and shall bind such owner, his successors and assigns whether or not such payment be noted on such Bond. Except as aforesaid, the principal of all Bonds, the premium, if any, payable upon redemption thereof, and the interest on all coupon Bonds payable at or prior to maturity, shall be payable in lawful money of the United States of America at the principal Philadelphia office of the Fiscal Agent in Philadelphia, Pennsylvania, or at the principal office of a paying agent designated in such Bonds, but with respect to such principal, only upon presentation and surrender of such Bonds, or with respect to interest payable at or prior to maturity of such coupon Bonds, only upon presentation and surrender of the respective coupons for interest, except as otherwise herein provided with respect to mutilated, destroyed, lost or stolen Bonds or coupons.

Each Bond executed and delivered upon any transfer, exchange or substitution, shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by the Bond or Bonds surrendered upon such transfer or exchange, or as the case may be, the part thereof represented by such new Bond or Bonds, and notwithstanding anything to the contrary contained in this Ordinance, such new Bond, if a fully registered Bond, shall be so dated, and, if a coupon Bond, shall have attached thereto such coupons, that neither gain nor loss in interest shall result from such transfer, exchange, or substitution.

The foregoing provisions of this Section, any other provision in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the principal of and interest on all Bonds issued hereunder and the premium, if any, payable on redemption thereof, shall be payable only from the rentals, revenues and moneys of the City pledged for the payment thereof pursuant to this Ordinance and not otherwise.

**SECTION 3.05. Registration of Bonds, Registrar, Bond Register.** The City shall keep or cause to be kept at the principal Philadelphia office of the Fiscal Agent, books for

bind such owner.  
such payment be  
the principal of  
upon redemption  
Bonds payable at  
lawful money of  
Principal Philadelphia  
Pennsylvania, or  
designated in such  
only upon presen-  
with respect to  
of such coupon  
under of the respec-  
herein pro-  
lost or stolen

upon any transfer,  
the rights to inter-  
which were carried  
such transfer or  
thereof repre-  
notwithstanding  
the Ordinance, such  
shall be so dated,  
thereto such  
shall result

any other pro-  
notwithstanding,  
the principal  
and the  
shall be  
of the  
to this

Bond  
at the  
for

the registration and transfer of Bonds entitled to registra-  
tion and transfer; and the City will register or transfer or  
cause to be registered or transferred therein, as hereinafter  
provided and under such reasonable regulations as may be  
prescribed by the Director of Finance, any Bonds entitled  
to be so registered or transferred, upon presentation for  
such purpose. The Fiscal Agent is hereby appointed the  
registrar of the City for the purpose of registering, trans-  
ferring and exchanging the Bonds. The books kept pursuant  
to this Section are herein and in the Bonds referred to as  
the bond register.

SECTION 3.06. *Bonds are Negotiable Instruments.* The  
Bonds shall have the qualities of negotiable instruments  
under the law merchant and the laws pertaining to negoti-  
able instruments of the Commonwealth of Pennsylvania,  
subject to the provisions for registration and transfer con-  
tained in Section 3.07 and 3.08 and in the Bonds.

SECTION 3.07. *Transfer of Coupon Bonds.* All coupon  
Bonds shall be negotiable and title thereto shall pass by  
delivery unless registered as to principal in the manner  
hereinafter provided. The bearer of any coupon Bond may  
have the ownership of the principal thereof registered on  
the bond register required to be kept pursuant to Section  
3.05, and such registration shall be noted on the Bond.  
After such registration no transfer shall be valid unless  
made on such books by the registered owner in person, or  
by his duly authorized attorney, and similarly noted on  
the Bond; but such Bond may be discharged from registra-  
tion by being in like manner transferred to bearer, and  
thereupon transferability by delivery shall be restored; and  
such Bond may again, from time to time, be registered or  
discharged from registration in the same manner as before.  
Such registration, however, shall not affect the negotiability  
by delivery of the coupons, but every such coupon shall con-  
tinue to be transferable by delivery and shall remain pay-  
able to bearer.

SECTION 3.08. *Registration and Transfer of Fully Regis-  
tered Bonds.* The names and addresses of the registered

owners of all fully registered Bonds together with a brief description of the Bonds so registered shall be recorded in the bond register. Any fully registered Bond may be transferred at the principal Philadelphia office of the Fiscal Agent or surrendered for transfer at the principal office of one of the paying agents designated in such Bond, upon surrender of such Bond accompanied by delivery of a written instrument of transfer in form approved by the Director of Finance, duly executed by the registered owner of such Bond or his duly authorized attorney, and thereupon the City and the Fiscal Agent shall execute in the name of the transferee or transferees, and the Fiscal Agent shall deliver, a new fully registered Bond, or new fully registered Bonds, of like form, of the same Series, bearing the same rate of interest, of the same maturity, and for the same aggregate principal amount.

**SECTION 3.09. Exchange of Bonds.** All Bonds of any Series issued hereunder shall be exchangeable for like Bonds of different authorized denominations or for Bonds in different form of the same Series, as the case may be, and, in each case, in the same aggregate principal amount, maturing on the same dates and bearing the same rate of interest as the Bonds to be exchanged, all in the manner hereinafter provided. The holder of any bearer coupon Bond or Bonds or the registered owner of any registered Bond or Bonds desiring to exchange such Bond or Bonds shall surrender (or, in the case of registered Bonds, shall cause his attorney thereunto duly authorized to surrender) such Bond or Bonds in negotiable form or, as the case may be, accompanied by an appropriate instrument of transfer, together with all unmatured coupons appertaining to coupon Bonds so surrendered, at the principal Philadelphia office of the Fiscal Agent or at the principal office of one of the paying agents designated in the Bonds, together with a written request for exchange, in form approved by the Director of Finance, setting forth the form of Bond or Bonds requested to be issued in exchange, the denomination or denominations thereof and, if to be issued in partial or fully registered form, the person or persons in whose name

ther with a brief  
 ll be recorded in  
 and may be trans-  
 of the Fiscal  
 principal office of  
 each Bond, upon  
 delivery of a  
 approved by the  
 registered owner  
 and there-  
 execute in the  
 the Fiscal Agent  
 or new fully reg-  
 ized, bearing the  
 city, and for the

Bonds of any  
 or like Bonds  
 or Bonds in dif-  
 may be, and, in  
 nt, matur-  
 f interest  
 manner herein-  
 upon Bond or  
 ized Bond or  
 Bonds shall sur-  
 shall cause his  
 (surrender) such  
 case may be,  
 of transfer,  
 aining to cou-  
 Philadelphia  
 office of one of  
 together with  
 approved by the  
 of Bond or  
 denomination  
 in partial or  
 in whose name

such Bonds are to be registered. Thereupon and subject to the provisions of Section 3.10, the City and the Fiscal Agent shall execute and deliver to the persons thereunto entitled a new Bond or new Bonds in the form requested in authorized denominations aggregating the principal amount of the Bond or Bonds surrendered, maturing as to principal on the same date or dates, bearing the same rate of interest, and bearing the same designation as to series. All fully registered Bonds issued in exchange for Bonds of any series shall be dated on the date of issuance thereof and shall bear interest from the date from which interest was initially payable with respect to such Series or from the next preceding interest payment date of such Series, whichever is later, or, if the date of authentication shall be an interest payment date of such Series, from such date. All coupon Bonds issued in exchange for Bonds of any Series shall be dated as of the date of the initial issuance of such Series and all matured coupons shall be removed from such Bonds prior to their authentication and delivery in exchange. For the purpose of exchange, a fully registered installment Bond shall be deemed to represent separate Bonds each in the amount and of the maturity of the annual installments of principal provided for in such Bond.

*SECTION 3.10. Cost of Bond Registration, Transfer or Exchange, Miscellaneous Provisions Governing Transfers and Exchanges.* Registration, transfer, discharges from registration, and exchanges of Bonds authorized under this Article shall be without expense to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting any such transaction, as a condition precedent to the exercise of such privilege.

The City shall not be required to make (a) any exchange or transfer of any Bonds during the period of fifteen business days next preceding any interest payment date for such Bonds, or (b) any exchange or transfer of any Bonds during the period of twenty business days next preceding the first publication or mailing of any notice of redemption of such Bonds.

All Bonds surrendered for exchange and the coupons, if any, attached thereto and all registered Bonds without coupons surrendered for transfer, shall be cancelled as the principal thereof and the coupons severally become due and payable and after such due date, may be cremated, shredded or otherwise destroyed by the Fiscal Agent.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of registered Bonds shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, and shall be secured by this Ordinance to the same extent as such surrendered Bonds.

**SECTION 3.11. *Ownership of Bonds.*** The City, the Fiscal Agent and any paying agent designated in any Bond may treat the holder of any coupon Bond if it shall not at the time be registered as to principal, the registered owner of any coupon Bond if it shall at the time be so registered, the holder of any coupon appertaining to a coupon Bond whether or not such coupon Bond shall be so registered, and the registered owner of any fully registered Bond, as the absolute owner of such Bond or such coupon, as the case may be, for all purposes whether or not such Bond or such coupon shall be overdue, and neither the City, the Fiscal Agent nor any paying agent shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the holder of any bearer coupon Bond or by the registered owner of any Bond other than a bearer coupon Bond pursuant to the provisions of this Ordinance shall be conclusive and binding upon such Holder, his heirs, successors or assigns, and upon all transferees of such Bond whether or not notation of such consent, waiver or other action shall have been made on such Bond or on any Bond issued in exchange therefor.

**SECTION 3.12. *Definitive and Temporary Bonds.*** Bonds in definitive form shall be fully engraved or printed or lithographed on steel engraved borders. Until Bonds in definitive form of any Series are ready for delivery, the City and the Fiscal Agent may execute, and, upon the request

of the City in writing, the Fiscal Agent shall deliver in lieu of any such Bonds, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described, without coupons or with one or more coupons, and with appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form may be for the amount of any authorized denomination or any multiple thereof, as the Director of Finance may determine. Until exchanged for Bonds in definitive form such Bonds in temporary form shall be entitled to the benefit of this Ordinance. Unless otherwise agreed with the Holder of such temporary Bond or Bonds, the City shall, without unreasonable delay, prepare, execute and deliver to the Fiscal Agent, and thereupon, upon the presentation and surrender of any Bond or Bonds in temporary form, the Fiscal Agent shall execute and deliver, in exchange therefor, a Bond or Bonds in definitive form of the same Series and same maturity for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the City at its own expense and without making any charge therefor. Until such Bonds in definitive form are ready for delivery, the Holder of one or more Bonds in temporary form may, with the consent of the City, exchange the same, upon surrender thereof to the Fiscal Agent for cancellation, for Bonds in temporary form of like aggregate principal amount, of the same Series and maturity, in authorized denominations and bearing all unmatured coupons, if any.

**SECTION 3.13. Execution of Bonds.** The Bonds shall be executed on behalf of the City by the Fiscal Agent by the manual signatures of two of its duly authorized officers, under the seal of the City which shall be either affixed or reproduced thereon in facsimile and shall be countersigned and attested by the manual or facsimile signature of the Controller, all in accordance with the Act of March 24, 1949, P. L. 312, or in such other manner as shall be authorized by law and prescribed by supplemental ordinance.

the coupons, if  
Bonds without  
cancelled as the  
become due and  
dated, in readed

delivered in ex-  
the transfer of  
of the City.  
surrendered, and  
same extent as

City, the Fis-  
in any Bond  
it shall not at  
registered owner  
so registered,  
coupon Bond  
registered.  
Bond, as  
upon, as the  
of such Bond  
the City, the  
affected by  
holder or other  
upon Bond or  
than a bearer  
this Ordinance  
Holder, his  
transferees of  
consent, waiver  
a Bond or on

Bonds. Bonds  
or printed or  
Bonds in de-  
livery, the City  
on the request

The coupons attached to coupon Bonds shall be executed on behalf of the City by the facsimile signature of the City Controller. Any such Bonds or coupons may be executed, issued and delivered notwithstanding that one or more of the officers signing such Bonds or whose facsimile signature shall be upon such Bonds or coupons or any thereof, shall have ceased to be such officer or officers at the time when such Bonds shall actually be delivered, and although at the nominal date of the Bond any such person shall not have been such officer.

*SECTION 3.14. Mutilated, Destroyed, Lost or Stolen Bonds.* Upon receipt by the Fiscal Agent and the City of evidence satisfactory to both of them that any outstanding Bond or coupon has been destroyed, lost or stolen, and of indemnity satisfactory to both of them, then, in the absence of notice to the City or to the Fiscal Agent that such Bond or coupon, if alleged to have been lost or stolen, has been acquired by a bona fide purchaser, or if a Bond or coupon has been mutilated, the City in its discretion acting through the Director of Finance, may execute and deliver a new bond of the same Series and same maturity and of like tenor (which shall have attached the same corresponding coupons, if any, as the mutilated, destroyed, lost or stolen Bond if such Bond were a coupon Bond) in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond and coupons, if any, or in lieu of and in substitution for the Bond and coupons, if any, so destroyed, lost or stolen.

The City may, for each new bond authenticated and delivered under the provisions of this Section, require the payment of the expenses, including counsel fees, which may be incurred by the City and the Fiscal Agent in the premises. In case any such mutilated, lost or stolen Bond or coupon has become or is about to become due and payable, the City, in its discretion, may, instead of issuing a new Bond or coupon, direct the payment thereof at maturity and the Fiscal Agent shall thereupon pay the same.

Any Bond or coupon issued under the provisions of this Section in lieu of any Bond or coupon alleged to be de-

stroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond or coupon so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Ordinance with all other Bonds and coupons issued under this Ordinance.

SECTION 3.15. *Installment Bonds—interim Certificates.* Nothing in this Ordinance shall be construed to prohibit the authorization by supplemental ordinance of installment Bonds in the forms above provided with appropriate modifications or to prohibit the issuance of interim certificates pending the delivery of definitive Bonds in such form as shall be approved by the City Solicitor.

SECTION 4.

ARTICLE IV  
ISSUANCE OF BONDS—SUPPLEMENTAL  
ORDINANCES

SECTION 4.01. *Purpose of Bonds.* The Bonds issued under this Ordinance shall be issued for the purpose of paying the cost of projects, as such term is defined in the Act, related to the Gas Works, of reimbursing any fund of the City from which such costs shall have been paid or advanced, of funding any of such costs for which the City shall have outstanding bond anticipation notes or other obligations, of refunding any Bonds of the City issued for the foregoing purposes under the Act, or of refunding general obligation bonds of the City issued for the foregoing purposes.

SECTION 4.02. *Pledge of Revenues; Grant of Security Interest; Application of Revenues.* The City hereby pledges for the security and payment of all Bonds and coupons, if any, issued under this Ordinance and hereby grants a security interest in, all rents, rates and charges imposed or charged by the City upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues

be executed on  
of the City  
be executed.  
one or more of  
cumille signa-  
or any thereof.  
at the time  
and although  
person shall not

or Stolen  
and the City of  
any outstanding  
stolen, and of  
in the ab-  
scent that such  
or stolen, has  
a Bond or  
ion acting  
and deliver  
aturity and of  
the correspond-  
stroyed, lost or  
in exchange  
and cancellation  
or in lieu of  
if any, so

certificated and  
require the  
which may  
in the prem-  
stolen Bond or  
and payable,  
having a new  
at maturity  
the same.

visions of this  
to be de-

derived therefrom (the Project Revenues) as such term is defined in the Act and all accounts, contract rights and general intangibles representing the Project Revenues, and in each case, the proceeds of the foregoing. For the purpose of compliance with the filing requirements of the Uniform Commercial Code in order to perfect the security interest herein granted, the Fiscal Agent shall be deemed to be and the City hereby recognizes the Fiscal Agent as, the representative of bondholders to execute financing statements as the secured party. Subject to the provisions of Section 7.02 hereof, all Project Revenues as and when collected in each fiscal year shall be applied first to Net Operating Expenses; second, to required payments into the Sinking Fund herein created to pay the principal of and interest on all Bonds issued hereunder and, if required, to accumulate, or to restore any deficiency in, the Sinking Fund Reserve; third, to the payment of any general obligation bonds adjudged to be self-liquidating on the basis of such expected revenues; fourth, to the payment of interest and sinking fund charges of other general obligation debt incurred for the Gas Works, and fifth, to the payment of City Charges. Any balance remaining may be applied to any proper purpose of the City. The foregoing provisions shall not be construed to require the segregation upon collection of revenues prior to default in the payment of the principal of and interest on Bonds.

*SECTION 4.03. Particular Covenants.* The City covenants with the Holders of all Bonds from time to time and at the time outstanding under this Ordinance, that so long as any such Bonds shall remain outstanding:

(a) No Bonds will be issued by the City hereunder or under any ordinance supplemental hereto unless the financial report of the chief fiscal officer of the City required by Section 3 of the Act to be filed with the City Council shall be accompanied by an engineering report of an independent consulting engineer or an independent firm of consulting engineers, in either case having broad experience in the design and analysis of the operation of gas works or gas distribution systems of the magni-

tude and scope of the Gas Works and a favorable reputation for competence in such field (the Engineers) setting forth the qualifications of the Engineers and:

(i) containing a statement that the Engineers have made such investigation of the physical properties included in the Gas Works and of the books and records of the Gas Works maintained by the City or by the Manager, as they deemed necessary; and

(ii) on the basis of such investigation containing:

(aa) the same matters, statements and opinion as are required by Section 3 of the Act to be contained in the financial report of the chief fiscal officer supported by appropriate schedules and summaries;

(bb) a statement that the Gas Works rents, rates and charges, on the basis of which the statements required by the foregoing clause (aa) are made, are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b); and

(cc) a statement that, in the opinion of the engineers, the Gas Works are in good operating condition or that adequate steps are being taken to make them so.

(b) it will, at a minimum, impose, charge and collect in each Fiscal Year such gas rates and charges as shall, together with all other Project Revenues (as defined in the Act) to be received in such Fiscal Year, equal not less than the greater of:

A. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) 150% of the amount required to pay sinking fund requirements for principal of and interest on all Bonds issued and outstanding hereunder which will become due and payable during such Fiscal Year; and

as such term is  
tract rights and  
ct Revenues, and  
For the purpose  
s of the Uniform  
security interest  
seemed to be and  
ent as: the repre-  
ncing statements  
visions of Section  
when collected in  
et Operating Ex-  
nto the Sinking  
of and interest  
ired, to accumu-  
inking Fund Re-  
eneral obligation  
the basis of such  
interest and  
ligation debt in-  
the payment of  
ay be applied to  
going provisions  
egation upon col-  
payment of the

The City cove-  
time to time and  
nce, that so long  
ing:

City hereunder or  
ereto unless the  
er of the City re-  
led with the City  
engineering report  
or an independent  
case having broad  
of the operation  
ma of the magni-

(iii) the amount, if any, required to be paid into the Sinking Fund Reserve during such Fiscal Year; or

B. The sum of:

(i) All Net Operating Expenses payable during such Fiscal Year; and

(ii) all Sinking Fund deposits required during such Fiscal Year in respect of all outstanding Bonds and in respect of all outstanding general obligation bonds issued for improvements to the Gas Works and all amounts, if any, required during such Fiscal Year to be paid into the Sinking Fund Reserve.

The Gas Commission is hereby authorized and directed, without further authorization, to impose and charge and to collect, or cause to be collected, rents, rates and charges which shall be sufficient in each Fiscal Year to comply with the foregoing Rate Covenant.

(c) It will pay or cause the Fiscal Agent or paying agent to pay from the Project Revenues deposited in the Sinking Fund the principal of, premium, if any, and interest on all Bonds as the same shall become due and payable and as more particularly set forth in the Bonds.

(d) It will continuously maintain in good condition and continuously operate the Gas Works.

(e) It will not in any Fiscal Year pay from the Project Revenues any City Charges or deposit from the Project Revenues in the general sinking fund of the City any sinking fund charges in respect of general obligation bonds of the City unless prior thereto or concurrently therewith all sinking fund charges in respect of Bonds issued and outstanding hereunder for such Fiscal Year, then payable, shall have been deposited in the Sinking Fund created hereby.

(f) It will not refund from the proceeds of Bonds any debt of the City represented by general obligation bonds or notes issued prior to January 1, 1974.

(g) That it has, by Ordinance, authorized the imposition of rates and charges by the Gas Commission sufficient from time to time to comply with Rate Covenant set forth in Section 4.03(b) and that it will not repeal or materially adversely dilute such authorization.

(h) It will, not later than 120 days following the close of each Fiscal Year, file with the Fiscal Agent a report of the operation of the Gas Works setting forth, among other things, in reasonable detail financial data concerning the Gas Works for such Fiscal Year, including a balance sheet, statements of income, equity, and changes in financial condition, and an analysis of funds available to cover debt service (in each case not inconsistent with the statements of income, expenses, and other accounts of the City audited by the City Controller) prepared by the Manager of the Gas Works in accordance with generally recognized municipal accounting principles consistently applied, showing compliance with the Rate Covenant, accompanied by a certificate of the Manager of the Gas Works that the Gas Works are in good operating condition and by a certificate of the Director of Finance that as of the date of such report the City has complied with all of the covenants in this Ordinance and in all ordinances supplemental hereto on its part to be performed. Such report shall be furnished to the Fiscal Agent in such reasonable number of copies as shall be required to meet the written requests of Bondholders therefor on a first come first served basis. The Fiscal Agent shall keep on file a copy of each report and its accompanying certificates for a period of ten (10) years and shall exhibit the same to, and permit the copying thereof by, any Bondholder or his authorized representative at all reasonable times.

**SECTION 4.04. Bonds to be Parity Bonds.** All bonds issued hereunder shall be parity Bonds equally and ratably secured by the pledge of and grant of security interest in, the Project Revenues without preference, priority or distinction as to lien or otherwise, except as otherwise here-

to be paid into  
each Fiscal Year:

able during such

ed during such  
ing Bonds and  
obligation bonds  
Works and all  
ch Fiscal Year  
serve.

d and directed.  
und charge and  
es and charges  
ear to comply

or paying  
n deposited in  
m, if any, and  
ecome due and  
n in the Bonds.

i condition and

om the Project  
om the Project  
f the City any  
eral obligation  
or concurrently  
spect of Bonds  
ch Fiscal Year,  
in the Sinking

s of Bonds any  
obligation bonds

inafter provided, of any one Bond or coupon over any other Bond or coupon or as between principal and interest.

The City hereby reserves the right, and nothing herein shall be construed to impair such right, to finance improvements to its Gas Works by the issuance of its general obligation bonds or by the issuance, under ordinances other than Supplemental Ordinances, of Gas Works bonds for the payment of which Project Revenues of the Gas Works may be pledged subject and subordinate in each Fiscal Year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such Fiscal Year under this Ordinance, as from time to time supplemented and amended, in respect of Bonds.

*SECTION 4.05. Sale of Bonds; Taxes Not to be Assumed; Terms and Provisions; Authority of Director of Finance.* To the extent, pursuant to Section 4.06, that the Supplemental Ordinance authorizing any Series of Bonds hereunder shall not otherwise provide:

(a) All bonds shall be sold at public, private or invited sale as a majority of the Mayor, the City Controller and the City Solicitor may determine to be in the best interest of the City and, if sold at competitive public sale, shall be sold to the purchaser or purchasers submitting the highest and best bid upon such terms and conditions of the bidding as shall be specified in an official notice of sale issued in the name of the City by the Director of Finance;

(b) no covenant to pay or assume any taxes shall be included in such Bonds; and

(c) subject to the foregoing, the terms upon which or the prices for which the Bonds are to be sold or exchanged, and the form, terms and provisions of the Bonds including, without limitation, the matters referred to in Section 5 of the Act, and in the second paragraph of Section 3.04 of this Ordinance shall be determined by the Director of Finance who is hereby

designated as the officer of the City to make such determinations based, to the extent applicable, on the prices, interest rates or other terms set forth in the highest and best proposal conforming to the bidding specifications as ascertained and accepted on behalf of the City by the Director of Finance.

*SECTION 4.06. Conditions of Issuing Bonds. Supplemental Ordinance; Filing of Transcript; Use of Proceeds; Refunding Bonds.* Prior to the issuance of any series of Bonds, the Council shall adopt an ordinance supplemental hereto specifying the aggregate principal amount or maximum aggregate principal amount, and authorizing the issuance of such Bonds; stating that such Bonds are issued in respect of capital costs of a Gas Works project or projects of the City or to fund or refund bond anticipation or other obligations of the City issued in respect thereof or for the purpose of refunding debt issued for such purpose; making a finding based on the report of the Director of Finance of the City required by Section 8 of the Act that the Project Revenues pledged hereunder will be sufficient to comply with the Rate Covenant and also to pay all costs, expenses and payments required to be paid therefrom and in the order and priority stated in Section 4.02; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution. Such Supplemental Ordinance may specify such form, terms and provisions of the Bonds to be issued thereunder, may specify a particular method of sale; may specify the terms upon which, or the prices for which, the Bonds are to be sold or exchanged, including, if applicable, competitive bidding specifications; may contain such amendments to this Ordinance, including amendments or rescission of the covenants herein contained, and may contain or authorize such further covenants and agreements, including such covenants as may be appropriate under existing regulations so that the Bonds may not be deemed to be "arbitrage bonds" as such term is defined in the Internal Revenue Code and applicable regulations, all as the Council may deem appropriate and proper and as shall be authorized

on over any other  
and interest.

and nothing herein  
to finance improve-  
of its general obli-  
ordinances other  
Gas Works for the  
Fiscal Year may  
of all principal,  
payments payable  
Finance, as from  
ed, in respect of

to be Assumed:  
Director of Finance.  
that the Supple-  
of Bonds here-

or invited  
City Controller and  
in the best inter-  
entive public sale,  
proposers submitting  
terms and conditions  
an official notice  
by the Director of

any taxes shall be

upon which or  
to be sold or ex-  
provisions of the  
the matters re-  
and in the second  
Ordinance shall be  
made who is hereby

or permitted by the Act but no such amendments, provisions, terms, covenants or agreements (other than those permitted under Section 3.01 and adopted pursuant thereto) which shall be inconsistent with the provisions of, or if they would impair a prior covenant contained in, this Ordinance as at the time amended or supplemented, shall become effective until all Bonds the holders of which are entitled to the protection of, or to enforce compliance with such prior covenant, shall cease to be outstanding.

Prior to the issuance of any Series of Bonds hereunder the Director of Finance shall, in addition to the filing requirements of Section 12 of the Act, file with the Fiscal Agent a transcript of the proceedings authorizing the issuance of such Series of Bonds which shall include (i) a certified copy of this Ordinance (unless previously so filed); (ii) a certified copy of the Supplemental Ordinance; (iii) an executed or certified copy of the report of the Director of Finance required by subsection (a) of Section 8 of the Act; (iv) an executed copy of the opinion of the City Solicitor required by subsection (b) of Section 8 of the Act; (v) an executed copy of the Engineer's report required by subsection (a) of Section 4.03; and (vi) a certificate of the Director of Finance that there is no default in the payment of the principal of, interest on, or premiums, if any, payable in respect of, any Bonds, that the amounts currently on deposit in the Sinking Fund Reserve meet the requirements of Section 6.04 that the report for the latest completed Fiscal Year required to be filed pursuant to subsection (h) of Section 4.03 has been filed and that during such Fiscal Year the City was in compliance with the Rate Covenant as therein shown, and that the City is currently in compliance with the Rate Covenant and all other covenants contained in this Ordinance and all Supplemental Ordinances, and thereupon the proper officers of the City and the Fiscal Agent shall be authorized to execute and deliver the Bonds so authorized, to receipt for the purchase price thereof and to execute and deliver on behalf of the City the usual closing statements, affidavits and certificates.

ments, provi-  
ner than those  
rsuant thereto)  
sions of, or if  
ed in, this Or-  
emented, shall  
s of which are  
ompliance with  
anding.

onds hereunder  
o the filing re-  
with the Fiscal  
ising the issu-  
ude (i) a cer-  
usly so filed);  
rdinance; (iii)  
of the Director  
ection 8 of the  
n of the City  
ct of the  
er's report re-  
nd (vi) a cer-  
e is no default  
st on, or pre-  
onds, that the  
Fund Reserve  
the report for  
o be filed pur-  
been filed and  
in compliance  
and that the  
Rate Covenant  
Ordinance and  
on the proper  
l be authorized  
zed, to receipt  
ite and deliver  
statements, affi-

The Director of Finance, the City Solicitor, the City Controller and such other officers of the City as may be appropriate are authorized in connection with the issuance of any Series of Bonds hereunder, to prepare, execute and file on behalf of the City such statements, documents or other material as may accurately and properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Bonds and as may be required or appropriate to comply with applicable state or federal laws or regulations.

Unless otherwise provided in the Supplemental Ordinance, the proceeds of sale of all Bonds issued hereunder shall be deposited in the consolidated cash account of the City to the credit of the capital improvement funds and shall be disbursed therefrom, in accordance with established procedures, for the costs of the project or projects (as such term is defined in the Act) for which the Bonds were issued *provided*, however, that if such Bonds shall be issued for the purpose of funding or refunding bonds or notes previously issued by the City such proceeds shall, unless otherwise directed by the Supplemental Ordinance, be deposited in a special account in the Sinking Fund hereinafter authorized and deposited, invested (if appropriate) and disbursed under the direction of the Director of Finance for the purpose of retiring the bonds or notes being funded or refunded.

If the City shall, by Supplemental Ordinance, authorize the issuance of revenue refunding bonds pursuant to Section 10 of the Act, in the absence of specific direction or inconsistent authorization contained in the Supplemental Ordinance, the Director of Finance is hereby authorized in the name and on behalf of the City to take all such action, including the irrevocable pledge of proceeds and/or the income and profit from the investment thereof for the payment and redemption of the funded or refunded bond or notes and including the publication of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accom-

plish the funding or refunding and to comply with the requirements of Section 10 of the Act.

SECTION 5.

ARTICLE V  
REDEMPTION OF BONDS

SECTION 5.01. *Bonds May Be Subject to Redemption.* Bonds of any Series may be subject to either optional or mandatory redemption at the times, in the order, in the amounts, at the redemption prices, and other such terms, conditions and restrictions, all as may be set forth in the Supplemental Ordinance authorizing the issuance of such series or, in the absence of such provisions, as may be set forth in the Bonds at the direction of the Director of Finance and shall be set forth in the official notice of sale.

SECTION 5.02. *Notice, Selection by Lot.* Whenever the City shall, by ordinance of Council, determine to redeem all or part of the Bonds of any series in accordance with the right reserved so to do, or when the City or the Fiscal Agent shall be required to redeem Bonds pursuant to mandatory redemption provisions, the City or the Fiscal Agent, as the case may be, shall cause a notice of intention to redeem, signed in the name of the City by the Fiscal Agent, to be published once a week for two consecutive weeks, the first publication to be at least thirty days and not more than sixty days before the redemption date, in not less than two nor more than four daily newspapers published in the English language and of general circulation in the City. At least thirty days before the redemption date the Fiscal Agent shall mail such notice to each registered owner appearing upon the bond register of the registered Bonds to be redeemed, but failure so to mail any such notice shall not affect the validity of the proceedings for redemption. Such notice shall specify, unless a pertinent Supplemental Ordinance shall otherwise provide, the Series and the maturities of the Bonds so to be redeemed and also, if less than all then outstanding Bonds of a maturity are to be redeemed, the numbers of the Bonds to be redeemed which may be expressed in designated blocks, if applicable, and the date

fixed for redemption, the redemption price and the place of payment, and shall further state that, from and after such date, interest thereon will cease to accrue.

In connection with the redemption of less than all the Bonds of a particular maturity or series, the Fiscal Agent shall draw by lot the number of the Bonds to be redeemed in such manner as it shall deem proper unless the Supplemental Ordinance establishing the terms and provisions of such Bonds or the redemption provisions of the particular Bonds provides that they shall be redeemable in the order or inverse order of their numbers or that such Bonds shall be redeemable in the order or inverse order of their maturities and all Bonds of a particular maturity or maturities are being redeemed. For the purpose of any drawing, the Fiscal Agent shall assign a number for each basic denomination.

**SECTION 5.03. Effect of Redemption, Payment.** Notice having been given in the manner hereinbefore provided in this Article or irrevocable instructions to give such notice having been delivered to the Fiscal Agent to pay said Bonds or portions thereof, and funds complying with the provisions of subparagraph (1) of Section 10 of the Act having been deposited in trust with the Fiscal Agent or having been set aside with the Sinking Fund Depositary in a special account in the Sinking Fund, prior to the date fixed for redemption, the Bonds or portions thereof so called for redemption, shall become due and payable on the redemption date so designated, and interest on such Bonds or portions thereof shall cease from such redemption date, whether such Bonds be presented for redemption or not, and the coupons representing the interest on any of said Bonds thereafter to accrue shall from that date be void and of no effect. The principal amount of all Bonds or portions thereof so called for redemption, together with the premium, if any, and accrued interest thereon, shall be paid by the Fiscal Agent, upon presentation and surrender thereof in negotiable form, accompanied by coupons, if any, representing such interest. All coupons maturing sub-

comply with the

to Redemption.  
 her optional or  
 e order, in the  
 ner such terms,  
 set forth in the  
 suance of such  
 as may be set  
 Director of Fi-  
 notice of sale.

Whenever the  
 mine to redeem  
 accordance with  
 the Fiscal  
 pursuant to man-  
 the Fiscal Agent.  
 intention to re-  
 the Fiscal Agent,  
 nine weeks, the  
 if not more than  
 at less than two  
 shed in the Eng-  
 Activity. At least  
 the Fiscal Agent  
 name appearing  
 Bonds to be re-  
 notice shall not  
 redemption. Such  
 Supplemental Ordi-  
 and the maturi-  
 if less than all  
 to be redeemed,  
 which may be ex-  
 And the date

sequent to the date of redemption must accompany each Bond so redeemed.

SECTION 5.04. *Partial Redemption.* Upon presentation of any Bond which is to be redeemed in part only, the City and the Fiscal Agent shall execute and deliver to the Holder thereof, at the expense of the City a new Bond or Bonds of authorized denominations in principal amount equal to and of the same Series and maturity as the unredeemed portion of the Bond or Bonds so presented, which new Bond or Bonds shall, at the option of the Holder, either be a coupon Bond or Bonds with all unmatured coupons thereto appertaining or a registered Bond or Bonds without coupons.

SECTION 6.

ARTICLE VI  
SINKING FUND

SECTION 6.01. *Establishment of Sinking Fund.* There is hereby established a sinking fund to be known as the City of Philadelphia Gas Works Revenue Bond Sinking Fund (referred to in this Ordinance as the Sinking Fund) for the benefit and security of the Holders of all Bonds. The Sinking Fund shall be held in the name of the City in an account or accounts separate and apart from all other accounts of the City and payments therefrom shall be made only as hereinafter in this Ordinance provided.

The City covenants and the Director of Finance is directed to deposit in, and there is hereby appropriated to, the Sinking Fund from the pledged revenues in each Fiscal Year such amounts as will, together with interest and profits earned and to be earned on investments held therein, be sufficient to accumulate, on or before each interest and principal payment date of the Bonds, the amounts required to pay the principal of and the interest on the Bonds then becoming due and payable. Payment into the Sinking Fund shall be scheduled at such times and in such amounts in relation to the receipt of revenues and the operation and maintenance requirements of the Gas Works as the Director of Finance shall determine.

**SECTION 6.02. Fiscal Agent.** Such state or federally chartered bank as may from time to time be appointed by the City in accordance with law, shall act as Fiscal Agent in respect of all Bonds issued under this Ordinance or in respect of any particular issue or issues of Bonds. The Fiscal Agent shall also act as Sinking Fund Depository of the Sinking Fund, and as paying agent and registrar of the Bonds in respect of which it is the Fiscal Agent. Nothing in this Ordinance shall be construed to prevent the City from engaging other or additional Fiscal Agents from time to time or from engaging other or additional sinking fund Depositories, paying agents or registrars of the Bonds or any series thereof.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of accounts and records, the disposal of cancelled Bonds and coupons, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of this Ordinance.

**SECTION 6.03. Payments From the Sinking Fund.** The Sinking Fund Depository shall, on direction of the Director of Finance, or if for any reason he should fail to give such direction, on the direction of the Fiscal Agent, liquidate investments, if necessary, and pay over from the Sinking Fund in cash to the Fiscal Agent not later than the due date thereof the full amount of the principal, interest on, and premium, if any, payable upon redemption of, all Bonds.

Any excess moneys in the Sinking Fund, including any excess amount in the Sinking Fund Reserve and moneys for the payment of the interest, principal and premium of bonds unclaimed after the due date for two years, shall be repaid to the City but such repayment shall not discharge the obligation, if any, for which such moneys were previously held in the Sinking Fund.

accompany each

on presentation  
only, the City  
deliver to the  
a new Bond or  
principal amount  
ity as the unre-  
presented, which  
the Holder, either  
natured coupons  
or Bonds with-

There  
known as the  
Bond Sinking  
Sinking Fund)  
of all Bonds.  
of the City in  
from all other  
refrom shall be  
re provided.

( Finance is di-  
appropriated to,  
es in each Fiscal  
interest and prof-  
nts held therein,  
ach interest and  
amounts required  
e the Bonds then  
the Sinking Fund  
uch amounts in  
e operation and  
as the Direc-

**SECTION 6.04. *Sinking Fund Reserve.*** There is hereby established a Sinking Fund Reserve which shall be held by the Sinking Fund Depositary as part of the Sinking Fund but for which separate accounts shall be maintained. Unless otherwise provided in the applicable Supplemental Ordinance in compliance with this Section 6.04, the City shall, under direction of the Director of Finance, deposit in the Sinking Fund Reserve from the proceeds of sale of each Series of Bonds issued hereunder, an amount equal to the maximum amount required in any Fiscal Year to pay the principal of and interest on the Bonds of such Series becoming due and payable in such Fiscal Year. The money and investments (valued at market) in the Sinking Fund Reserve shall be held and maintained in an amount equal at all times to the maximum principal and interest requirements in any subsequent Fiscal Year of all bonds issued and outstanding hereunder, *provided* that if the Supplemental Ordinance authorizing a Series of Bonds shall authorize the accumulation from Project Revenues of a reserve of such amount in respect of such Bonds over a period of not more than six Fiscal Years after the issuance and delivery of such Bonds, then the full payment of the annual deposits required under such Supplemental Ordinance will meet the Sinking Fund Reserve requirement of this Ordinance in respect of such Bonds.

If, at any time and for any reason, the moneys in the Sinking Fund, other than in the Sinking Fund Reserve, shall be insufficient to pay as and when due, the principal of (and premium if any) or interest on any Bond or Bonds, the Sinking Fund Depositary is hereby authorized and directed to withdraw from the Sinking Fund Reserve and pay over to the Fiscal Agent the amount of such deficiency. If by reason of such withdrawal or for any other reason there shall be a deficiency in the Sinking Fund Reserve, the City hereby covenants to restore such deficiency as required by Section 7.02.

**SECTION 6.05. *Management of the Sinking Fund.*** To the extent that debt service in respect of any Series of Bonds shall not be financed as a part of the cost of the

project or projects for which the Bonds are issued, in which case the amount of the debt service financed shall be deposited in the Sinking Fund from the proceeds of Bonds. sinking fund payments from the pledged revenues in respect of each Series of Bonds shall commence during the six-month period immediately preceding the first interest payment date of each Series for which debt service has not been completely funded and in any event not later than one year subsequent to the estimated completion or acquisition of projects to be constructed or acquired as estimated by the Manager of the Gas Works and, in all other cases, not later than one year subsequent to the date of the Bonds. The moneys, including interest bearing deposits, in the Sinking Fund to the extent not otherwise invested and to the extent not insured, shall be secured as required by the Act and, to the extent not currently required for the payment of debt service, shall be continuously invested and reinvested in securities or interest bearing deposits authorized by the Act, all at the direction and under the management of the Director of Finance. Interest and profits from such investments shall be added to the Sinking Fund and credited in reduction of or to complete required deposits into the Sinking Fund.

SECTION 6.06. *Consolidated Fund.* The Sinking Fund shall be a consolidated fund for the equal and proportionate benefit of the holders of all Bonds from time to time outstanding hereunder and may be invested and reinvested on a consolidated basis. The principal of and interest on and profits (and losses if any) realized on investments in the Sinking Fund shall be allocated prorata for the Series or the specific Bonds in respect of which such investments were made without distinction or priority but moneys (and the investments thereof) specifically deposited for the payment of any particular installment of principal, interest or premium shall be held and applied exclusively to the payment of such particular principal, interest or premium.

There is hereby  
shall be held by  
of the Sinking Fund  
be maintained. Un-  
Supplemental Or-  
the City shall,  
deposit in the  
of sale of each  
equal to the  
Year to pay the  
of such Series be-  
Year. The money  
the Sinking Fund  
an amount equal  
interest require-  
of all bonds issued  
if the Supple-  
Bonds shall au-  
of a re-  
over a period  
the issuance and  
of the annual  
Ordinance will  
of this Ordi-

the moneys in the  
Fund Reserve.  
the principal  
Bond or Bonds.  
authorized and  
Fund Reserve and  
of such deficiency.  
for any other reason  
Fund Reserve.  
deficiency as

Fund. To  
of any Series of  
of the rest of the

## SECTION 7.

ARTICLE VII  
DEFAULTS AND REMEDIES

SECTION 7.01. *Defaults and Statutory Remedies.* If the City shall fail or neglect to pay or to cause to be paid the principal of, redemption premium, if any, or the interest on any Bond or any Series of Bonds issued hereunder, whether at stated maturity or upon call for prior redemption, or if the City shall fail to comply with any provision of the bonds or with any covenant of the City contained in this Ordinance or an applicable Supplemental Ordinance then, under and subject to the terms and conditions stated in the Act, the Holder or Holders of any Bond or Bonds shall be entitled to all of the rights and remedies, including the appointment of a trustee, provided in the Act.

SECTION 7.02. *Additional Remedies.* If the City shall fail or neglect to make deposits into the Sinking Fund, including the Sinking Fund Reserve, in the amounts and at the times required by this Ordinance and as provided in the Bonds or if, for any reason, there shall be insufficient moneys on deposit in the Sinking Fund for the payment in full of the principal (and premium, if any) or of interest on the Bonds as and when the same shall from time to time become due and payable, then the City covenants that it will without notice thereof from any Bondholder, fiscal agent, paying agent or sinking fund depository, and so long as such default shall continue, immediately upon such default deposit in the Sinking Fund, on a daily basis, 50% of all pledged revenues of the Gas Works, or such greater percentage thereof as the Director of Finance shall determine. The covenant of this Section 7.02 shall be specifically enforceable by any trustee appointed pursuant to Section 20 of the Act or if there be no such trustee appointed, then by the Holder of any Bond outstanding.

SECTION 7.03. *Remedies Not Exclusive; Effect of Delay In Exercise of Remedies.* No remedy herein or in the Act conferred upon or reserved to the trustee, if any, or to the Holder of any bond is intended to be exclusive (except as

specifically provided in the Act) of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission of the trustee, if one be appointed, or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article, by the Act or otherwise may be exercised from time to time, and as often as may be deemed expedient.

SECTION 7.04. Remedies to be Enforced Only Against Pledged Revenues. Any decree or judgment for the payment of money against the City by reason of default hereunder shall be enforceable only against the pledged revenues and the investments thereof and no decree or judgment against the City upon an action brought hereunder shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

SECTION 8.

ARTICLE VIII

AMENDMENTS AND MODIFICATIONS

SECTION 8.01. In addition to the adoption of Supplemental Ordinances supplementing and/or amending this Ordinance as provided in Section 4.06 in connection with the issuance of successive series of bonds, this Ordinance and any Supplemental Ordinance may be further supplemented, modified or amended: (a) to cure any ambiguity, formal defect or omission herein or therein; (b) to grant to or confer upon Bondholders, or a trustee, if any, for the benefit of Bondholders any additional rights, remedies, powers, authority, or security that may be lawfully granted

REMEDIES. If the  
to be paid the  
of the interest  
issued hereunder.  
for prior redemp-  
with any provision  
City contained  
Ordinance  
conditions stated  
Bond or Bonds  
remedies, includ-  
in the Act.  
If the City shall  
Fund, in-  
ants and at  
as provided in  
be insufficient  
the payment in  
of interest  
from time to time  
covenants that it  
Bondholder, fiscal  
pository, and so  
ately upon such  
a daily basis, 50%  
or such greater  
shall deter-  
shall be specifi-  
pursuant to  
each trustee ap-  
outstanding.  
Effect of Delay  
is the Act  
if any, or to the  
except as

or conferred; (c) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Bonds but no amendment or modification shall be made with respect to any outstanding Bonds to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon or to alter the redemption provisions thereof without the written consent of the Holders of all affected outstanding Bonds; and (d) except as aforesaid, in such other respect as may be authorized in writing by the Holders of 67% in principal amount of the Bonds outstanding and affected. Bonds which have become due and payable on a fixed redemption date in accordance with Section 5.03 shall be deemed to be not outstanding.

#### SECTION 9.

### ARTICLE IX MISCELLANEOUS

SECTION 9.01. *Ordinances are Contracts With Bondholders.* This Ordinance and Supplemental Ordinances adopted pursuant hereto are contracts with the Holders of all Bonds from time to time outstanding hereunder and thereunder and shall be enforceable in accordance with the provisions of Article VII and the laws of Pennsylvania.

SECTION 9.02. *Repeals.* All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

Approved the thirtieth day of May, A.D. 1975.

FRANK L. RIZZO,  
*Mayor of Philadelphia.*

ately one hundred eighty-seven thousand square feet of outside stock and parking space.

(g) The lease agreement is conditioned upon approval of the Philadelphia Gas Commission and adoption of an Ordinance by City Council, signed by the Mayor by July 27, 1979.

SECTION 3. The City Solicitor shall include such terms and conditions as he may deem necessary or desirable to protect the best interest of the City and the Philadelphia Gas Works.

Approved the twenty-eighth day of June, A.D. 1979.

FRANK L. RIZZO,  
Mayor of Philadelphia.

1979 No. 0060

AN ORDINANCE

constituting the Fifth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975; authorizing the Mayor, City Controller, and City Solicitor or a majority thereof to sell either at public or private sale Gas Works Revenue Bonds, Fifth Series, of the City of Philadelphia in the maximum principal amount of fifty million (50,000,000) dollars and to establish the terms and provisions thereof by supplementing the General Gas Works Revenue Bond Ordinance of 1975; designating the projects and setting forth the use of proceeds; determining the sufficiency of the project revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Fifth Series Bonds from general accounts of the City; covenanting the payment of interest and principal; providing for transfer and payment of certain interest and income on moneys held in the Gas Works Sinking Fund Reserve to the operating funds of the Gas Works and, with the approval of the Gas Commission, the payment to the City of any balance in the operating funds up to the amount so transferred and paid;

and specifying the applicability of sections of the First Class City Revenue Bond Act and the General Gas Works Revenue Bonds Ordinance of 1975.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. The Mayor, City Controller, and City Solicitor or a majority of them are hereby authorized on behalf of the City to borrow, by the issuance and sale of Gas Works Revenue Bonds, Fifth Series of the City (the Fifth Series Bonds), pursuant to the First Class City Revenue Bond Act of October 13, 1972, Act No. 234 (the Act) and the General Gas Works Revenue Bond Ordinance of 1975 (the General Ordinance), a sum or sums of which, in the aggregate, shall not exceed fifty million (\$0,000,000) dollars to be expended as provided in Section 2 of this ordinance. Said Fifth Series Bonds shall be sold either at public competitive sale to the highest bidder or bidders or at private negotiated sale as said officers or a majority of them shall deem to be in the best interest of the City. The Fifth Series Bonds shall contain such terms and provisions as are determined by a majority of said officers to be in the best interest of the City and are not inconsistent with the provisions hereof, of the Act or of the General Ordinance.

The Fifth Series Bonds shall not pledge the credit or taxing power or create any debt or charge against the tax or general revenues of the City or create any lien against any property of the City other than the revenues pledged in the General Ordinance.

SECTION 2. The projects for which the Fifth Series Bonds are to be issued consist of the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budget of the City. Such capital improvements include, without limitation, the acquisition of land or rights therein; the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery, and apparatus; the acquisition, construction or replacement of pipes and pipe lines; and the acquisition or replacement

of property  
mainten  
of the C.

The p  
be used  
into the  
Ordinan  
Act), w  
to the C  
advance  
outstand  
City iss  
by the C  
system

The C  
Fifth Se  
of proje  
required  
repayme  
project  
pation  
posited,  
segregat  
separate  
solidated  
the City

SECTI  
nance of  
8 of the  
ect Revi  
sufficien  
Section  
all costs  
from In  
General

SECTI  
the Fift

of property of a capital nature for use in the operation, maintenance and administration of the Gas Works system of the City.

The proceeds of the sale of the Fifth Series Bonds shall be used to pay financing costs, to make additional payments into the Sinking Fund Reserve as required by the General Ordinance and to pay other project costs (as defined in the Act), which may include, without limitation, the repayment to the City or to accounts of the Gas Works of amounts advanced for project costs, and the funding or refunding of outstanding bond anticipation temporary loan notes of the City issued in anticipation of bonus previously authorized by the Council for capital improvements to the Gas Works system of the City.

The City covenants that the proceeds of the sale of the Fifth Series Bonds which remain available for the payment of project costs, after payment of the financing costs, the required payment into the Sinking Fund Reserve, and the repayment to the City of amounts previously advanced for project costs or for the funding or refunding of bond anticipation temporary loans as described above, shall be deposited, held and disbursed in and from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes.

SECTION 3. Based on the report of the Director of Finance of the City filed with the Council pursuant to Section 8 of the Act, it is hereby determined that the pledged Project Revenues, as defined in the General Ordinance, will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the General Ordinance.

SECTION 4. The City covenants that, so long as any of the Fifth Series Bonds shall remain outstanding, all reve-

of the First Gas Works

ordinance:

City Solicitor on behalf of Gas Works Fifth Series Bond Act of General Ordinance shall expended Fifth Series sale to the as sale as be in the shall con- by a the City of, of the

credit or in the tax against edged in

movements as from by. Such acquisition instruction ities to- cainery. cement cement

nues of the Gas Works which are pledged under Section 4.02 of the General Ordinance will be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as otherwise required by the General Ordinance.

SECTION 5. The City covenants that, so long as any Fifth Series Bonds shall remain unpaid, it will make payments or cause payments to be made from the pledged Gas Works revenues directly into its Gas Works Revenue Bond Sinking Fund created under the General Ordinance, at such times and in such annual amounts as shall be required to accumulate amounts therein sufficient for the payment of principal of and the interest on the Fifth Series Bonds when due and that it will pay or cause to be paid from said Sinking Fund said principal and interest when due.

SECTION 6. All interest and income earned on moneys held in the Gas Works Revenue Bond Sinking Fund Reserve created under the General Ordinance (Sinking Fund Reserve Earnings) shall, to the extent not required to comply with Section 6.04 of the General Ordinance, be transferred and paid by the Sinking Fund Depository to the operating funds of the Gas Works to be applied as Project Revenues in accordance with the terms of Section 4.02 of the General Ordinance. To the extent that in any fiscal year balance remains in the Project Revenues, including Sinking Fund Reserve Earnings, as such balance is determined in accordance with Section 4.02 of the General Ordinance, such balance, upon the approval of the Gas Commission may be paid to the City, provided that in a given fiscal year the balance so paid does not exceed the amount of Sinking Fund Reserve Earnings transferred and paid to the operating funds during the same fiscal year. For Fiscal Year 1980 up

to \$4.5 million of such balance, subject to the above provisions, shall be transferred and paid to the General Fund.

SECTION 7. The Director of Finance is authorized to make such covenants and take such other action on behalf of the City with respect to the investment of the proceeds of the Fifth Series Bonds as may be necessary or advisable in order that the Fifth Series Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code.

SECTION 8. This ordinance is supplementary to the General Ordinance and all sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Fifth Series Bonds. All definitions of terms contained in the Act or in the General Ordinance shall apply to such terms in this ordinance.

Approved the twenty-sixth day of June, A.D. 1979.

FRANK L. RIZZO,  
*Mayor of Philadelphia.*

Ord. No. 2563

**AN ORDINANCE**

Authorizing the Commissioner of Public Property to sell a certain lot or piece of City-owned ground, with the improvements thereon erected, situate 4040 Ridge Avenue, subject to confirmation by the Council.

WHEREAS, It is deemed to the best interest of the City that the lot or piece of City-owned ground, situate 4040 Ridge Avenue be exposed for public sale in accordance with the provisions of the Philadelphia Home Rule Charter; therefore

The Council of the City of Philadelphia hereby ordains:

SECTION 1. The Commissioner of Public Property is hereby authorized after full and adequate advertising, to sell the following described lot or piece of City-owned ground for the best terms obtainable.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. The following parking regulation is hereby established:

NO PARKING ANY TIME

Krewstown road, between Rising Sun avenue and a point three-hundred fifty feet south of Bloomfield avenue.

Approved the thirtieth day of July, A.D. 1980.

WILLIAM J. GREEN,  
*Mayor of Philadelphia.*

• Bill No. 225

• AN ORDINANCE

Constituting the Sixth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth Supplemental Ordinance thereto; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell Gas Works Revenue Bonds, Sixth Series, of the City of Philadelphia in the maximum aggregate principal amount of one hundred million dollars (\$100,000,000); designating the projects being financed and setting forth the use of proceeds; determining the sufficiency of the project revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Sixth Series Bonds from general accounts of the City; covenanting the payment of interest and principal on the Sixth Series Bonds; authorizing covenants and action in order that the Sixth Series Bonds shall not be arbitrage bonds; amending the General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth Supplemental Ordinance thereto, to provide that interest and income on the Sinking Fund Reserve may be retained in such Reserve by the Director of Finance; and specifying the applicability of sections of The First Class City Revenue Bond Act and the General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth Supplemental Ordinance thereto.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. The Mayor, the City Controller and the City Solicitor (the "Bond Committee"), or a majority of them, are hereby authorized on behalf of the City to borrow, by the issuance and sale of Gas Works Revenue Bonds, Sixth Series, of the City (the "Sixth Series Bonds"), pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act") and the General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth Supplemental Ordinance thereto (the "General Ordinance"), a sum or sums which in the aggregate shall not exceed one hundred million dollars (\$100,000,000) to be expended as provided in Section 2 of this Ordinance. The Sixth Series Bonds shall contain such terms and provisions as are determined by a majority of the Bond Committee to be in the best interest of the City and are not inconsistent with the provisions hereof, of the Act or of the General Ordinance.

The Sixth Series Bonds shall not pledge the credit or taxing power, create any debt or charge against the tax or general revenues or create any lien against any property of the City other than the revenues pledged by the General Ordinance.

SECTION 2. The Sixth Series Bonds shall be issued in respect of capital costs of the gas works system of the City (the "Gas Works") incurred or to be incurred for the purpose of (i) acquiring and constructing the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budget of the City, which may include, without limitation, (a) the acquisition of land or rights therein; (b) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery, and apparatus; (c) the acquisition, construction or replacement of pipes and pipe lines; and (d) the acquisition or replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works system of the City; and (ii) paying any other Project Costs (as defined in the Act), which may include, without limitation, the repayment to any fund of the City or to accounts of the Gas Works of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation tem-

Philadelphia hereby ordains:  
regulation is hereby

THE

along Sun Avenue and a  
south of Bloomfield

1980.

WILLIAM J. GREEN,  
Mayor of Philadelphia.

ance to the General  
of 1975, as amended by  
thereby: authorizing the  
City Solicitor, or a majority  
Bonds, Sixth Series, of the  
sum aggregate principal  
(\$100,000,000); desig-  
and setting forth the use of  
of the project revenues;  
series revenue accounts and  
general accounts of the  
interest and principal on the  
debts and action in order  
not be arbitrage bonds;  
Revenue Bond Ordinance of  
Supplemental Ordinance  
and income on the Sinking  
Reserve by the Director  
of sections of The  
and the General Gas Works  
as amended by the Fifth

porary loan notes or other obligations of the City issued in respect of Project Costs.

The City covenants that the proceeds of the sale of the Sixth Series Bonds which remain available for the payment of the costs of the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budget of the City, after payment of the financing costs, the required payment into the Sinking Fund Reserve and the repayment to the City and the Gas Works of amounts previously advanced for project costs or for the funding or refunding of bond anticipation temporary loans or other obligations as described above, shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts.

SECTION 3. Based on the report of the Director of Finance of the City filed with the Council pursuant to Section 8 of the Act, it is hereby determined that the pledged Project Revenues, as defined in the General Ordinance, will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the General Ordinance.

SECTION 4. Subject to the provisions of Section 7.02 of the General Ordinance, the City covenants that, so long as any of the Sixth Series Bonds shall remain outstanding, all pledged Project Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as otherwise required by the General Ordinance.

SECTION 5. The City covenants that, so long as any Sixth Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its Gas Works Revenue Bond Sinking Fund created under the General Ordinance, at such times and in such annual amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due.

SECTION 6. The Director of Finance is authorized to take such action on behalf of the City with respect to the investment of the proceeds of the Sixth Series Bonds, and the Director of Finance and any member of the Bond Committee are authorized to make such covenants, as may be necessary or advisable in order that the Sixth Series Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code of 1954, as amended.

SECTION 7. The General Ordinance is hereby amended by changing the first sentence of Section 8 of the Fifth Supplemental Ordinance to the General Ordinance to read as follows:

"All interest and income earned on moneys held in the Gas Works Revenue Bond Sinking Fund Reserve created under the General Ordinance (Sinking Fund Reserve Earnings) may, to the extent not required to comply with Section 8.04 of the General Ordinance, be transferred and paid by the Director of Finance to the operating funds of the Gas Works, to be applied as Project Revenues in accordance with the terms of Section 4.02 of the General Ordinance."

SECTION 8. This Ordinance is supplementary to the General Ordinance and all sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Sixth Series Bonds. All definitions of terms contained in the Act or in the General Ordinance shall apply to such terms in this Ordinance.

Approved the thirtieth day of July, A.D. 1980.

WILLIAM J. GREEN,  
Mayor of Philadelphia.

AN ORDINANCE

Enacted at a public hearing held at the City of Philadelphia on the 29th day of September, 1973.

Constituting an amendment to the General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth and Sixth Supplemental Ordinances thereto; changing the definitions of Fiscal Year and Operating Expenses.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. The General Gas Works Revenue Bond Ordinance of 1975, as amended by the Fifth and Sixth Supplemental Ordinances thereto (the "General Ordinance") is hereby amended by changing the definition of Fiscal Year contained in Section 2.01 thereof to read as follows:

"Fiscal Year means the fiscal year for the Gas Works as provided in any ordinance of the City from time to time hereafter enacted. If no other fiscal year is established by ordinance, it shall mean the fiscal year of the City."

SECTION 2. The General Ordinance is hereby amended by changing the definition of Operating Expenses in Section 2.01 thereof to read as follows:

"Operating Expenses means all costs and expenses of the Gas Works necessary and appropriate to operate and maintain the Gas Works in good operable condition during each Fiscal Year, and shall include, without limitation, the Manager's fee, salaries and wages, purchases of service by contract, costs of materials, supplies and expendable equipment, maintenance costs, costs of any property or the replacement thereof or for any work or project, related to the Gas Works, which does not have a probable useful life of at least five years, pension and welfare plan and workmen's compensation requirements, provision for

ember 29, 1973  
City of Philadelphia  
ment Corpora-

n the accrual  
ation shall be  
e Gas Works  
nd accounted  
m January 1,  
gust 31, 1982,  
1, 1973] Sep-  
1974] August  
ber 1 to Au-  
cting shall be  
accounts and  
nts shall  
e Public  
ed or altered,  
ray the spe-  
ribed in this

e effect im-

ember, A.D.

EN,  
Philadelphia.

claims, refunds and uncollectible receivables and for City Charges, all in accordance with generally accepted municipal accounting principles consistently applied, but shall exclude depreciation and interest and sinking fund charges."

SECTION 3. All definitions of terms contained in the General Ordinance shall apply to such terms in this Ordinance to the extent such terms are not defined herein.

EXPLANATION  
(PLEASE REFER TO THE CITY CHARTER)

Approved the twenty-second day of September, A.D. 1982.

WILLIAM J. GREEN,  
*Mayor of Philadelphia.*

Bill No. 1316

AN ORDINANCE

Authorizing and directing the striking from City Plan No. 196 and vacating a legally open portion of Allegheny avenue on the southerly side, from the southeasterly right-of-way line of the Delaware Expressway (L.R. 1000) to the Bulkhead Line of the Delaware River and reserving and placing on the City Plan certain rights-of-way for drainage purposes and construction, reconstruction, repair and maintenance of sewers, under certain terms and conditions.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. Pursuant to Section 11-405 of The Philadelphia Code, the Board of Surveyors of the Department of Streets is authorized and directed to:

(a) Strike from the City Plan and vacate the legally open portion of the southernmost fifteen foot width of Al-

SECTION 4. This ordinance shall not become effective unless the sum of two hundred (\$200) dollars, toward costs thereof, is paid into the City Treasury within sixty (60) days after the approval of this ordinance.

Approved the seventeenth day of May, A.D. 1985.

W. WILSON GOODE,  
*Mayor of Philadelphia.*

Ord. No. 333

AN ORDINANCE

Constituting the Eighth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975, as amended to date; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds, Eighth Series, of the City of Philadelphia in the maximum aggregate principal amount of ninety million dollars (\$90,000,000), provided that if the Bonds are sold at a discount the aggregate principal amount may be increased to reflect such discount so long as the aggregate gross proceeds to the City from the sale of the Bonds do not exceed ninety million dollars (\$90,000,000); designating the projects being financed and setting forth the use of proceeds and permitting the transfer of interest and income earned on such proceeds to the operating funds of the Gas Works; determining the sufficiency of the project

the Sinking Fund Reserve and the repayment to the City and the Gas Works of amounts previously advanced for Project Costs or for the funding or refunding of bond anticipation notes or other obligations as described above, shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts. All interest and income earned on the investment of such proceeds pending expenditure for the aforesaid purposes may be transferred to and deposited in the operating funds of the Gas Works and applied as Project Revenues in accordance with Section 4.02 of the General Ordinance.

Any excess moneys in the Sinking Fund Reserve in respect of the Eighth Series Bonds other than Sinking Fund Reserve Earnings shall be transferred to the accounts of the Gas Works described in this Section 2 and applied to pay capital costs as described in this Section 2.

**SECTION 3.** Based on the report of the Director of Finance of the City filed with the Council pursuant to Section 8 of the Act, it is hereby determined that the pledged Project Revenues, as defined in the General

Ordinance, will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the General Ordinance.

SECTION 4. Subject to the provisions of Section 7.02 of the General Ordinance, the City covenants that, so long as any of the Eighth Series Bonds shall remain outstanding, all pledged Project Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from other Gas Works accounts except as otherwise required by the General Ordinance.

SECTION 5. The City covenants that, so long as any Eighth Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its Gas Works Revenue Bond Sinking Fund created under the General Ordinance, at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due.

SECTION 6. The Director of Finance is authorized to take such action on behalf of the City with respect to the

investment of the proceeds of the Eighth Series Bonds, and the Director of Finance and any member of the Bond Committee are authorized to make such covenants as may be necessary or advisable in order that the Eighth Series Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code of 1954, as amended (the "Code").

SECTION 7. In order to comply with the requirement of Section 103(j) of the Code that all tax-exempt obligations be in registered form, the General Ordinance is hereby amended as follows:

(a) The following definition of Record Date is added to Section 2.01 of the General Ordinance:

"Record Date means, with respect to each interest payment date on the Bonds, that day which next precedes such interest payment date by fifteen (15) days, whether or not such day is a business day."

(b) The General Ordinance is amended by the addition of Section 3.04A, to read as follows:

"The third paragraph of Section 3.04 shall not apply to Bonds issued after May 1, 1985 but, instead, the following provision shall apply to such Bonds: The principal of and interest on (except the final installment of principal and the interest then payable) and the principal, premium, if any, and accrued interest payable upon partial redemption

with respect to, all fully registered installment Bonds, and the interest payable in respect of fully registered Bonds shall be payable by check or draft of the Fiscal Agent mailed to the registered owner of such Bonds at the address of such owner as it appears upon the bond register at the close of business on the Record Date, or, in the case of defaulted interest, as it appears on a special record date established for the payment of such defaulted interest by notice mailed by or on behalf of the City to the registered owner of such Bonds not less than ten (10) days preceding such special record date (such notice to be mailed to the registered owner of such Bonds appearing on the bond register on the close of business on the fifth day preceding the date of mailing); and the records of the Fiscal Agent shall be conclusive as to such payment and shall bind such owner, his successors and assigns whether or not such payment be noted on such Bond. Except as aforesaid, the principal of all Bonds, the premium, if any, payable upon redemption thereof, and the interest on all coupon Bonds payable at or prior to maturity, shall be payable in lawful money of the United States of America at the principal Philadelphia office of the Fiscal Agent in Philadelphia, Pennsylvania, or at the principal office of a paying agent designated in such Bonds, but with respect to such principal, only upon presentation and

surrender of such Bonds, or with respect to interest payable at or prior to maturity of such coupon Bonds, only upon presentation and surrender of the respective coupons for interest, except as otherwise herein provided with respect to mutilated, destroyed, lost or stolen Bonds or coupons."

(c) The first sentence of Section 3.09 of the General Ordinance is amended to read as follows:

"All Bonds of any Series issued hereunder shall be exchangeable for like Bonds of different authorized denominations or for Bonds in different form authorized for the same Series, as the case may be, and, in each case, in the same aggregate principal amount, maturing on the same dates and bearing the same rate of interest as the Bonds to be exchanged, all in the manner hereinafter provided."

(d) The General Ordinance is amended by the addition of Section 3.09A, to read as follows:

"The fourth sentence of Section 3.09 hereof shall not apply to Bonds issued after May 1, 1985 but, instead, the following provision shall apply to such Bonds: All fully registered Bonds issued in exchange for Bonds of any Series shall be dated the date of issuance thereof and shall bear interest from the date from which interest was initially payable with

statement  
of fully  
or draft of  
owner of  
it appears  
ess on the  
rest, as it  
ed for the  
ce mailed  
owner of  
ding such  
ied to the  
n the bond  
fifth day  
ords of the  
ment  
nd assigns  
such Bond.  
Bonds, the  
on thereof.  
able at or  
l money of  
principal  
Agent in  
ncipal office  
ls, but with  
ntation and

respect to such Series or from the next preceding interest payment date of such Series to which interest has been duly paid or provided, whichever is later, or, if the date of authentication shall be an interest payment date to which interest has been duly paid or provided, from such date."

(e) The first sentences of Section 5.02 of the General Ordinance is amended to read as follows:

"Whenever the City shall, by ordinance of the Council, determine to redeem all or part of the Bonds of any Series in accordance with the right reserved so to do, or when the City or the Fiscal Agent shall be required to redeem Bonds pursuant to mandatory redemption provisions, the City or the Fiscal Agent, as the case may be, shall cause a notice of intention to redeem, signed in the name of the City by the Fiscal Agent, to be published once a week for two (2) consecutive weeks, the first publication to be at least thirty (30) days and not more than sixty (60) days before the redemption date, in not less than two (2) nor more than four (4) daily newspapers published in the English language and of general circulation in the City; provided, however, that no such published notice shall be required for the redemption of fully registered Bonds of any Series for which mailed

notice, described in the next succeeding sentence, shall be the only required notice."

(f) Section 5.04 of the General Ordinance is amended to read as follows:

"Upon presentation of any Bond which is to be redeemed in part only, the City and the Fiscal Agent shall execute and deliver to the Holder thereof, at the expense of the City, a new Bond or Bonds of authorized denominations in principal amount equal to and of the same Series and maturity as the unredeemed portion of the Bond or Bonds so presented, which new Bond or Bonds shall be in the same form of the Bond to be redeemed or, at the option of the Holder, in any other form authorized for Bonds of such Series."

SECTION 8. This Ordinance is supplementary to the General Ordinance and all Sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Eighth Series Bonds. All definitions of terms contained in the Act or in the General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

Approved the seventeenth day of May, A.D. 1985.

W. WILSON GOODE,  
*Mayor of Philadelphia.*

at preceding  
which interest  
er is later, or,  
an interest  
uly paid or  
  
the General  
  
ance of the  
of the Bonds  
reserved so  
gent shall be  
atory  
Fiscal Agent,  
intention to  
by the Fiscal  
for two (2)  
to be at least  
xy (60) days  
than two (2)  
published in  
circulation in  
ach published  
option of fully  
which mailed



(Bill No. 379)

AN ORDINANCE

Repealing Bill No. 339, approved by the Mayor of the City of Philadelphia on November 13, 1992, which had constituted the Fourteenth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975, as amended to date (the "General Ordinance"); and enacting provisions newly constituting the Fourteenth Supplemental Ordinance to the General Ordinance; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds of the City of Philadelphia, in one or more series or subseries, in the additional maximum aggregate principal amount of four hundred million (400,000,000.00) dollars (the "Bonds"); provided, however, that the aggregate principal amount of Bonds authorized to be issued to pay the cost of certain projects shall not exceed seventy-five million (75,000,000.00) dollars and the aggregate principal amount issued to redeem or refund certain outstanding Gas Works Revenue Bonds shall not exceed three hundred twenty-five million (325,000,000) dollars; and provided further that, if the Bonds are sold at a discount, the aggregate principal amount may be increased to reflect such discount as long as the aggregate gross proceeds to the City from the sale of the Bonds do not exceed four hundred million (400,000,000) dollars, plus accrued interest, if any, designating that the Bonds are being

issued to pay the costs of certain projects and to redeem or refund all or a portion of certain outstanding series of Gas Works Revenue Bonds and the application of proceeds of the Bonds for such purpose; authorizing the City to obtain credit enhancement for the Bonds; authorizing the sale of Option Rights; determining the sufficiency of Project Revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Bonds from general accounts of the City, covenanting the payment of interest and principal on the Bonds; authorizing covenants and action in order that the Bonds shall not be arbitrage bonds; amending the General Ordinance to authorize bonds to be issued under the General Ordinance in book-entry form, to authorize the sale of the City's optional redemption rights relating to bonds issued under the General Ordinance and to permit conditional redemption calls; and providing that this Ordinance is supplemental to the General Ordinance that the provisions of the General Ordinance and the First Class City Revenue Bond Act, to the extent consistent with this Ordinance, are applicable.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. The ordinance approved November 13, 1992 (Bill No. 339) is hereby repealed.

SECTION 2. The Mayor, the City Controller and the City Solicitor (the "Bond Committee"), or a majority of them, are hereby authorized, on behalf of the City, to borrow, by the issuance and sale of Gas Works Revenue Bonds of the City (the "Bonds"), in one or more series or subseries, pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act") and the General Gas Works Revenue Bond Ordinance of 1975, adopted by the City on May 30, 1975, as amended to date (the "General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of Bonds authorized to be issued hereunder, to be expended as

provided in Section 2 of this Ordinance. The Bonds shall be sold at public or private sale and shall contain such terms and provisions as are determined by a majority of the Bond Committee to be in the best interests of the City and are not inconsistent with the provisions hereof, of the Act or of the General Ordinance. If a majority of the Bond Committee determines it to be in the best interests of the City, the Bonds may be issued in book-entry form; in such event a majority of the Bond Committee shall also select a securities depository for the Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may obtain credit enhancement for all or a portion of the Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may sell Option Rights relating to the Bonds. A majority of the Bond Committee is authorized to take any and all other actions as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

The aggregate principal amount of Bonds which are authorized to be issued hereunder shall not be more than four hundred million (400,000,000) dollars; provided, however, that the aggregate principal amount of Bonds authorized to be issued to pay the cost of certain projects shall not exceed seventy-five million (75,000,000) dollars and the aggregate principal amount issued to refund certain outstanding series of Gas Works Revenue Bonds shall not exceed three hundred twenty-five million (325,000,000) dollars; and provided further that, if any of the Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed four hundred million (400,000,000) dollars, plus accrued interest, if any.

The Bonds shall not pledge the credit or taxing power, create any debt or charge against the tax or general revenues or create any lien against any property of the City other than the revenues pledged by the General Ordinance. The opinion of the City Solicitor required by Section 8 of the Act with respect to the matters stated in the preceding sentence is attached hereto as Exhibit A.

SECTION 3. The Bonds shall be issued for the purpose of providing funds for any or all of the following purposes: (i) acquiring and constructing the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council, which may include, without limitation, (a) the acquisition of land or rights therein; (b) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery and apparatus; (c) the acquisition, construction or replacement of pipes and pipe lines; and (d) the acquisition or replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works system of the City; (ii) the refunding of all or a portion of certain series of the City's outstanding Gas Works Revenue Bonds, consisting of the Third Series, Fourth Series, Fifth Series, Eighth Series, Tenth Series, Eleventh A Series, Eleventh C Series, Twelfth A Series, Twelfth B Series and the Thirteenth Series, or such other series as shall be designated by the City's Director of Finance (the "Prior Bonds"); (iii) paying the costs of issuing the Bonds and any required deposits to the Sinking Fund Reserve; and (iv) paying any other Project Costs (as defined in the Act) which may include, without limitation, the repayment to any fund of the City or to accounts of the Gas Works of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect to Project Costs.

The City covenants that proceeds of the Bonds applicable to the refunding of the Prior Bonds will be deposited in one or more escrow or similar accounts with the Fiscal Agent, as defined in the General Ordinance, separate and apart from all other accounts of the City or Gas Works, including the Sinking Fund established by the General Ordinance, to be held for the benefit of the holders of the applicable refunded Prior Bonds and applied to payment of the Prior Bonds in accordance with a certificate of the Director of Finance or escrow deposit agreement (as to Prior Bonds that are being currently refunded) or an escrow deposit agreement (as to Prior Bonds that are being advance refunded).

The City covenants that the proceeds of the Bonds which remain available for the payment of the costs of the capital improvements, after payment of the financing costs, the required payment into the Sinking Fund Reserve and the repayment to the City and the Gas Works of amounts previously advanced for Project Costs or for the funding or refunding of bond anticipation notes or other obligations as described above, shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate and apart from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts. All interest and income earned on the investment of such proceeds (except for amounts to be rebated to the United States) pending expenditure for the aforesaid purposes may be transferred to and deposited in the operating funds of the Gas Works and applied as Project Revenues in accordance with Section 4.02 of the General Ordinance.

The Director of Finance is hereby authorized to determine, on behalf of the City, the particular series and

maturities of the Prior Bonds to be refunded, the amount of Bond proceeds to be applied to the refunding of the Prior Bonds and to deposit such proceeds in an escrow account for the benefit of the holders of the refunded Prior Bonds, and to take any and all other action, including the irrevocable pledge of such proceeds and/or the income or profit from the investment thereof, for the payment and redemption of the refunded Prior Bonds, and the publication of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the refunding of the Prior Bonds and to comply with the requirements of Section 10 of the Act.

Any excess moneys in the Sinking Fund Reserve in respect of the Bonds other than Sinking Fund Reserve Earnings shall be transferred to the accounts of the Gas Works described in this Section 3 and applied to any of the purposes described in this Section 3.

SECTION 4. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Project Revenues, as defined in the General Ordinance, will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the General Ordinance. An executed copy of the Financial Report is attached hereto as Exhibit B.

SECTION 5. Subject to the provisions of Section 7.02 of the General Ordinance, the City covenants that, as long as any of the Bonds shall remain outstanding, all pledged Project Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for

Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the General Ordinance.

SECTION 6. The City covenants that, as long as any Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its Gas Works Revenue Bond Sinking Fund created under the General Ordinance, at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the Bonds, such obligation may be satisfied, in whole or in part, by the delivery by the City to the Fiscal Agent of a principal amount of Bonds of the maturity required to be redeemed for cancellation prior to the date specified for such redemption.

SECTION 7. The Director of Finance is authorized to make such elections under the Internal Revenue Code of 1986, as amended and Treasury Regulations promulgated thereunder with respect to the Bonds as he deems advisable, and to take such action on behalf of the City with respect to the investment of the proceeds of the Bonds, and the Director of Finance and any member of the Bond Committee are authorized to make such covenants as may be necessary or advisable in order that the Bonds shall not be "arbitrage bonds" as defined in the Internal Revenue Code of 1986, as amended.

SECTION 8. In accordance with Section 6.04 of the General Ordinance, the City is authorized to accumulate from Project Revenues, over a period of not more than six (6) Fiscal Years from the date or dates of issuance and delivery of the Bonds, the amount required by the General Ordinance to be deposited in the Sinking Fund Reserve in respect thereof.

SECTION 9. Section 3.02 of the General Ordinance is hereby amended to provide that the form of fully registered bond may contain provisions related to Option Rights and mandatory tender for purchase substantially as follows:

In addition to being subject to optional redemption by the City, the Bonds maturing on or after \_\_\_\_\_ are subject to mandatory tender for purchase on and after \_\_\_\_\_, in whole or in part, at any time, from any maturities selected by the City and by lot within each maturity at a price equal to the principal amount of each Bond or portion thereof so required to be tendered for purchase, accrued interest thereon to the purchase date, if the purchase date is not an interest payment date, and a premium computed in accordance with the following schedule:

[insert specific provisions relating to purchase]

The right to call a Bond for mandatory tender for purchase as described above is referred to as an "Option Right." Prior to the exercise of the Option Right, the City must deliver to the Fiscal Agent an opinion of nationally recognized bond counsel that such exercise is permitted by law and will not affect the validity of the Bonds or the exclusion of the interest thereon from gross income for federal income tax purposes.

To the extent permitted by law, the City has the right to sell all or any part of its Option Rights to one or more third parties in the manner, at the times and upon the conditions provided in the General Ordinance. Prior to the initial sale of any Option Rights, the City must deliver to the Fiscal Agent an opinion of nationally recognized bond counsel that such sale is

authorized by law and will not affect the validity of the Bonds or the exclusion of interest thereon from gross income for federal income tax purposes.

To the extent permitted by law, purchase of the Bonds by the City or use of any funds by the City to effectuate any such purchase shall not be deemed to be a payment or redemption of the Bonds or of any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Bonds. The holder of this bond agrees to be bound by such terms of the General Ordinance.

The City shall not sell Option Rights in such amounts and for such periods so that on any mandatory redemption date, there are insufficient callable Bonds of the appropriate maturity, available to meet the mandatory redemption date.

If less than all of the Bonds are called for mandatory tender for purchase, the particular Bonds or portions of Bonds to be called for mandatory tender for purchase shall be selected not less than forty-five (45) days prior to the date fixed for redemption by the Fiscal Agent by lot. Bonds in a denomination of more than five thousand (5,000) dollars may be redeemed or called for mandatory tender for purchase in part from time to time in one or more units of five thousand (5,000) dollars within a single maturity in the manner provided in the General Ordinance.

If any of the Bonds, or portions thereof, are called for mandatory tender for purchase, the Fiscal Agent will give notice to the holders of any such Bonds to be called, in the name of the City, of the

mandatory tender for purchase of such Bonds, or portions thereof, which notice will specify the Bonds to be redeemed or purchased, the redemption or purchase date and the place or places where amounts due upon such redemption or purchase will be payable and, if less than all of the Bonds are to be redeemed or purchased, the numbers of such Bonds to be purchased, and, in the case of Bonds to be purchased in part only, such notice will also specify the respective portion of the principal amount thereof to be purchased. Such notice will be given by mailing a copy of the redemption or purchase notice by first class mail at least thirty (30) days prior to the date fixed for redemption for purchase to the holder of each Bond to be purchased, at the address shown on the registration books; provided, however, that failure to give such notice by mail, or any defect in the notice mailed to the holder of any Bond, shall not affect the validity of the proceedings for the redemption or purchase of any other Bond. If funds for their redemption are on deposit with the Fiscal Agent, all Bonds so called for redemption will cease to bear interest on the specified redemption date. Bonds called for mandatory tender for purchase, for which funds are held by the Fiscal Agent, shall be deemed to have been purchased and the holder thereof shall not be entitled to any payment other than the purchase price thereof and any accrued and unpaid interest due on the purchase price.

The above provisions may be modified if the Bond Committee, or a majority of them, determines that it is in the best interest of the City to do so in order to conform with customary provisions relating to Option Rights.

SECTION 10. Section 3.02 of the General Ordinance is further amended to provide that the form of fully registered bond may contain provisions relating to book-entry registration as may be required by the Fiscal Agent or the securities depository for such Bonds or as may be customary for bonds issued in book-entry form.

SECTION 11. Article III of the General Ordinance is amended by the addition of a new section designated Section 3.16 to read as follows:

The Bond Committee, or a majority of them, may determine to issue one or more series of Bonds in book-entry (uncertificated) form and may designate a securities depository (the "Depository") for each series of Bonds issued in book-entry form. In the event Bonds are issued in book-entry form, the ownership of one fully registered Bond for each maturity of such series, each in the aggregate principal amount of such maturity, will be registered in the name(s) designated by the Depository. So long as the book-entry only system is applicable to a series of Bonds, the provisions of this Section 3.16 shall govern as to matters set forth in this Section.

Pursuant to the book-entry only system, ownership interests in the Bonds may be purchased in the manner directed by the Depository, which may be through financial institutions for whom the Depository effects book-entry transfers (the "Participants"). A Beneficial Owner, who is the owner of such an interest in a Bond, will not receive certificated Bonds and will not be the registered owner thereof. Receipt by the Beneficial Owners of timely payment of principal, purchase price, redemption price and interest on the Bonds, is subject to the Depository's making such timely payment, either to the Beneficial Owner or to the

Participants to be forwarded to the Beneficial Owners. Neither the City nor the Fiscal Agent will have any responsibility or obligation to such Participants or to the Beneficial Owners for any failure of the Depository to act or make any payment with respect to the Bonds or the providing of notices relating to redemption or mandatory tender to Participants or the Beneficial Owners of the Bonds.

The Depository will receive payments from the Fiscal Agent to be remitted by the Depository to the Beneficial Owners or to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Bonds shall be recorded on the records of the Depository or the records of the Participants, whose ownership interests will be recorded on the records of the Depository.

When notices are given, they shall be sent by the Fiscal Agent to the Depository with a request that the Depository forward (or cause to be forwarded) the notice to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the Beneficial Owners, or to the Beneficial Owners.

Transfers of ownership interests in the Bonds will be accomplished by book-entries made by the Depositories and/or the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except as specifically provided herein. So long as the Depository is the Bondholder, interest, principal and redemption price of the Bonds will be paid when due by the Fiscal Agent to the Depository, then paid by the Depository to the Beneficial Owners, or by the Depository to the Participants

and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under this Ordinance.

For every transfer and exchange of the Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any Bonds shall be required to be made fewer than fifteen (15) days prior to any interest payment date or fifteen (15) days prior to any mailing of notice of redemption of the Bonds. No transfers shall be made of Bonds previously called for redemption, except pursuant to the optional or mandatory tender provisions hereof.

The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates.

The Bondholders have no right to a depository for the Bonds. If the book-entry only system is no longer utilized, upon receipt of notice from the Fiscal Agent, the Beneficial Owners may elect to receive bond certificates.

Notwithstanding any other provision of this Ordinance or the Bonds, so long as the Depository is the registered Bondholder of all Bonds, the Depository may present notices, approvals waivers or other communications

required or permitted to be made by Bondholders under this Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners through the Depository or the Participants.

The appropriate officials of the City, are authorized to execute any documentation required by the Depository in connection with book-entry registration of a series of Bonds.

SECTION 12. Section 5.02 of the General Ordinance is hereby amended by the addition of a third paragraph to read as follows:

If a notice is given with respect to an optional redemption, such notice may provide that the redemption is conditioned upon the deposit of moneys with the Fiscal Agent before the date fixed for redemption and such notice shall be of no effect and such redemption shall not occur unless such moneys are so deposited. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Fiscal Agent shall within a reasonable time thereafter give notice to the holders of Bonds which were to be redeemed that such moneys were not so received.

SECTION 13. The General Ordinance is hereby amended by the addition of a new section designated Section 5.05 to read as follows:

SECTION 5.05(a) Any series of Bonds issued under this Ordinance may provide that some or all of the Bonds of such series are subject to mandatory tender for purchase. The right to call Bonds of a series for mandatory tender for purchase is referred to as an "Option Right." The Supplemental Ordinance pursuant to which

such Bonds are issued shall provide that the Bond Committee, or a majority of them, may determine to sell Options Rights with respect to one or more series of Bonds. Prior to the exercise of an Option Right, the City shall deliver to the Fiscal Agent an opinion of nationally recognized bond counsel that such exercise is permitted by law and will not affect the validity of the Bonds of such series or the exclusion of the interest thereon from gross income for federal income tax purposes.

(b) To the extent permitted by law, the City shall have the right, with respect to a series of Bonds that includes Option Rights, to sell all or any part of such Option Rights. Any such sale will transfer to the purchaser thereof (the "Option Rights Owner"), all or a designated part of the City's right during an identified period of time (the "Option Period") to require the mandatory tender for purchase of an identified principal amount of an identified maturity (or mandatory sinking fund installment) of Bonds of a series prior to the maturity of such Bonds. In addition, if Option Rights for a principal amount of a maturity (or mandatory sinking fund installment) of Bonds of a series are sold, during the Option Period the City will not have the right to optionally redeem a principal amount of such series of Bonds equal to the principal amount as to which Option Rights have been sold. Any exercise by such Option Rights Owner of its rights to have Bonds mandatorily tendered for purchase shall be subject to the terms, conditions and prices set forth in such Bonds and other provisions of the Supplemental Ordinance pursuant to which such Bonds are issued. Prior to the initial sale of any Option Rights, the City shall deliver to the

Fiscal Agent an opinion of nationally recognized bond counsel that such sale is authorized by law and will not affect the validity of the Bonds of such series or the exclusion of the interest thereon from gross income for federal income tax purposes.

(c) In the event the City sells all or a portion of its Option Rights for a series of Bonds, the following shall apply:

(i) The Option Rights so sold shall be evidenced by certificate (the "Rights Certificates"), executed in the manner Bonds are executed as provided in Section 3.10 of this Ordinance. Each Rights Certificate shall identify the maturity (or mandatory sinking fund installment) and principal amount of the series of Bonds to which it applies, and the Option Period during which the Option Rights evidenced by the Rights Certificate is exercisable. No single Rights Certificate shall be issued for more than one maturity (or mandatory sinking fund installment) of a series of Bonds. The Rights Certificates shall represent Bonds of that series of five thousand (5,000) dollars or any integral multiple thereof or any large minimum denomination specified in the instrument of the City authorizing the sale of the Rights Certificates.

(ii) The Rights Certificates shall be in a form approved by the Bond Committee.

The City may provide for a book-entry system for the Option Rights which conforms with this Section.

(iii) In order to exercise the Option Rights represented by a Rights Certificate, except under the conditions set forth in paragraph (vi) below), the Rights Certificate, the purchase price and written instructions which

designates the purchase date and, if less than all of the Bonds to which the Rights Certificate pertains are to be purchased, the principal amount to be purchased, must be delivered to the Fiscal Agent not less than forty-five (45) nor more than ninety (90) days after delivery of the Rights Certificate, purchase price and written instructions to the Fiscal Agent and must be a date that is included in the Option Period specified in the Rights Certificate.

(iv) Upon receipt of a Rights Certificate, the purchase price and instructions as provided in paragraph (ii) of this subsection, the Fiscal Agent (or, alternatively, a securities depository of a book-entry system if such system is in effect) shall select, by lot, a Bond or Bonds of such series to be tendered for purchase, which Bond or Bonds are subject to mandatory tender for purchase during the Option Period specified in the Rights Certificate, of the same maturity (or mandatory sinking fund installment) and in a principal amount equal to that specified in the Rights Certificate (or irrevocable instructions if only a portion of such Bonds to which the Rights Certificate pertains are being purchased). Such selection shall be made between thirty (30) and forty-five (45) days prior to the purchase date. A portion of any Bond of such series in a denomination that exceeds five thousand (5,000) dollars may be called for mandatory tender for purchase pursuant to this section, and if so called, the Fiscal Agent shall authenticate and deliver a new bond for the unpurchased portion of that Bond to the registered owner thereof (or if a book-entry system is in effect, the securities depository shall note the change in the amount of the beneficial owner's interest in the Bond by book-entry).

(v) Any Bond called for mandatory tender for purchase must (if a book-entry system is not in effect) be delivered to the Fiscal Agent on the purchase date and upon such delivery, the purchase price will be paid to the registered owner thereof. (If the purchase date is a principal or interest payment date for the Bonds, the interest due on the Bonds shall be paid as provided in such series of Bonds). Any Bond so called for mandatory tender for purchase which is not so presented shall be an "Undelivered Bond," and shall be treated as purchased by the holder of the Option Rights being exercised for all purposes hereof and the holder of such Undelivered Bond shall not be entitled to any payment other than the purchase price thereof (and any accrued and unpaid interest due on the purchase date) and Undelivered Bonds in the hands of such non-delivering holder shall no longer accrue interest or be entitled to the benefits of this Ordinance or any Supplemental Ordinance pursuant to which such Undelivered Bonds were issued, except for the payment of the purchase price and any unpaid interest due on the purchase date from the funds held by the Fiscal Agent thereof, provided that the indebtedness represented by such Bonds shall not be extinguished, but shall be transferred by the Fiscal Agent to the holder of the Option Right. The Fiscal Agent shall cancel any Bonds tendered for mandatory purchase and issue a new bond in the same principal amount and with the same interest rate, maturity date, form and tenor (except that such Bond or portion thereof tendered for mandatory purchase shall state that it is a Bond which is not subject to mandatory tender for purchase or optional redemption for the Option Period during which the Option Right evidenced by the Rights Certificate being

exchanged for such Bond was exercisable) to the owner of the Rights Certificate pursuant to which the Bond was called for mandatory tender for purchase. The Fiscal Agent shall note on the registration records that such Bond is not subject to mandatory tender for purchase or optional redemption for the designated Option Period. If a book-entry system is then in effect for the Bonds, the Fiscal Agent shall require that a new Bond so issued by registered in the name of and delivered to the person designated by the securities depository which is holding certificates pursuant to the book-entry system.

(vi) If the Option Rights Owner is also the owner of a Bond of the same series and of the maturity to which the Option Rights Owner's Rights Certificate pertains, which Bond is subject to mandatory tender for purchase during the Option Period specified in the Rights Certificate, that Option Rights Owner may present to the Fiscal Agent the Rights Certificate and the Bond and request that the Fiscal Agent cancel the Rights Certificate and designate the Bond to be a Bond which is not subject to mandatory tender for purchase or optional redemption during the Option Period specified in the Rights Certificate. Upon receipt of such Rights Certificate, Bond and request, the Fiscal Agent shall so designate the Bond on its records and on the Bond itself (by stamping or other appropriate means of identification or by issuing a replacement Bond), and that bond or any Bond thereafter issued and a transfer or exchange for that Bond shall not be subject to mandatory tender for purchase or optional redemption during the designated Option Period. The Fiscal Agent is not required to honor such a request if it is made within the fifteen (15) day period

preceding the selection of Bonds of the same series and same maturity (or mandatory sinking fund installment) as the Bond presented for prior redemption or mandatory tender for purchase. The Fiscal Agent may charge the Option Rights Owner a fee to compensate it for its expenses in connection with the exchange contemplated herein and shall charge the Option Rights Owner for any tax or any governmental charge imposed in connection therewith. At the request of the holder, the City and the Fiscal Agent shall cooperate in obtaining a new CUSIP number, if needed or desirable, for such Bond.

(vii) Between one hundred eighty (180) and thirty (30) days prior to the execution by the City of a contract for the sale of any Option Rights, the City shall cause the Fiscal Agent to mail a notice by registered or certified mail to the registered owner of each of the Bonds subject to the Option Rights. Such notice shall state that it is a notice of proposed sale of Option Rights with respect to such Bonds and shall include the name and address of the person or entity from which additional information concerning the proposed sale may be obtained. In addition, such notice may list the maturities (or mandatory sinking fund installments) with respect to which the Option Rights are proposed to be sold and the CUSIP numbers of the Bonds corresponding to those maturities (or mandatory sinking fund installments). Any error in such maturities (or designation of mandatory sinking fund installments) of CUSIP numbers or any other error in such notice shall not affect the ability of the City to proceed with the sale of the Option Rights. Actual receipt of a mailed notice by the registered owner of any Bond shall not be a condition precedent to the sale of the Option Rights with respect to that

Bond or any other Bond. A certificate by the Fiscal Agent that such notice has been given as herein provided shall be conclusive as against all parties.

(viii) Notwithstanding Article VIII hereof, any provision in this Ordinance dealing with Option Rights or the Rights Certificates may be amended by the City, prior to the sale of the Option Rights without consent of the holders of the applicable series of Bonds, provided that no such amendment may be made which adversely affects or changes the security for or payment of the Bonds, or manner of making such payment, or which permits Bonds of such series to be called for mandatory tender for purchase prior to the dates specified or at prices less than those specified in such series of Bonds, or which permits less than thirty (30) days mailed notice to the registered owner of any such Bonds called for mandatory tender for purchase, or which permits the City to sell the Option Rights without making the mailing of a notice to the owners of the Bonds subject to the Option Rights as required in paragraph (vii) of this Section 5.05(c).

(ix) The City shall not sell Option Rights (other than mandatory sinking fund Option Rights) in such amounts and for such periods so that on any mandatory sinking fund redemption date, there are insufficient callable bonds for the appropriate maturity, available to meet the mandatory sinking fund redemption requirement.

SECTION 14. This Ordinance is supplementary to the General Ordinance and all sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Bonds. All definitions of terms contained in the Act or the General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

APP. NO. 13-22

SECTION 15. This Ordinance shall take effect immediately.

EXHIBIT A

OFFICE OF THE  
DIRECTOR OF FINANCE

December 1, 1992.

To the President and Members of the  
Council of the City of Philadelphia.

FINANCIAL REPORT OF THE DIRECTOR OF  
FINANCE

RE: Philadelphia Gas Works Revenue Bonds.  
Fourteenth Series

The Mayor has transmitted to the Council the Fourteenth Supplemental Ordinance (the "Fourteenth Supplemental Ordinance") to the General Gas Works Revenue Bond Ordinance of 1975, as amended (the "General Ordinance"), authorizing the issuance and sale of a maximum principal amount of \$400,000,000 (or, if the Bonds are sold at a discount, such greater principal amount as will reflect such discount so long as the aggregate gross proceeds to the City do not exceed (\$400,000,000) of Gas Works Revenue Bonds, Fourteenth Series (the "Bonds") of the City of Philadelphia (the "City").

In preparation for the issuance of the Bonds, the Philadelphia Gas Works, a City-owned utility (the "Gas Works") has engaged the firm of Stone and Webster Management Consultants, Inc. of New York, New York ("Stone and Webster") to (i) investigate the physical properties included in the Gas Works and the accounts and records of the Gas Works; (ii) review the capital program of the Gas Works; and (iii) compile relevant data upon which to make projections to determine whether the revenues of the Gas Works are and will be sufficient to satisfy the tests of adequacy required by Act No. 234 of October 18, 1972, known as the First Class City Revenue Bond Act (the "Act") and the General Ordinance.

The firm of Stone and Webster is an independent consulting firm having broad experience in utility systems of a similar magnitude and scope as the Gas Works and has a favorable reputation for competence in this field of work. They have conducted an in-depth examination of the Gas Works and have collaborated with the officers and employees of the Gas Works in the preparation of a report (the "Engineering Report"), a copy of which is attached hereto.

The Engineering Report forms the basis for the statements and opinions contained herein. The Engineering Report has been reviewed by the Gas Works.

Therefore, this Financial Report is transmitted in compliance with Section 3 of the Act and Section 4.03(a) of the General Ordinance:

(i) The Bonds are to be issued in respect of capital costs of the Gas Works incurred or to be incurred for the purpose of (a) acquiring and constructing the capital improvements included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council which may include, without limitation (1) the acquisition of land or rights therein; (2) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery and apparatus; (3) the acquisition, construction or replacement of pipes and pipe lines; and (4) the acquisition or replacement of property of a capital nature for use in the operation, maintenance and administration of the Gas Works; (b) paying the costs of issuing the Bonds and making any required deposits to the Sinking Fund Reserve; (c) paying any other Project Costs and reimbursing the Gas Works or the City for amounts advanced for Project Costs and (d) the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect of Project Costs.

(ii) The revenues pledged for the payment of the Bonds will be derived from the gas rents, rates and charges imposed or charged by the Gas Works upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom, being all revenues defined as "Project Revenues" in the Act and in the General Ordinance.

(iii) Assuming not more than \$400,000,000 of Bonds are to be issued, amortizing over 30 years, at an average interest rate not exceeding 3.50 percent, I find that with the rates currently in effect and on the basis of estimated future financial operations of the Gas Works, as detailed in the Engineering Report, the Gas Works will, in my opinion, yield pledged Project Revenues over the amortization period of the Bonds sufficient to meet the payment and/or deposit requirements of (a) all expenses of operation, maintenance, repair and replacement of the Gas Works; (b) all reserve or special funds required to be established and maintained with respect to such Project Revenues; (c) the principal of and interest on all Gas Works Revenue Bonds, as the same shall become due and payable; and (d) any State taxes assumed by the City to be paid on the Bonds and also to provide such coverage on the Bonds as prescribed by Section 4.03(b) of the General Ordinance.

(iv) The project revenues forming the basis for the statements set forth in clause (iii) above comply with the requirements of the definition of "Project Revenues" contained in Section 2 of the Act. Furthermore, the statements set forth in clause (iii) above as to the sufficiency of Project Revenues, would not be substantially affected by a 200 basis point increase in the Bonds' interest rate or mathematically equivalent changes in the Bonds' parameters.

(v) Based on their investigations, Stone and Webster have found that the Gas Works is in good operating condition and that adequate steps are being taken to maintain it in good operating condition.

For the purpose of the opinion expressed in clause (iii) above, you are advised that no State taxes on the Bonds are assumed by the City.

Respectfully submitted,

STEPHEN P. MULLIN,

*Director of Finance.*

EXHIBIT B  
CITY SOLICITOR

December 1, 1992.

Honorable John F. Street, President  
City Council of Philadelphia

RE: Philadelphia Gas Works  
Revenue Bonds, Fourteenth Series

Dear Council President Street:

The office of the City Solicitor has reviewed the First Class City Revenue Bond Act, the General Gas Works Revenue Bond Ordinance of 1975, as amended (the "General Ordinance"), and the proposed Fourteenth Supplemental Ordinance thereto authorizing the issuance of Gas Works Revenue Bonds in the maximum principal amount of \$400,000,000 (or, if the Bonds are sold at a discount, such greater principal amount as will reflect such discount so long as the aggregate gross proceeds to the City do not exceed \$400,000,000) (the "Fourteenth Supplemental Ordinance").

Based on that review, it is my opinion that the registered owners of bonds to be issued under the Fourteenth Supplemental Ordinance will have no claim upon the taxing power or general revenues of the City of Philadelphia, nor will they have any lien upon any property of the City of Philadelphia other than the Project Revenue (as defined in the General Ordinance) and the funds properly pledged to such bond owners pursuant to the terms and conditions of the General Ordinance and the Fourteenth Supplemental Ordinance.

Sincerely,

JUDITH E. HARRIS,

*City Solicitor.*

CERTIFICATION: This is a true and correct copy of the original Ordinance approved by the Mayor on

JANUARY 28, 1993

*Marie B. Hawn*

Chief Clerk of the Council

# City of Philadelphia



( Bill No. 990285 )

## AN ORDINANCE

Constituting the Sixteenth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975, as amended (the "1975 General Ordinance"); authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds (1975 General Ordinance), Sixteenth Series, of the City of Philadelphia, in one or more subseries, in the maximum aggregate principal amount of eighty million (80,000,000) dollars (the "Sixteenth Series Bonds"); provided, however, that, if the Sixteenth Series Bonds are sold at a discount, the aggregate principal amount may be increased to reflect such discount as long as the aggregate gross proceeds to the City from the sale of the Sixteenth Series Bonds do not exceed eighty million (80,000,000) dollars, plus accrued interest, if any; designating that the Sixteenth Series Bonds are being issued to redeem or refund all or a portion of certain outstanding series of revenue bonds of the Philadelphia Gas Works (the "Gas Works") and the application of proceeds of the Sixteenth Series Bonds for such purpose; authorizing the City to obtain credit enhancement for the Sixteenth Series Bonds; determining the sufficiency of Gas Works revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Sixteenth Series Bonds from general accounts of the City; covenanting the payment of interest and principal on the Sixteenth Series Bonds; authorizing covenants and action in

# City of Philadelphia

Bill No. 990285

Certified Copy

(as defined in the Act) relating to the refunding of the Prior Bonds or the issuance of the Sixteenth Series Bonds, which may include, without limitation, the repayment to any fund of the City or to accounts of the Philadelphia Gas Works (the "Gas Works") of amounts advanced for Project Costs, and the funding or refunding of outstanding bond anticipation notes or other obligations of the City issued in respect of Project Costs.

The City covenants that proceeds of the Sixteenth Series Bonds applicable to the refunding of Prior Bonds will be deposited in one or more escrow or similar accounts with the Fiscal Agent under and as defined in the 1975 General Ordinance, separate and apart from all other accounts of the City or the Gas Works, including the Sinking Fund established by the 1975 General Ordinance, to be held for the benefit of the holders of the applicable refunded Prior Bonds and applied to payment of refunded Prior Bonds in accordance with a certificate of the Director of Finance or an escrow deposit agreement (as to Prior Bonds that are being currently refunded) or an escrow deposit agreement (as to Prior Bonds that are being advance refunded).

The Director of Finance is hereby authorized to determine, on behalf of the City, the particular series and maturities of the Prior Bonds to be refunded and the amount of proceeds of the Sixteenth Series Bonds to be applied to the refunding of such Prior Bonds, to use such proceeds to redeem, or to deposit in an escrow account for the benefit of the holders of, the refunded Prior Bonds, and to take any and all other action, including the irrevocable pledge of such proceeds and/or the income or profit from the investment thereof, for the payment and redemption of the refunded Prior Bonds, and the publication of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the refunding of the Prior Bonds selected for refunding and to

# City of Philadelphia

Bill No. 990285

Certified Copy

comply with the requirements of Section 10 of the Act.

SECTION 3. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Project Revenues (as defined in the 1975 General Ordinance) will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the 1975 General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the 1975 General Ordinance. An executed copy of the Financial Report is attached hereto as Exhibit B.

SECTION 4. The City covenants that, as long as any of the Sixteenth Series Bonds shall remain outstanding, all pledged Project Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the 1975 General Ordinance.

SECTION 5. The City covenants that, as long as any Sixteenth Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its Gas Works Revenue Bond Sinking Fund created under the 1975 General Ordinance at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the Sixteenth Series Bonds, such obligation may be satisfied, in whole or in

# City of Philadelphia

Bill No. 990285

Certified Copy

redemption price of the Sixteenth Series Bonds will be paid when due by the Fiscal Agent to the Depository, then paid by the Depository to the Beneficial Owners, or by the Depository to the Participants and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under the Sixteenth Series Bonds.

For every transfer and exchange of the Sixteenth Series Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Sixteenth Series Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any Sixteenth Series Bonds shall be required to be made fewer than fifteen (15) days prior to any interest payment date or fifteen (15) days prior to any mailing of notice of redemption of the Sixteenth Series Bonds. No transfers shall be made of Sixteenth Series Bonds previously called for redemption, except pursuant to any optional or mandatory tender provisions thereof.

The Depository may determine to discontinue providing its services with respect to the Sixteenth Series Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates in such names as the City and the Fiscal Agent are directed by the Depository.

The Bondholders have no right to a depository for the Sixteenth Series Bonds. If the book-entry only system is no longer utilized, bond certificates will be issued in such names as the City and the Fiscal Agent are directed by the Depository.

Notwithstanding any other provision of the 1975 General

# City of Philadelphia

Bill No. 990285

Certified Copy

Ordinance, so long as the Depository is the registered Bondholder of all Sixteenth Series Bonds, the Depository may present notices, approvals, waivers or other communications required or permitted to be made by Bondholders under the 1975 General Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners.

The appropriate officials of the City are authorized to execute any documentation required by the Depository in connection with book-entry registration of the Sixteenth Series Bonds.

SECTION 8. This Ordinance is supplementary to the 1975 General Ordinance and all sections of the 1975 General Ordinance not modified, amended or superseded by this Ordinance are applicable to the Sixteenth Series Bonds. All definitions of terms contained in the Act or the 1975 General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

SECTION 9. This Ordinance shall take effect immediately.

# City of Philadelphia

Bill No. 990285

Certified Copy

**CERTIFICATION:** This is a true and correct copy of the original Bill, Passed by the City Council on May 27, 1999 The Bill was Signed by the Mayor on May 31, 1999



**Marie B. Hauser**  
Chief Clerk of the City Council

Certificate As To Legislative Procedures, Compliance  
With Statutory Requirements and Effective Status of  
Bond Ordinance and Related Ordinances

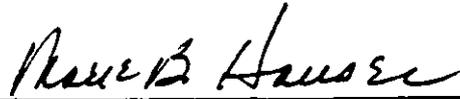
Re: \$113,965,000 City of Philadelphia, Pennsylvania  
Gas Works Revenue Bonds (1998 General Ordinance), Second Series

I, Marie B. Hauser, Chief Clerk of the Council of the City of Philadelphia, Pennsylvania (the "Council"), do hereby certify that it appears from the records of said Council that:

- a. Public hearings were held on each of the Bills listed below, as required by Section 2-201(2) of the Philadelphia Home Rule Charter:
  - i. Bill No. 980232 approved by the Mayor on May 8, 1998, authorizing generally the issuance and sale of Gas Works Revenue Bonds as specified by supplemental ordinances (hearing held April 21, 1998).
  - ii. Bill No. 990286 approved by the Mayor on May 31, 1999, authorizing the creation of a loan in the amount of up to \$115,000,000 to be evidenced by Gas Works Revenue Bonds (hearing held May 11, 1999).
- b. Notice of public hearings on said Bills and of their reports from committee were duly given by advertisement, each such Bill was duly enacted by the affirmative vote of a majority of all the members of the Council after the elapse of not less than five days from the printing and distribution of such Bill as reported from committee, and the votes thereon have been recorded in the Journal of Council, all as required by Section 2-201 of the Philadelphia Home Rule Charter.
- c. A summary of each section of Bills No. 980232 and No. 990286 were duly published, as required by Article XVIII, Section 3, of the Act of June 25, 1919, P.L. 581, and each such Bill was duly passed by the affirmative vote of two-thirds of the members of the Council, as required by Article XVIII, Section 1, of such Act.
- d. Prior to the enactment of Bill No. 990286, the Director of Finance of the City of Philadelphia (the chief fiscal officer of the City of Philadelphia), in accordance with Section 8 of The First Class City Revenue Bond Act, Act. No. 234, approved October 18, 1972 (the "Revenue Bond Act"), filed with Council the following documents:
  - i. An executed copy of the financial report dated May 7, 1999, signed by the chief fiscal officer of the City of Philadelphia, together with an executed letter of Stone & Webster Management Consultants, Inc., independent consultants, addressed to the Director of Finance of the City of

Philadelphia, and a copy of the report on the Gas Works of the City of Philadelphia prepared by said independent consultants attached thereto, as required by Section 8(a) of the Revenue Bond Act; and

- ii. An executed copy of the opinion of Stephanie L. Franklin-Suber as City Solicitor, dated May 11, 1999, required by Section 8(b) of the Revenue Bond Act.
  
- e. The copies of the Ordinances attached hereto (identified as Bills No. 980232 and No. 990286) are true and correct copies of the originals of those Ordinances on file in the office of the Chief Clerk of the Council; and such Ordinances have not been amended or repealed and are in full force and effect on the date of this certificate.



Robert B. Hunsicker  
Chief Clerk of the Council of the  
City of Philadelphia

(SEAL)

Dated: June 23 1999

# City of Philadelphia

Bill No. 980232

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on April 30, 1998 The Bill was Signed by the Mayor on May 8, 1998



Marie B. Hauser  
Chief Clerk of the City Council

# City of Philadelphia



( Bill No. 980232 )

## AN ORDINANCE

Authorizing, generally, the issuance of Gas Works Revenue Bonds of the City of Philadelphia which shall be subordinate to bonds issued under the General Gas Works Revenue Bond Ordinance of 1975, which ordinance is hereby amended to limit issuances of bonds thereunder, prescribing the form of bonds issued hereunder and providing for their execution, transfer, exchange, payment and redemption, prescribing the conditions precedent to the issue of specific series of bonds, including supplemental authorizing ordinances, pledging certain revenues of the Gas Works as security, adopting a rate covenant, and directing the Gas Commission to impose rates sufficient to comply therewith, designating a fiscal agent and sinking fund depository, establishing a Sinking Fund, including a Sinking Fund Reserve, and providing for its management, providing remedies upon default, and providing for amendments and modifications.

**THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:**

### SECTION 1.

#### ARTICLE I

# City of Philadelphia

Bill No. 980232

Certified Copy

Exchange Agreement, any right, remedy or claim under or by reason of this Ordinance or any covenants, condition or stipulation therefor; and all the covenants, stipulations, promises and agreements in this Ordinance by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiscal Agent, the Holders of Bonds and each provider of a Credit Facility, Qualified Swap or Exchange Agreement.

**SECTION 11.04. Repeals.** All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

# City of Philadelphia

Bill No. 980232

Certified Copy

**Bond or Bonds** means any Gas Works revenue bond or note of the City issued and outstanding pursuant to the Act under this Ordinance and any Supplemental Ordinance.

**Bond Counsel** means any firm of nationally recognized bond counsel acceptable to the City.

**Bondholder or Holder** means the registered owner of any Bond.

**Bond Register** means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Fiscal Agent on behalf of the City.

**Bond Year** for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is selected by the City as permitted under the Code. If no day is selected by the City before the earlier of the final maturity date of the Series of Bonds or the date that is five (5) years after the issue date, the Bond Year with respect to such Series of Bonds shall end on each anniversary of the issue date and on the final maturity date.

**Business Day** means a day other than a Saturday, Sunday or holiday on which the Fiscal Agent is authorized or required to be closed under applicable state or federal law.

**Capital Appreciation Bonds** means any Bonds issued hereunder which do not pay interest until maturity or until a specified date prior to maturity, but whose Original Value accretes periodically to the amount due on the maturity date.

**City** means The City of Philadelphia, Pennsylvania.

# City of Philadelphia

Bill No. 980232

Certified Copy

## ARTICLE XI

### MISCELLANEOUS

**SECTION 11.01. Deposit of Funds for Payment of Bonds.** When interest on, and principal or redemption price (as the case may be) of, all Bonds issued hereunder, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), have been paid, or there shall have been deposited with the Fiscal Agent an amount, evidenced by moneys or Qualified Escrow Securities the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), the pledge and grant of security interest in the Gas Works Revenues made hereunder shall cease and terminate, and the Fiscal Agent and any other depository of funds and accounts established hereunder shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds and accounts established hereunder.

If the City deposits with the Fiscal Agent moneys or Qualified Escrow Securities sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the City with respect to such Bond or Bonds shall likewise cease, except as provided in the following paragraph. From and after such deposit, such Bond or Bonds shall be deemed not to be Outstanding hereunder and the Holder or Holders thereof shall have recourse solely and

# City of Philadelphia

Bill No. 980232

Certified Copy

the context requires.

**Debt Service Requirements** means, for a specified period, the sum of (i) the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period and (ii) all net amounts due and payable by the City under Qualified Swaps and Exchange Agreements during the period. For purposes of estimating Debt Service Requirements for any future period, (i) any Option Bond outstanding during such period shall be assumed to mature on the stated maturity date thereof, except that the principal amount of any Option Bond tendered for payment and cancellation before its stated maturity date shall be deemed to accrue on the date required for payment pursuant to such tender; (ii) Debt Service Requirements on Bonds for which the City has entered into a Qualified Swap or an Exchange Agreement shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed or variable rate payable by the City on the Qualified Swap or Exchange Agreement or, if applicable and if greater than such stated rate, the applicable rate for any Bonds issued in connection with the Qualified Swap or Exchange Agreement adjusted, in the case of variable rate obligations, as provided in Section 4.03(b); and (iii) Debt Service Requirements with respect to Variable Rate Bonds shall be subject to adjustments as permitted by Section 4.03(b).

**Director of Finance** means the chief financial, accounting and budget officer of the City as established by the Philadelphia Home Rule Charter, including a person acting as Director of Finance under applicable law.

**Exchange Agreement** means, with respect to a Series of Bonds, or any portion thereof to the extent from time to time permitted by applicable law, any interest exchange agreement.

# City of Philadelphia

Bill No. 980232

Certified Copy

of money against the City by reason of default hereunder shall be enforceable only against the Gas Works Revenues, amounts in the Sinking Fund Reserve and other amounts which may be specifically pledged therefor and the investments thereof and no decree or judgment against the City upon an action brought hereunder shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

## ARTICLE IX

### AMENDMENTS AND MODIFICATIONS

SECTION 9.01. In addition to the adoption of Supplemental Ordinances supplementing or amending this Ordinance as provided in Section 4.06 in connection with the issuance of successive Series of Bonds, this Ordinance and any Supplemental Ordinance may be further supplemented, modified or amended: (a) to cure any ambiguity, formal defect or omission herein or therein; (b) to make such provisions in regard to matters or questions arising hereunder or thereunder which shall not be inconsistent with the provisions hereof or thereof and which shall not adversely affect the interests of Bondholders; (c) to grant to or confer upon Bondholders or a trustee, if any, for the benefit of Bondholders any additional rights, remedies, powers, authority or security that may be lawfully granted or conferred; (d) to incorporate modifications requested by any Rating Agency to obtain or maintain a credit rating on any Series of Bonds; (e) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Bonds, but no amendment or modification shall be made with

# City of Philadelphia

Bill No. 980232

Certified Copy

Gas Works means all property, real and personal, owned by the City and used in the acquisition or manufacture, storage and distribution of natural, liquefied, synthetic or manufactured gas or in the maintenance, management or administration thereof and all activities ancillary and related thereto, and also means, as the context may require, the business entity managed by the Manager.

Gas Works Revenues means all operating and nonoperating revenues of the Gas Works derived from its activities and assets involved in the supply, manufacture, storage and distribution of gas, including all rents, rates and charges imposed or charged by the City upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom and all other income derived by the City from the Gas Works. Revenues derived from activities unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto shall not be included in Gas Works Revenues, provided that the Gas Works receives fair payment for the use of gas related assets and personnel of the Gas Works used in such activities, which payments shall be included in Gas Works Revenues. In particular, Gas Works Revenue shall not include revenue from enterprises or functions not related to gas activities (e.g., activities involving the supply, generation or distribution of electricity). Gas Works Revenues shall not include those portions of the Gas Works' rents, rates and charges which are securitized and sold pursuant to Section 4.03(b). Gas Works Revenues may be divided into separate components in one or more Supplemental Ordinances and any Series of Bonds issued thereafter may be limited as to source of payment to one or more of such components as provided in the Supplemental Ordinance authorizing the particular Series of Bonds.

Government Obligations means any of the following which

# City of Philadelphia

Bill No. 980232

Certified Copy

**SECTION 7.03. Valuation of Funds and Accounts.** In computing the assets of any fund or account established hereunder, investments and accrued interest therein shall be deemed a part thereof. Such investments shall be valued on June 30 of each Fiscal Year at the current market value thereof, valuing any Credit Facility held for the Sinking Fund Reserve at the amount which can then be drawn thereunder; provided that any fund or account created by a Supplemental Ordinance may be valued as provided in such Supplemental Ordinance. The annual valuation shall apply for all purposes of this Ordinance except if Bonds are issued or a deficit in the Sinking Fund Reserve occurs, in which cases a valuation shall be made on the date Bonds are issued or the deficit is eliminated, as the case may be. Investment earnings shall be included in Gas Works Revenues and, to the extent not required to be retained in the fund or account to which such earnings relate, shall be transferred to the operating accounts of the Gas Works.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**SECTION 8.01. Defaults and Statutory Remedies.** If the City shall fail or neglect to pay or to cause to be paid the principal of, or the redemption premium, if any, or the interest on, any Bond, whether at stated maturity or upon call for prior redemption, or if the City, after written notice to it, shall fail or neglect to make any payment owed by it to the provider of a Credit Facility, a Qualified Swap or an Exchange Agreement provided with respect to the Bonds and such provider gives the Fiscal Agent written notice of such failure or neglect, or if the City shall fail to comply with any provision of the Bonds or with any covenant of the City contained in this Ordinance or an

# City of Philadelphia

Bill No. 980232

Certified Copy

issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

**Independent** means a person who is not a salaried employee or elected or appointed official of the City; provided, however, that the fact that such person is retained regularly by or transacts business with the City shall not make such person an employee within the meaning of this definition.

**Interim Debt** means any bond anticipation notes or other temporary borrowing which the City anticipates permanently financing with Bonds or other long term indebtedness under this Ordinance or otherwise.

**Management Agreement** means the Agreement dated December 29, 1972 between the City and the Manager for the management and operation of the Gas Works, as presently or hereafter amended, or any successor agreement which may be entered into by the City pertaining to the management of the Gas Works.

**Manager** means Philadelphia Facilities Management Corporation, currently managing the Gas Works pursuant to the Management Agreement, or its successor or such other person, corporation, board, commission or department of the City which may be designated by the City to manage the Gas Works.

**Mayor** means the Mayor of the City.

**Moody's** means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State

# City of Philadelphia

Bill No. 980232

Certified Copy

gross income for Federal income tax purposes of interest on the Bonds the interest on which is intended to be so excluded, (2) each such Credit Facility permits the Fiscal Agent to make a draw thereon up to the principal amount thereof if the Sinking Fund Reserve is needed to cover a shortfall in the Sinking Fund and other moneys in the Sinking Fund Reserve are insufficient and (3) each such Credit Facility provides that a draw will be made thereon to replenish the Sinking Fund Reserve on the expiration thereof unless the City has otherwise made such deposit to the Sinking Fund Reserve or has obtained another Credit Facility meeting the requirements of this Section 6.04.

If, at any time and for any reason, the moneys in the Sinking Fund, other than in the Sinking Fund Reserve, shall be insufficient to pay as and when due, the principal of, and premium, if any, and interest on, any Bond or Bonds secured by the Sinking Fund Reserve, the Sinking Fund Depository is hereby authorized and directed to withdraw from the Sinking Fund Reserve and to draw on Credit Facilities held for the Sinking Fund Reserve and pay over to the Fiscal Agent the amount of such deficiency. If by reason of such withdrawal (including draws on any Credit Facilities held to satisfy the *Sinking Fund Reserve Requirement*) or for any other reason there shall be a deficiency in the Sinking Fund Reserve, the City hereby covenants to restore such deficiency (either by a deposit of funds or the reinstatement of the cash limits of Credit Facilities) within twelve months. The Sinking Fund Reserve shall be valued by the Sinking Fund Depository promptly after any withdrawal from the Sinking Fund Reserve or any other event indicating a possible deficiency in the Sinking Fund Reserve and on August 31 of each Fiscal Year.

**SECTION 6.05. Consolidated Fund.** The Sinking Fund shall be a consolidated fund for the equal and proportionate benefit of the Holders of all Bonds from time to time

# City of Philadelphia

Bill No. 980232

Certified Copy

by the City prior to its stated maturity date or the maturity date of which may be extended by and at the option of the Holder thereof.

**Ordinance** means this Ordinance, as from time to time amended.

**Original Value, with respect to a Series of Bonds issued as Capital Appreciation Bonds,** means the principal amount paid by the initial purchasers thereof on the date of original issuance.

**Outstanding, when used with reference to the Bonds,** means, as of any particular date, all Bonds which have been authenticated and delivered under this Ordinance, except:

(a) Bonds canceled after purchase in the open market or because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which sufficient moneys shall have been theretofore deposited with the Fiscal Agent (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 5.02 or arrangements satisfactory to the Fiscal Agent shall have been made therefor, or waiver of such notice satisfactory in form to the Fiscal Agent shall have been filed with the Fiscal Agent; and

(c) Bonds in lieu of which or in substitution for which others have been authenticated and delivered under Section 3.04.

Bonds paid with the proceeds of any Credit Facility shall be

# City of Philadelphia

Bill No. 980232

Certified Copy

use of moneys therein. Without limiting the generality of the preceding sentence, moneys deposited in the Sinking Fund to pay the redemption price of particular Bonds shall be held in separate accounts and applied only for such redemption.

**SECTION 6.02. Fiscal Agent.** Such state or federally chartered bank, bank and trust company or trust company as may from time to time be appointed by the City in accordance with law, shall act as Fiscal Agent in respect of all Bonds issued under this Ordinance or in respect of any particular Series of Bonds. The Fiscal Agent shall also act as Sinking Fund Depository of the Sinking Fund and as paying agent and registrar of the Bonds in respect of which it is the Fiscal Agent, unless others are appointed in such capacities by the City. Nothing in this Ordinance shall be construed to prevent the City from engaging other or additional Fiscal Agents from time to time or from engaging other or additional Sinking Fund Depositories, paying agents or registrars of the Bonds or any Series thereof.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of accounts and records, the disposal of canceled Bonds, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of this Ordinance.

**SECTION 6.03. Payments From the Sinking Fund.** The Sinking Fund Depository shall, on direction of the Director of Finance, or if for any reason he should fail to give such direction, on the direction of the Fiscal Agent, liquidate investments, if necessary, and pay over from the Sinking Fund

# City of Philadelphia

Bill No. 980232

Certified Copy

any Rating Agency in the highest rating category assigned by such Rating Agency to obligations of the same type, or (iii) noncallable Government Obligations. In each case such funds (i) are subject to withdrawal, mature or are payable at the option of the holder at or prior to the dates needed for disbursement, provided such deposits or accounts, whether deposited by the City or by such depository, are insured or secured as public deposits with securities having at all times a market value exclusive of accrued interest equal to the principal amount thereof, (ii) are irrevocably pledged for the payment of such obligations and (iii) are sufficient, together with the interest to the disbursement date payable with respect thereto, if also pledged, to meet such obligations in full.

**Qualified Swap or Swap Agreement** means, with respect to a Series of Bonds or any portion thereof, any financial arrangement that (i) is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) provides that (a) the City shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Outstanding Bonds of such Series or portion thereof, and that such entity shall pay to the City an amount based on the interest accruing on a principal amount initially equal to the same principal amount of such Bonds, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement or (b) the City shall pay to such entity an amount based on the interest accruing on the principal amount of the Outstanding Bonds of such Series or portion thereof at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the City an amount based on interest accruing on a principal amount equal to the same principal amount of such Bonds at a

# City of Philadelphia

Bill No. 980232

Certified Copy

Fiscal Agent shall mail a similar notice to The Bond Buyer and each Rating Agency then maintaining a rating on such Bonds, but failure to mail any such notice referred to in this paragraph or any defect in such mailed notice or in the mailing thereof shall not affect the validity of the redemption notice.

Not more than sixty (60) days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

**SECTION 5.03. Effect of Redemption; Payment.** Notice having been given in the manner hereinbefore provided in this Article V or irrevocable instructions to give such notice having been delivered to the Fiscal Agent to pay said Bonds or portions thereof, and funds complying with the provisions of subparagraph (1) of Section 10 of the Act having been deposited in trust with the Fiscal Agent or having been set aside with the Sinking Fund Depository in a special account in the Sinking Fund, on or prior to the date fixed for redemption, the Bonds or portions thereof so called for redemption, shall become due and payable on the redemption date so designated, and interest on such Bonds or portions thereof shall cease from such redemption date, whether such Bonds be presented for redemption or not. The principal amount of all Bonds or portions thereof so called for redemption, together with the premium, if any, and accrued interest thereon, shall be paid by the Fiscal Agent, upon presentation and surrender thereof.

**SECTION 5.04. Partial Redemption.** Upon presentation of any Bond which is to be redeemed in part only, the City and the Fiscal Agent shall execute and deliver to the Holder thereof, at the expense of the City, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to and of the

# City of Philadelphia

Bill No. 980232

Certified Copy

of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of S&P are specified in this Ordinance, such categories shall be irrespective of gradations within a category.

**Senior Bonds** means Bonds which shall be first in right of payment and as to which the coverage requirement under the Rate Covenant shall be 150%.

**Series**, when applied to Bonds, means collectively all of the Bonds of a given issue authorized by Supplemental Ordinance as provided in Article IV hereof and may also mean, if appropriate, a subseries of any such issue if, for any reason, the City should determine to divide any such issue into one or more subseries of Bonds.

**Sinking Fund** means the 1998 Ordinance Gas Works Revenue Bond Sinking Fund established by Section 6.01.

**Sinking Fund Depository** means the Fiscal Agent or any other bank, bank and trust company or trust company appointed as such by the City.

**Sinking Fund Reserve** means the Sinking Fund Reserve established by Section 6.04.

**Sinking Fund Reserve Requirement** means, with respect to all Bonds secured by the Sinking Fund Reserve, an amount equal to the greatest amount of Debt Service Requirements payable in any Fiscal Year (except that such Debt Service Requirements will be computed as if any Qualified Swap did not exist and the Debt Service Requirements attributable to any

# City of Philadelphia

Bill No. 980232

Certified Copy

specified in the Bonds or the pertinent Supplemental Ordinance, Bonds subject to optional redemption may be redeemed in such order of maturity as specified by the Director of Finance and within a maturity by lot. Whenever Bonds to be redeemed are required to be selected by lot, the Fiscal Agent shall be authorized to draw by lot the numbers of the Bonds to be redeemed in any manner deemed reasonable by the Fiscal Agent. In the case of a Bond of a denomination greater than the minimum authorized denomination, the Fiscal Agent shall treat such Bond as representing such number of separate Bonds as is obtained by dividing the actual principal amount of such Bond by the minimum authorized denomination.

**SECTION 5.02. Notice of Redemption.** Unless otherwise provided by Supplemental Ordinance, when the City shall determine to redeem Bonds, upon prior written notice to the Fiscal Agent of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Fiscal Agent shall be required to redeem Bonds from moneys in the Sinking Fund without action on the part of the City, the Fiscal Agent, at the City's expense, shall cause a notice of redemption to be mailed to the Holders of the Bonds being redeemed. Such notice shall specify (i) the complete official name of the Series of Bonds being redeemed; (ii) if less than all then Outstanding Bonds of a Series are to be redeemed, the numbers, including CUSIP numbers if applicable, of the Bonds to be redeemed, which may, if appropriate, be expressed in designated blocks of numbers, (iii) the date of issue of each Bond being redeemed as originally issued, (iv) the rate of interest borne by each Bond being redeemed, (v) the maturity date of each Bond being redeemed and (vi) any other descriptive information considered appropriate by the City to accurately identify the Bonds being redeemed. Such notice shall also state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the

# City of Philadelphia

Bill No. 980232

Certified Copy

headings of the several articles and sections of this Ordinance are inserted for convenience only and shall not control or affect the meaning or construction of any of its provisions.

**SECTION 2.04. Severability.** In case any one or more of the provisions contained in this Ordinance or in any Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Ordinance or of said Bonds, and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

## ARTICLE III

### CONCERNING THE BONDS

**SECTION 3.01. Forms Generally.** All Bonds shall be in substantially the form set forth in this Article III, with such appropriate insertions, omissions, substitutions and other variations, including, without limitation, provisions for optional and mandatory redemption, variable interest rates, capital appreciation, book entry and coupon form, as are required or permitted by this Ordinance or any Supplemental Ordinance, and may be designated as of such Series by date, number, letter or otherwise and may also have such individual letters, identifying numbers or other marks, legends or endorsements placed thereon, as may, consistently with this Ordinance and the Act, be determined by a Supplemental Ordinance or by the Director of Finance. The Supplemental Ordinance or the Director of Finance shall also determine whether or not a Series of Bonds is to be issued in a manner whereby interest thereon

# City of Philadelphia

Bill No. 980232

Certified Copy

Bonds so authorized, to receipt for the purchase price thereof and to execute and deliver on behalf of the City the usual closing statements, affidavits and certificates,

The Director of Finance, the City Solicitor, the City Controller and such other officers of the City as may be appropriate are authorized, in connection with the issuance of any Series of Bonds hereunder, to prepare, execute and file on behalf of the City such statements, documents or other material as may accurately and properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Bonds and as may be required or appropriate to comply with applicable state or federal laws or regulations.

Unless otherwise provided in the Supplemental Ordinance, the proceeds of sale of all Bonds issued hereunder shall be deposited in the consolidated cash account of the City to the credit of the capital improvement funds and shall be disbursed therefrom, in accordance with established procedures, for the costs of the project or projects (as such term is defined in the Act) for which the Bonds were issued; provided, however, that, if such Bonds shall be issued for the purpose of funding or refunding bonds or notes previously issued by the City, such proceeds shall, unless otherwise directed by the Supplemental Ordinance, be deposited in a special account in the Sinking Fund and deposited, invested (if appropriate) and disbursed under the direction of the Director of Finance for the purpose of retiring the bonds or notes being funded or refunded, and provided further that proceeds of the sale of any Series of Bonds representing capitalized interest on such Series of Bonds shall be deposited in a separate account in the Sinking Fund and applied, together with any profit from investment thereof, only to pay interest on such Series of Bonds.

If the City shall, by Supplemental Ordinance, authorize the

# City of Philadelphia

Bill No. 980232

Certified Copy

PRINCIPAL AMOUNT:

DOLLARS

The City of Philadelphia, Pennsylvania (the "City"), for value received, hereby promises to pay, but only out of Pledged Amounts (as hereinafter defined), to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Amounts) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from  
on \_\_\_\_\_ and  
in each year (each an "Interest Payment Date"), commencing \_\_\_\_\_, until payment of the principal sum shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of \_\_\_\_\_, or its successor, as Fiscal Agent (the "Fiscal Agent"). Interest on this Bond will be paid by the Fiscal Agent on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City (the "Bond Register") maintained by the Fiscal Agent and at the address appearing thereon on the [last] [fifteenth] day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Fiscal Agent not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be

# City of Philadelphia

Bill No. 980232

Certified Copy

the Director of Finance, who is hereby designated as the officer of the City to make such determinations based, to the extent applicable, on the prices, interest rates or other terms set forth in the highest and best proposal conforming to the bidding specifications as ascertained and accepted on behalf of the City by the Director of Finance.

**SECTION 4.06. Conditions of Issuing Bonds, Supplemental Ordinance; Filing of Transcript; Use of Proceeds; Refunding Bonds.** Prior to the issuance of any Series of Bonds, the Council of the City shall adopt an ordinance supplemental hereto specifying the aggregate principal amount or maximum aggregate principal amount, and authorizing the issuance of such Bonds; stating that such Bonds are issued in respect of capital costs of a Gas Works project or projects of the City or to fund or refund bond anticipation or other obligations of the City issued in respect thereof or for the purpose of refunding debt issued for such purpose; making a finding based on the report of the Director of Finance required by Section 8 of the Act that the Gas Works Revenues pledged hereunder will be sufficient to comply with the Rate Covenant and also to pay all costs, expenses and payments required to be paid therefrom and in the order and priority stated in Section 4.02; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution. Such Supplemental Ordinance may specify such form, terms and provisions of the Bonds to be issued thereunder; may specify a particular method of sale; may specify the terms upon which, or the prices for which, the Bonds are to be sold or exchanged, including, if applicable, competitive bidding specifications; may contain such amendments to this Ordinance, including amendments or rescission of the covenants herein contained, and may contain or authorize such further covenants and agreements, including such covenants as may be appropriate under existing regulations

# City of Philadelphia

Bill No. 980232

Certified Copy

liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Ordinance shall be conclusive and binding upon such registered owner, such owner's heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

This Bond is one of a duly authorized issue of bonds of the City designated as its Gas Works Revenue Bonds (1998 General Ordinance) of the Series designated hereon (the "Bonds"), limited in aggregate principal amount to \$ \_\_\_\_\_ issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, as amended, 53 P.S. 15901 et seq.) (the "Act") under the General Gas Works Revenue Bond Ordinance of 1998 (the "Ordinance") and the supplemental ordinance dated \_\_\_\_\_ (the "Supplemental Ordinance"). (Terms used herein, unless defined herein, shall have the meanings given in the Ordinance or the Supplemental Ordinance.) The Bonds, together with all previous bonds of the City, if any, issued under the Ordinance and under previous supplemental ordinances and together with all bonds of the City hereafter issued under the Ordinance and all subsequent supplemental ordinances, are and will be secured under the Ordinance by a pledge of all the rents, rates and charges imposed or charged by the City for the use of or services rendered by the Gas Works of the City and of certain other moneys derived from the Gas Works and from the investment of such revenue (the "Gas Works Revenues") and amounts held in the Sinking Fund Reserve established under the Ordinance (collectively, the "Pledged Amounts"). This Bond is a [Senior] [Subordinate] Bond and is [prior] [subordinate] in right of payment to other bonds issued under the Ordinance except other [Senior]

# City of Philadelphia

Bill No. 980232

Certified Copy

operation of the Gas Works setting forth, among other things, in reasonable detail financial data concerning the Gas Works for such Fiscal Year, including a balance sheet, statements of income, equity, and changes in financial condition, and an analysis of funds available to cover debt service (in each case not inconsistent with the statements of income, expenses, and other accounts of the City audited by the City Controller) prepared by the Manager in accordance with generally recognized municipal accounting principles consistently applied, showing compliance with the Rate Covenant, accompanied by a certificate of the Manager that the Gas Works are in good operating condition and by a certificate of the Director of Finance that as of the date of such report the City has complied with all of the covenants in this Ordinance and in all ordinances supplemental hereto on its part to be performed. Such report shall be furnished to the Fiscal Agent in such reasonable number of copies as shall be required to meet the written requests of Bondholders therefor on a first come first served basis. The Fiscal Agent shall keep on file a copy of each report and its accompanying certificates for a period of ten (10) years and shall exhibit the same to, and permit the copying thereof by, any Bondholder or his authorized representative at all reasonable times.

**SECTION 4.04. Parity and Priority of Bonds.** All Bonds issued hereunder shall be secured by the pledge of, and grant of a security interest in, the Gas Works Revenues, except as limited for a Series of Bonds in the Supplemental Ordinance authorizing the issuance of such Series of Bonds. Subordinate Bonds shall be subordinate to Senior Bonds in right of payment of principal, premium, if any, and interest. Senior Bonds and Subordinate Bonds shall not have any preference, priority or distinction as to lien or otherwise, except as otherwise provided herein or in a Supplemental Ordinance, over any other Senior Bonds or Subordinate Bonds, respectively.

# City of Philadelphia

Bill No. 980232

Certified Copy

annual amount shown hereon on each interest payment date of this Bond, or, as the case may be, the proportionate part thereof from the date hereof to the next interest payment date, and to pay, upon surrender hereof, from the Sinking Fund on the maturity date hereof or, if this Bond shall be selected for mandatory or optional redemption, then on the applicable redemption date, the principal amount hereof with the applicable premium, if any, plus, in the case of redemption, all interest accrued to the redemption date.

Reference is hereby made to the Ordinance for a statement of the terms and conditions under which previous bonds, if any, have been issued, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under the Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the Ordinance may be amended or modified, and the rights of the holders or registered owners of the Bonds with respect to such security. The City hereby represents to and covenants with the registered owner of this Bond that, except for bonds issued under the General Gas Works Revenue Bond Ordinance of 1975 (which has been closed to future bond issuances other than refunding bonds and bonds issued upon exchanges, transfers or replacements), and in the case of Subordinate Bonds, outstanding and future Senior Bonds, (i) no Gas Works revenue bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to payment therefrom and (ii) all Gas Works revenue bonds which have been or will be equally and ratably secured by such pledged revenues have and will be issued in accordance with the provisions of the Ordinance. However, nothing herein contained shall be construed to prevent the City from financing

# City of Philadelphia

Bill No. 980232

Certified Copy

over a period of up to the maximum term permitted by the Act, but not in excess of the useful life of the assets to be financed, on an approximately level debt service basis and bear interest at the average interest rate on bonds of a similar maturity and credit rating (without any credit enhancement) as the Bonds Outstanding under this Ordinance and (2) Variable Rate Bonds will bear interest at a rate equal to the average interest rate on such Variable Rate Bonds during the period of twenty-four (24) consecutive calendar months immediately preceding the date of calculation or during such shorter period that such Variable Rate Bonds have been Outstanding.

The Gas Commission is hereby authorized and directed, without further authorization, to impose and charge and to collect, or cause to be collected, rents, rates and charges which shall be sufficient in each Fiscal Year to comply with the foregoing Rate Covenant.

Notwithstanding the requirements of this Section 4.03(b) and the pledge under Section 4.02, the City may, at such time as there are no bonds outstanding under the 1975 Ordinance, pursuant to a Supplemental Ordinance, securitize and sell that portion of the Gas Works rents, rates and charges which relate to assets which are designated as non-performing by the Gas Commission and as to which the Gas Commission has designated specific rents, rates or charges; provided that prior to any such securitization and sale the City delivers to the Fiscal Agent (1) an Engineer's report including a statement that, for the three year period following such securitization and sale, the Gas Works rents, rates and charges (excluding those securitized and sold) are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b) applied as if the percentage in subsection A(iii) were 175% rather than 150% and (2) an opinion of Bond Counsel that such securitization and sale will not adversely affect the exclusion

# City of Philadelphia

Bill No. 980232

Certified Copy

notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Fiscal Agent in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

No covenant or agreement contained in this Bond or in the Ordinance shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the City in his individual capacity, and any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Ordinance or the Supplemental Ordinance or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the adoption of the Ordinance and the Supplemental Ordinance and the issuance of this Bond.

THIS BOND IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THIS BOND, NOR SHALL THIS BOND BE DEEMED TO BE A GENERAL OBLIGATION OF THE CITY.

# City of Philadelphia

Bill No. 980232

Certified Copy

(cc) a statement that, in the opinion of the Engineer, the Gas Works are in good operating condition or that adequate steps are being taken to make them so.

(b) It will, at a minimum, impose, charge and collect in each Fiscal Year such gas rates and charges as shall, together with all other Gas Works Revenues to be received in such Fiscal Year, equal not less than the greater of:

A. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) all principal of and interest on bonds issued and outstanding under the 1975 Ordinance payable during such Fiscal Year and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance during such Fiscal Year;

(iii) 150% of the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Senior Bonds and 100% of the amounts payable in respect of the Prior Obligations during such Fiscal Year;

(iv) the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Subordinate Bonds and other obligations of the Gas Works on a parity with Subordinate Bonds payable during such Fiscal Year;

(v) the amount, if any, required to be paid into the Sinking Fund Reserve during such Fiscal Year;

(vi) the Rebate Amount required to be paid to the

# City of Philadelphia

Bill No. 980232

Certified Copy

authenticated and delivered under this Ordinance is unlimited, but prior to issuance of each Series of Bonds, the City shall adopt a Supplemental Ordinance authorizing such Series.

The Bonds of each Series shall be issued in such aggregate principal amount, shall be dated on or as of such date or dates, shall be in such denominations, shall mature or be subject to mandatory redemption in such principal amounts and on such dates, shall bear interest from such date or dates and at such rate or rates (including, without limitation, variable, adjustable and convertible rates), shall be subject to optional redemption at such times and upon such terms, shall be designated as Senior Bonds or Subordinate Bonds (and within such categories may be designated as subordinate to other Bonds in such category and may be limited as to source of payment to one or more specific components of Gas Works Revenues), and shall contain such other terms and conditions not inconsistent with this Ordinance or the Act, all as shall be determined by the City and set forth in the Supplemental Ordinance under which such Bonds are issued, or as shall be determined by a designated officer or officers of the City thereunto authorized by the Supplemental Ordinance or, in the absence of such provisions or designation, as shall be determined by the Director of Finance as specified in Section 4.05.

If permitted by applicable law, any Series of Bonds may be issued as Uncertificated Bonds and the foregoing provisions specifying the form of Bonds shall be inapplicable to such Series of Bonds.

A Series of Bonds may be secured by a Credit Facility meeting the requirements of this Ordinance and the applicable Supplemental Ordinance. In connection with the issuance of its Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the City also may enter into Qualified

# City of Philadelphia

Bill No. 980232

Certified Copy

(including notes issued under the City's General Inventory and Receivables Gas Works Revenue Note Ordinance of 1993, or any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds, (7) required payments of the Rebate Amount to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve, (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works Revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses. The foregoing provisions shall not be construed to require the segregation of revenues upon collection.

Neither the Bonds nor the City's reimbursement or other contractual obligations with respect to any Credit Facility, Qualified Swap or Exchange Agreement shall constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Bondholder or beneficiary of any of the foregoing agreements shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal and redemption price of or interest on the Bonds or the making of any payments hereunder. The Bonds and the obligations evidenced thereby and by the foregoing agreements shall not constitute a lien on any property of the City other than the Gas Works Revenues.

SECTION 4.03. Particular Covenants. The City

# City of Philadelphia

Bill No. 980232

Certified Copy

wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof as of the associated record date, and shall be payable to the person who is the registered owner thereof (or of one or more predecessor bonds) at the close of business on the special record date preceding the special payment date set by the Fiscal Agent whenever moneys become available for payment of such interest. Notice of such special payment date shall be given by the Fiscal Agent to registered owners as of the special record date not less than ten (10) days prior to the special payment date. All Bonds shall provide that principal or redemption price and interest in respect thereof shall be payable only out of Gas Works Revenues, moneys in the Sinking Fund Reserve and proceeds of any applicable letter of credit, bond insurance policy or other Credit Facility then in effect.

Each Bond executed and delivered upon any transfer, exchange or substitution, shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by the Bond or Bonds surrendered upon such transfer or exchange, or, as the case may be, the part thereof represented by such new Bond, and, notwithstanding anything to the contrary contained in this Ordinance, such new Bond shall be so dated that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

The foregoing provisions of this Section 3.03, any other provision in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the principal of and interest on all Bonds issued hereunder and the premium, if any, payable on redemption thereof, shall be payable only from the rentals, revenues and moneys of the City pledged for the payment thereof pursuant to this Ordinance and not otherwise.

# City of Philadelphia

Bill No. 980232 Certified Copy  
in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City, whether or not the Bond so alleged to be destroyed, lost or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefit of this Ordinance with all other Bonds issued under this Ordinance.

**SECTION 3.09. Credit Enhancement; Exchange Agreements; Qualified Swaps.** As provided by Supplemental Ordinance and subject to the requirements of this Ordinance, the City may provide for a Credit Facility, Exchange Agreement or Qualified Swap with respect to any Series of Bonds or portion thereof.

## ARTICLE IV

### ISSUANCE OF BONDS; PLEDGE OF REVENUES; COVENANTS

**SECTION 4.01. Purpose of Bonds.** The Bonds issued under this Ordinance shall be issued for the purpose of paying the cost of projects, as such term is defined in the Act, related to the Gas Works, of reimbursing any fund of the City from which such costs have been paid or advanced, of funding any of such costs for which the City shall have outstanding bond anticipation notes or other obligations; of refunding any bonds of the City issued for the foregoing purposes under the Act, of refunding general obligation bonds of the City issued for the foregoing purposes or of financing anything else relating to the Gas Works permitted under the Act.

**SECTION 4.02. Pledge of Revenues; Grant of Security Interest; Application of Revenues; Limitation on Recourse.**

# City of Philadelphia

Bill No. 980232 Certified Copy  
Fiscal Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. For every such exchange or transfer of Bonds, whether temporary or definitive, the City or the Fiscal Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Fiscal Agent shall not be required to make any exchange or transfer of any Bonds during the period of fifteen Business Days next preceding any interest payment date for such Bonds or during the period of twenty Business Days next preceding the first mailing of any notice of redemption of such Bonds or to make any exchange or transfer of any Bonds called for redemption.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of surrendered Bonds shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, and shall be secured by this Ordinance to the same extent as such surrendered Bonds.

The City and the Fiscal Agent may deem and treat the Bondholder of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Any consent, waiver or other action taken by the Holder of any Bond pursuant to the provisions of this

# City of Philadelphia

Bill No. 990286

Certified Copy

**CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on May 27, 1999 The Bill was Signed by the Mayor on May 31, 1999**



**Marie B. Hauser  
Chief Clerk of the City Council**

# City of Philadelphia



( Bill No. 990286 )

## AN ORDINANCE

Constituting the Second Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds (1998 General Ordinance), Second Series, of the City of Philadelphia, in one or more subseries, in the maximum aggregate principal amount of one hundred fifteen million (115,000,000) dollars (the "Second Series Bonds"); provided, however, that, if the Second Series Bonds are sold at a discount, the aggregate principal amount may be increased to reflect such discount as long as the aggregate gross proceeds to the City from the sale of the Second Series Bonds do not exceed one hundred fifteen million (115,000,000) dollars, plus accrued interest, if any; designating that the Second Series Bonds are being issued to pay the costs of certain projects of the Philadelphia Gas Works (the "Gas Works") and the application of proceeds of the Second Series Bonds for such purpose; authorizing the City to obtain credit enhancement for the Second Series Bonds; determining the sufficiency of Gas Works revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Second Series Bonds from general accounts of the City; covenanting the payment of interest and principal on the Second Series Bonds; authorizing covenants and action in order that the Second Series Bonds shall not be

# City of Philadelphia

Bill No. 990286

Certified Copy

# City of Philadelphia

Bill No. 990286

Certified Copy

Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may obtain credit enhancement for all or a portion of the Second Series Bonds. A majority of the Bond Committee is authorized to take any and all other actions as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

The Second Series Bonds are authorized to be issued hereunder in an aggregate principal amount up to one hundred fifteen million (115,000,000) dollars; provided, however, that, if any of the Second Series Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of Second Series Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Second Series Bonds shall not exceed one hundred fifteen million (115,000,000) dollars, plus accrued interest, if any.

The Second Series Bonds shall not pledge the City's credit or taxing power, create any debt or charge against the tax or general revenues of the City or create any lien against any property of the City other than the revenues pledged by the 1998 General Ordinance. The opinion of the City Solicitor required by Section 8 of the Act with respect to the matters stated in the preceding sentence is attached hereto as Exhibit A.

**SECTION 2.** The Second Series Bonds shall be issued for the purpose of providing funds for any or all of the following purposes: (i) the capital projects included in the capital program of the Gas Works as from time to time included in the capital budgets of the Gas Works, as approved by City Council, which may include, without limitation, (a) the acquisition of land or rights therein; (b) the acquisition, construction or improvement of buildings, structures and facilities together with their related

# City of Philadelphia

Bill No. 990286

Certified Copy

*the Participants and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under the Second Series Bonds.*

*For every transfer and exchange of the Second Series Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Second Series Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any Second Series Bonds shall be required to be made fewer than fifteen (15) days prior to any interest payment date or fifteen (15) days prior to any mailing of notice of redemption of the Second Series Bonds. No transfers shall be made of Second Series Bonds previously called for redemption, except pursuant to any optional or mandatory tender provisions thereof.*

*The Depository may determine to discontinue providing its services with respect to the Second Series Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates in such names as the City and the Fiscal Agent are directed by the Depository.*

*The Bondholders have no right to a depository for the Second Series Bonds. If the book-entry only system is no longer utilized, bond certificates will be issued in such names as the City and the Fiscal Agent are directed by the Depository.*

*Notwithstanding any other provision of the 1998 General Ordinance, so long as the Depository is the registered Bondholder of all Second Series Bonds, the Depository may present notices, approvals, waivers or other communications*

# City of Philadelphia

Bill No. 990286

Certified Copy

*SECTION 3. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Gas Works Revenues (as defined in the 1998 General Ordinance) will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the 1998 General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the 1998 General Ordinance. An executed copy of the Financial Report is attached hereto as Exhibit B.*

*SECTION 4. The City covenants that, as long as any of the Second Series Bonds shall remain outstanding, all pledged Gas Works Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the 1998 General Ordinance.*

*SECTION 5. The City covenants that, as long as any Second Series Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its 1998 Gas Works Revenue Bond Sinking Fund created under the 1998 General Ordinance at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the Second Series Bonds, such obligation may be satisfied, in whole or in part, by the delivery by the City to the Fiscal Agent of a principal amount of Second Series Bonds of the maturity*

9/28/00

Photo PA

015

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCUMENT  
FOLDER

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION

v.

Docket No. R-00005654

PHILADELPHIA GAS WORKS

**DOCKETED**  
OCT 10 2000

RECEIVED  
00 OCT -6 PM 12:50  
PA.P.U.C.  
SECRETARY'S BUREAU

Direct Testimony and Exhibit of  
BRIAN KALCIC

ISSUE:  
MINIMUM LEVEL OF INTERIM RATE RELIEF

On Behalf of the  
Office of Small Business Advocate

Date Served: September 18, 2000

Date Submitted for the Record: \_\_\_\_\_

## Direct Testimony of Brian Kalcic

1       **Q. Please state your name and business address.**

2       A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

3       **Q. What is your occupation?**

4       A. I am an economist and consultant in the field of public utility regulation,  
5       and principal of Excel Consulting. My qualifications are described in the  
6       Appendix to this testimony.

7       **Q. On whose behalf are you testifying in this case?**

8       A. I am testifying on behalf of the Office of Small Business Advocate  
9       ("OSBA") which is representing the small business customers served by  
10      Philadelphia Gas Works ("PGW" or "Company").

11      **Q. What is the subject of your testimony?**

12      A. I have been asked by the OSBA to review the Company's proposed  
13      interim rates and proof of revenue, and to recommend changes to those  
14      rates, if appropriate.

15      **Q. Do you have any preliminary comments?**

16      A. Yes. The Company is requesting \$52.0 million of interim rate relief to  
17      address its "dire" short term financial status. As such, the primary  
18      purpose of this expedited proceeding is to determine the minimum level

1 of interim rate relief necessary to sustain PGW through the upcoming  
2 heating season, while its full base rate proceeding is pending.

3 In its Order establishing this interim rate proceeding, the  
4 Commission approved an expedited hearing schedule that was conditional  
5 upon PGW: (1) filing a full base rate case on or before January 1, 2001;  
6 (2) refunding interim revenues, as necessary, should the permanent rates  
7 established in PGW's base rate proceeding be lower than interim levels;  
8 (3) foregoing any possibility of collecting additional revenues  
9 (retroactively) from ratepayers should the Commission ultimately  
10 determine that a permanent rate level in excess of the interim level is just  
11 and reasonable; and (4) committing to its "Transitioning to Excellence"  
12 plan. In light of these safeguards, the OSBA takes no position at this time  
13 on the issue of whether PGW's \$52.0 million request is the minimum  
14 amount of interim rate relief necessary to assure the Company's financial  
15 integrity.

16 **Q. Please summarize your major findings and conclusions.**

- 17 A. Based upon my review of the Company's interim rate filing, I find that:
- 18 PGW's interim rates would produce a \$52.0 million increase from its firm  
19 sales customers, based on the Company's forecasted applicable sales  
20 levels, and
  - 21 absent cost-of-service evidence, the Company's proposed interim rate  
22 structure is reasonable.

1           **Interim Rate Structure**

2           **Q. Mr. Kalcic, how has PGW proposed to collect its requested interim**  
3           **revenue increase from ratepayers?**

4           A. The Company has proposed to increase the volumetric (base) rates for all  
5           firm customer classes on an across-the-board basis.

6           **Q. Do the Company's proposed interim rates produce the target annual**  
7           **revenue increase of \$52.0 million?**

8           A. Yes. OSBA Exhibit No. 1 contains PGW's response to OSBA-1 which  
9           asked the Company to provide a proof of revenue at present and interim  
10          rates using its proposed billing determinants. As shown in OSBA Exhibit  
11          No. 1, the Company's proposed across-the-board volumetric increase of  
12          13.52% produces \$52.0 million of additional revenue.

13          **Q. Does the Company claim that its proposed interim rate structure is**  
14          **cost based?**

15          A. No. As Mr. White explains on page 3 of PGW-IR St. 3.0, the "fast track"  
16          nature of this proceeding led the Company to conclude that it would be  
17          prudent to postpone consideration of cost-of-service issues until PGW's  
18          base rate proceeding.

19          **Q. Do you recommend any changes to the Company's proposed interim**  
20          **rate structure?**

1 A. No. The OSBA concurs with the Company that there is not adequate time  
2 to evaluate cost-of-service issues in this proceeding. In the absence of a  
3 fully developed record on cost-of-service issues, the Company's interim  
4 rate structure is acceptable to the OSBA.

5 **Q. Mr. Kalcic, are there any other comments that you wish to make at**  
6 **this time?**

7 A. Yes. The Company's interim rates produce an annual increase of \$52.0  
8 million. However, in establishing the \$52.0 million interim rate target,  
9 Mr. Knudsen first had to calculate the Company's expected financial  
10 results absent any rate relief, i.e., utilizing the Company's pro forma level  
11 of net billed revenue at current rates. At the time this testimony was  
12 prepared, it was not clear to the OSBA whether the pro forma revenue  
13 levels utilized in Mr. Knudsen's "no rate increase" scenario utilized the  
14 same set of billing determinants that Mr. White utilized to design interim  
15 rates.

16 The starting point (i.e., current revenues) used in the Company's  
17 revenue requirement and rate design analysis should, of course, be the  
18 same. In the event that the two were not consistent, one would conclude  
19 that either the \$52.0 million interim increase target or the rates  
20 implementing that increase were incorrect.

21 The OSBA and PGW expect to have further discussions with  
22 respect to this issue. Should a problem remain, I will examine this issue  
23 in greater detail in subsequent testimony.

1       **Q. Does this conclude your direct testimony?**

2       **A. Yes.**

## **APPENDIX**

## APPENDIX

### Qualifications of Brian Kalcic

Mr. Kalcic graduated from Illinois Benedictine College with a Bachelor of Arts degree in Economics in December, 1974. In May, 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University. The courses that he taught included Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic joined the firm of Cook, Eisdorfer & Associates, Inc.. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice which offers business and regulatory services.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, and the Bonneville Power Administration.

**RESPONSE TO OFFICE OF SMALL BUSINESS ADVOCATE DATA REQUEST  
REGARDING PGW'S GAS COST RATE PROCEEDING  
DOCKET NO. R-00005654**

**Question 1:** Reference PGW-IR, Exh. 3.1, page 1 of 4. Please provide a pro forma proof of revenue, by customer class, at both present and Company proposed rates. Note that the analysis should show the result of applying the Company's present and proposed tariff charges to pro forma billing determinants, by rate class.

**Response Provided by:** Craig White, Senior Vice President, Marketing and Supply Services

**Response:** See attached spreadsheet.

## 52 MILLION RATE INCREASE BASED ON PERCENTAGE

<u>Rate</u>	<u>Forecasted Applicable Sales</u> 9/1/00 thru 8/31/01	<u>Current Rate</u> (mcf)	<u>Current Revenue</u>	<u>Proposed Increase</u>	<u>Proposed Rate</u> (mcf)	<u>Proposed Revenue</u>	<u>Revenue Increase</u>
Residential/GS	42,613,551	\$ 6.6130	\$ 281,803,413	\$ 0.8942	\$ 7.5072	\$ 319,908,450	
Commercial/GS	10,437,556	\$ 7.1200	\$ 74,315,399	\$ 0.9628	\$ 8.0828	\$ 84,364,678	
Industrial/GS	1,489,164	\$ 7.1200	\$ 10,602,848	\$ 0.9628	\$ 8.0828	\$ 12,036,615	
MUN/GS	75,179	\$ 7.1200	\$ 535,274	\$ 0.9628	\$ 8.0828	\$ 607,657	
PHA/GS	677,396	\$ 6.6130	\$ 4,479,620	\$ 0.8942	\$ 7.5072	\$ 5,085,354	
PHA/PHA	632,196	\$ 7.1260	\$ 4,505,029	\$ 0.9636	\$ 8.0896	\$ 5,114,213	
MUN/MS	1,296,413	\$ 6.4130	\$ 8,313,897	\$ 0.8672	\$ 7.2802	\$ 9,438,146	
<b>Total</b>	<b>57,221,455</b>		<b>\$ 384,555,479</b>			<b>\$ 436,555,112</b>	<b>\$ 51,999,633</b>
% Increase	13.522%						

REVISIED 9/13/00

R-00005654

9/28/00

Philo DB

EB

**PHILADELPHIA GAS WORKS**  
**ASSUMPTIONS**

Alternative Case I

**DOCKETED**  
OCT 10 2000

PA.P.U.C.  
SECRETARY'S BUREAU

00 OCT -6 PM 12:49

RECEIVED

- \* Normal Weather 4600 Degree Days.
- \* \$7.5 Million Base Rate Increase in billings Effective 11/10/2000.
- \* Gas Costs increased by \$70.0 Million above the August 2000 Filing. New GCR effective 10/15/2000.
- \* Bad Debt Expense \$61.7 Million reflecting the higher Natural Gas Costs.
- \* No \$10.0 Million in Cost Savings & \$4.0 Million reduced Health Insurance Costs.
- \* Net Loss (\$12.7) Million before the City Payment.
- \* Ending Cash Balance 8/31/2001 (\$49.2) Million, TXCP outstanding \$97.0 Million.
- \* Negative Cash Balance of \$21.2 Million in January 2001.
- \* Coverage Ratios below 1.50 with shortfall of \$20.7 Million to meet mandatory requirement.

**DOCUMENT**  
**FOLDER**

**PHILADELPHIA GAS WORKS**  
**STATEMENT OF INCOME**  
(Dollars in Thousands)

	9/26/00
	\$7.5M, \$70M
	No Savings
	Rev Budget
<b>OPERATING REVENUES</b>	<u>2000-01</u>
Non-Heating	\$119,544
Gas Transport Service	3,656
Heating	568,101
Proposed Base Rate Increase	6,683
Marginal Revenue Loss Weather	(4,000)
Change in Senior Citizen Discount	1,500
Unbilled Adjustment	2,350
Total Gas Revenues	<u>697,834</u>
Appliance Repair & Bill Paid Turn-Ons	13,233
Other Operating Revenues	12,453
Total Other Operating Revenues	<u>25,686</u>
Total Operating Revenues	\$723,520
<b>OPERATING EXPENSES</b>	
Natural Gas	\$419,068
Other Raw Material	10
Sub-Total Fuel	<u>419,078</u>
<b>CONTRIBUTION MARGINS</b>	\$304,442
Gas Processing	13,825
Field Services	33,061
Distribution	13,601
Customer Affairs	31,208
Bad Debt Expense	61,663
Marketing & Point-of-Sale Expenses	6,713
Administrative & General	43,830
Health Insurance	29,290
Capitalized Fringe Benefits	(5,333)
Capitalized Administrative Charges	(6,815)
Regulatory Asset Amortization	3,750
Amortization of Restructuring Costs	965
Year 2000 & Deregulation Amortization	888
Pensions	1,376
Taxes	6,548
Amortization of Non-Recurring IT Costs	-
Personnel Reductions/Retirements	(2,500)
Cost Savings/Productivity Improvements	-
Sub-Total Other Oper. & Maintenance	<u>232,070</u>
Depreciation	33,381
Cost of Removal	2,500
To Clearing Accounts	<u>(3,344)</u>
	32,537
TOTAL OPERATING EXPENSES	\$683,685
<b>OPERATING INCOME</b>	39,835
Other Income	5,274
INCOME BEFORE INTEREST	<u>\$45,109</u>
<b>INTEREST</b>	
Long-Term Debt	\$47,871
Other	6,102
AFUDC	(355)
Loss From Extinguishment of Debt	4,162
Total Interest	<u>57,780</u>
<b>NET INCOME</b>	(12,671)
City Payment	18,000
<b>Net Earnings</b>	<u>(\$30,671)</u>

Normal weather 4600 degree days  
 Rate increase \$7.5MM - 1.1% Volume Inc & GCR 1915  
 No Productivity/Cost Savings, No Health Savings  
 Beginning Cash Balance \$2.0 million  
 GCR & gas costs increased by \$7.0 million

BUDGET OF CASH RECEIPTS AND DISBURSEMENTS  
 FISCAL YEAR ENDING AUGUST 31, 2001

(Millions of Dollars)

	BUDGET												
09/25/00	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	TOTAL
OPENING BALANCE - CASH INCLUDES 97.0 TXCP RECEIPTS	\$2.0	(\$0.1)	\$0.9	(\$2.5)	\$0.3	(\$21.2)	(\$15.4)	\$13.1	\$29.4	\$35.0	\$8.2	(\$25.5)	\$2.0
Gas	30.0	30.9	26.5	52.2	64.9	75.0	85.8	79.3	65.3	48.1	41.1	38.7	647.3
Other	6.7	8.7	1.4	1.0	1.3	1.4	1.4	1.6	1.6	1.6	1.5	3.0	32.1
Drawn from Capital Funds - Principal \$34.8	11.6	14.6	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.8
Drawn from Capital Funds - Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Drawn from Lease Funds - Principal \$10.3	0.0	0.0	3.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
Drawn from Lease Funds - Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advance (Repayment) of Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions Withdrawal	0.6	3.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.0	22.7
Rate Increase	0.0	0.0	0.0	0.0	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	5.1
<b>TOTAL RECEIPTS</b>	<b>48.9</b>	<b>57.2</b>	<b>48.5</b>	<b>58.7</b>	<b>69.7</b>	<b>77.1</b>	<b>87.9</b>	<b>81.7</b>	<b>87.5</b>	<b>50.2</b>	<b>56.8</b>	<b>42.7</b>	<b>748.0</b>
<b>TOTAL</b>	<b>50.9</b>	<b>57.2</b>	<b>50.4</b>	<b>56.2</b>	<b>70.0</b>	<b>55.8</b>	<b>72.5</b>	<b>94.8</b>	<b>97.0</b>	<b>85.2</b>	<b>65.0</b>	<b>17.2</b>	<b>750.0</b>
<b>DISBURSEMENTS</b>													
Labor	11.5	12.0	13.1	13.2	10.8	10.7	11.2	10.1	11.3	11.0	10.6	11.3	136.8
Natural Gas	29.3	30.0	29.3	31.6	42.0	45.4	36.3	39.4	37.3	34.9	30.7	30.5	416.5
Debt Service	0.0	3.9	0.0	0.1	25.9	7.7	0.0	4.0	1.7	1.4	37.9	13.3	90.9
TXCP Interest	0.0	0.1	0.0	0.1	0.2	0.4	0.2	0.6	0.4	0.2	0.0	0.0	2.2
City Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	0.0	0.0	18.2
Other Disbursements	10.2	10.3	19.6	11.0	12.3	12.1	11.7	11.3	11.3	11.3	11.3	11.3	134.6
<b>TOTAL DISBURSEMENTS</b>	<b>51.0</b>	<b>56.3</b>	<b>52.9</b>	<b>56.0</b>	<b>81.2</b>	<b>71.2</b>	<b>59.3</b>	<b>65.4</b>	<b>62.0</b>	<b>77.0</b>	<b>60.5</b>	<b>66.4</b>	<b>789.2</b>
MONTHLY CASH FLOW	(2.1)	1.0	(3.4)	2.8	(21.5)	5.8	28.6	16.3	5.5	(26.8)	(33.7)	(23.7)	(51.2)
CUMULATIVE CASH FLOW	(2.1)	(1.1)	(4.5)	(1.7)	(23.2)	(17.4)	11.1	27.4	33.0	6.2	(27.5)	(51.2)	
OPENING TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
TXCP ISSUED DURING MONTH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TXCP ISSUED PAID DOWN DURING MONTH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENDING TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
OPENING BALANCE - CASH	2.0	(0.1)	0.9	(2.5)	0.3	(21.2)	(15.4)	13.1	29.4	35.0	8.2	(25.5)	2.0
MONTHLY CASH FLOW	(2.1)	1.0	(3.4)	2.8	(21.5)	5.8	28.6	16.3	5.5	(26.8)	(33.7)	(23.7)	(51.2)
NET TXCP ACTIVITY MONTHLY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENDING BALANCE - CASH	(0.1)	0.9	(2.5)	0.3	(21.2)	(15.4)	13.1	29.4	35.0	8.2	(25.5)	(49.2)	(49.2)
EST CASH POSITION NET OF TXCP (PEAK DAY)													
CASH POSITION NET OF TXCP	(97.1)	(96.1)	(99.5)	(96.7)	(118.2)	(112.4)	(83.9)	(67.6)	(62.0)	(88.8)	(122.5)	(146.2)	(146.2)

SEP 27 '00 16:44 FR PGW SUP-MARKETING

215 684 6755 TO 922154053718

P.09/16

**PHILADELPHIA GAS WORKS  
CASHFLOW STATEMENT  
(Dollars in Thousands )**

	9/26/00 \$7.5M , \$70M No Savings Rev Budget <u>2000-01</u>
<b>SOURCES</b>	
Net Income	(\$12,671)
Depreciation & Amortization	42,827
Earnings on Restricted Funds	-
Impact of Refunded Debt Service	-
Increased/(Decreased) Other Liabilities	<u>2,833</u>
Available From Operations	32,989
Funds Required for Capital	34,820
Capital Leasing	6,000
Temporary Financing	-
<b>TOTAL SOURCES</b>	<u><u>\$73,809</u></u>
<b>USES</b>	
Net Construction Expenditures	\$62,293
Funded Debt Reduction:	
Revenue Bonds	34,192
PMA Lease/Subordinate Debt	1,065
Capital Lease	6,901
Notes Payable - CNG Acquisition	59
Temporary Financing Repayment	
Distribution of Earnings	18,000
Additions To (Reductions of)	
Non-Cash Working Capital	<u>2,983</u>
Cash Needs	125,493
Cash Surplus (Shortfall)	<u>(51,684)</u>
<b>TOTAL USES</b>	<u><u>\$73,809</u></u>
Cash - Beginning of Period	\$2,486
Cash - Surplus (Shortfall)	<u>(51,684)</u>
<b>ENDING CASH</b>	<u><u>(\$49,198)</u></u>
Internally Generated Funds	\$21,473
Outstanding Commercial Paper	\$97,000

**PHILADELPHIA GAS WORKS  
DEBT SERVICE COVERAGE  
( Dollars in Thousands )**

9/26/00  
\$7.5M , \$70M  
No Savings  
Rev Budget  
2000-01

**FUNDS PROVIDED**

Total Gas Revenues	\$697,834
Other Operating Revenues	<u>25,686</u>
Total Operating Revenues	723,520
Other Income Less Restricted Funds	5,274
AFUDC (Interest)	<u>355</u>
<b>TOTAL FUNDS PROVIDED</b>	<b>\$729,149</b>

**FUNDS APPLIED**

Fuel Costs	419,078
Other Operating Costs	<u>264,607</u>
Total Operating Expenses	683,685
PMA Lease Cost	-
\$20.1M Capital Lease Cost	3,980
\$23M Capital Lease Cost	3,997
Less: Non-Cash Expenses	<u>37,569</u>
<b>TOTAL FUNDS APPLIED</b>	<b>\$654,093</b>

Funds Available to Cover Debt Service	\$75,056
Add-back Lease Costs	<u>7,977</u>
<b>Funds Available Excluding Lease Costs</b>	<b>\$83,033</b>

1975 Ordinance Bonds Debt Service	\$51,611
Debt Service Coverage 1975 Bonds	1.61

Net Available after Prior Debt Service	\$31,422
PMA & Other Capital Leases	<u>7,977</u>
<b>Net Available after Prior Capital Leases</b>	<b>\$23,445</b>

1998 Ordinance Bonds Debt Service	\$29,449
Debt Service Coverage New Bonds	0.80

Net Available after New Debt Service	(\$6,004)
--------------------------------------	-----------

1998 Ordinance Subordinate Bond Debt Ser	\$1,990
Debt Service Coverage Subordinate Bond	(3.02)

09/26/2000

Surplus (Shortfall)	(20,729)
---------------------	----------

PGW Cross Exh. 2  
R-00005654  
9/28/00  
P. W. P.  
M

PHILADELPHIA GAS WORKS  
ASSUMPTIONS

Alternative Case II

- \* 12.5% Warmer Than Normal Weather 4015 Degree Days.
- \* \$7.5 Million Base Rate Increase in billings Effective 11/10/2000.
- \* Gas Costs increased by \$70.0 Million above the August 2000 Filing. New GCR effective 10/15/2000.
- \* Bad Debt Expense \$60.0 Million reflecting the higher Natural Gas Costs.
- \* No \$10.0 Million in Cost Savings & \$4.0 Million reduced Health Insurance Costs.
- \* Net Loss (\$24.2) Million before the City Payment.
- \* Ending Cash Balance 8/31/2001 (\$58.0) Million, TXCP outstanding \$97.0 Million.
- \* Negative Cash Balance of \$22.1 Million in January 2001.
- \* Coverage Ratios below 1.50 with shortfall of \$32.3 Million to meet mandatory requirement.

RECEIVED  
00 OCT -6 PM 12:13  
PA. P. U. C.  
SECRETARY'S BUREAU

**DOCKETED**  
OCT 10 2000  
DOCUMENT  
FOLDER

PHILADELPHIA GAS WORKS  
STATEMENT OF INCOME  
(Dollars in Thousands)

	9/26/00
	\$7.5M, \$70M
	No Savings
	10% Warmer
<b>OPERATING REVENUES</b>	<u>2000-01</u>
Non-Heating	\$119,544
Gas Transport Service	3,656
Heating	541,661
Proposed Base Rate Increase	6,683
Marginal Revenue Loss Weather	(4,000)
Change in Senior Citizen Discount	1,500
Unbilled Adjustment	2,350
Total Gas Revenues	<u>671,394</u>
Appliance Repair & Bill Paid Turn-Ons	13,233
Other Operating Revenues	11,983
Total Other Operating Revenues	<u>25,216</u>
Total Operating Revenues	<u>\$696,610</u>
<b>OPERATING EXPENSES</b>	
Natural Gas	\$406,348
Other Raw Material	<u>10</u>
Sub-Total Fuel	406,358
<b>CONTRIBUTION MARGINS</b>	\$290,252
Gas Processing	13,575
Field Services	32,561
Distribution	13,351
Customer Affairs	31,208
Bad Debt Expense	60,000
Marketing & Point-of-Sale Expenses	6,713
Administrative & General	43,830
Health Insurance	29,290
Capitalized Fringe Benefits	(5,333)
Capitalized Administrative Charges	(6,815)
Regulatory Asset Amortization	3,750
Amortization of Restructuring Costs	965
Year 2000 & Deregulation Amortization	888
Pensions	1,376
Taxes	6,548
Amortization of Non-Recurring IT Costs	-
Personnel Reductions/Retirements	(2,500)
Cost Savings/Productivity Improvements	<u>229,407</u>
Sub-Total Other Oper. & Maintenance	229,407
Depreciation	33,381
Cost of Removal	2,500
To Clearing Accounts	<u>(3,344)</u>
	32,537
<b>TOTAL OPERATING EXPENSES</b>	<u>\$668,302</u>
<b>OPERATING INCOME</b>	28,308
Other Income	<u>5,274</u>
<b>INCOME BEFORE INTEREST</b>	<u>\$33,582</u>
<b>INTEREST</b>	
Long-Term Debt	\$47,871
Other	6,102
AFUDC	(355)
Loss From Extinguishment of Debt	<u>4,162</u>
Total Interest	57,780
<b>NET INCOME</b>	(24,198)
City Payment	<u>18,000</u>
Net Earnings	<u>(\$42,198)</u>

10% Warmer Weather 4140 degree days  
 Rate increase \$7.5/M - 11/10 Volumetric & GCR 10/15  
 No Productivity/loss savings, No Health Savings  
 Beginning Cash Balance \$2.0 million  
 GCR & gas costs increased by \$70 million

BUDGET OF CASH RECEIPTS AND DISBURSEMENTS  
 FISCAL YEAR ENDING AUGUST 31, 2001  
 (All items in Dollars)

BUDGET	BUDGET												TOTAL
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	
OPENING BALANCE - CASH INCLUDES 97.0 TXCP RECEIPTS	\$2.0	(\$1.1)	(\$1.3)	(\$4.6)	(\$1.0)	(\$22.1)	(\$16.3)	\$12.0	\$26.9	\$30.3	\$2.0	(\$33.0)	\$2.0
Gas	28.9	28.8	35.2	50.5	62.7	72.5	83.0	76.8	63.1	46.5	39.7	35.9	625.8
Other	6.7	6.7	1.4	1.0	1.3	1.4	1.4	1.6	1.5	1.6	1.5	3.9	32.1
Drawn from Capital Funds - Principal \$34.8	11.6	14.6	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.8
Drawn from Capital Funds - Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Drawn from Lease Funds - Principal \$10.3	0.0	0.0	3.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
Drawn from Lease Funds - Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advance (Repayment) of Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Withdrawal	0.6	3.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.0	22.7
Rate Increase	0.0	0.0	0.0	0.0	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	5.1
TOTAL RECEIPTS	47.8	56.1	48.2	57.0	67.6	74.6	85.1	79.1	65.4	48.7	55.4	41.5	726.5
TOTAL	49.8	54.9	46.9	52.4	66.6	52.5	68.8	91.1	92.3	79.0	57.4	6.4	728.5
DISBURSEMENTS													
Labor	11.5	12.0	13.1	13.2	19.8	18.7	11.2	10.1	11.3	11.0	10.6	11.3	138.8
Natural Gas	29.3	30.0	27.8	29.1	39.5	42.9	33.8	36.2	37.3	34.9	30.7	30.5	403.8
Debt Service	0.0	3.9	0.0	0.1	25.9	2.7	0.0	4.0	1.7	1.4	37.9	13.3	80.9
TXCP - Interest	0.0	0.1	0.0	0.1	0.2	0.4	0.2	0.6	0.4	0.2	0.0	0.0	2.2
City Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	0.0	0.0	18.2
Other Disbursements	10.2	10.3	10.6	11.0	12.3	12.1	11.7	11.3	11.3	11.3	11.3	11.3	134.6
TOTAL DISBURSEMENTS	51.0	56.3	51.4	53.5	88.7	68.7	56.8	64.2	62.0	77.0	60.5	56.1	786.5
MONTHLY CASH FLOW	(3.1)	(0.2)	(3.2)	3.6	(21.1)	5.9	28.3	14.9	3.4	(28.3)	(35.1)	(24.9)	(60.0)
CUMULATIVE CASH FLOW	(3.1)	(3.3)	(6.6)	(3.0)	(24.1)	(18.3)	10.0	24.9	28.3	0.0	(35.0)	(60.0)	
OPENING TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
TXCP ISSUED DURING MONTH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TXCP ISSUED PAID DOWN DURING MONTH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENDING TXCP	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
OPENING BALANCE - CASH	2.0	(1.1)	(1.3)	(4.6)	(1.0)	(22.1)	(16.3)	12.0	26.9	30.3	2.0	(33.0)	2.0
MONTHLY CASH FLOW	(3.1)	(0.2)	(3.2)	3.6	(21.1)	5.9	28.3	14.9	3.4	(28.3)	(35.1)	(24.9)	(60.0)
NET TXCP ACTIVITY MONTHLY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENDING BALANCE - CASH	(1.1)	(1.3)	(4.6)	(1.0)	(22.1)	(16.3)	12.0	26.9	30.3	2.0	(33.0)	(68.0)	(68.0)
EST CASH POSITION NET OF TXCP (PEAK DAY)													
CASH POSITION NET OF TXCP	(98.1)	(98.3)	(101.6)	(98.0)	(119.1)	(113.3)	(85.0)	(70.1)	(66.7)	(85.0)	(130.0)	(155.0)	(155.0)

**PHILADELPHIA GAS WORKS**  
**CASHFLOW STATEMENT**  
(Dollars in Thousands )

	9/26/00 \$7.5M , \$70M No Savings 10% Warmer <u>2000-01</u>
<b>SOURCES</b>	
Net Income	(\$24,198)
Depreciation & Amortization	42,827
Earnings on Restricted Funds	-
Impact of Refunded Debt Service	-
Increased/(Decreased) Other Liabilities	2,833
Available From Operations	<u>21,462</u>
Funds Required for Capital	34,820
Capital Leasing	6,000
Temporary Financing	-
<b>TOTAL SOURCES</b>	<u><u>\$62,282</u></u>
<b>USES</b>	
Net Construction Expenditures	\$62,293
Funded Debt Reduction:	
Revenue Bonds	34,192
FMA Lease/Subordinate Debt	1,065
Capital Lease	6,901
Notes Payable - CNG Acquisition	59
Temporary Financing Repayment	
Distribution of Earnings	18,000
Additions To (Reductions of)	
Non-Cash Working Capital	<u>256</u>
Cash Needs	122,766
Cash Surplus (Shortfall)	<u>(60,484)</u>
<b>TOTAL USES</b>	<u><u>\$62,282</u></u>
Cash - Beginning of Period	\$2,486
Cash - Surplus (Shortfall)	<u>(60,484)</u>
<b>ENDING CASH</b>	<u><u>(\$57,998)</u></u>
Internally Generated Funds	\$21,473
Outstanding Commercial Paper	\$97,000

**PHILADELPHIA GAS WORKS  
DEBT SERVICE COVERAGE  
( Dollars in Thousands )**

9/26/00  
\$7.5M , \$70M  
No Savings  
10% Warmer  
2000-01

**FUNDS PROVIDED**

Total Gas Revenues	\$671,394
Other Operating Revenues	<u>25,216</u>
Total Operating Revenues	696,610
Other Income Less Restricted Funds	5,274
AFUDC (Interest)	<u>355</u>
<b>TOTAL FUNDS PROVIDED</b>	<b>\$702,239</b>

**FUNDS APPLIED**

Fuel Costs	406,358
Other Operating Costs	<u>261,944</u>
Total Operating Expenses	668,302
PMA Lease Cost	-
\$20.1M Capital Lease Cost	3,980
\$23M Capital Lease Cost	3,997
Less: Non-Cash Expenses	<u>37,569</u>
<b>TOTAL FUNDS APPLIED</b>	<b>\$638,710</b>

Funds Available to Cover Debt Service	\$63,529
Add-back Lease Costs	<u>7,977</u>
Funds Available Excluding Lease Costs	\$71,506

1975 Ordinance Bonds Debt Service	\$51,611
Debt Service Coverage 1975 Bonds	1.39

Net Available after Prior Debt Service	\$19,895
PMA & Other Capital Leases	<u>7,977</u>
Net Available after Prior Capital Leases	\$11,918

1998 Ordinance Bonds Debt Service	\$29,449
Debt Service Coverage New Bonds	0.40

Net Available after New Debt Service (\$17,531)

1998 Ordinance Subordinate Bond Debt Ser	\$1,990
Debt Service Coverage Subordinate Bond	(\$.81)

09/26/2000

Surplus (Shortfall) (32,256)

# Superior Natural Gas Corporation



2-00005654  
9/28/00  
Phila PA. PJS

September 26, 2000

Philadelphia Gas Works

Attn: Mr. Thomas M. Smyth, CPA  
Chief Accounting Officer

RECEIVED  
00 OCT -6 PM 12:49  
P.A.P.U.C.  
SECRETARY'S BUREAU

Dear Mr. Smyth:

Please be advised that regarding our sale of natural gas to PGW, we request that the following be executed starting with the production month of October, 2000:

- 1) Approved letter of credit in the approximate amount of \$800,000
- 2) Pre-payment of the total amount of \$800,000

We would be glad to explore the possibility of the City of Philadelphia issuing a guaranty for the same amount.

**DOCKETED**  
OCT 7 11 35 AM '00

If you have any questions please do not hesitate to call me at (713) 353-5356.

Sincerely,

*Marshall Anderson*  
DOCUMENT FOLDER  
Marshall Anderson  
Manager of Accounting

*Remind  
copy to C. White,  
Abby, Joe C.  
ASAP please  
Jon*

EXHIBIT V-2  
 CAPITAL SPENDING BUDGET  
 FISCAL YEAR 2000-01

POW X -  
 Exam #4  
 R-00005654  
 9/28/00  
 Photo PB  
 (S)

<u>DEPARTMENT</u>	<u>TOTAL 2001</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>
Gas Processing	\$ 16,685,000	987	1,082	1,388	1,522	1,622	1,630	1,590	1,568	1,545	1,445	1,376	936
Distribution	\$ 35,382,000	3,177	3,178	3,201	2,897	2,932	2,932	2,933	3,238	3,218	3,222	3,233	1,223
Field Services	\$ 4,394,000	746	354	269	304	289	252	347	407	367	344	370	345
Transportation	\$ 233,000	-	14	39	(291)	-	13	8	8	116	174	159	(7)
Building Services	\$ 1,729,000	202	270	333	376	74	35	41	80	98	92	104	24
IT	\$ 2,358,000	1,532	284	32	32	185	54	63	58	32	32	34	20
Others	\$ 1,512,000	455	206	207	244	100	100	100	50	50			
<b>Total</b>	<b>\$ 62,293,000</b>	<b>\$ 7,098</b>	<b>\$ 5,387</b>	<b>\$ 5,468</b>	<b>\$ 5,084</b>	<b>\$ 5,202</b>	<b>\$ 5,016</b>	<b>\$ 5,082</b>	<b>\$ 5,408</b>	<b>\$ 5,425</b>	<b>\$ 5,308</b>	<b>\$ 5,275</b>	<b>\$ 2,541</b>

DOCUMENT  
 FOLD HERE

DOCKETED  
 OCT 10 2000