

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**VOLUME I  
(Part 2 of 3)**

**RESPONSES TO FILING REQUIREMENTS**

**ON BEHALF OF PHILADELPHIA GAS WORKS**

**PHILADELPHIA GAS WORKS**

**R-2023-3037933**

**FEBRUARY 2023**

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## **II. RATE OF RETURN**

II.A.5 Supply projected capital requirements and sources of Company, Parent and System (consolidated) for each of future three years

**RESPONSE:**

Attached are PGW' s sources and uses of cash for capital improvement expenditures for Fiscal Years 2023 through 2026.

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
SOURCES & USES OF CASH FOR  
CAPITAL IMPROVEMENT EXPENDITURES  
FISCAL YEARS 2023 THROUGH 2026

	<u>Estimate</u> <u>2023</u>	<u>Budget</u> <u>2024</u>	<u>Forecast</u> <u>2025</u>	<u>Forecast</u> <u>2026</u>
<b>CAPITAL EXPENDITURES</b>				
<b>SOURCES:</b>				
Bond Proceeds	113,000	102,000	91,629	91,866
TXCP - Capital	-	-	-	-
DSIC Surcharge	39,000	41,000	41,000	41,000
Federal Grant (PHMSA)	-	10,752	17,876	22,863
Internally Generated Funds	18,490	53,207	40,383	28,318
<b>Total Sources</b>	<b>170,490</b>	<b>206,959</b>	<b>190,888</b>	<b>184,047</b>
% Internally Generated Funds	33.7%	50.7%	52.0%	50.1%
% Debt Financing	66.3%	49.3%	48.0%	49.9%
<b>USES:</b>				
Gas Processing	17,432	29,120	32,440	20,182
Distribution	96,405	123,949	123,080	133,487
Field Services	7,009	9,306	24,508	20,120
Fleet Services	10,661	9,488	7,485	8,919
Facilities Management	11,971	28,358	1,685	626
Information Technology	26,978	6,738	1,690	713
Other	34			
<b>Total Uses</b>	<b>170,490</b>	<b>206,959</b>	<b>190,888</b>	<b>184,047</b>
<b>CAPITAL IMPROVEMENT FUND</b>				
<b>SOURCES</b>				
Bond Proceeds @ Par Amount	\$ -	\$ 348,000	\$ -	\$ -
Other Financings	-	-	-	-
<b>Total Sources</b>	<b>-</b>	<b>348,000</b>	<b>-</b>	<b>-</b>
<b>USES:</b>				
Cash Deposit to Capital Improvement Fund	-	321,520	-	-
Discount & Issuance Expense	-	3,480	-	-
Cash Deposit to Sinking Fund	-	23,000	-	-
Pay Down - TXCP	-	-	-	-
<b>Total Uses</b>	<b>-</b>	<b>348,000</b>	<b>-</b>	<b>-</b>
Cash Deposit to Capital Improvement Fund	-	321,520	-	-
Interest Gains or (Losses)	-	1,007	1,106	723
Drawdown - Proceeds and Interest Earned	-	(102,000)	(77,506)	(70,592)
Changes in Fund	-	220,527	(76,400)	(69,869)
<b>Balance End of Period</b>	<b>\$ 238</b>	<b>\$ 220,527</b>	<b>\$ 144,127</b>	<b>\$ 74,259</b>

## II. RATE OF RETURN

II.A.6. Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):

II.A.6.a. Date of issue

II.A.6.b. Date of maturity

II.A.6.c. Amount issued

II.A.6.d. Amount outstanding

II.A.6.e. Amount retired

II.A.6.f. Amount reacquired

II.A.6.g. Gain on reacquisition

II.A.6.h. Coupon rate

II.A.6.i. Discount or premium at issuance

II.A.6.j. Issuance expenses

II.A.6.k. Net proceeds

II.A.6.l. Sinking Fund requirements

II.A.6.m. Effective interest rate

II.A.6.n. Dividend rate

II.A.6.o. Effective cost rate

II.A.6.p. Total average weighted effective Cost Rate

### RESPONSE:

Please see the attached Fiscal Year 2022, 2023, and 2024 debt schedules for the response to: a, b, c, d, e, h, i, j, k, l, and m.

II.A.6.f, g, n, o, and p are Not Applicable.

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
DEBT SCHEDULE  
Fiscal Year 2022

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	J Premium at Issuance	K Net Proceeds
1998 Bond Ordinance									
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE	-	-	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	27,370,000.00	77,630,000.00	VARIABLE	-	-	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	27,225,000.00	22,775,000.00	VARIABLE	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	40,845,000.00	9,155,000.00	VARIABLE	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	27,370,000.00	22,630,000.00	VARIABLE	-	-	50,000,000.00
Tenth Series (98)	September 28, 2011	2026	72,610,000.00	-	72,610,000.00	3.00%-5.00%	-	(4,638,776.45)	76,886,722.76
Thirteenth Series (98)	August 18, 2015	2034	261,770,000.00	139,215,000.00	122,555,000.00	3.00%-5.00%	-	(32,498,893.55)	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	208,435,000.00	103,990,000.00	2.00%-5.00%	-	(57,188,109.40)	368,458,812.70
FIFTEENTH Series (96)	August 16, 2017	2047	273,140,000.00	245,955,000.00	27,185,000.00	2.00%-5.00%	-	(42,696,822.50)	314,643,858.73
SIXTEENTH SERIES A	October 29, 2020	2050	203,160,000.00	200,345,000.00	2,815,000.00	4.00%-5.00%	-	(45,570,449.75)	247,737,514.47
SIXTEENTH SERIES B	October 29, 2020	2040	50,765,000.00	50,260,000.00	505,000.00	4.00%-5.00%	-	(7,837,875.80)	58,371,272.24
				<u>997,020,000.00</u>					

<u>BOND DEBT</u>	L Sinking Fund Requirements	M Effective Interest Rate
2022	106,188,138.00	4.7827%
	FY 2021-22	
	Revenue Bonds	
	Total Outstanding Debt	
	997,020,000.00	47,684,747.77

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
DEBT SCHEDULE  
Fiscal Year 2023

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	J Premium at Issuance	K Net Proceeds
1998 Bond Ordinance									
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE	-	-	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	27,370,000.00	77,630,000.00	VARIABLE	-	-	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	27,225,000.00	22,775,000.00	VARIABLE	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	40,845,000.00	9,155,000.00	VARIABLE	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	27,370,000.00	22,630,000.00	VARIABLE	-	-	50,000,000.00
Thirteenth Series (98)	August 18, 2015	2034	281,770,000.00	119,925,000.00	141,845,000.00	3.00%-5.00%	-	-	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	183,160,000.00	129,265,000.00	2.00%-5.00%	-	(32,496,893.55)	368,458,812.70
FIFTEENTH Series (96)	August 16, 2017	2047	273,140,000.00	240,855,000.00	32,285,000.00	2.00%-5.00%	-	(57,188,109.40)	314,643,868.73
SIXTEENTH SERIES A	October 29, 2020	2050	203,160,000.00	199,845,000.00	3,315,000.00	4.00%-5.00%	-	(42,696,822.50)	247,737,514.47
SIXTEENTH SERIES B	October 29, 2020	2040	50,765,000.00	46,655,000.00	4,110,000.00	4.00%-5.00%	-	(45,570,449.75)	58,371,272.24
				<u>943,250,000.00</u>					

BOND DEBT	L Sinking Fund Requirements	M Effective Interest Rate	
		Interest Expense	Interest Rate
2023	103,284,449.57	44,662,408.24	4.7349%
		Revenue Bonds	
		Total Outstanding Debt	943,250,000.00
		FY 2022-23	

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
DEBT SCHEDULE  
Fiscal Year 2024

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	J Premium at Issuance	K Net Proceeds
1998 Bond Ordinance									
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE	-	-	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	22,650,000.00	82,350,000.00	VARIABLE	-	374,464.50	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	22,530,000.00	27,470,000.00	VARIABLE	-	665,467.59	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	33,800,000.00	16,200,000.00	VARIABLE	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	22,650,000.00	27,350,000.00	VARIABLE	-	-	50,000,000.00
Thirteenth Series (98)	August 18, 2015	2034	281,770,000.00	101,225,000.00	160,545,000.00	3.00%-5.00%	-	1,111,871.60	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	174,295,000.00	138,130,000.00	2.00%-5.00%	-	1,154,296.70	368,458,812.70
FIFTEENTH Series (96)	August 16, 2017	2047	273,140,000.00	235,505,000.00	37,635,000.00	2.00%-5.00%	-	1,192,963.77	314,643,858.73
SIXTEENTH SERIES A	October 29, 2020	2050	203,160,000.00	196,120,000.00	7,040,000.00	4.00%-5.00%	-	992,935.28	247,737,514.47
SIXTEENTH SERIES B	October 29, 2020	2040	50,765,000.00	44,220,000.00	6,545,000.00	4.00%-5.00%	-	231,603.56	58,371,272.24
New Bond Issued FY24	FY24	2054	348,000,000.00	348,000,000.00	-	5.00%	-	3,480,000.00	344,520,000.00
			<u>882,995,000.00</u>						

BOND DEBT	L Sinking Fund Requirements	M Effective Interest Rate	
		Interest Expense	Effective Interest Rate
2024	96,741,984.11	42,718,886.90	4.8380%
		Revenue Bonds	
		FY 2023-24	
		Total Outstanding Debt	882,995,000.00



**II. RATE OF RETURN**

II.A.7. Supply financial data of Company and/or Parent for last five years:

II.A.7.a. Earnings-price ratio (average)

II.A. 7.b. Earnings-book value ratio (per share basis) (avg. book value)

II.A.7.c. Dividend yield (average)

II.A.7.d. Earnings per share (dollars)

II.A.7.e. Dividends per share (dollars)

II.A.7.f. Average book value per share yearly

II.A.7.g. Average yearly market price per share (monthly high-low basis)

II.A.7.h. Pre-tax funded debt interest coverage

II.A.7.i. Post-tax funded debt interest coverage

II.A.7. j. Market price-book value ratio

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.8. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:

II.A.8.a. Actual test year

II.A.8.b. Annualized test year-end

II.A.8.c. Proposed test year-end

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.9. State amount of debt interest utilized for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:

II.A.9.a. Actual test year

II.A.9.b. Annualized test year-end

II.A.9.c. Proposed test year-end

**RESPONSE:**

Not applicable.

## II. RATE OF RETURN

II.A.10. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state.)

II.A.10.a. State what option has been chosen by the group.

II.A.10.b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.

II.A.10.c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

II.A.10.d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

### **RESPONSE:**

Not applicable.

## II. RATE OF RETURN

11.A.11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

### **RESPONSE:**

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89), establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the cost of a capital asset reported in a business type activity or enterprise fund. As originally scheduled, certain accounting and financial reporting provisions of GASB 89 would have taken effect for periods beginning after December 15, 2019 (the Company's fiscal year ending August 31, 2021). GASB 95 postponed the effective date of GASB 89 by twelve months and the requirements of GASB 89 will take effect for periods beginning after December 15, 2020 (the Company's fiscal year ending August 31, 2022). PGW has implemented GASB 89 and found restatement of prior periods not practical. The adoption of this statement did not have a material impact on the Company's FY 2022 financial statements. No AFUDC was charged by the Company to capital assets in the historic test year.

## II. RATE OF RETURN

II.A.12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

### **RESPONSE:**

The following documents are attached:

Attachment 1: General Gas Works Revenue Bond Ordinance of 1998

Attachment 2: Supplemental General Gas Works Revenue Bond Ordinance of 1998

Attachment 3: Commercial Paper Notes Ordinance

Attachment 4: Revenue Notes Ordinance

# 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

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## 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

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**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

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**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  
the context requires.

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**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

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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.

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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

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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

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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

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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



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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

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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

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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

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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

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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

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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

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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





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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

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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

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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]

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[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-

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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

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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

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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.

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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,



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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

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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

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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.

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**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

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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

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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

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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

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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.**



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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

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(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

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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

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(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

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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

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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

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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

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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.



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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

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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

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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

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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

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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

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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

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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

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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



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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

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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

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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

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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

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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.

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**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

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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

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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



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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.

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## 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

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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

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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.

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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. 200296-A)

### AN ORDINANCE

Constituting the Fifteenth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the City of Philadelphia, Pennsylvania (the "City") to sell, either at public or private sale, one or more series of Gas Works Revenue Bonds and Gas Works Revenue Bonds to refund such Bonds (the "Bonds"); to pay the costs of certain capital projects and other Project Costs; authorizing the City to obtain credit enhancement for any Series of the Bonds; making certain determinations and covenants relating to Gas Works Revenues and the payment of interest and principal; and authorizing covenants and actions in order that the Bonds shall not be arbitrage bonds; all under certain terms and conditions.

#### *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 (1998 General Ordinance) of the City (the "Bonds"), which may be issued in one or more series or subseries, at such times as set forth in a resolution or resolutions of the Bond Committee designated and with such relative priorities as the Bond Committee may 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, adopted by the City on April 30, 1998 (the "1998 General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of the Bonds authorized to be issued hereunder, to be expended as provided in Section 2 of this Ordinance. Each Series of 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, of the 1998 General Ordinance, or of any applicable law. If a majority of the Bond Committee determines it to be in the best interests of the City, a Series of 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 such Series of Bonds. Each Series of the Bonds shall mature or be subject to mandatory redemption in such principal amounts and on such date or dates and bear interest at such rate or rates (including, without limitation, variable, adjustable or convertible rates), as shall be determined by a majority of the Bond Committee. 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 Bonds are authorized to be issued hereunder in an aggregate principal amount of up to Three Hundred Million Dollars (\$300,000,000), to pay the costs related to any or all of the purposes set forth in Section 2 hereof; provided, however, that if any of the Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of the Bonds

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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 Three Hundred Million Dollars (\$300,000,000) plus accrued interest if any; and provided further, that the Bonds, or any portion thereof, may be sold at a premium so long as the aggregate principal amount of the Bonds does not exceed Three Hundred Million Dollars (\$300,000,000).

The Bond Committee is further authorized to issue and sell one or more additional Series of Bonds which refund, in whole or in part, all or any portion of any Series of the Bonds and to determine the terms thereof; provided, however, that any additional Series of Bonds which refunds Bonds (i) shall not extend the final maturity of the Bonds so refunded and shall have debt service in each fiscal year of the stated term of the refunding Bonds which is lower than the debt service on the Bonds refunded in each such year; and (ii) shall be in an aggregate principal amount not to exceed the principal amount which accomplishes the foregoing, together with the amount necessary to pay the costs of issuance of such additional Series of Bonds.

The issuance of such additional Series of Bonds shall in all other respects be governed by the General Ordinance and this Fifteenth Supplemental Ordinance and where reference is made herein to the Bonds, it shall also mean and relate to such additional Series of Bonds.

The 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 has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 2. The 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 budget 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) paying the costs of issuing the Bonds and any required payments to the Sinking Fund Reserve; (iii) if determined by the Director of Finance, the provision of capitalized interest on any series of Bonds that are issued to finance capital projects during the construction of such capital projects; and (iv) paying any other Project Costs (as defined in 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



## City of Philadelphia

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Section 4.02 of the 1998 General Ordinance. An executed copy of the Financial Report has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 4. The City covenants that, as long as any of the 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. Such pledged Gas Works Revenues shall be held for the security and payment of all Bonds issued under the 1998 General Ordinance and to be applied in the order of priority both as to security and payment, set forth in Section 4.02 of the 1998 General Ordinance. 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 Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its 1998 Gas Works Revenue Bonds 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 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 the 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, as to any Series of Bonds issued as federally tax-exempt obligations, to make such elections under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder with respect to each Series of the Bonds and to take such actions on behalf of the City with respect to the investment of the proceeds of Bonds as is deemed 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 each Series of the Bonds shall not be "arbitrage bonds" as defined in the Code.

SECTION 7. In the event any Series of the Bonds are issued in book-entry form, the ownership of one fully registered Series of Bonds for each maturity or stated maturity and interest rate of each series, each in the aggregate principal amount of such maturity or stated 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 such Series of Bonds, the following provisions of this Section 7 shall govern as to matters set forth in Article III of the 1998 General Ordinance.

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 transfer (the "Participants"). A person who owns

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such an interest in a Bond (a “Beneficial Owner”) will not receive certificated Bonds, as applicable, 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 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 whom the Depository holds the Bonds 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.

Transfers of ownership interests in the 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 interests 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 the Bonds.

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 five (5) days prior to any interest payment date or five (5) days prior to any mailing of a 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 thereof.

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 in such names as the City and the Fiscal Agent are directed by the Depository.

## City of Philadelphia

*BILL NO. 200296-A continued*

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The Bondholders have no right to a depository for the 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 holder of all Bonds of a Series, the Depository may present notices, approvals, waivers or other communications required or permitted to be made by under the 1998 General Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners of such Series, as applicable.

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

SECTION 8. (a) Subject to the determination by a majority of the Bond Committee referred to in Section 1 hereof, 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 providers of any Credit Facilities with respect to the Bonds, all to the extent and in the manner as provided therein; provided, however, that any payments to a Credit Facility Provider on account of principal of and interest on the Bonds owned or deemed to be owned by a Credit Facility Provider shall be payable from and secured by Gas Works Revenues and the Sinking Fund equally and ratably with all other Bonds in the manner provided in the 1998 General Ordinance.

(b) All of the provisions of Section 4.02 of the 1998 General Ordinance relating to Credit Facilities, except to the extent limited by Section 8(a) hereof, shall apply to Credit Facilities with respect to the Bonds and to payments due from the City to the providers of such Credit Facilities. The providers of Credit Facilities shall have no right or claim at any time to amounts on deposit in the Sinking Fund, except as provided in Section 8(a) hereof.

(c) All of the provisions in Section 4.03(b) of the 1998 General Ordinance relating to Credit Facilities shall apply to the Credit Facilities relating to the Bonds.

SECTION 9. This Ordinance is supplementary to the 1998 General Ordinance and all provisions of the 1998 General Ordinance not inconsistent with this Ordinance are applicable to the 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 10. The City reasonably expects to reimburse itself for all or certain of the expenditures incurred for the matters authorized by Section 2 of this Ordinance paid prior to the issuance of any Series of Bonds. No funds from sources other than the Bonds authorized by this Ordinance have been or are reasonably expected to be reserved, allocated on a long-term basis,

## City of Philadelphia

*BILL NO. 200296-A continued*

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or otherwise set aside by the City, or any member of the same “control group” as the City within the meaning of Treasury Regulation 1.150-1(e) of the Code, pursuant to their budget or financial policies with respect to any expenditures to be reimbursed. This section constitutes a declaration of the City’s official intent to reimburse expenditures paid in accordance with Treasury Regulation 1.150-2(d) of the Code.

SECTION 11. As it shall relate to any Bonds issued pursuant to this Fifteenth Supplemental Ordinance, the term “Credit Facility” as defined in the 1998 General Ordinance, is hereby amended and restated as follows:

“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 either Moody’s or S&P not lower than “A”.

SECTION 12. This Ordinance shall take effect immediately.

Philadelphia Gas Works' Base Rate Filing  
**City of Philadelphia**

*BILL NO. 200296-A continued*

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Philadelphia Gas Works' Base Rate Filing  
**City of Philadelphia**

*BILL NO. 200296-A continued*

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 25, 2020. The Bill was Signed by the Mayor on June 26, 2020.



Michael A. Decker  
Chief Clerk of the City Council

## City of Philadelphia



(Bill No. 130767)

### AN ORDINANCE

Constituting the Twelfth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the City of Philadelphia (the "City") to sell, either at public or private sale, Gas Works Revenue Capital Project Commercial Paper Notes (1998 Ordinance) (the "Notes") to pay the costs of certain capital projects and other Project Costs; authorizing the City to obtain credit enhancement and liquidity for the Notes; making certain determinations and covenants relating to Gas Works Revenues and the payment of interest and principal; and authorizing covenants and actions in order that the Notes will not be arbitrage bonds; all under certain terms and conditions.

#### *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 Capital Project Commercial Paper Notes (1998 General Ordinance), of the City (the "Notes"), which may be issued in one or more series or subseries and which shall be issued in installments, designated "Capital Project Commercial Paper Notes" and consecutively thereafter by letter designation, as the Bond Committee may 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, adopted by the City on April 30, 1998 (the "1998 General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of Notes authorized to be issued and at any other time Outstanding hereunder, to be expended as provided in Section 2 of this Ordinance. The Notes shall be sold at public or private sale and shall contain such terms and provisions including, without limitation, the appointment of one or more securities dealers, brokers or other entities acting as purchasers of, or brokers for, the Notes pursuant to one or more agreements with the City ("Dealer"), 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, of the 1998 General Ordinance, or of any applicable law, in connection with the issuance of the Notes. If a majority of the Bond Committee determines it to be in the best interests of the City, the Notes 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 Notes. If a majority of the Bond Committee determines it to be in the best interests of the City, the City may obtain Credit Facilities in the form of credit enhancement and liquidity for all or a portion of the Notes. The Notes shall mature in such principal amounts and on such date or dates and bear

## City of Philadelphia

BILL NO. 130767 continued

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interest at such rate or rates (including, without limitation, variable, adjustable or convertible rates), as shall be determined by a majority of the Bond Committee. 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 Notes are authorized to be issued hereunder in an aggregate principal amount of up to one hundred twenty million dollars (\$120,000,000) at any one time Outstanding, to pay the costs related to any or all of the purposes set forth in Section 2 hereof; provided that if any of the Notes are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of the Notes 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 Notes shall not exceed one hundred twenty million dollars (\$120,000,000), plus accrued interest if any; and provided further, that the Notes, or any portion thereof, may be sold at a premium so long as the aggregate principal amount of the Notes does not exceed one hundred twenty million dollars (\$120,000,000). Prior to the issuance of each Series of Notes, the Bond Committee shall adopt a Resolution authorizing such series.

The Notes shall be issued as Subordinate Bonds and shall constitute Interim Debt pursuant to the 1998 General Ordinance. The Notes shall not be entitled to the benefit of the Sinking Fund Reserve. The "Final Maturity" of the Notes shall be no more than thirty (30) years from the date of issuance of the Notes.

Each series of Notes shall be issued from time to time, subject to the limitations set forth in this Ordinance, in such aggregate principal amount for each series as from time to time shall be determined by the Bond Committee, but not exceeding the maximum aggregate principal amount at any one time Outstanding authorized herein. The Notes of a series shall be (a) dated as of their respective dates of issuance, (b) numbered serially in consecutive numerical order from 1 upwards, (c) issued in minimum denominations of one hundred thousand dollars (\$100,000) or any integral multiples of one thousand dollars (\$1,000) in excess thereof, (d) issued without coupons and payable to bearer or such other person or entity designated by the City, including a depository or person designated by a depository if the Notes are issued in book-entry form, (e) issued as interest-bearing Notes (provided that interest shall accrue thereon from and including the date of issuance thereof to, but not including or after, the Stated Maturity (as hereinafter defined) thereof), (f) have interest payable and principal amounts maturing at such times as are stated therein, but in no event later than, as to a series of Notes, the Final Maturity, (g) payable as to principal and interest on the maturity date of a particular Note, which shall be not less than one (1) day after the issue date of such Note and not later than two hundred seventy (270) days from the date of issuance of the particular Note (the "Stated Maturity"); provided, however, that the Stated Maturity shall not be later than the earlier of 13 months following the date of initial issuance of any installment of Notes or Final Maturity, and payable in immediately available funds in lawful money of



## City of Philadelphia

BILL NO. 130767 continued

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the United States of America upon presentation and surrender at the principal corporate trust office of the Fiscal Agent, and (h) authenticated by the Fiscal Agent and delivered by the Fiscal Agent to, or as directed by, the Dealer, from time to time in the manner provided for and subject to the conditions specified herein and in any agreement hereafter entered into by the City and the Dealer or Fiscal Agent, promptly upon receipt by the Fiscal Agent of a request specifying, as to each of the Notes then being issued: (i) the date of issue, Stated Maturity, serial number and principal amount, (ii) the rate of interest to be carried thereby, (iii) the total of principal and interest to be due thereon at the Stated Maturity thereof, (iv) the name of the payee, if other than bearer, and (v) the aggregate purchase price to be paid therefor by the Dealer or such other person or entity as such request shall specify. Delivery of the Notes by the Fiscal Agent to, or as directed by, the Dealer shall be against payment made in the manner specified herein.

The Notes 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 has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 2. The Notes shall be issued from time to time for the purpose of providing funds for any or all of the following purposes: (a) the capital projects included in the capital program of the Philadelphia Gas Works ("Gas Works"), which may include, without limitation, (i) the acquisition of land or rights therein; (ii) the acquisition, construction or improvement of buildings, structures and facilities together with their related furnishings, equipment, machinery and apparatus; (iii) the acquisition, construction or replacement of pipes and pipe lines; and (iv) 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; (b) the provision of interest on the Notes during construction of the capital projects; (c) paying the costs of issuing Notes; and (d) paying any other Project Costs (as defined in the Act).

The City covenants that the proceeds of the Notes which are available for the payment of the Project Costs after payment of costs of issuance, and the repayment to the City and the Gas Works of amounts, if any, previously advanced for Project Costs or for the funding or refunding of bond anticipation notes or other obligations issued in respect of Project Costs as described above, shall be deposited, held in, and disbursed from, one or more segregated 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. 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 retained in such account and be expended on Project Costs or may be transferred to and deposited in the operating

## City of Philadelphia

BILL NO. 130767 continued

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

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 has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 4. The City covenants that, as long as any of the Notes 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. Such pledged Gas Works Revenues shall be held for the security and payment of all Bonds issued under the 1998 General Ordinance and the Notes to the extent, and in the order of priority both as to security and payment, set forth in Section 4.02 of the 1998 General Ordinance and with respect to the Notes, as provided in Section 4.02 of the 1998 General Ordinance and in Section 1 hereof. 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 Notes 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, subject to the priority of security and payment as set forth in the 1998 General Ordinance.

SECTION 6. The Director of Finance is authorized to make such elections under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder with respect to the Notes and to take such actions on behalf of the City with respect to the investment of the proceeds of the Notes as is deemed 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 Notes shall not be "arbitrage bonds" as defined in the Code.

SECTION 7. In the event Notes are issued in book-entry form, the ownership of one fully registered Note for each maturity or stated maturity, each in the aggregate principal amount of such maturity or stated maturity, will be registered in the name(s) designated by the Depository. So long as, but only so long as, the book-entry only

## City of Philadelphia

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system is applicable to the Notes, the following provisions of this Section 7 shall govern as to matters set forth in Article III of the 1998 General Ordinance.

Pursuant to the book-entry-only system, ownership interests in the Notes may be purchased in the manner directed by the Depository, which may be through financial institutions for whom the Depository effects book-entry transfer (the "Participants"). A person who owns such an interest in a Note (a "Beneficial Owner") will not receive certificated Notes 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 Notes, 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 Notes or the providing of notices relating to redemption to Participants or the Beneficial Owners of the Notes.

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 Notes for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Notes 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 Notes 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 interests in the Notes, except as specifically provided herein. So long as the Depository is the Noteholder, interest, principal and redemption price of the Notes 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 Notes.

For every transfer and exchange of the Notes, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Notes 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 Notes shall be required to be made fewer than five (5) days prior to any interest payment date or five (5) days prior to any mailing of a notice of

## City of Philadelphia

BILL NO. 130767 continued

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redemption of the Notes. No transfers shall be made of Notes previously called for redemption, except pursuant to the optional or mandatory tender provisions thereof.

The Depository may determine to discontinue providing its services with respect to the Notes 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 note certificates in such names as the City and the Fiscal Agent are directed by the Depository.

The Noteholders have no right to a depository for the Notes. If the book-entry only system is no longer utilized, note 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 holder of all Notes, the Depository may present notices, approvals, waivers or other communications required or permitted to be made by Noteholders 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 Notes.

SECTION 8. (a) Subject to the determination by a majority of the Bond Committee referred to in Section 1 hereof, 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 providers of any Credit Facilities with respect to the Notes, all to the extent and in the manner as provided therein; provided, however, that any payments to a Credit Facility Provider on account of principal of and interest on the Notes owned or deemed to be owned by a Credit Facility Provider shall be payable from and secured by Gas Works Revenues and the Sinking Fund equally and ratably with all other Notes and subject and subordinate as to priority of security and payment as set forth in Section 4.02 of the 1998 General Ordinance. The providers of Credit Facilities for the Notes shall have no right or claim at any time to amounts on deposit in the Sinking Fund Reserve.

(b) All of the provisions of Section 4.02 of the 1998 General Ordinance relating to Credit Facilities, except to the extent limited by Section 8(a) hereof, shall apply to Credit Facilities with respect to the Notes and to payments due from the City to the providers of such Credit Facilities. The providers of Credit Facilities shall have no right or claim at any time to amounts on deposit in the Sinking Fund, except as provided in Section 8(a) hereof.

**City of Philadelphia**

BILL NO. 130767 continued

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(c) All of the provisions in Section 4.03(b) of the 1998 General Ordinance relating to Credit Facilities shall apply to the Credit Facilities with respect to the Notes.

SECTION 9. This Ordinance is supplementary to the 1998 General Ordinance and all sections of the 1998 General Ordinance not inconsistent with this Ordinance are applicable to the Notes. 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 10. The City reasonably expects to reimburse any expenditures toward the cost of the matters authorized by Section 2 of this Ordinance paid prior to the issuance of the Notes. No funds from sources other than the Notes authorized by this Ordinance have been or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the City, or any member of the same “control group” as the City within the meaning of Treasury Regulation 1.150-1(e) of the Code, pursuant to their budget or financial policies with respect to any expenditures to be reimbursed. This section constitutes a declaration of the City’s official intent to reimburse expenditures paid in accordance with Treasury Regulation 1.150-2(d) of the Code.

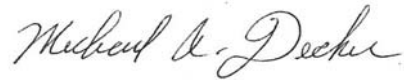
SECTION 11. This Ordinance shall take effect immediately.

**City of Philadelphia**

BILL NO. 130767 continued

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on November 21, 2013. The Bill was Signed by the Mayor on December 4, 2013.



Michael A. Decker  
Chief Clerk of the City Council

## City of Philadelphia



(Bill No. 210684)

### AN ORDINANCE

Authorizing, generally, the continued issuance and sale by the City of Philadelphia of Gas Works Revenue Notes of the City, prescribing the forms of notes and providing for their execution and payment, pledging certain revenues of the Gas Works as security, adopting a rate covenant and directing the imposition and collection of rates and charges sufficient to comply therewith, prescribing the conditions precedent to the issuance of specific series of notes, including a resolution passed by the Bond Committee providing for establishment of credit support for notes, providing for designation of a fiscal agent and sinking fund depository, providing for establishment of a sinking fund and its management, providing remedies upon default, and providing for amendments and modifications.

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

#### ARTICLE I AUTHORIZATION, SCOPE AND PURPOSE -

This Ordinance is enacted pursuant to the provisions of The City of Philadelphia Municipal Utility Inventory and Receivables Financing Act (Act No. 231, approved December 7, 1982) (the “Act”) for the purpose of authorizing the issuance from time to time of Gas Works Revenue Notes of the City to be secured by a pledge of certain revenues of the Gas Works as security, in an aggregate principal amount not exceeding one hundred fifty million dollars (\$150,000,000) at any one time outstanding, as shall from time to time be authorized by resolution of the Bond Committee, acting by at least a majority thereof, as more particularly hereinafter set forth. This Ordinance is intended to continue the authority for issuance of Gas Works Revenue Notes contained in the General Inventory and Receivables Gas Works Revenue Note Ordinance of 2017, Bill No. 170434 approved by the Mayor on June 15, 2017 (the “2017 Ordinance”), subject to the terms and conditions hereof. At such time as Gas Works Revenue Notes are issued pursuant to the authority contained in this Ordinance, no additional Gas Works Revenue Notes shall be issued under the 2017 Ordinance. For so long as any Gas Works Revenue Notes are outstanding under the 2017 Ordinance, the principal amount thereof shall be included for purposes of calculating the maximum principal amount of Gas Works Revenue Notes that may be issued and outstanding under this Ordinance. This Ordinance shall be known as the General Inventory and Receivables Gas Works Revenue Note Ordinance of 2021.

#### ARTICLE II DEFINITIONS AND OTHER PROVISIONS OF

# City of Philadelphia

BILL NO. 210684 *continued*

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## 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:

Act means the act ) known as The City of Philadelphia Municipal Utility Inventory and Receivables Financing Act (Act No. 231, approved December 7, 1982), as amended from time to time.

Bond Committee means the Mayor, the City Controller and the City Solicitor, acting by at least a majority thereof, being the bond committee referred to in the Act.

Chief Fiscal Officer means the person appointed by the Manager as chief fiscal officer of PGW or, in the absence of such an appointed person, the person acting as chief fiscal officer of PGW.

City means The City of Philadelphia, Pennsylvania.

City Charges means the proportionate charges, if any, for services performed for PGW by all officers, departments, boards or commissions of the City which are contained in the computation of operating expenses of PGW, 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 controller of the City, including a person acting as controller under applicable law.

City Solicitor means the solicitor of the City, including a person acting as solicitor under applicable law.

Code means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder and applicable thereto.

CP Notes means the City of Philadelphia Gas Works Revenue Notes, CP Series, authorized to be issued hereunder, as more particularly described in Sections 3.01(b) and 3.02(b) hereof.

Credit Support Entity means any bank, insurance company or other appropriate entity providing a Credit Support Instrument with respect to any Notes.

Credit Support Instrument means a letter of credit, line of credit, standby purchase agreement, note purchase and credit agreement, policy of insurance or other mechanism for



## City of Philadelphia

*BILL NO. 210684 continued*

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providing funds to be drawn upon by the City or by the Fiscal Agent on behalf of or as trustee for the Noteholders to pay the principal of or interest on any Notes or to make a deposit in the Sinking Fund.

Dealer means any securities dealer, broker or other entity acting as purchaser of, or broker for, the Notes pursuant to an agreement with the City.

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.

Final Maturity means, as to a series of CP Notes, the date stated in the Resolution authorizing such series as the final maturity date of such series, which shall be not later than five years from the date of enactment of this Ordinance.

Fiscal Agent means any bank, bank and trust company or trust company named as such pursuant to Section 5.02 hereof or its successor.

Fiscal Year means each fiscal year of PGW.

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

Gas Works or PGW 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, as the context may require, means the business entity operated by the Manager.

Gas Works Revenue Bonds means Gas Works revenue bonds of the City presently or hereafter issued pursuant to the Act of October 18, 1972 (P.L. 955, No. 234) known as The First Class City Revenue Bond Act (53 P.S. 15901 to 15924), or other applicable statute, the 1998 General Ordinance and any other ordinance enacted pursuant to The First Class City Revenue Bond Act.

Gas Works Revenues means all operating and non-operating 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

## City of Philadelphia

*BILL NO. 210684 continued*

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Revenues. In particular, Gas Works Revenues shall not include revenues 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) of the 1998 General Ordinance or any similar provision in any successor to such ordinance. Gas Works Revenues shall not include any revenues which do not constitute Project Revenues under the First Class City Revenue Bond Act or the Act.

Installment means any issuance of CP Notes intended to be treated as part of a single issue under Section 1.150-1 (c)(4)(ii) of the Treasury Regulations promulgated under the Code.

Inventory means any fuel, materials or supplies acquired by PGW, used directly or indirectly to provide service to the public, and which would be shown as a current asset on a balance sheet of PGW prepared in accordance with generally accepted accounting principles.

Management Agreement means the Agreement between the City and the Philadelphia Facilities Management Corporation governing the management and operation of Gas Works as authorized by an Ordinance of City Council (Bill No. 455) and approved by the Mayor on December 29, 1972, as presently or hereafter amended, or any subsequent 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 PGW pursuant to the Management Agreement, or its successor or such other person, corporation, commission or department of the City that may be designated by the City to manage PGW.

Mayor means the Mayor of the City, including a person acting as mayor under applicable law.

Natural Gas Choice and Competition Act means the Act of June 22, 1999, P.L. 122, No. 21, as amended from time to time.

Net Operating Expenses means Operating Expenses exclusive of City Charges.

1998 General Ordinance means the General Gas Works Revenue Bond Ordinance of 1998 (Bill No. 980232, approved April 30, 1998), as amended and supplemented, and as the same may be further amended.

Note or Notes means any Gas Works revenue note or notes of the City, issued and outstanding pursuant to the Act and this Ordinance, including Refunding Notes, CP Notes and Revenue Notes.

Noteholder or Holder means the holder of any Note.

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Operating Expenses means all costs and expenses of PGW 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 therefor for any work or project related to the Gas Works which does not have a probable useful life of at least five (5) 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 accounting principles consistently applied, but shall exclude depreciation, interest and sinking fund charges. Operating Expenses shall not include Unrelated Expenses.

Outstanding means, when used with reference to the Notes, as of any particular date, the aggregate of all Notes authenticated and delivered under this Ordinance, except:

(a) Notes cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation;

(b) Notes for the payment of which the necessary amounts have been theretofore deposited in an account in the Sinking Fund for the holders such Notes; and

(c) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to Section 3.08 hereof.

Project means the Inventory or Receivables, or both, or any part thereof.

Project Costs means all costs of acquisition or funding of a Project including, but not limited to, costs, fees and expenses of financial advisors, attorneys and other experts engaged in connection with the Project, fees and expenses of the Fiscal Agent and rating agencies, financing costs including bond discount, additional security costs including fees and expenses related to a Credit Support Instrument, interest on money borrowed to finance the Project if capitalized, the repayment of temporary loans made in connection with the Project and reimbursement for any of the foregoing costs incurred or paid prior to or after the issuance of Notes.

Public Utility Commission means the Pennsylvania Public Utility Commission as presently constituted or hereafter reconstituted in accordance with law.

Rate Covenant means the rate covenant contained in Section 4.03(b) hereof.

Receivables means accounts receivable billed to customers of PGW, but not yet paid, as would be shown as a current asset on a balance sheet of PGW prepared in accordance with generally accepted accounting principles.

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Refunding Notes means Notes issued to provide funds to pay the principal of and interest on Notes or 2017 Notes previously issued, including prior issues of Refunding Notes; Refunding Notes may be issued as Notes or Revenue Notes.

Reimbursement Agreement means any agreement between the City and a Credit Support Entity governing the terms and conditions upon which a Credit Support Instrument will be provided and the terms and conditions of the Reimbursement Obligation.

Reimbursement Obligation means the obligation of the City to repay to a Credit Support Entity amounts provided under a Credit Support Instrument, together with premium, if any, and interest thereon; the Reimbursement Obligation may be evidenced by a promissory note or notes of the City.

Resolution means a resolution duly passed by the Bond Committee authorizing the issuance of the Notes hereunder or taking any other action required or permitted hereunder.

Revenue Notes means the City of Philadelphia Gas Works Revenue Notes, authorized to be issued hereunder, as more particularly described in 3.02(c) hereof.

Sinking Fund means a sinking fund established pursuant to Section 5.01 hereof.

Sinking Fund Depository means the Fiscal Agent named pursuant to Section 5.02 hereof or its successor.

Stated Maturity means, as to a particular CP Note, the maturity date of such CP Note, which shall be not less than one (1) day after the issue date of such CP Note and not later than two hundred seventy (270) days from the date of issuance of the particular CP Note; provided, however, that the Stated Maturity shall not be later than the earlier of: 13 months following the date of initial issuance of any Installment of CP Notes or Final Maturity.

2017 Notes means any gas works revenue note or notes of the City issued and outstanding pursuant to the Act and the 2017 Ordinance.

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

Section 2.02. Interpretation. All references in this Ordinance to articles, sections and other subdivisions of this Ordinance are to the designated articles, sections or other subdivisions 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 subdivision, except as otherwise specifically provided.

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Section 2.03. Descriptive Headings. The descriptive 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 Note issued pursuant hereto or the application thereof to any person or circumstance shall for any reason be held to be invalid, the remainder of this Ordinance or such Note and the application of such provision to other persons or circumstances, shall not be affected thereby, unless the court finds that the valid provisions are so essentially and inseparably connected with, and so dependent upon, the void provision or application, that it cannot be presumed that City Council would have enacted or provided for the remaining valid provisions without the void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and are incapable of being executed in accordance with the intent of City Council.

Section 2.05. Powers Preserved. Nothing in this Ordinance is intended to or shall be construed to affect the authority of the Gas Commission under Section 5-902 of the Philadelphia Home Rule Charter or the Management Agreement, to the extent consistent with the Natural Gas Choice and Competition Act.

### ARTICLE III CONCERNING THE NOTES

Section 3.01. Forms of Notes. All Notes shall be in substantially such forms as approved by the Bond Committee in a Resolution, with such appropriate insertions, omissions, substitutions and other variations, as may, consistent with this Ordinance and the Act, be determined by or in the manner specified by the Bond Committee in a Resolution. The Notes may be printed or typewritten. The Notes may also have printed thereon or on the reverse thereof or attached thereto, 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 Notes or attached thereto. The Notes may also have printed thereon or on the reverse thereof or attached thereto a Credit Support Instrument or the text thereof. Any portion of the text of any Note may be set forth on the reverse thereof.

Section 3.02. General Form and Content of Notes.

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(a) Notes shall be generally designated as Gas Works Revenue Notes of the City and shall be issued in such series and within such series in such sub-series as may from time to time be determined by or in the manner prescribed by a Resolution. The aggregate principal amount of Notes which may be issued, authenticated and delivered under this Ordinance may not exceed one hundred fifty million dollars (\$150,000,000) at any one time Outstanding, and prior to issuance of each series of Notes, the Bond Committee shall adopt a Resolution authorizing such series. For the purpose of calculating the maximum principal amount of Notes which may be issued and Outstanding hereunder, the aggregate principal amount of any outstanding 2017 Notes shall be deemed to be Outstanding hereunder.

Subject to the provisions of this Ordinance, Notes may be issued in such denominations in bearer or in fully registered form; may be issued in Installments; shall bear such identifying designation or title; shall be dated; shall be payable at such rate or rates of interest, including supplemental, contingent or variable interest, payable on such dates; may be subject to such provisions for redemption in whole or in part or both, at such prices, at such times and places; shall be stated to mature on such date or dates, not later than five years from the date of enactment of this Ordinance; shall be payable as to principal or interest, or both, at such places by the City or by such paying agent or Fiscal Agent of the City as the City appoints; may provide for the payment by the City of such tax or taxes on the Notes; and may contain such other terms, provisions, statements or covenants, not inconsistent with the Act or this Ordinance as may be determined in or in the manner specified in a Resolution.

(b) Each series of CP Notes shall be issued from time to time, subject to the limitations set forth in this Ordinance, in such principal amounts as from time to time shall be determined by the Bond Committee. The CP Notes of a series shall be (i) dated as of their respective dates of issuance, (ii) numbered serially in consecutive numerical order from 1 upwards, (iii) issued in minimum denominations of one hundred thousand dollars (\$100,000) or any integral multiples of one thousand dollars (\$1,000) in excess thereof, (iv) issued without coupons and payable to bearer or such other person or entity designated by the City, including a depository or person designated by a depository if the CP Notes are issued in book-entry form, (v) issued as interest-bearing CP Notes (provided that interest shall accrue thereon from and including the date of issuance thereof to, but not including or after, the stated maturity thereof), (vi) have interest payable and principal amounts maturing at such times as are stated therein, but in no event later than the Final Maturity of such series of CP Notes, (vii) payable as to principal and interest at Stated Maturity in immediately available funds in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of the Fiscal Agent, and (viii) authenticated by the Fiscal Agent and delivered by the Fiscal Agent to, or as directed by, the Dealer, from time to time in the manner provided for and subject to the conditions specified herein and in any agreement hereafter entered into by the City and the Dealer or Fiscal Agent, promptly upon receipt by the Fiscal Agent of a request specifying, as to each of the CP Notes then being issued, (A) the date of issue, Stated Maturity, serial number and principal amount, (B) the rate of interest to be carried thereby, (C) the total of principal and interest to be due thereon at the Stated Maturity thereof, (D) the name of the payee, if other than bearer, and (E) the aggregate purchase price to be paid therefor by the Dealer or such other

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person or entity as such request shall specify. Delivery of the CP Notes by the Fiscal Agent to, or as directed by, the Dealer shall be against payment made in the manner specified herein.

(c) Each series of Revenue Notes shall be issued from time to time, subject to the limitations set forth in this Ordinance, in such principal amounts as from time to time shall be determined by the Bond Committee. The Revenue Notes of a series shall be (i) dated as of their respective dates of issuance, (ii) numbered serially in consecutive numerical order from 1 upwards, (iii) issued in minimum denominations of five thousand dollars (\$5,000), or any integral multiples thereof, (iv) issued without coupons and payable to bearer or such other person or entity designated by the City, (v) issued as interest-bearing Revenue Notes (provided that interest shall accrue thereon from and including the date of issuance thereof to, but not including or after, the stated maturity thereof), (vi) have interest payable and principal amounts maturing at such times as are stated therein, but in no event later than five years from the date of enactment of this Ordinance, (vii) payable as to principal and interest at maturity in immediately available funds in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of the Fiscal Agent, and (viii) authenticated by the Fiscal Agent and delivered by the Fiscal Agent to the Dealer from time to time in the manner provided for and subject to the conditions specified herein and in any agreement hereafter entered into by the City and the Dealer or Fiscal Agent, promptly upon receipt by the Fiscal Agent of a request specifying, (A) as to the series of Revenue Notes then being issued, (i) the date of issue, (ii) maturity date, (iii) rate of interest to be carried thereby, and (B) as to each Revenue Note within such series, (i) the serial number and principal amount, (ii) the name of the payee, if other than the bearer, and (iii) the aggregate purchase price to be paid therefor by the Dealer or such other person or entity as such request shall specify. Delivery of the Revenue Notes by the Fiscal Agent to the Dealer shall be against payment made in the manner specified herein.

The foregoing provisions of this Section 3.02 and any other provisions in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the City shall have no obligation to pay the Notes except from the Gas Works Revenues and from the proceeds of Refunding Notes. The Notes shall be limited obligations of the City payable solely from Gas Works Revenues and from proceeds of Refunding Notes and shall not pledge the City's general credit or taxing power or create any debt or charge against the general revenues of the City.

Section 3.03. Payment of Notes at Maturity. The Notes and any interest thereon shall be payable in lawful money of the United States of America at the office of the Fiscal Agent, or at the principal office of a paying agent designated in such Notes, but only upon presentation and surrender of such Notes, except as otherwise herein provided with respect to mutilated, destroyed, lost or stolen Notes.

Section 3.04. Notes are Negotiable Instruments. The Notes shall have the qualities of negotiable instruments under the laws pertaining to negotiable instruments of the Commonwealth of Pennsylvania.

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Section 3.05. Transfer of Notes. All Notes shall be negotiable and title thereto shall pass by delivery.

Section 3.06. Ownership of Notes. The City, the Fiscal Agent and any paying agent designated in any Note may treat the bearer of any Note as the absolute owner of such Note for all purposes whether or not such Note 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 bearer of any Note pursuant to the provisions of this Ordinance shall be conclusive and binding upon such holder, his heirs, successor or assigns, and upon all transferees of such Note whether or not notation of such consent, waiver or other action shall have been made on such Note or on any Note issued in exchange therefor. Notwithstanding anything herein to the contrary, if Notes issued hereunder are issued in book-entry form, the ownership and payment of such Notes shall be governed by the Letter of Representations among the City, the Fiscal Agent and the Depository Trust Company and its successors and assigns, all as prescribed by a Resolution.

Section 3.07. Execution of Notes. The Notes shall be executed on behalf of the City by the manual, facsimile or electronic signatures of the Mayor, City Solicitor, and City Controller 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, facimile or electronic signatures of two duly authorized officers of the Fiscal Agent, or in such other manner as shall be authorized by law and prescribed by a Resolution. Any such Notes may be executed, issued and delivered notwithstanding that one or more of the officers signing such Notes or whose facsimile or electronic signature shall be upon such Notes or any thereof, shall have ceased to be such officer or officers at the time when such Notes shall actually be delivered, and although at the nominal date of the Note, any such person shall not have been such officer.

Section 3.08. Mutilated, Destroyed, Lost or Stolen Notes. Upon receipt by the Fiscal Agent and the City of evidence satisfactory to both of them that any Outstanding Note 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 Note, if alleged to have been lost or stolen, has been acquired by a bona fide purchaser, or if a Note has been mutilated, the City in its discretion may execute and deliver a new Note of the same series and same maturity and of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Note or in lieu of and in substitution for the Note so destroyed, lost or stolen.

The City may, for each new Note 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 the premises. In case any such mutilated, lost or stolen Note has become, or is about to become, due and payable, the City, in its discretion, may, instead of issuing a new Note, direct the payment thereof at maturity and the Fiscal Agent shall thereupon pay the same.



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Any Note issued under the provisions of this Section 3.08 in lieu of any Note alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note 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 Notes under this Ordinance.

### ARTICLE IV ISSUANCE OF NOTES

Section 4.01. Purpose of Notes. The Notes issued under this Ordinance shall be issued for the purpose of financing or refunding the Project Costs of a Project or any part thereof, to refund Notes previously issued hereunder or to refund 2017 Notes issued under the 2017 Ordinance.

Section 4.02. Pledge of Gas Works Revenues; Grant of Security Interest; Application of Gas Works Revenues. The City hereby pledges for the security and payment of all Notes issued under this Ordinance, and hereby grants a security interest in the Gas Works Revenues, including all accounts, general intangibles, cash proceeds, non-cash proceeds, chattel paper, whether tangible or electronic, and supporting obligations, as each term is defined in the Pennsylvania Uniform Commercial Code and all Proceeds, as such term is defined in the Pennsylvania Uniform Commercial Code.

For the purpose of the financing statements to be filed under the Uniform Commercial Code, the Fiscal Agent shall be deemed to be, and the City hereby recognizes the Fiscal Agent as, the representative of the Noteholders.

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 Senior Bonds issued under and as defined in the 1998 General Ordinance, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements (as each such term is defined in the 1998 General Ordinance) 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 1998 General Ordinance, (3) payments due to issuers of Credit Facilities (as defined in the 1998 General Ordinance) related to Senior Bonds, (4) debt service on Subordinate Bonds (as defined in the 1998 General Ordinance) and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds (including the Notes issued under this Ordinance and notes issued under 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, (5) payments due to issuers of Credit Facilities related to Subordinate Bonds and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements with respect to bonds issued under the 1998 General Ordinance, (6) required payments of the Rebate Amount (as defined in the 1998 General

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Ordinance) to the United States, (7) replenishment of any deficiency in the Sinking Fund Reserve (as defined in the 1998 General Ordinance), (8) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works Revenues, (9) debt service on other general obligation bonds issued for the Gas Works, and (10) 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.

The security interest granted in this Section 4.02 shall be subject and subordinate in all respects to the security interests granted in the 1998 General Ordinance and any financing statement filed to evidence the security interest granted in this Section 4.02 shall contain a statement to that effect.

Section 4.03. Particular Covenants. The City covenants with the holders of all Notes from time to time outstanding under this Ordinance that, so long as any such Notes shall remain Outstanding:

(a) No Notes will be initially issued by the City hereunder unless there is first filed with the Bond Committee:

(i) the financial report of the Chief Fiscal Officer required by Section 8(1) of the Act containing the statements and opinion required thereby; and

(ii) the legal opinion of the City Solicitor required by Section 8(2) of the Act.

(b) It will, at a minimum, impose, charge and collect in each Fiscal Year such rates and charges as shall, together with all other Gas Works Revenues to be received in such Fiscal Year, produce funds sufficient to pay the Notes and any interest thereon after all other applications of Gas Works Revenues which are prior to the Notes in right of payment; provided that for so long as the Notes are secured by a Credit Support Instrument and the Credit Support Entity is obligated thereon to provide funds sufficient to pay the Notes and is not in default under such Credit Support Instrument, the City may treat the Notes as payable over the period of time during which the City is required to pay the Credit Support Entity pursuant to its Reimbursement Obligation.

The Manager 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 and, as provided in the Natural Gas Choice and Competition Act, the Public Utility Commission shall approve rates and charges sufficient to comply with the foregoing Rate Covenant, all in accordance with the Natural Gas Choice and Competition Act.

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(c) In addition to the limitations contained in Section 3.01 hereof, the aggregate principal amount of Notes and 2017 Notes Outstanding shall not exceed Project Costs on the date of issuance of the Notes.

(d) It will pay or cause the Fiscal Agent or paying agent to pay the Notes when due from the Gas Works Revenues deposited in the Sinking Fund (except to the extent paid from the proceeds of Refunding Notes or funds provided by a Credit Support Instrument).

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

(f) It will not pay from the Gas Works Revenues any City Charges unless there is then existing no default in payment of the Notes.

(g) It has, in Section 4.03(b) hereof, authorized the imposition, charging and collection of rates and charges sufficient from time to time to comply with the Rate Covenant set forth in Section 4.03(b) hereof and it will not repeal or materially adversely dilute such authorization.

Section 4.04. Tax Covenants of the City. The City hereby covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the holders of the Notes of the interest on the Notes under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“Code”). The City hereby further covenants that it will not directly or indirectly use or permit the use of any proceeds of the Notes or any other funds of the City, or take or omit to take any action that would cause the Notes to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and that it will comply with all requirements of Section 148 of the Code to the extent applicable to the Notes. In the event that at any time the City is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any money held by the Fiscal Agent, the City shall so instruct the Fiscal Agent in writing, and the Fiscal Agent shall take such action as may be necessary to comply with such instructions.

Without limiting the generality of the foregoing, the City shall pay or cause to be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Notes from time to time. This rebate obligation shall survive payment in full of the Notes.

The Chief Fiscal Officer is hereby authorized and directed to make any elections on behalf of the City permitted by the Code or any Treasury Regulations he deems necessary or appropriate to enable the City to comply with the requirements of this covenant.

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The foregoing covenant shall not apply to any series of Notes, the interest on which is not intended to be excludable from gross income of the holders thereof for federal income tax purposes.

Section 4.05. Notes to be Parity Instruments. All Notes issued hereunder shall be equally and ratably secured by the pledge of and grant of a security interest in the Gas Works Revenues created in Section 4.02 hereof without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Note over any other Note.

Section 4.06. Sale of Notes; Terms and Provisions. All Notes shall be sold at public or private sale on such terms and at such prices as may be determined by or in the manner prescribed in the Resolution.

Section 4.07. Conditions of Issuing Notes; Filing of Transcript; Further Action. Prior to the issuance of the first Notes of any series of Notes, the Bond Committee shall adopt a Resolution specifying the aggregate principal amount, and authorizing the issuance of such series of Notes; stating that such Notes are issued for the purposes specified in Section 4.01 hereof; and making a finding based on the report of the Chief Fiscal Officer 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 hereof; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution.

Except to the extent specified herein, the Resolution shall specify the terms and provisions of the Notes to be issued thereunder, a particular method of sale, the terms upon which, or the prices for which, the Notes are to be sold or exchanged, including, if applicable, competitive bidding specifications and an agreement with any Dealer appointed for the Notes; may contain or authorize such further covenants and agreements, including such additional covenants as may be appropriate under existing regulations so that the Notes may not be deemed to be "arbitrage bonds" as such term is defined in the Code; may specify the agreement with the Fiscal Agent and provisions governing the execution and delivery of Notes and the deposit and payment of moneys and other appropriate matters; may specify the Reimbursement Agreement with any Credit Support Entity providing a Credit Support Instrument, including the maturity, interest rate, terms and conditions of the City's Reimbursement Obligation and provisions for a security interest in the Gas Works Revenues and the proceeds from the sale of the Notes to the same extent as granted in this Ordinance with respect to the Notes; shall specify provisions for a Sinking Fund pursuant to Article V hereof; and may contain such other provisions as the Bond Committee may deem appropriate and proper and as shall be authorized and permitted by the Act.

Prior to the issuance of the first Notes of any series, the Director of Finance shall comply with the transcript filing provisions of the Act, and such Notes will not be issued until the approval of the Court of Common Pleas of Philadelphia County has been obtained in the manner prescribed by the Act.

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The Director of Finance, the City Controller, the City Solicitor and such other officers of the City as may be appropriate are authorized in connection with the issuance of any series of Notes 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 Notes and as may be required or appropriate to comply with applicable state or federal laws or regulations.

In addition, the Director of Finance is authorized to make such elections under the Code with respect to the Notes as he or she deems advisable, and to take such action on behalf of the City with respect to the investment of the proceeds of the Notes, and the Director of Finance and any member of the Bond Committee are authorized to make such covenants and certifications as may be necessary or advisable in order to further implement the tax covenant set forth in Section 4.04 hereof.

Section 4.08. Credit Support. In the event that any Notes are to be further secured by a Credit Support Instrument, the Bond Committee may authorize the Director of Finance and City Treasurer, individually or together, to enter into a Reimbursement Agreement with the Credit Support Entity. The Reimbursement Agreement may contain such terms and provisions as may be approved in a Resolution, as described in Section 4.07 hereof, and conditions and representations, covenants, indemnification provisions and other terms not inconsistent with this Ordinance and the Act; provided, however, that the Reimbursement Obligation with respect to any funds advanced by the Credit Support Entity shall not be later than five years from the date of enactment of this Ordinance and the City shall not have any obligation to pay any liability arising out of the Reimbursement Agreement except from the Gas Works Revenues or the proceeds of Refunding Notes. Any Reimbursement Obligation shall not be a general obligation of the City and shall not pledge its general credit or taxing power or create any debt or charge against the general revenues of the City.

### ARTICLE V SINKING FUND

Section 5.01. Establishment of Sinking Fund. Each Resolution shall establish a Sinking Fund for the benefit and security of the holders of the Notes of a particular series.

The City covenants to deposit in the Sinking Fund from the Gas Works Revenues, such amounts as will, together with interest and profits earned and to be earned on investments held therein, be sufficient to pay, on or before each payment date of the Notes, the amounts required, after taking into account any amounts paid from the proceeds of Refunding Notes or pursuant to a Credit Support Instrument, to pay the Notes then becoming due and payable.

Section 5.02. 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 Bond Committee in a Resolution, shall act as Fiscal Agent in respect of one or more series of Notes issued under this

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Ordinance. The Fiscal Agent shall also act as Sinking Fund Depository of the Sinking Fund, and as authenticating agent and paying agent of the Notes in respect of which it is the Fiscal Agent. A Credit Support Entity may also act as 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, authenticating agents or paying agents of the Notes or any series thereof, but there shall be only one Fiscal Agent at a particular time for a series of Notes.

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 authentication of Notes, the disposal of canceled Notes, 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 5.03. Payments from the Sinking Fund. The Fiscal Agent shall liquidate investments on direction of the Director of Finance, or, if for any reason he or she should fail to give such direction, as necessary so as to have available in cash not later than the due date thereof, an amount required to pay the Notes.

Except as otherwise provided in a Resolution, any excess moneys in the Sinking Fund and moneys for the payment of the Notes unclaimed after the due date for two (2) years, shall be repaid to the City accounts maintained for Gas Works Revenues, but such repayment shall not discharge the obligation, if any, for which such moneys were previously held in the Sinking Fund.

Section 5.04. Management of the Sinking Fund. Except as otherwise provided in a Resolution, all moneys deposited by the City held in the Sinking Fund, to the extent not currently required, shall be invested as authorized by the Act, or deposited in interest-bearing accounts authorized by the Act, all at the direction of the Director of Finance. All deposits, including interest-bearing deposits, of moneys deposited by the City in the Sinking Fund, to the extent not insured as provided in the Act, shall be secured as required by the Act. Interest and profits from such investments shall be added to the Sinking Fund and credited in reduction of or to complete required deposits by the City into the Sinking Fund.

### ARTICLE VI DEFAULTS AND REMEDIES

Section 6.01. Defaults and Statutory Remedies. If the City shall fail or neglect to pay or to cause to be paid any Note when due, or if the City shall fail to comply with any provision of the Notes or with any covenant of the City contained in this Ordinance or a Resolution then, under and subject to the terms and conditions stated in the Act, the holder or holders of any Note or Notes shall be entitled to all of the rights and remedies, including the appointment of a trustee, provided in the Act.

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Section 6.02. 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 any, or to the holder of any Note 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 Noteholder 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 VI, by the Act or otherwise may be exercised from time to time, and as often as may be deemed expedient.

Section 6.03. Remedies to be Enforced Only Against Gas Works Revenues. Any decree or judgment for the payment of money against the City by reason of default hereunder shall be enforceable only against the Gas Works Revenues 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 VII AMENDMENTS AND MODIFICATIONS

Section 7.01. Amendments and Modifications. This Ordinance may be supplemented, modified or amended:

(a) to cure any ambiguity or defective or inconsistent provision, omission or mistake, or manifest error herein or therein;

(b) to grant to or confer upon Noteholders, or a trustee, if any, for the benefit of Noteholders, any additional rights, remedies, powers, authority, or security that may be lawfully granted or conferred;

(c) to add to, modify or delete any of the provisions hereof in a manner which will affect only Notes issued after the amendment or modification becomes effective;

(d) 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 Notes, but no amendment or modification shall be made with respect to any outstanding Notes to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon without the written consent of the holders of all affected Outstanding Notes; and

**City of Philadelphia**

*BILL NO. 210684 continued*

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(e) except as aforesaid, in such other respect as may be authorized in writing by the holders of a majority in principal amount of the Notes Outstanding and affected.

ARTICLE VIII  
MISCELLANEOUS

Section 8.01. Ordinance and Resolutions are Contracts with Noteholders. This Ordinance and Resolutions adopted pursuant hereto are contracts with the holders of all Notes from time to time Outstanding hereunder and thereunder and shall be enforceable in accordance with the provisions of Article VI hereof and the laws of the Commonwealth of Pennsylvania.

Section 8.02. Repeals. All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.



Philadelphia Gas Works' Base Rate Filing  
**City of Philadelphia**

*BILL NO. 210684 continued*

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Philadelphia Gas Works' Base Rate Filing  
**City of Philadelphia**

*BILL NO. 210684 continued*

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on October 14, 2021. The Bill was Signed by the Mayor on October 20, 2021.



Michael A. Decker  
Chief Clerk of the City Council

**III. BALANCE SHEET AND OPERATING STATEMENT**

II.A.13 Attach copies of the summaries of the projected 2 year's Company's budgets (revenue, expense and capital).

**RESPONSE:**

The following budget summaries are attached:

- PGW' s Fiscal Year 2023 Compliance Capital Budget and Forecast. Please note this is pending approval by the City of Philadelphia - City Council.
- PGW' s Fiscal Year 2023 Compliance Operating Budget Filing.
- PGW's Fiscal Year 2024 Capital Budget and Forecast, as filed on January 3<sup>rd</sup>, 2023. Please note this is pending approval by the City of Philadelphia - City Council.

Please note that PGW's Fiscal Year 2024 Operating Budget is anticipated to be filed with the Philadelphia Gas Commission in March 2023.

# **PHILADELPHIA GAS WORKS**

**FISCAL 2023 AMENDED COMPLIANCE CAPITAL  
BUDGET**

**AND**

**FORECAST FISCAL 2024 - 2028**

**WITH**

**FISCAL 2023 FINANCING PLAN**

**OCTOBER 14, 2022**



# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS

### AMENDED COMPLIANCE

#### CAPITAL BUDGET

#### FISCAL YEAR 2023 AND FORECAST 2024 THROUGH 2028

	<u>COMPLIANCE 2023 CAPITAL BUDGET</u>	<u>2024 - 2028 FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	637,000	420,000	1,057,000
REPLACEMENTS	<u>27,932,000</u>	<u>242,933,000</u>	<u>270,865,000</u>
TOTAL	<u><u>28,569,000</u></u>	<u><u>243,353,000</u></u>	<u><u>271,922,000</u></u>
<u>DISTRIBUTION</u>			
ADDITIONS	18,711,000	93,841,000	112,552,000
REPLACEMENTS	<u>94,883,000</u>	<u>500,698,000</u>	<u>595,581,000</u>
GROSS TOTAL	113,594,000	594,539,000	708,133,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(6,025,000)</u>	<u>(28,830,000)</u>	<u>(34,855,000)</u>
NET TOTAL	<u><u>107,569,000</u></u>	<u><u>565,709,000</u></u>	<u><u>673,278,000</u></u>
<u>FIELD SERVICES</u>			
ADDITIONS	2,845,000	18,164,000	21,009,000
REPLACEMENTS	<u>4,987,000</u>	<u>109,356,000</u>	<u>114,343,000</u>
GROSS TOTAL	7,832,000	127,520,000	135,352,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>7,832,000</u></u>	<u><u>127,520,000</u></u>	<u><u>135,352,000</u></u>
<u>FLEET OPERATIONS</u>			
ADDITIONS			
REPLACEMENTS	<u>10,615,000</u>	<u>32,073,000</u>	<u>42,688,000</u>
GROSS TOTAL	10,615,000	32,073,000	42,688,000
LESS: SALVAGE			
NET TOTAL	<u><u>10,615,000</u></u>	<u><u>32,073,000</u></u>	<u><u>42,688,000</u></u>

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS

### AMENDED COMPLIANCE

#### CAPITAL BUDGET

#### FISCAL YEAR 2023 AND FORECAST 2024 THROUGH 2028

	<u>COMPLIANCE 2023 CAPITAL BUDGET</u>	<u>2024 - 2028 FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	4,319,000	1,261,000	5,580,000
REPLACEMENTS	<u>26,658,000</u>	<u>14,650,000</u>	<u>41,308,000</u>
TOTAL	<u><u>30,977,000</u></u>	<u><u>15,911,000</u></u>	<u><u>46,888,000</u></u>
 <u>TOTAL</u>			
ADDITIONS	26,512,000	113,686,000	140,198,000
REPLACEMENTS	<u>165,075,000</u>	<u>899,710,000</u>	<u>1,064,785,000</u>
GROSS TOTAL	191,587,000	1,013,396,000	1,204,983,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(6,025,000)	(28,830,000)	(34,855,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>185,562,000</u></u>	<u><u>984,566,000</u></u>	<u><u>1,170,128,000</u></u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS AMENDED COMPLIANCE CAPITAL BUDGET BUDGET/FORECAST COMPARISON

DEPARTMENT	2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET	2023	2022	2023 BUD vs 2023 FORECAST	
				<u>BUDGET vs</u> AMOUNT DIFFERENCE	<u>COMPL BUDGET</u> PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
<u>GAS PROCESSING</u>							
ADDITIONS	1,057,000	192,000	637,000	(420,000)	-39.7%	445,000	231.8%
REPLACEMENTS	<u>9,023,000</u>	<u>9,983,000</u>	<u>27,932,000</u>	<u>18,909,000</u>	<u>209.6%</u>	<u>17,949,000</u>	<u>179.8%</u>
TOTAL GAS PROCESSING	10,080,000	10,175,000	28,569,000	18,489,000	183.4%	18,394,000	180.8%
<u>DISTRIBUTION</u>							
ADDITIONS	16,362,000	16,754,000	18,711,000	2,349,000	14.4%	1,957,000	11.7%
REPLACEMENTS	<u>91,521,000</u>	<u>92,801,000</u>	<u>94,883,000</u>	<u>3,362,000</u>	<u>3.7%</u>	<u>2,082,000</u>	<u>2.2%</u>
GROSS TOTAL DISTRIBUTION	107,883,000	109,555,000	113,594,000	5,711,000	5.3%	4,039,000	3.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(4,804,000)</u>	<u>(4,903,000)</u>	<u>(6,025,000)</u>	<u>(1,221,000)</u>	<u>25.4%</u>	<u>(1,122,000)</u>	<u>22.9%</u>
NET TOTAL DISTRIBUTION	103,079,000	104,652,000	107,569,000	4,490,000	4.4%	2,917,000	2.8%
<u>FIELD SERVICES</u>							
ADDITIONS	3,208,000	3,331,000	2,845,000	(363,000)	-11.3%	(486,000)	-14.6%
REPLACEMENTS	<u>5,398,000</u>	<u>5,406,000</u>	<u>4,987,000</u>	<u>(411,000)</u>	<u>-7.6%</u>	<u>(419,000)</u>	<u>-7.8%</u>
GROSS TOTAL FIELD SERVICES	8,606,000	8,737,000	7,832,000	(774,000)	-9.0%	(905,000)	-10.4%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	8,606,000	8,737,000	7,832,000	(774,000)	-9.0%	(905,000)	-10.4%

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS AMENDED COMPLIANCE CAPITAL BUDGET BUDGET/FORECAST COMPARISON

DEPARTMENT	2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET	2023	2022	2023 BUD vs 2023 FORECAST	2023 BUD vs 2023 FORECAST
				BUDGET vs AMOUNT DIFFERENCE	COMPL BUDGET PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
<b>FLEET OPERATIONS</b>							
ADDITIONS	-	-	-	-	N/A	-	N/A
REPLACEMENTS	<u>4,138,000</u>	<u>4,560,000</u>	<u>10,615,000</u>	<u>6,477,000</u>	<u>156.5%</u>	<u>6,055,000</u>	<u>132.8%</u>
GROSS TOTAL FLEET OPERATIONS	4,138,000	4,560,000	10,615,000	6,477,000	156.5%	6,055,000	132.8%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	4,138,000	4,560,000	10,615,000	6,477,000	156.5%	6,055,000	132.8%
<b>OTHER</b>							
ADDITIONS	3,232,000	238,000	4,319,000	1,087,000	33.6%	4,081,000	1714.7%
REPLACEMENTS	<u>13,540,000</u>	<u>10,682,000</u>	<u>26,658,000</u>	<u>13,118,000</u>	<u>96.9%</u>	<u>15,976,000</u>	<u>149.6%</u>
TOTAL OTHER	16,772,000	10,920,000	30,977,000	14,205,000	84.7%	20,057,000	183.7%
<b>TOTAL</b>							
ADDITIONS	23,859,000	20,515,000	26,512,000	2,653,000	11.1%	5,997,000	29.2%
REPLACEMENTS	<u>123,620,000</u>	<u>123,432,000</u>	<u>165,075,000</u>	<u>41,455,000</u>	<u>33.5%</u>	<u>41,643,000</u>	<u>33.7%</u>
GROSS TOTAL	147,479,000	143,947,000	191,587,000	44,108,000	29.9%	47,640,000	33.1%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(4,804,000)	(4,903,000)	(6,025,000)	(1,221,000)	25.4%	(1,122,000)	22.9%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>142,675,000</u>	<u>139,044,000</u>	<u>185,562,000</u>	<u>42,887,000</u>	<u>30.1%</u>	<u>46,518,000</u>	<u>33.5%</u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH



PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
 SUMMARY ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	26,512,000	24,144,000	165,075,000	114,992,000	191,587,000	139,136,000
YEAR 1	-	2,368,000	-	39,344,000	-	41,712,000
YEAR 2	-	-	-	6,680,000	-	6,680,000
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>26,512,000</b>	<b>26,512,000</b>	<b>165,075,000</b>	<b>161,016,000</b>	<b>191,587,000</b>	<b>187,528,000</b>

Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT  
FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>COST OF REMOVAL</u>	<u>TOTAL</u>
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	-	532,000	-	532,000
53-02 SUPPLEMENTAL GAS FACILITIES	559,000	25,612,000	-	26,171,000
53-03 BUILDING AND GROUNDS	-	-	-	-
53-04 MISC CAPITAL REQUIREMENTS	78,000	283,000	-	361,000
REAUTHORIZATIONS	-	1,505,000	-	1,505,000
<b>TOTAL GAS PROCESSING</b>	<b><u>637,000</u></b>	<b><u>27,932,000</u></b>	<b><u>-</u></b>	<b><u>28,569,000</u></b>

# Philadelphia Gas Works' Base Rate Filing

## GAS PROCESSING DEPARTMENT FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET BUDGET/FORECAST COMPARISON

CATEGORY		2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET	2023	2022	2023 BUD vs 2023 FORECAST	
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	\$ DIFF.	% DIFF.
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	ADDITIONS	-	-	-	-	N/A	0	N/A
	REPLACEMENTS	-	2,100,000	532,000	532,000	N/A	(1,568,000)	-74.7%
	TOTAL	-	2,100,000	532,000	532,000	N/A	(1,568,000)	-74.7%
53-02 SUPPLEMENTAL GAS FACILITIES	ADDITIONS	958,000	91,000	559,000	(399,000)	-41.6%	468,000	514.3%
	REPLACEMENTS	7,635,000	7,600,000	25,612,000	17,977,000	235.5%	18,012,000	237.0%
	TOTAL	8,593,000	7,691,000	26,171,000	17,578,000	204.6%	18,480,000	240.3%
53-03 BUILDING AND GROUNDS	ADDITIONS	-	-	-	-	N/A	0	N/A
	REPLACEMENTS	1,112,000	-	-	(1,112,000)	-100.0%	0	N/A
	TOTAL	1,112,000	-	-	(1,112,000)	-100.0%	0	N/A
53-04 MISC CAPITAL REQUIREMENTS	ADDITIONS	99,000	101,000	78,000	(21,000)	-21.2%	(23,000)	-22.8%
	REPLACEMENTS	276,000	283,000	283,000	7,000	2.5%	0	0.0%
	TOTAL	375,000	384,000	361,000	(14,000)	-3.7%	(23,000)	-6.0%
REAUTHORIZATION	ADDITIONS	-	-	-	-	N/A	0	N/A
	REPLACEMENTS	-	-	1,505,000	1,505,000	N/A	1,505,000	N/A
	TOTAL	-	-	1,505,000	1,505,000	N/A	1,505,000	N/A
TOTAL GAS PROCESSING		10,080,000	10,175,000	28,569,000	18,489,000	183.4%	18,394,000	180.8%

# Philadelphia Gas Works' Base Rate Filing

## GAS PROCESSING DEPARTMENT FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-2-04	REPLACE NATUAL GAS DRIVEN POSITIONERS AND ACTUATORS	532,000
		TOTAL GP-1	<u><u>532,000.00</u></u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
2	53-02-2-01	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES -RICHMOND	-
2	53-02-1-02	ADD CAMERAS TO THE LNG TANK DIKE AREA - PASSYUNK	107,000
1	53-02-2-03	REPLACE LNG SWITCHGEAR - RICHMOND	3,826,000
1	53-02-2-04	HAZZARD DETECTION NON PROCESS AREAS	4,705,000
1	53-02-2-05	REPL PRODUCT RECOVERY TANK AND OIL/WATER SEPRATOR - PASSYUNK	489,000
1	53-02-1-06	BOILOFF MOBILE ODORANT NO. 2 RUN - RICHMOND	452,000
2	53-02-2-08	REPLACE THE EXPANDER PLANT COLD BOX	14,500,000
1	53-02-2-10	SPLIT HAZARD DETECTION LOOP - RICHMOND	549,000
2	53-02-2-12	REPLACE FIBER OPTIC - PASSYUNK	1,543,000
		TOTAL GP-2	<u><u>26,171,000</u></u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	78,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	283,000
		TOTAL GP-4	<u><u>361,000</u></u>
		2021 REAUTHORIZATION	
1	53-02-2-22	ISOLATE PIPING #77 BUILDING BASEMENT - RICHMOND	60,000
1	53-02-2-33	REPLACE TWO PHASE POWER SYSTEMS - PASSYUNK	698,000
1	53-03-2-05	REPLACE FRONT OFFICE BUILDING ROOF - PASSYUNK	717,000
1	53-03-2-06	INCREASE WATER LINE TO LNG CONTROL ROOM - RICHMOND	30,000
		TOTAL REAUTHORIZATION	<u><u>1,505,000</u></u>
		TOTAL GAS PROCESSING DEPARTMENT	<u><u>28,569,000</u></u>

Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

P	CATEGORY	PRIORITY 1	AMOUNT	BUDGET_YR	YEAR 1	YEAR 2	YEAR 3
1	GP-1	53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	532,000	474,000	58,000	-
1	GP-2	53-02-2-03	REPLACE LNG SWITCHGEAR - RICHMOND	3,826,000	2,085,000	1,741,000	-
1	GP-2	53-02-2-04	HAZZARD DETECTION NON PROCESS AREAS	4,705,000	4,705,000	-	-
1	GP-2	53-02-2-05	REPL PRODUCT RECOVERY TANK AND OIL/WATER SEPRATOR - PASSYUNK	489,000	489,000	-	-
1	GP-2	53-02-1-06	BOILOFF MOBILE ODORANT NO. 2 RUN - RICHMOND	452,000	452,000	-	-
2	GP-2	53-02-2-08	REPLACE THE EXPANDER PLANT COLD BOX	14,500,000	3,757,000	4,063,000	6,680,000
1	GP-3	53-02-2-10	SPLIT HAZARD DETECTION LOOP - RICHMOND	549,000	152,000	397,000	-
2	GP-3	53-02-2-12	REPLACE FIBER OPTIC - PASSYUNK	1,543,000	1,543,000	-	-
1	GP-2	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	78,000	78,000	-	-
1	GP-2	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	283,000	283,000	-	-
			REAUTHORIZAITONS				
1	GP-2	53-02-2-33	REPLACE TWO PHASE POWER SYSTEMS - PASSYUNK	698,000	698,000	-	-
1	GP-3	53-03-2-05	REPLACE FRONT OFFICE BUILDING ROOF - PASSYUNK	717,000	717,000	-	-
1	GP-3	53-03-2-06	INCREASE WATER LINE TO LNG CONTROL ROOM - RICHMOND	30,000	30,000	-	-
			PRIORITY 2				
2	GP-2	53-02-2-01	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES -RICHMOND	-	-	-	-
2	GP-2	53-02-1-02	ADD CAMERAS TO THE LNG TANK DIKE AREA - PASSYUNK	107,000	107,000	-	-
			REAUTHORIZAITONS				
1	GP-2	53-02-2-22	ISOLATE PIPING #77 BUILDING BASEMENT - RICHMOND	60,000	60,000	-	-

TOTAL GAS PROCESSING DEPARTMENT: 28,569,000 15,630,000 6,259,000 6,680,000

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
 GAS PROCESSING DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	637,000	637,000	27,932,000	14,993,000	28,569,000	15,630,000
YEAR 1	-	-	-	6,259,000	-	6,259,000
YEAR 2	-	-	-	6,680,000	-	6,680,000
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>637,000</b>	<b>637,000</b>	<b>27,932,000</b>	<b>27,932,000</b>	<b>28,569,000</b>	<b>28,569,000</b>

# Philadelphia Gas Works' Base Rate Filing

## DISTRIBUTION DEPARTMENT

### FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

#### SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>GROSS TOTAL</u>	<u>REIMBURSEM ENT**</u>	<u>NET TOTAL</u>
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	5,665,000	1,348,000	7,013,000	-	7,013,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,615,000	64,202,000	66,817,000	(4,319,000)	62,498,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	178,000	2,792,000	2,970,000	(1,706,000)	1,264,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	397,000	2,651,000	3,048,000	-	3,048,000
52-24 SERVICES	9,566,000	19,472,000	29,038,000	-	29,038,000
52-25 CONDITIONED RESERVED	-	3,309,000	3,309,000	-	3,309,000
52-29 OTHER DISTRIBUTION FACILITIES	290,000	1,109,000	1,399,000	-	1,399,000
<b>TOTAL DISTRIBUTION</b>	<b>18,711,000</b>	<b>94,883,000</b>	<b>113,594,000</b>	<b>(6,025,000)</b>	<b>107,569,000</b>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

# Philadelphia Gas Works' Base Rate Filing

## DISTRIBUTION DEPARTMENT

### FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

#### BUDGET/FORECAST COMPARISON

CATEGORY		2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET	2023	2022	2023 BUD vs 2023	
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	ADDITIONS	3,096,000	3,170,000	5,665,000	2,569,000	83.0%	2,495,000	78.7%
	REPLACEMENTS	<u>1,377,000</u>	<u>1,410,000</u>	<u>1,348,000</u>	<u>(29,000)</u>	<u>-2.1%</u>	<u>(62,000)</u>	<u>-4.4%</u>
	TOTAL	4,473,000	4,580,000	7,013,000	2,540,000	56.8%	2,433,000	53.1%
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	ADDITIONS	2,734,000	2,800,000	2,615,000	(119,000)	-4.4%	(185,000)	-6.6%
	REPLACEMENTS	<u>62,803,000</u>	<u>63,422,000</u>	<u>64,202,000</u>	<u>1,399,000</u>	<u>2.2%</u>	<u>780,000</u>	<u>1.2%</u>
	TOTAL	65,537,000	66,222,000	66,817,000	1,280,000	2.0%	595,000	0.9%
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	ADDITIONS	225,000	230,000	178,000	(47,000)	-20.9%	(52,000)	-22.6%
	REPLACEMENTS	<u>2,191,000</u>	<u>2,243,000</u>	<u>2,792,000</u>	<u>601,000</u>	<u>27.4%</u>	<u>549,000</u>	<u>24.5%</u>
	TOTAL	2,416,000	2,473,000	2,970,000	554,000	22.9%	497,000	20.1%
52-23 CUST MTR & REG INST, PRESSURE REGULA- TION AND CORROSION CONTROL FACILITIES	ADDITIONS	405,000	415,000	397,000	(8,000)	-2.0%	(18,000)	-4.3%
	REPLACEMENTS	<u>1,011,000</u>	<u>1,035,000</u>	<u>2,651,000</u>	<u>1,640,000</u>	<u>162.2%</u>	<u>1,616,000</u>	<u>156.1%</u>
	TOTAL	1,416,000	1,450,000	3,048,000	1,632,000	115.3%	1,598,000	110.2%
52-24 SERVICES	ADDITIONS	9,777,000	10,011,000	9,566,000	(211,000)	-2.2%	(445,000)	-4.4%
	REPLACEMENTS	<u>19,775,000</u>	<u>20,249,000</u>	<u>19,472,000</u>	<u>(303,000)</u>	<u>-1.5%</u>	<u>(777,000)</u>	<u>-3.8%</u>
	TOTAL	29,552,000	30,260,000	29,038,000	(514,000)	-1.7%	(1,222,000)	-4.0%
52-25	CONDITIONED FUDNING RESERVED	3,142,000	3,191,000	3,309,000	167,000	5.3%	118,000	3.7%
52-29 OTHER DISTRIBUTION FACILITIES	ADDITIONS	125,000	128,000.00	290,000	165,000	132.0%	162,000.00	126.6%
	REPLACEMENTS	<u>1,222,000</u>	<u>1,251,000</u>	<u>1,109,000</u>	<u>(113,000)</u>	<u>-9.2%</u>	<u>(142,000)</u>	<u>-11.4%</u>
	TOTAL	1,347,000	1,379,000	1,399,000	52,000	3.9%	20,000	1.5%
GROSS TOTAL DISTRIBUTION DEPARTMENT		107,883,000	109,555,000	113,594,000	5,711,000	5.3%	4,039,000	3.7%
52-99 COST OF REMOVAL AND ABANDONMENT		-	-	-	-	N/A	-	N/A
	LESS: SALVAGE	-	-	-	-	N/A	-	N/A
	LESS: CONTRIBUTIONS*	-	-	-	-	N/A	-	N/A
	LESS: REIMBURSEMENT**	<u>(4,804,000)</u>	<u>(4,903,000)</u>	<u>(6,025,000)</u>	<u>(1,221,000)</u>	<u>25.4%</u>	<u>(1,122,000)</u>	<u>22.9%</u>
NET TOTAL DISTRIBUTION		<u>103,079,000</u>	<u>104,652,000</u>	<u>107,569,000</u>	<u>4,490,000</u>	<u>4.4%</u>	<u>2,917,000</u>	<u>2.8%</u>

\* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH



Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT

FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-20</u>		
	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	5,665,000	14,250
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,348,000	1,350
		<u>GROSS TOTAL D-20</u>	<u>7,013,000</u>
52-20-2-97		LESS: REIMBURSEMENT**	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		<u>NET TOTAL D-20</u>	<u>7,013,000</u>
	<u>D-21</u>		
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
4	52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,615,000	11,196
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	5,047,000	22,771
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	21,155,000	79,249
1	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	38,000,000	
		<u>GROSS TOTAL D-21</u>	<u>66,817,000</u>
52-21-2-97		LESS: REIMBURSEMENT**	(4,319,000)
		<u>NET TOTAL D-21</u>	<u>62,498,000</u>

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT

FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-22</u> <u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER</u>		
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	178,000	14
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	896,000	3,014
3	52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	1,896,000	
	GROSS TOTAL D-22	<u>2,970,000</u>	
	LESS: REIMBURSEMENT**	(1,706,000)	
	NET TOTAL D-22	<u><u>1,264,000</u></u>	
	<u>D-23</u> <u>CUSTOMER METERING &amp; REGULATOR INSTALLATION, AND PRESSURE REGULATION &amp; CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	397,000	
1	52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	773,000	
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	1,878,000	
	GROSS TOTAL D-23	<u>3,048,000</u>	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	<u><u>3,048,000</u></u>	



Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

DISTRIBUTION COMPRESSED CATEGORIES

<u>CATEGORIES</u>	2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET
MAIN ADDITIONS	6,055,000	6,200,000	8,458,000
MAIN REPLACEMENTS	66,371,000	67,075,000	68,342,000
SERVICE ADDITIONS	9,777,000	10,011,000	9,566,000
SERVICE REPLACEMENTS	19,775,000	20,249,000	19,472,000
METER/REGULATOR/CORROSION	1,416,000	1,450,000	3,048,000
TOOLS	1,347,000	1,379,000	1,399,000
CONDITIONED FUNDING RESERVE	3,142,000	3,191,000	3,309,000
<b>GROSS TOTAL DISTRIBUTION</b>	<b>107,883,000</b>	<b>109,555,000</b>	<b>113,594,000</b>

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
	<u>PRIORITY 1</u>						
1	D-21 52-21-2-02 PRUDENT MAIN REPLACEMENTS	21,155,000	79,249	14,605,000	6,550,000	-	-
1	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	38,000,000		20,155,000	17,845,000	-	-
	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES						
1	D-23 52-23-2-01 VALVES	773,000		773,000	-	-	-
1	D-24 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,079,000	110	822,000	257,000	-	-
1	D-24 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	18,393,000	8,950	15,751,000	2,642,000	-	-
1	D-25 52-25-2-01 CONDITIONED FUNDING RESERVED	3,309,000		-	-	-	-
	<u>PRIORITY 2</u>						
2	D-23 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND	1,878,000		1,433,000	445,000	-	-
2	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	290,000		290,000	-	-	-
2	D-29 52-29-2-01 REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK	1,109,000		664,000	445,000	-	-

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
	<u>PRIORITY 3</u>						
3	D-20 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,348,000	1,350	1,348,000	-	-	-
3	D-21 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	5,047,000	22,771	4,261,000	786,000	-	-
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	896,000	3,014	896,000	-	-	-
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	1,896,000		1,896,000	-	-	-
	<u>PRIORITY 4</u>						
4	D-20 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND	5,665,000	14,250	4,192,000	1,473,000	-	-
4	D-21 52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	2,615,000	11,196	2,301,000	314,000	-	-
4	D-23 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	397,000		397,000	-	-	-
4	D-22 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	178,000	14	178,000	-	-	-
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,	7,120,000	2,027	7,047,000	73,000	-	-
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,	2,446,000	183	2,323,000	123,000	-	-
<u>TOTAL DISTRIBUTION DEPARTMENT:</u>				<u>79,332,000</u>	<u>30,953,000</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS  
FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
DISTRIBUTION DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	18,711,000	16,728,000	94,883,000	62,604,000	113,594,000	79,332,000
YEAR 1	-	1,983,000	-	28,970,000	-	30,953,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>18,711,000</b>	<b>18,711,000</b>	<b>94,883,000</b>	<b>91,574,000</b>	<b>113,594,000</b>	<b>110,285,000</b>

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT  
FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	2,441,000	3,348,000	5,789,000
50-32 SERVICE REGULATORS AND INSTALLATION	79,000	56,000	135,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	79,000	73,000	152,000
50-34 METER SHOP EQUIPMENT	-	71,000	71,000
50-36 AUTOMATIC METER READING	<u>246,000</u>	<u>1,439,000</u>	<u>1,685,000</u>
GROSS TOTAL FIELD SERVICES	2,845,000	4,987,000	7,832,000
LESS: SALVAGE LESS: CONTRIBUTIONS*	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET TOTAL FIELD SERVICES	<u><u>2,845,000</u></u>	<u><u>4,987,000</u></u>	<u><u>7,832,000</u></u>

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS



# Philadelphia Gas Works' Base Rate Filing

## FIELD SERVICES DEPARTMENT FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET BUDGET/FORECAST COMPARISON

CATEGORY		2022 COMPL	2023	2023	2023	2022	2023 BUD vs 2023 FORECAST	
		BUDGET	FORECAST	BUDGET	DIFFERENCE	COMPL BUDGET	\$	%
50-30 METERS	ADDITIONS	2,831,000	2,910,000	2,441,000	(390,000)	-13.8%	(469,000)	-16.1%
	REPLACEMENTS	<u>3,696,000</u>	<u>3,651,000</u>	<u>3,348,000</u>	<u>(348,000)</u>	<u>-9.4%</u>	<u>(303,000)</u>	<u>-8.3%</u>
	TOTAL	6,527,000	6,561,000	5,789,000	(738,000)	-11.3%	(772,000)	-11.8%
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	113,000	93,000	79,000	(34,000)	-30.1%	(14,000)	-15.1%
	REPLACEMENTS	<u>71,000</u>	<u>72,000</u>	<u>56,000</u>	<u>(15,000)</u>	<u>-21.1%</u>	<u>(16,000)</u>	<u>-22.2%</u>
	TOTAL	184,000	165,000	135,000	(49,000)	-26.6%	(30,000)	-18.2%
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	81,000	86,000	79,000	(2,000)	-2.5%	(7,000)	-8.1%
	REPLACEMENTS	<u>65,000</u>	<u>64,000</u>	<u>73,000</u>	<u>8,000</u>	<u>12.3%</u>	<u>9,000</u>	<u>14.1%</u>
	TOTAL	146,000	150,000	152,000	6,000	4.1%	2,000	1.3%
50-34 METER SHOP EQUIPMENT	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	-	<u>71,000</u>	<u>71,000</u>	N/A	<u>71,000.00</u>	<u>N/A</u>
	TOTAL	-	-	71,000	71,000	N/A	71,000.00	N/A
50-36 AUTOMATIC METER READING	ADDITIONS	183,000	242,000	246,000	63,000	34.4%	4,000	1.7%
	REPLACEMENTS	<u>1,566,000</u>	<u>1,619,000</u>	<u>1,439,000</u>	<u>(127,000)</u>	<u>-8.1%</u>	<u>(180,000)</u>	<u>-11.1%</u>
	TOTAL	1,749,000	1,861,000	1,685,000	(64,000)	-3.7%	(176,000)	-9.5%
GROSS TOTAL FIELD SERVICES		8,606,000	8,737,000	7,832,000	(774,000)	-9.0%	(905,000)	-10.4%
LESS: SALVAGE		-	-	-	-	N/A	-	N/A
LESS: CONTRIBUTIONS*		-	-	-	-	N/A	-	N/A
NET TOTAL FIELD SERVICES		<u>8,606,000</u>	<u>8,737,000</u>	<u>7,832,000</u>	<u>(774,000)</u>	<u>-9.0%</u>	<u>(905,000)</u>	<u>-10.4%</u>

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

# Philadelphia Gas Works' Base Rate Filing

## FIELD SERVICES DEPARTMENT FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>	<u>C-30</u>	<u>METERS</u>	<u>AMOUNT</u>
4	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	2,441,000
5	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	3,348,000
		TOTAL C-30	<u>5,789,000</u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	79,000
2	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	56,000
		TOTAL C-32	<u>135,000</u>
	<u>C-33</u>	<u>COMMERCIAL &amp; INDUSTRIAL TELEMETERING SYSTEMS</u>	
4	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	79,000
2	50-33-2-01	REPLACE BPS METSCAN & LBS METRETEK UNITS	73,000
		TOTAL C-33	<u>152,000</u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
2	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR	71,000
		TOTAL C-34	<u>71,000</u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
4	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	246,000
5	50-36-2-01	REPLACE AMR DEVICES	1,439,000
		TOTAL C-36	<u>1,685,000</u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	7,832,000
50-98-2-98		LESS: ESTIMATED SALVAGE	
		LESS: CONTRIBUTIONS*	
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>7,832,000</u>

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT

LISTING BY PRIORITY

FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET_YR</u>	<u>YEAR_1</u>	<u>YEAR_2</u>	<u>YEAR_3</u>
<u>PRIORITY 2</u>						
2	C-32 50-32-2-01 PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	56,000	56,000	-	-	-
2	C-33 50-33-2-01 REPLACE BPS METSCAN & LBS METRETEK UNITS	73,000	73,000	-	-	-
2	C-34 50-34-2-01 REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE P	71,000	71,000	-	-	-
<u>PRIORITY 4</u>						
4	C-30 50-30-1-01 PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR	2,441,000	2,441,000	-	-	-
4	C-32 50-32-1-01 PURCHASE AND INSTALLATION OF SERVICE REGULATORS	79,000	79,000	-	-	-
4	C-33 50-33-1-01 PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	79,000	79,000	-	-	-
4	C-36 50-36-1-01 PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	246,000	246,000	-	-	-
<u>PRIORITY 5</u>						
5	C-30 50-30-2-01 PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	3,348,000	3,348,000	-	-	-
5	C-36 50-36-2-01 REPLACE AMR DEVICES	1,439,000	1,439,000	-	-	-
TOTAL FIELD SERVICES DEPARTMENT:		<u>7,832,000</u>	<u>7,832,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
 FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	2,845,000	2,845,000	4,987,000	4,987,000	7,832,000	7,832,000
YEAR 1	-	-	-	-	-	-
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,845,000</b>	<b>2,845,000</b>	<b>4,987,000</b>	<b>4,987,000</b>	<b>7,832,000</b>	<b>7,832,000</b>

# Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT  
FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2022 COMPL</u> <u>BUDGET</u>	<u>2023</u> <u>FORECAST</u>	<u>2023</u> <u>BUDGET</u>	<u>2023</u>	<u>2022</u>	<u>2023 BUD vs 2023</u>	
				<u>BUDGET vs</u> <u>\$</u> <u>DIFFERENCE</u>	<u>COMPL BUDGET</u> <u>%</u> <u>DIFF.</u>	<u>FORECAST</u> <u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	762,000	1,647,000	2,008,000	1,246,000	163.5%	361,000	21.9%
73-01-2-03 VEHICLE REPLACEMENTS	3,376,000	2,913,000	5,404,000	2,028,000	60.1%	2,491,000	85.5%
<b>2021 REAUTHORIZATION</b>							
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	-	-	414,000	414,000	N/A	414,000	N/A
73-01-2-03 VEHICLE REPLACEMENTS	-	-	2,789,000	2,789,000	N/A	2,789,000	N/A
GROSS TOTAL FLEET OPERATIONS	4,138,000	4,560,000	10,615,000	6,477,000	156.5%	6,055,000	132.8%
LESS: SALVAGE					<u>N/A</u>		<u>N/A</u>
NET TOTAL FLEET OPERATIONS	<u>4,138,000</u>	<u>4,560,000</u>	<u>10,615,000</u>	<u>6,477,000</u>	<u>156.5%</u>	<u>6,055,000</u>	<u>132.8%</u>

Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT  
FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	2,008,000
2	73-01-2-03	VEHICLE REPLACEMENTS	5,404,000
		GROSS TOTAL FLEET OPERATIONS	<u>7,412,000</u>
		2021 REAUTHORIZATION	
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	414,000
2	73-01-2-03	VEHICLE REPLACEMENTS	2,789,000
		TOTAL REAUTHORIZATION	<u><u>3,203,000</u></u>
		NET TOTAL FLEET OPERATIONS	<u><u>10,615,000</u></u>

Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT  
 LISTING BY PRIORITY  
 FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3
	PRIORITY 2					
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	2,008,000	2,008,000	-	-	-
2	73-01-2-03 VEHICLE REPLACEMENTS	5,404,000	1,739,000	3,665,000	-	-
	2021 REAUTHORIZATION					
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	414,000	414,000	-	-	-
	73-01-2-03 VEHICLE REPLACEMENTS	2,789,000	2,789,000	-	-	-
	TOTAL FLEET OPERATIONS DEPARTMENT:	10,615,000	6,950,000	3,665,000	-	-

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
 FLEET OPERATIONS DEPARTMENT ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	-	-	10,615,000	6,950,000	10,615,000	6,950,000
YEAR 1	-	-	-	3,665,000	-	3,665,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>			<b>10,615,000</b>	<b>10,615,000</b>	<b>10,615,000</b>	<b>10,615,000</b>



# Philadelphia Gas Works' Base Rate Filing

## FACILITIES

### FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

#### BUDGET/FORECAST COMPARISON

CATEGORY	2022 COMPL BUDGET	2023 FORECAST	2023 BUDGET	2023	2022	2023 BUD vs 2023	
				BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	120,000	123,000	96,000	(24,000)	-20.0%	(27,000)	-22.0%
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000	2,000	2,000	-	0.0%	-	0.0%
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	423,000	434,000	499,000	76,000	18.0%	65,000	15.0%
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	18,000	18,000	12,000	(6,000)	-33.3%	(6,000)	-33.3%
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	13,000	13,000	3,000	(10,000)	-76.9%	(10,000)	-76.9%
72-05-1-03 800 BUILDING EAST PARKING LOT EV CHARGERS	-	-	307,000	307,000	N/A	307,000	N/A
72-02-1-04 NOC DATA CENTER FACILITIES INFRASTRUCTURE	-	-	1,350,000	1,350,000	N/A	1,350,000	N/A
72-01-2-04 REPLACE 800 BUILDING PNEUMATIC CONTROLS	-	-	231,000	231,000	N/A	231,000	N/A
72-01-2-08 REPLACE PORTER STATION FUELING STATION	-	1,500,000	1,500,000	1,500,000	N/A	-	0.0%
72-01-2-09 REPAVEMENT OF PORTER STATION LOT	-	1,500,000	1,500,000	1,500,000	N/A	-	0.0%
72-01-2-10 REPLACE 800 BUILDING MAIN SWITCHGEAR CONTROLS	-	-	417,000	417,000	N/A	417,000	N/A
72-01-2-04 IMPROVEMENT OF PGW HQ'S HVA SYSTEM	1,500,000	-	-	(1,500,000)	-100.0%	-	N/A
72-01-2-05 REFUELING STATION NOC	3,000,000	-	-	(3,000,000)	-100.0%	-	N/A
72-01-2-06 REPAVE 800 PARKING LOT	500,000	-	-	(500,000)	-100.0%	-	N/A
72-01-2-07 REPLACE TIOGA LOT FENCING	-	400,000	-	-	N/A	(400,000)	-100.0%
<b>2021 REAUTHORIZATION</b>							
72-01-2-10 800 BUILDING RESTROOM RENOVATIONS	-	-	300,000	300,000	N/A	300,000	N/A
TOTAL FACILITIES	<u>5,576,000</u>	<u>3,990,000</u>	<u>6,217,000</u>	<u>641,000</u>	<u>11.5%</u>	<u>2,227,000</u>	<u>55.8%</u>

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS

### FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

#### SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	1,755,000	4,462,000	6,217,000
INFORMATION SERVICES	2,530,000	21,446,000	23,976,000
CHIEF OPERATING OFFICER	-	750,000	750,000
OTHER	34,000	-	34,000
TOTAL OTHER DEPARTMENTS	<u>4,319,000</u>	<u>26,658,000</u>	<u>30,977,000</u>

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS

### FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET

#### BUDGET/FORECAST COMPARISON

CATEGORY		2022 COMPL		2023		2023	2022	2023 BUD vs 2023	
		BUDGET	FORECAST	BUDGET	DIFFERENCE	BUDGET vs	COMPL BUDGET	FORECAST	DIFF.
						\$	%	\$	%
FACILITIES	ADDITIONS	3,122,000	125,000	1,755,000	(1,367,000)		-43.8%	1,630,000	1304.0%
	REPLACEMENTS	<u>2,454,000</u>	<u>3,865,000</u>	<u>4,462,000</u>	<u>2,008,000</u>		<u>81.8%</u>	<u>597,000</u>	<u>15.4%</u>
	TOTAL	<u>5,576,000</u>	<u>3,990,000</u>	<u>6,217,000</u>	<u>641,000</u>		<u>11.5%</u>	<u>2,227,000</u>	<u>55.8%</u>
INFORMATION SERVICES	ADDITIONS	110,000	113,000	2,530,000	2,420,000		2200.0%	2,417,000	2138.9%
	REPLACEMENTS	<u>10,336,000</u>	<u>1,378,000</u>	<u>21,446,000</u>	<u>11,110,000</u>		<u>107.5%</u>	<u>20,068,000</u>	<u>1456.3%</u>
	TOTAL	<u>10,446,000</u>	<u>1,491,000</u>	<u>23,976,000</u>	<u>13,530,000</u>		<u>129.5%</u>	<u>22,485,000</u>	<u>1508.0%</u>
CHIEF OPERATING OFFICER	ADDITIONS	-	-	-	-		N/A	-	N/A
	REPLACEMENTS	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	-		<u>0.0%</u>	-	<u>0.0%</u>
	TOTAL	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	-		<u>0.0%</u>	-	<u>0.0%</u>
VP TECHNICAL COMPLIANCE	ADDITIONS	-	-	-	-		N/A	-	N/A
	REPLACEMENTS	-	<u>4,689,000</u>	-	-		N/A	<u>(4,689,000)</u>	-100.0%
	TOTAL	-	<u>4,689,000</u>	-	-		<u>N/A</u>	<u>(4,689,000)</u>	<u>-100.0%</u>
CHEMICAL SERVICES	ADDITIONS	-	-	34,000	34,000		N/A	34,000	N/A
	REPLACEMENTS	-	-	-	-		<u>N/A</u>	-	<u>N/A</u>
	TOTAL	-	-	<u>34,000</u>	<u>34,000</u>		<u>N/A</u>	<u>34,000</u>	<u>N/A</u>
TOTAL OTHER DEPARTMENTS	<u>16,772,000</u>	<u>10,920,000</u>	<u>30,977,000</u>	<u>14,205,000</u>		<u>84.7%</u>	<u>20,057,000</u>	<u>183.7%</u>	

Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS

FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

<u>P</u>			AMOUNT
		<u>FACILITIES</u>	
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	96,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	499,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	3,000
5	72-05-1-03	800 BUILDING EAST PARKING LOT EV CHARGERS	307,000
2	72-02-1-04	NOC DATA CENTER FACILITIES INFRASTRUCTURE	1,350,000
1	72-01-2-04	REPLACE 800 BUILDING PNEUMATIC CONTROLS	231,000
1	72-01-2-08	REPLACE PORTER STATION FUELING STATION	1,500,000
1	72-01-2-09	REPAVEMENT OF PORTER STATION LOT	1,500,000
1	72-01-2-10	REPLACE 800 BUILDING MAIN SWITCHGEAR CONTROLS	417,000
2021 REAUTHORIZATION			
5	72-01-2-10	800 BUILDING RESTROOM RENOVATIONS	300,000
TOTAL FACILITIES			<u><u>6,217,000</u></u>

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS

### FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

P			AMOUNT
		<u>INFORMATION SERVICES</u>	
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	60,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	75,000
2	47-01-1-03	COLOCATION PROJECT SOFTWARE	160,000
2	47-01-1-04	COLOCATION PROJECT (NEW NOC)	2,235,000
2	47-01-2-01	MISCELLANEOUS SOFTWARE REPLACEMENTS	521,000
2	47-01-2-02	MISC SERVER AND NETWORK HARDWARE REPLACEMENT	415,000
2	47-01-2-03	REPLACE SAN EQUIPMENT	510,000
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	20,000,000
		TOTAL INFORMATION SERVICES	<u><u>23,976,000</u></u>
		<u>CHIEF OPERATING OFFICER</u>	
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000
		TOTAL CHIEF OPERATING OFFICER	<u><u>750,000</u></u>
		<u>CHEMICAL SERVICES</u>	
1	31-01-1-01	HYDROGEN GENERATOR & PERMEATION CHAMBER	34,000
		TOTAL VP TECHNICAL COMPLIANCE	<u><u>34,000</u></u>
		TOTAL OTHER DEPARTMENTS	<u><u>30,977,000</u></u>

# Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS  
LISTING BY PRIORITY  
FISCAL 2023 AMENDED COMPLIANCE CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3
<u>PRIORITY 1</u>						
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	96,000	96,000	-	-	-
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000	2,000	-	-	-
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	489,000	489,000	-	-	-
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000	12,000	-	-	-
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	3,000	3,000	-	-	-
1	72-01-2-04 REPLACE 800 BUILDING PNEUMATIC CONTROLS	231,000	231,000	-	-	-
1	72-01-2-08 REPLACE PORTER STATION FUELING STATION	1,500,000	1,300,000	200,000	-	-
1	72-01-2-09 REPAVEMENT OF PORTER STATION LOT	1,500,000	1,300,000	200,000	-	-
1	72-01-2-10 REPLACE 800 BUILDING MAIN SWITCHGEAR CONTROLS	417,000	417,000	-	-	-
1	31-01-1-01 HYDROGEN GENERATOR & PERMEATION CHAMBER	34,000	34,000	-	-	-
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	-	-	-	-
<u>PRIORITY 2</u>						
2	72-02-1-04 NOC DATA CENTER FACILITIES INFRASTRUCTURE	1,350,000	1,075,000	275,000	-	-
2	47-01-1-01 MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	60,000	-	60,000	-	-
2	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	75,000	25,000	50,000	-	-
2	47-01-1-03 COLOCATION PROJECT SOFTWARE	160,000	160,000	-	-	-
2	47-01-1-04 COLOCATION PROJECT (NEW NOC)	2,235,000	2,235,000	-	-	-
2	47-01-2-01 MISCELLANEOUS SOFTWARE REPLACEMENTS	521,000	471,000	50,000	-	-
2	47-01-2-02 MISC SERVER AND NETWORK HARDWARE REPLACEMENT	415,000	415,000	-	-	-
2	47-01-2-03 REPLACE SAN EQUIPMENT	510,000	510,000	-	-	-
2	47-01-2-04 CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	20,000,000	20,000,000	-	-	-
2	13-01-2-02 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000	-	-	-	-
<u>PRIORITY 4</u>						
4	13-01-2-03 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000	-	-	-	-
<u>PRIORITY 5</u>						
5	72-05-1-03 800 BUILDING EAST PARKING LOT EV CHARGERS	307,000	307,000	-	-	-
<b>2021 REAUTHORIZATION</b>						
5	72-01-2-10 800 BUILDING RESTROOM RENOVATIONS	300,000	300,000	-	-	-
TOTAL OTHER DEPARTMENTS:		30,977,000	29,392,000	855,000	-	-

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2023 AMENDED COMPLIANCE CAPITAL BUDGET  
 OTHER DEPARTMENTS ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	4,319,000	3,934,000	26,658,000	25,458,000	30,977,000	29,392,000
YEAR 1	-	385,000	-	450,000	-	835,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,319,000</b>	<b>4,319,000</b>	<b>26,658,000</b>	<b>25,908,000</b>	<b>30,977,000</b>	<b>30,227,000</b>

**FIVE YEAR FORECAST**



Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS

FISCAL YEAR 2023 AND FORECAST 2024 THROUGH 2028

		<u>FORECAST</u>					<u>TOTAL</u>
		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>6 YEARS</u>
<u>COMPLIANCE</u>							
	2023						
	<u>CAPITAL</u>						
	<u>BUDGET</u>						
		637,000	82,000	84,000	86,000	88,000	1,057,000
		<u>27,932,000</u>	<u>17,946,000</u>	<u>6,220,000</u>	<u>179,477,000</u>	<u>15,820,000</u>	<u>270,865,000</u>
		28,569,000	18,028,000	6,304,000	179,563,000	15,908,000	271,922,000
		<u>28,569,000</u>	<u>18,028,000</u>	<u>6,304,000</u>	<u>179,563,000</u>	<u>15,908,000</u>	<u>271,922,000</u>
		28,569,000	18,028,000	6,304,000	179,563,000	15,908,000	271,922,000
		<u>28,569,000</u>	<u>18,028,000</u>	<u>6,304,000</u>	<u>179,563,000</u>	<u>15,908,000</u>	<u>271,922,000</u>
		18,711,000	17,669,000	18,288,000	18,928,000	19,590,000	112,552,000
		<u>94,883,000</u>	<u>97,813,000</u>	<u>99,866,000</u>	<u>101,993,000</u>	<u>104,193,000</u>	<u>595,581,000</u>
		113,594,000	115,482,000	118,154,000	120,921,000	123,783,000	708,133,000
		<u>113,594,000</u>	<u>115,482,000</u>	<u>118,154,000</u>	<u>120,921,000</u>	<u>123,783,000</u>	<u>708,133,000</u>
		(6,025,000)	(5,475,000)	(5,599,000)	(5,727,000)	(5,858,000)	(34,855,000)
		<u>(6,025,000)</u>	<u>(5,475,000)</u>	<u>(5,599,000)</u>	<u>(5,727,000)</u>	<u>(5,858,000)</u>	<u>(34,855,000)</u>
		107,569,000	110,007,000	112,555,000	115,194,000	117,925,000	673,278,000
		<u>107,569,000</u>	<u>110,007,000</u>	<u>112,555,000</u>	<u>115,194,000</u>	<u>117,925,000</u>	<u>673,278,000</u>
		107,569,000	110,007,000	112,555,000	115,194,000	117,925,000	673,278,000
		<u>107,569,000</u>	<u>110,007,000</u>	<u>112,555,000</u>	<u>115,194,000</u>	<u>117,925,000</u>	<u>673,278,000</u>

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS

FISCAL YEAR 2023 AND FORECAST 2024 THROUGH 2028

DEPARTMENT	COMPLIANCE 2023 CAPITAL BUDGET	FORECAST					TOTAL 6 YEARS
		2024	2025	2026	2027	2028	
<u>FIELD SERVICES</u>							
ADDITIONS	2,845,000	3,523,000	3,452,000	3,611,000	3,734,000	3,844,000	21,009,000
REPLACEMENTS	4,987,000	21,704,000	20,509,000	22,175,000	22,167,000	22,801,000	114,343,000
GROSS TOTAL FIELD SERVICES	7,832,000	25,227,000	23,961,000	25,786,000	25,901,000	26,645,000	135,352,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	7,832,000	25,227,000	23,961,000	25,786,000	25,901,000	26,645,000	135,352,000
ACQUIRE ASSETS LEASE	7,832,000	25,227,000	23,961,000	25,786,000	25,901,000	26,645,000	135,352,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	-	-	-	-	-	-	-
REPLACEMENTS	10,615,000	8,236,000	8,102,000	4,710,000	4,641,000	6,384,000	42,688,000
GROSS TOTAL FLEET OPERATIONS	10,615,000	8,236,000	8,102,000	4,710,000	4,641,000	6,384,000	42,688,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	10,615,000	8,236,000	8,102,000	4,710,000	4,641,000	6,384,000	42,688,000
ACQUIRE ASSETS LEASE	10,615,000	8,236,000	8,102,000	4,710,000	4,641,000	6,384,000	42,688,000

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS

FISCAL YEAR 2023 AND FORECAST 2024 THROUGH 2028

<u>DEPARTMENT</u>	<u>COMPLIANCE 2023 CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	
<u>OTHER</u>						
ADDITIONS	393,000	239,000	245,000	252,000	259,000	266,000
REPLACEMENTS	<u>30,584,000</u>	<u>4,916,000</u>	<u>2,353,000</u>	<u>2,406,000</u>	<u>2,460,000</u>	<u>2,515,000</u>
TOTAL OTHER	30,977,000	5,155,000	2,598,000	2,658,000	2,719,000	2,781,000
ACQUIRE ASSETS LEASE	30,977,000	5,155,000	2,598,000	2,658,000	2,719,000	2,781,000
ADDITIONS	22,586,000	23,208,000	21,448,000	22,235,000	23,007,000	23,788,000
REPLACEMENTS	<u>169,001,000</u>	<u>155,159,000</u>	<u>146,723,000</u>	<u>135,377,000</u>	<u>310,738,000</u>	<u>151,713,000</u>
GROSS TOTAL	191,587,000	178,367,000	168,171,000	157,612,000	333,745,000	175,501,000
LESS: SALVAGE						
LESS: REIMBURSEMENT**	(6,025,000)	(6,171,000)	(5,475,000)	(5,599,000)	(5,727,000)	(5,858,000)
LESS: CONTRIBUTIONS*						
NET TOTAL	<u>185,562,000</u>	<u>172,196,000</u>	<u>162,696,000</u>	<u>152,013,000</u>	<u>328,018,000</u>	<u>169,643,000</u>
ACQUIRE ASSETS LEASE	185,562,000	172,196,000	162,696,000	152,013,000	328,018,000	169,643,000

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED 2024 - 2027 FORECAST  
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2023 - 2027 FORECAST</u>	<u>2024 - 2028 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	631,000	420,000	(211,000)	-33.4%
REPLACEMENTS	<u>151,710,000</u>	<u>242,933,000</u>	<u>91,223,000</u>	60.1%
TOTAL GAS PROCESSING	152,341,000	243,353,000	91,012,000	59.7%
<u>DISTRIBUTION</u>				
ADDITIONS	87,890,000	93,841,000	5,951,000	6.8%
REPLACEMENTS	<u>477,457,000</u>	<u>500,698,000</u>	<u>23,241,000</u>	4.9%
GROSS TOTAL DISTRIBUTION	565,347,000	594,539,000	29,192,000	5.2%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
LESS: REIMBURSEMENT**	<u>(25,560,000)</u>	<u>(28,830,000)</u>	<u>(3,270,000)</u>	12.8%
NET TOTAL DISTRIBUTION	565,347,000	565,709,000	362,000	0.1%
<u>FIELD SERVICES</u>				
ADDITIONS	19,262,000	18,164,000	(1,098,000)	-5.7%
REPLACEMENTS	<u>85,291,000</u>	<u>109,356,000</u>	<u>24,065,000</u>	28.2%
GROSS TOTAL FIELD SERVICES	104,553,000	127,520,000	22,967,000	22.0%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL FIELD SERVICES	104,553,000	127,520,000	22,967,000	22.0%

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED 2024 - 2027 FORECAST  
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2023 - 2027 FORECAST</u>	<u>2024 - 2028 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	-	-	-	
REPLACEMENTS	<u>33,426,000</u>	<u>32,073,000</u>	<u>(1,353,000)</u>	-4.0%
GROSS TOTAL FLEET OPERATIONS	33,426,000	32,073,000	(1,353,000)	-4.0%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	33,426,000	32,073,000	(1,353,000)	-4.0%
<u>OTHER</u>				
ADDITIONS	1,260,000	1,261,000	1,000	0.1%
REPLACEMENTS	<u>24,526,000</u>	<u>14,650,000</u>	<u>(9,876,000)</u>	-40.3%
TOTAL OTHER	25,786,000	15,911,000	(9,875,000)	-38.3%
<u>TOTAL</u>				
ADDITIONS	109,043,000	113,686,000	4,643,000	4.3%
REPLACEMENTS	<u>772,410,000</u>	<u>899,710,000</u>	<u>127,300,000</u>	16.5%
GROSS TOTAL	881,453,000	1,013,396,000	131,943,000	15.0%
LESS: SALVAGE	-	-	-	
LESS: REIMBURSEMENT**	(25,560,000)	(28,830,000)	(3,270,000)	12.8%
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL	<u>855,893,000</u>	<u>984,566,000</u>	<u>128,673,000</u>	15.0%

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>								
1	53-01-1-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,800,000	-	1,800,000	-	-	3,600,000
1	53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	559,000	587,000	616,000	647,000	-	2,409,000
		<b>TOTAL GP-1</b>	<b>2,359,000</b>	<b>587,000</b>	<b>2,416,000</b>	<b>647,000</b>	<b>-</b>	<b>6,009,000</b>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2	53-02-2-01	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES - RICHMOND	3,649,000	-	-	-	-	3,649,000
2	53-02-1-02	ADD CAMERAS TO THE LNG TANK DIKE AREA - PASSYUNK	107,000	-	-	-	-	107,000
1	53-02-2-03	REPLACE LNG SWITCHGEAR - RICHMOND	1,715,000	3,826,000	8,753,000	-	-	8,753,000
1	53-02-2-04	HAZZARD DETECTION NON PROCESS AREAS	4,705,000	-	-	-	-	4,705,000
1	53-02-2-05	REPL PRODUCT RECOVERY TANK AND OIL/WATER SEPRATOR - PASSYUNK	489,000	-	-	-	-	489,000
1	53-02-1-06	BOILOFF MOBILE ODORANT NO. 2 RUIN - RICHMOND	452,000	-	-	-	-	452,000
2	53-02-2-08	REPLACE THE EXPANDER PLANT COLD BOX	14,500,000	-	-	-	-	14,500,000
1	53-02-2-10	SPLIT HAZARD DETECTION LOOP - RICHMOND	549,000	-	-	-	-	549,000
1	53-02-2-11	CHP RICHMOND PLANT	2,572,000	-	-	-	-	2,572,000
2	53-02-2-12	REPLACE FIBER OPTIC - PASSYUNK	1,543,000	-	-	-	-	1,543,000
	53-02-2-13	REPLACE FIBER OPTIC - RICHMOND	2,472,000	-	-	-	-	2,472,000
	53-02-2-14	DCS UPGRADES - RICHMOND	875,000	-	-	-	-	875,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
53-02-2-15	-	-	2,500,000	-	-	-	-	2,500,000
53-02-2-16	-	-	-	5,000,000	-	-	-	5,000,000
53-02-2-17	-	-	-	204,000	-	-	-	204,000
53-02-2-18	-	-	-	2,620,000	-	-	-	2,620,000
53-02-2-19	-	-	-	2,500,000	-	-	-	2,500,000
53-02-2-20	-	-	-	1,738,000	-	-	-	1,738,000
53-02-2-21	-	-	-	-	500,000	500,000	-	1,000,000
53-02-2-22	-	-	-	-	-	170,000,000	-	170,000,000
53-02-2-23	-	-	-	-	-	-	10,000,000	10,000,000
53-02-2-24	-	-	-	-	-	2,518,000	3,000,000	5,518,000
53-02-2-25	-	-	-	-	-	2,500,000	2,500,000	5,000,000
2 53-02-1-01	257,000	-	-	-	-	-	-	-
1 53-02-2-05	172,000	-	-	-	-	-	-	-
2 53-02-2-06	2,215,000	-	-	-	-	-	-	-
1 53-02-1-08	356,000	-	-	-	-	-	-	-
1 53-02-1-09	345,000	-	-	-	-	-	-	-
<b>TOTAL GP-2</b>	<b>8,593,000</b>	<b>26,171,000</b>	<b>20,821,000</b>	<b>12,062,000</b>	<b>500,000</b>	<b>175,518,000</b>	<b>15,500,000</b>	<b>224,401,000</b>

Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<u>GP-3 BUILDING AND GROUNDS</u>								
2 53-03-2-01	-	-	-	5,000,000	-	-	-	5,000,000
2 53-03-2-04	-	-	-	-	3,000,000	-	-	6,000,000
1 53-03-2-05	547,000	-	-	-	-	-	-	-
1 53-03-2-06	565,000	-	-	-	-	-	-	-
1 53-03-2-05	-	-	-	-	-	-	-	-
1 53-03-2-06	-	-	-	-	-	-	-	-
TOTAL GP-3	1,112,000	-	-	5,000,000	3,000,000	3,000,000	-	11,000,000
1 53-04-1-01	99,000	78,000	80,000	82,000	84,000	86,000	88,000	420,000
1 53-04-2-01	276,000	283,000	290,000	297,000	304,000	312,000	320,000	1,523,000
TOTAL GP-4	375,000	361,000	370,000	379,000	388,000	398,000	408,000	1,943,000
<u>REAUTHORIZATIONS</u>								
2 53-02-2-22	-	60,000	-	-	-	-	-	-
TOTAL REAUTHORIZATION	-	1,505,000	-	-	-	-	-	-
TOTAL GAS PROCESSING DEPARTMENT	10,080,000	28,569,000	23,550,000	18,028,000	6,304,000	179,563,000	15,908,000	243,353,000
ACQUIRE ASSETS LEASE	10,080,000	28,569,000	23,550,000	18,028,000	6,304,000	179,563,000	15,908,000	243,353,000





DISTRIBUTION DEPARTMENT  
FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
D-22 12 INCH AND LARGER I. P. AND L.P. MAIN								
4 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	225,000	178,000	184,000	190,000	197,000	204,000	211,000	986,000
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,100,000	896,000	927,000	959,000	993,000	1,028,000	1,064,000	4,971,000
3 52-22-2-01 MAIN FOR MAJOR ENFORCED RELOCATION	1,091,000	1,896,000	1,962,000	1,091,000	1,129,000	1,169,000	1,210,000	6,561,000
	<u>2,416,000</u>	<u>2,970,000</u>	<u>3,073,000</u>	<u>2,240,000</u>	<u>2,319,000</u>	<u>2,401,000</u>	<u>2,485,000</u>	<u>12,518,000</u>
	<u>(982,000)</u>	<u>(1,706,000)</u>	<u>(1,786,000)</u>	<u>(982,000)</u>	<u>(1,016,000)</u>	<u>(1,052,000)</u>	<u>(1,089,000)</u>	<u>(5,905,000)</u>
52-22-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>1,434,000</u>	<u>1,264,000</u>	<u>1,307,000</u>	<u>1,258,000</u>	<u>1,303,000</u>	<u>1,349,000</u>	<u>1,396,000</u>	<u>6,613,000</u>
NET TOTAL D-22	405,000	397,000	411,000	425,000	440,000	455,000	471,000	2,202,000
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	591,000	773,000	800,000	828,000	857,000	887,000	918,000	4,290,000
1 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	420,000	1,878,000	1,944,000	2,012,000	2,082,000	2,155,000	2,230,000	10,423,000
2 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	1,416,000	3,048,000	3,155,000	3,265,000	3,379,000	3,497,000	3,619,000	16,915,000
LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>1,416,000</u>	<u>3,048,000</u>	<u>3,155,000</u>	<u>3,265,000</u>	<u>3,379,000</u>	<u>3,497,000</u>	<u>3,619,000</u>	<u>16,915,000</u>
TOTAL D-23	1,416,000	3,048,000	3,155,000	3,265,000	3,379,000	3,497,000	3,619,000	16,915,000



DISTRIBUTION DEPARTMENT  
FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
D-29 OTHER DISTRIBUTION FACILITIES								
2 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	125,000	290,000	300,000	311,000	322,000	333,000	345,000	1,611,000
2 52-29-2-01 REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,222,000	1,109,000	1,148,000	1,188,000	1,230,000	1,273,000	1,318,000	6,157,000
TOTAL D-29	<u>1,347,000</u>	<u>1,399,000</u>	<u>1,448,000</u>	<u>1,499,000</u>	<u>1,552,000</u>	<u>1,606,000</u>	<u>1,663,000</u>	<u>7,768,000</u>
GROSS TOTAL DISTRIBUTION DEPARTMENT	107,883,000	113,594,000	116,199,000	115,482,000	118,154,000	120,921,000	123,783,000	594,539,000
LESS: SALVAGE								
LESS: CONTRIBUTIONS*								
LESS: REIMBURSEMENT**	<u>(4,804,000)</u>	<u>(6,025,000)</u>	<u>(6,171,000)</u>	<u>(5,475,000)</u>	<u>(5,599,000)</u>	<u>(5,727,000)</u>	<u>(5,858,000)</u>	<u>(28,830,000)</u>
NET TOTAL DISTRIBUTION DEPARTMENT	<u>103,079,000</u>	<u>107,569,000</u>	<u>110,028,000</u>	<u>110,007,000</u>	<u>112,555,000</u>	<u>115,194,000</u>	<u>117,925,000</u>	<u>565,709,000</u>
ACQUIRE ASSETS	103,079,000	107,569,000	110,028,000	110,007,000	112,555,000	115,194,000	117,925,000	565,709,000
LEASE								

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

52-98-2-98

Philadelphia Gas Works' Base Rate Filing

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,831,000	2,441,000	3,211,000	3,299,000	3,451,000	3,569,000	3,673,000	17,203,000
5 50-30-2-01 REPLACEMENTS	3,696,000	3,348,000	19,583,000	20,121,000	21,780,000	21,767,000	22,397,000	123,626,000
TOTAL C-30	<u>6,527,000</u>	<u>5,789,000</u>	<u>22,794,000</u>	<u>23,420,000</u>	<u>25,231,000</u>	<u>25,336,000</u>	<u>26,070,000</u>	<u>122,851,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	113,000	79,000	67,000	69,000	72,000	74,000	77,000	359,000
2 50-32-2-01 REPLACEMENTS	71,000	56,000	59,000	60,000	63,000	65,000	67,000	314,000
TOTAL C-32	<u>184,000</u>	<u>135,000</u>	<u>126,000</u>	<u>129,000</u>	<u>135,000</u>	<u>139,000</u>	<u>144,000</u>	<u>673,000</u>
<u>C-33 TELEMETERING</u>								
4 50-33-1-01 ADDITIONS AND INSTALLATIONS	81,000	79,000	82,000	84,000	88,000	91,000	94,000	439,000
2 50-33-2-01 REPLACEMENTS	65,000	73,000	76,000	78,000	82,000	85,000	87,000	408,000
TOTAL C-33	<u>146,000</u>	<u>152,000</u>	<u>158,000</u>	<u>162,000</u>	<u>170,000</u>	<u>176,000</u>	<u>181,000</u>	<u>847,000</u>



FLEET OPERATIONS DEPARTMENT  
FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2023 COMPLIANCE</u> <u>BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL</u> <u>FORECAST</u>
73-01-1-03 VEHICLE ADDITIONS	-	-	-	-	-	-	-	-
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	-	-	-	-	-	-	-	-
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	762,000	2,008,000	1,236,000	2,989,000	567,000	858,000	516,000	6,166,000
73-01-2-03 VEHICLE REPLACEMENTS	3,376,000	5,404,000	7,000,000	5,113,000	4,143,000	3,783,000	5,868,000	25,907,000
<b>2021 REAUTHORIZATION</b>								
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	-	414,000	-	-	-	-	-	-
73-01-2-03 VEHICLE REPLACEMENTS	-	2,789,000	-	-	-	-	-	-
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>4,138,000</u>	<u>10,615,000</u>	<u>8,236,000</u>	<u>8,102,000</u>	<u>4,710,000</u>	<u>4,641,000</u>	<u>6,384,000</u>	<u>32,073,000</u>
ACQUIRE ASSETS	4,138,000	10,615,000	8,236,000	8,102,000	4,710,000	4,641,000	6,384,000	32,073,000
LEASE								

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<b>FACILITIES</b>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	120,000	96,000	98,000	100,000	103,000	106,000	109,000	516,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000	2,000	2,000	2,000	2,000	2,000	2,000	10,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	423,000	499,000	511,000	524,000	537,000	550,000	564,000	2,686,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	18,000	12,000	12,000	12,000	12,000	12,000	12,000	60,000
1 72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	13,000	3,000	3,000	3,000	3,000	3,000	3,000	15,000
5 72-05-1-03 800 BUILDING EAST PARKING LOT EV CHARGERS	-	307,000	-	-	-	-	-	-
2 72-02-1-04 NOC DATA CENTER FACILITIES INFRASTRUCTURE	-	1,350,000	-	-	-	-	-	-
1 72-01-2-04 REPLACE 800 BUILDING PNEUMATIC CONTROLS	-	231,000	-	-	-	-	-	-
1 72-01-2-08 REPLACE PORTER STATION FUELING STATION	-	1,500,000	-	-	-	-	-	-
1 72-01-2-09 REPAVEMENT OF PORTER STATION LOT	-	1,500,000	-	-	-	-	-	-
1 72-01-2-10 REPLACE 800 BUILDING MAIN SWITCHGEAR CONTROLS	-	417,000	2,616,000	-	-	-	-	2,616,000
1 72-01-2-04 IMPROVEMENT OF PGW'S HQ'S HVAC SYSTEM	1,500,000	-	-	-	-	-	-	-
5 72-01-2-05 REFUELING STATION NOC	3,000,000	-	-	-	-	-	-	-
1 72-01-2-06 REPAVE 800 PARKING LOT	500,000	-	-	-	-	-	-	-

Philadelphia Gas Works' Base Rate Filing



Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS  
FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
5 72-01-2-10 800 BUILDING RESTROOM RENOVATIONS	-	300,000	-	-	-	-	-	-
<b>TOTAL FACILITIES</b>	<u>5,576,000</u>	<u>6,217,000</u>	<u>3,242,000</u>	<u>641,000</u>	<u>657,000</u>	<u>673,000</u>	<u>690,000</u>	<u>5,903,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<u>INFORMATION SERVICES</u>								
<u>MISCELLANEOUS SERVER, NETWORK, &amp; HARDWARE ADDITIONS</u>								
2 47-01-1-01	60,000	60,000	62,000	64,000	66,000	68,000	70,000	330,000
2 47-01-1-02	50,000	75,000	77,000	79,000	81,000	83,000	85,000	405,000
2 47-01-1-03	-	160,000	-	-	-	-	-	-
1 47-01-1-04	-	2,235,000	-	-	-	-	-	-
<u>MISCELLANEOUS SOFTWARE REPLACEMENTS</u>								
2 47-01-2-01	50,000	521,000	61,000	63,000	65,000	67,000	69,000	325,000
<u>MISC SERVER AND NETWORK HARDWARE REPLACEMENT</u>								
2 47-01-2-02	1,033,000	415,000	440,000	465,000	490,000	515,000	540,000	2,450,000
2 47-01-2-03	253,000	510,000	523,000	536,000	549,000	563,000	577,000	2,748,000
<u>CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS</u>								
2 47-01-2-04	9,000,000	20,000,000	-	-	-	-	-	-
<u>TOTAL INFORMATION SERVICES</u>								
	<u>10,446,000</u>	<u>23,976,000</u>	<u>1,163,000</u>	<u>1,207,000</u>	<u>1,251,000</u>	<u>1,296,000</u>	<u>1,341,000</u>	<u>6,258,000</u>

Philadelphia Gas Works Base Rate Filing

OTHER DEPARTMENTS  
FORECAST - FISCAL YEARS 2024 THROUGH 2028

	<u>2022 COMPLIANCE BUDGET</u>	<u>2023 COMPLIANCE BUDGET</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>TOTAL FORECAST</u>
<u>CHIEF OPERATING OFFICER</u>								
<u>CONDITIONAL FUNDING FOR CAPITAL NEEDS</u>								
1 13-01-2-01 RELATED TO SAFETY	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
<u>CONDITIONAL FUNDING FOR CAPITAL NEEDS</u>								
2 13-01-2-02 RELATED TO RELIABILITY OF SERVICE	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
<u>CONDITIONAL FUNDING FOR CAPITAL NEEDS</u>								
4 13-01-2-03 RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>3,750,000</u>
<u>VP TECHNICAL COMPLIANCE</u>								
<u>BIOSPARGE AND SOIL VAPOR EXTRACTION</u>								
1 31-01-1-01 SYSTEM	-	34,000	-	-	-	-	-	-
	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL VP TECHNICAL COMPLIANCE</u>								
	<u>16,772,000</u>	<u>30,977,000</u>	<u>5,155,000</u>	<u>2,598,000</u>	<u>2,658,000</u>	<u>2,719,000</u>	<u>2,781,000</u>	<u>15,911,000</u>
<u>TOTAL OTHER DEPARTMENTS ACQUIRE ASSETS LEASE</u>								

Philadelphia Gas Works' Base Rate Filing

**Philadelphia Gas Works**



800 W. Montgomery Avenue, Philadelphia, PA 19122

August 18, 2022

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

**Re: PGW's Fiscal Year 2023 Compliance Operating Budget**

Dear Ms. McClendon:

As directed in the Motion approved by the Philadelphia Gas Commission at its August 9, 2022 meeting, enclosed is a copy of PGW's Fiscal Year 2023 Compliance Operating Budget.

If you have any questions, please let me know.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "WJ Gallagher", is written over a faint, larger version of the PGW logo.

William J. Gallagher  
VP Budget and Strategic Development

WJG/mlo'b  
Enclosure

cc: Service List



# **PHILADELPHIA GAS WORKS**

## **COMPLIANCE FISCAL 2023 OPERATING BUDGET**

Philadelphia Gas Works' Base Rate Filing

Exhibit A-1-1

**PHILADELPHIA GAS WORKS**  
**STATEMENT OF INCOME**  
(Dollars in Thousands)

Line No.	Actual <u>2020-21</u>	Budget <u>2021-22</u>	Estimate <u>2021-22</u>	Budget <u>2022-23</u>	Adjustments	Compliance Budget <u>2022-23</u>
<b>OPERATING REVENUES</b>						
1.	23,122	21,941	30,198	29,570	-	29,570
2.	66,684	74,584	73,813	79,447	-	79,447
3.	539,261	590,704	696,841	678,023	-	678,023
4.	11,763	1,900	4,086	4,228	-	4,228
5.	181	279	(1,215)	205	-	205
6.	641,011	689,408	803,723	791,473	-	791,473
7.	(16,261)	(30,287)	(34,892)	(34,955)	-	(34,955)
8.	6,019	7,832	7,827	7,983	-	7,983
9.	15,978	11,228	13,685	12,695	-	12,695
10.	5,736	(11,227)	(13,380)	(14,277)	-	(14,277)
11.	646,747	678,181	790,343	777,196	-	777,196
<b>OPERATING EXPENSES</b>						
12.	163,873	180,724	273,922	260,504	-	260,504
13.	19	23	23	23	-	23
14.	163,892	180,747	273,945	260,527	-	260,527
15.	482,855	497,434	516,398	516,669	-	516,669
<b>CONTRIBUTION MARGINS</b>						
16.	23,297	23,625	24,133	28,201	-	28,201
17.	79,901	88,760	92,846	99,494	-	99,494
18.	4,544	4,624	4,364	4,959	-	4,959
19.	13,903	17,152	13,550	19,219	(774)	18,445
20.	8,834	9,465	9,094	10,157	178	10,335
21.	4,128	4,384	4,250	4,432	-	4,432
22.	69,376	87,934	79,196	87,642	-	87,642
23.	22,712	25,000	23,000	25,000	-	25,000
24.	(11,935)	(10,896)	(10,172)	(11,036)	-	(11,036)
25.	(18,123)	(24,549)	(19,677)	(25,361)	-	(25,361)
26.	(3,146)	27,915	6,194	9,881	-	9,881
27.	8,894	9,852	9,175	10,098	-	10,098
28.	(902)	(1,249)	3,812	(7,025)	-	(7,025)
29.	-	(1,554)	-	1,367	(1,722)	(355)
30.	201,483	260,463	239,765	257,028	(2,318)	254,710
31.	63,768	68,242	68,954	71,939	-	71,939
32.	4,900	4,500	4,500	4,500	-	4,500
	68,668	72,742	73,454	76,439	-	76,439
33.	270,151	333,205	313,219	333,467	(2,318)	331,149
34.	434,043	513,952	587,164	593,994	(2,318)	591,676
35.	212,704	164,229	203,179	183,202	2,318	185,520
36.	1,322	7,302	3,055	3,191	-	3,191
37.	214,026	171,532	206,234	186,394	2,318	188,712
<b>INTEREST</b>						
38.	48,475	47,938	50,638	51,870	-	51,870
39.	(9,259)	(10,119)	(10,087)	(6,380)	-	(6,380)
40.	(2,413)	(2,369)	-	-	-	-
41.	4,651	4,047	4,047	3,615	-	3,615
42.	41,454	39,497	44,598	49,105	-	49,105
43.	<b>\$ 172,572</b>	<b>\$ 132,035</b>	<b>\$ 161,636</b>	<b>\$ 137,289</b>	<b>\$ 2,318</b>	<b>\$ 139,607</b>
44.	18,000	18,000	18,000	18,000	-	18,000
45.	<b>\$ 154,572</b>	<b>\$ 114,035</b>	<b>\$ 143,636</b>	<b>\$ 119,289</b>	<b>\$ 2,318</b>	<b>\$ 121,607</b>

## Philadelphia Gas Works' Base Rate Filing

Exhibit A-1

**PHILADELPHIA GAS WORKS**  
**STATEMENT OF INCOME**  
(Dollars in Thousands)

Line No.	Actual 2020-21	Budget 2021-22	Estimate 2021-22	Budget 2022-23	Adjustments	Compliance Budget 2022-23
<b><u>OPERATING REVENUES</u></b>						
1. Non-Heating	23,122	21,941	30,198	29,570	-	29,570
2. Gas Transportation Service	66,684	74,584	73,813	79,447	-	79,447
3. Heating	539,261	590,704	696,841	678,023	-	678,023
4. Weather Normalization Adjustment	11,763	1,900	4,086	4,228	-	4,228
5. Unbilled Gas Adjustment	181	279	(1,215)	205	-	205
6. Total Gas Revenues	<u>641,011</u>	<u>689,408</u>	<u>803,723</u>	<u>791,473</u>	-	<u>791,473</u>
7. Appropriation for Uncollectible Reserve	(16,261)	(30,287)	(34,892)	(34,955)	-	(34,955)
8. Appliance Repair & Other Service Revenues	6,019	7,832	7,827	7,983	-	7,983
9. Other Operating Revenues	<u>15,978</u>	<u>11,228</u>	<u>13,685</u>	<u>12,695</u>	-	<u>12,695</u>
10. Total Other Revenues	5,736	(11,227)	(13,380)	(14,277)	-	(14,277)
11. Total Operating Revenues	<u>646,747</u>	<u>678,181</u>	<u>790,343</u>	<u>777,196</u>	-	<u>777,196</u>
<b><u>OPERATING EXPENSES</u></b>						
12. Natural Gas	163,873	180,724	273,922	260,504	-	260,504
13. Other Raw Material	19	23	23	23	-	23
14. Sub-Total Fuel	<u>163,892</u>	<u>180,747</u>	<u>273,945</u>	<u>260,527</u>	-	<u>260,527</u>
15. Contribution Margins	482,855	497,434	516,398	516,669	-	516,669
16. Labor & Fringe Benefits	145,725	189,662	160,010	179,436	(1,722)	177,714
17. Other Expenses & Depreciation	<u>124,426</u>	<u>143,543</u>	<u>153,208</u>	<u>154,030</u>	(596)	<u>153,434</u>
18. Sub-Total Other O&M & Depreciation	270,151	333,205	313,219	333,467	(2,318)	331,149
19. Total Operating Expenses	<u>434,043</u>	<u>513,952</u>	<u>587,164</u>	<u>593,994</u>	(2,318)	<u>591,676</u>
20. Operating Income	212,704	164,229	203,179	183,202	2,318	185,520
21. Interest Gain / (Loss) and Other Income	<u>1,322</u>	<u>7,302</u>	<u>3,055</u>	<u>3,191</u>	-	<u>3,191</u>
22. Income Before Interest	214,026	171,531	206,234	186,394	2,318	188,712
<b><u>INTEREST</u></b>						
23. Long Term Debt	48,475	47,938	50,638	51,870	-	51,870
24. Other Interest	(9,259)	(10,119)	(10,087)	(6,380)	-	(6,380)
25. AFUDC	(2,413)	(2,369)	-	-	-	-
26. Loss from Extinguishment of Debt	<u>4,651</u>	<u>4,047</u>	<u>4,047</u>	<u>3,615</u>	-	<u>3,615</u>
27. Total Interest	<u>41,454</u>	<u>39,497</u>	<u>44,598</u>	<u>49,105</u>	-	<u>49,105</u>
28. Net Income	<u>\$ 172,572</u>	<u>\$ 132,035</u>	<u>\$ 161,636</u>	<u>\$ 137,289</u>	<u>\$ 2,318</u>	<u>\$ 139,607</u>
29. City Payment	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	-	<u>18,000</u>
30. Net Earnings	<u>\$ 154,572</u>	<u>\$ 114,035</u>	<u>\$ 143,636</u>	<u>\$ 119,289</u>	<u>\$ 2,318</u>	<u>\$ 121,607</u>

**PHILADELPHIA GAS WORKS**  
**CASH FLOW STATEMENT**  
(Dollars in Thousands)

Line No.	Actual 2020-21	Budget 2021-22	Estimate 2021-22	Budget 2022-23	Adjustments	Compliance Budget 2022-23
<b>SOURCES</b>						
1. Net Income	172,572	132,035	161,636	137,289	2,318	139,607
2. Depreciation & Amortization	61,436	60,981	61,710	65,144	-	65,144
3. Earnings on Restricted Funds	(27)	1,070	(966)	(1,083)	-	(1,083)
4. Proceeds from Bond Refunding to Pay Cost of Issuance	-	-	-	-	-	-
5. Increased/(Decreased) Other Assets/Liabilities	(110,867)	(59,973)	(51,275)	(77,655)	-	(77,655)
6. Available From Operations	123,114	134,112	171,105	123,695	2,318	126,013
7. Drawdown of Bond Proceeds	55,000	93,595	77,570	107,822	-	107,822
8. Grant Income	-	-	-	-	-	-
9. Release of Sinking Fund Asset	-	-	-	-	-	-
10. Release of Bond Proceeds to Pay Temporary Financing	-	-	-	-	-	-
11. Temporary Financing	-	-	-	-	-	-
12. <b>TOTAL SOURCES</b>	<b>\$ 178,114</b>	<b>\$ 227,708</b>	<b>\$ 248,674</b>	<b>\$ 231,517</b>	<b>\$ 2,318</b>	<b>\$ 233,835</b>
<b>USES</b>						
13. Net Construction Expenditures	138,504	165,595	143,570	196,247	-	196,247
14. Funded Debt Reduction:	-	-	-	-	-	-
15. Revenue Bonds	49,825	54,030	54,030	58,135	-	58,135
16. Revenue Bonds Subordinate Debt	-	-	-	-	-	-
19. Temporary Financing Repayment	-	-	-	-	-	-
20. GASB 87 Lease Principal Payments	-	-	-	18,337	-	18,337
21. Distribution of Earnings	18,000	18,000	18,000	18,000	-	18,000
Additions to (Reductions of):						
22. Non-Cash Working Capital	(14,048)	16,020	40,684	(30,954)	-	(30,954)
23. Cash Needs	192,281	253,645	256,284	259,765	-	259,765
24. Cash Surplus (Shortfall)	(14,167)	(25,937)	(7,610)	(28,248)	2,318	(25,930)
25. <b>TOTAL USES</b>	<b>\$ 178,114</b>	<b>\$ 227,708</b>	<b>\$ 248,674</b>	<b>231,517</b>	<b>2,318</b>	<b>233,835</b>
26. Cash - Beginning of Period	172,434	131,213	158,267	150,658	-	150,658
27. Cash - Surplus (Shortfall)	(14,167)	(25,937)	(7,609)	(28,248)	-	(25,930)
28. <b>Ending Cash</b>	<b>\$ 158,267</b>	<b>\$ 105,276</b>	<b>\$ 150,658</b>	<b>\$ 122,410</b>	<b>\$ -</b>	<b>\$ 124,728</b>
29. Outstanding Commercial Paper - Working Capital	-	-	-	-	-	-
30. Outstanding Commercial Paper - Capital	-	-	-	-	-	-
31. Incremental DSIC Revenue	34,608	37,000	38,000	38,000	-	38,000
32. Internally Generated Funds	48,896	35,000	28,000	50,425	-	50,425
33. <b>TOTAL IGF + Incremental DSIC Revenue</b>	<b>83,504</b>	<b>72,000</b>	<b>66,000</b>	<b>88,425</b>	<b>-</b>	<b>88,425</b>



**PHILADELPHIA GAS WORKS  
DEBT SERVICE COVERAGE**  
(Dollars in Thousands)

Line No.	Actual 2020-21	Budget 2021-22	Estimate 2021-22	Budget 2022-23	Adjustments	Compliance Budget 2022-23
<b><u>FUNDS PROVIDED</u></b>						
1. Total Gas Revenues	641,011	689,408	803,723	791,473	-	791,473
2. Other Operating Revenues	5,736	(11,227)	(13,380)	(14,277)	-	(14,277)
3. Total Operating Revenues	646,747	678,181	790,343	777,196	-	777,196
4. Other Income Inc. / (Dec.) Restricted Funds	1,295	8,371	2,089	2,108	-	2,108
5. AFUDC (Interest)	2,413	2,369				
6. <b>TOTAL FUNDS PROVIDED</b>	<b>650,455</b>	<b>688,921</b>	<b>792,431</b>	<b>779,305</b>	<b>-</b>	<b>779,305</b>
<b><u>FUNDS APPLIED</u></b>						
7. Fuel Costs	163,892	180,747	273,945	260,527	-	260,527
8. Other Operating Costs	270,151	333,205	313,219	333,467	(2,318)	331,149
9. Total Operating Expenses	434,043	513,952	587,164	593,994	-	591,676
10. Less: Non-Cash Expenses	46,075	73,057	52,356	59,083	-	59,083
11. <b>TOTAL FUNDS APPLIED</b>	<b>387,968</b>	<b>440,895</b>	<b>534,808</b>	<b>534,911</b>	<b>-</b>	<b>532,593</b>
12. Funds Available to Cover Revenue Bond Debt	262,487	248,028	257,623	244,394		246,712
13. 1975 Ordinance Bonds Debt Service	-	-	-	-	-	-
14. <b>Debt Service Coverage 1975 Revenue Bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
15. Net Available after Prior Debt Service	262,487	248,028	257,623	244,394		246,712
16. Equipment Leasing Debt Service	-	-	-	-		-
17. Net Available After Prior Capital Leases	262,487	248,028	257,623	244,394		246,712
18. 1998 Ordinance Bonds Debt Service	97,383	102,598	105,314	106,467	-	106,467
19. 1999 Ordinance Subordinate Bonds Debt Service - (TXCP)	-	-	-	-	-	-
20. Total New Debt Service	97,383	102,598	105,314	106,467		106,467
21. <b>Debt Service Coverage 1998 Revenue Bonds</b>	<b>2.70</b>	<b>2.42</b>	<b>2.45</b>	<b>2.30</b>	<b>-</b>	<b>2.32</b>
22. <b>Net Available After 1998 Debt Service</b>	<b>\$165,104</b>	<b>\$145,430</b>	<b>\$152,309</b>	<b>\$137,926</b>	<b>-</b>	<b>\$140,244</b>
23. <b>Aggregate Debt Service (Combined Liens)</b>	<b>97,383</b>	<b>102,598</b>	<b>105,314</b>	<b>106,467</b>	<b>-</b>	<b>106,467</b>
24. <b>Fixed Coverage Charge (Combined Liens)</b>	<b>2.70</b>	<b>2.42</b>	<b>2.45</b>	<b>2.30</b>	<b>-</b>	<b>2.32</b>
25. <b>Fixed Coverage Charge including \$18.0MM City Fee</b>	<b>2.51</b>	<b>2.24</b>	<b>2.28</b>	<b>2.13</b>	<b>-</b>	<b>2.15</b>

Philadelphia Gas Works' Base Rate Filing

Exhibit A-4

**PHILADELPHIA GAS WORKS  
BALANCE SHEET  
(Dollars in Thousands)**

Line No.		Actual	Budget	Estimate	Budget	Adjustments	Compliance
		2020-21	2021-22	2021-22	2022-23		Budget 2022-23
<b>ASSETS</b>							
1.	Utility Plant Net	1,565,863	1,645,295	1,640,479	1,764,787	-	1,764,787
2.	Leasehold Asset	-	739	739	76,087	-	76,087
3.	Sinking Fund Reserve	107,684	107,079	107,421	107,959	-	107,959
4.	Capital Improvement Fund	93,600	103,403	107,285	-	-	0
5.	Capital Expenditures	91,322	-	-	-	-	-
6.	Restricted Investment Worker Comp Fund & Health Insurance Escrow	2,740	2,784	2,746	2,681	-	2,681
7.	Cash	158,265	105,276	150,658	122,410	2,318	124,728
<b>Accounts Receivable:</b>							
8.	Gas Receivable	182,516	147,695	178,448	174,287	-	174,287
9.	Other	4,650	1,825	4,675	4,700	-	4,700
10.	Accrued Gas Revenues	7,992	5,800	6,777	6,982	-	6,982
11.	Reserve for Uncollectible	(113,164)	(78,413)	(111,855)	(109,554)	-	(109,554)
12.	<b>Accounts Receivable Net</b>	<b>81,994</b>	<b>76,907</b>	<b>78,045</b>	<b>76,415</b>	-	<b>76,415</b>
13.	Materials & Supplies	53,370	55,582	69,194	58,203	-	58,203
14.	Other Current Assets	5,891	8,230	6,041	6,045	-	6,045
15.	Deferred Debits	7,035	12,912	10,763	7,610	-	7,610
16.	Unamortized Bond Issuance Expense	784	777	926	866	-	866
17.	Unamortized Extraordinary Loss	27,487	23,440	23,440	19,825	-	19,825
18.	Deferred Environmental	27,572	34,145	27,226	25,247	-	25,247
19.	Deferred Pension Outflows	24,575	35,225	28,719	15,930	-	15,930
20.	Deferred OPEB Outflows	71,721	42,173	70,621	59,794	-	59,794
21.	Other Assets	47,540	31,070	40,304	38,070	-	38,070
22.	<b>TOTAL ASSETS</b>	<b>\$2,367,443</b>	<b>\$2,285,035</b>	<b>\$2,364,606</b>	<b>2,381,929</b>	<b>2,318</b>	<b>2,384,247</b>
<b>EQUITY &amp; LIABILITIES</b>							
23.	City Equity	\$450,100	\$503,429	\$593,736	\$713,058	\$2,318	\$715,376
<b>Long Term Debt:</b>							
24.	Revenue Bonds	1,058,637	1,010,911	1,004,607	946,472	-	946,472
25.	Unamortized Discount	(52)	(48)	(48)	(44)	-	(44)
26.	Unamortized Premium	129,442	118,057	118,083	107,609	-	107,609
27.	Lease Obligations	-	775	775	57,749	-	57,749
28.	Notes Payable	-	-	-	-	-	-
<b>Accounts Payable:</b>							
29.	<b>Natural Gas</b>	6,742	10,890	17,891	15,404	-	15,404
30.	<b>General</b>	73,186	59,484	72,889	72,595	-	72,595
31.	Customer Deposits	1,659	2,828	1,596	1,536	-	1,536
32.	Other Current Liabilities	4,931	4,647	3,341	2,991	-	2,991
33.	Pension Liability	138,216	251,730	124,647	117,241	-	117,241
34.	OPEB Liability	201,588	152,512	173,936	141,743	-	141,743
35.	Deferred Credits	36,929	8,939	2,389	3,085	-	3,085
36.	Deferred Pension Inflows	94,514	10,988	87,062	60,913	-	60,913
37.	Deferred OPEB Inflows	102,885	66,900	86,334	51,562	-	51,562
<b>Accrued Credits:</b>							
38.	Interest	7,573	7,073	8,220	26,072	-	26,072
39.	Taxes & Wages	6,412	4,222	4,731	4,558	-	4,558
40.	Distribution to City	3,000	3,000	3,000	3,000	-	3,000
41.	Other Liabilities	51,681	68,701	61,419	56,386	-	56,386
42.	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>\$2,367,443</b>	<b>\$2,285,035</b>	<b>\$2,364,606</b>	<b>\$2,381,929</b>	<b>\$2,318</b>	<b>\$2,384,247</b>
43.	<b>Debt to Equity</b>	<b>72.5%</b>	<b>69.2%</b>	<b>65.4%</b>	<b>59.6%</b>		<b>59.6%</b>

# Philadelphia Gas Works' Base Rate Filing

## Philadelphia Gas Works

Fiscal Year 2023

### Operating Budget Adjustment

#### Statement of Income

- a) The Compliance Budget reflects a \$2,318,000 overall decrease in Non-Fuel Operating Expenses. See below for details:
  - a. Expenses associated with Customer Service were adjusted downward (\$774,000) as a result of the decision to close the District Offices. See below for details:
    - i. Reduction of 9 FTEs (\$531,000).
    - ii. Reduction in purchased services of (\$97,000).
    - iii. Reduction in bank fees of (\$13,000).
    - iv. Reduction in allocated facilities charges of (\$133,000).
  - b. Expenses associated with the Commercial Resource Center were adjusted upward \$178,000. The increase was caused by two FTEs reassigned from Customer Service. This is related to the decision to close the District Offices.
  - c. A reduction in expenses (\$1,722,000) shown on the Labor Costs (Retirement Payout/Labor Savings) line associated with:
    - i. A reduction in the budgeted number of retirees from 50 to 39 which reduces the Retirement Benefit Allocations (\$308,000).
    - ii. A reduction in headcount of from 1,650 to 1637 (13 FTEs) which resulted in a downwards adjustment in Labor and Fringe Benefits (\$1,414,000).

#### Cash Flow Statement

- b) Ending cash increased \$2,318,000 from \$122,410,000 to \$124,728,000. This was caused by the increase to Net income described above.

#### Debt Service Coverage

- c) The Fixed Coverage Charge (Including the \$18.0 MM City Fee) increased 0.02 from 2.13 to 2.15. This was caused by the \$2,318,000 reduction to other operating costs described above.

#### Balance Sheet

- d) Cash increased by \$2,318,000 as a result of lower non-fuel operating expenses outlined above.
- e) City Equity increased by \$2,318,000; this is due to the revised FY2023 Net Income.

# **PHILADELPHIA GAS WORKS**

**FISCAL 2024 CAPITAL BUDGET**

**AND**

**FORECAST FISCAL 2025 - 2029**

**WITH**

**FISCAL 2024 FINANCING PLAN**

**JANUARY 3, 2023**



# Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED  
CAPITAL BUDGET  
FISCAL YEAR 2024 AND FORECAST 2025 THROUGH 2029

	<u>2024</u> <u>CAPITAL BUDGET</u>	<u>2025- 2029</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	9,106,000	435,000	9,541,000
REPLACEMENTS	<u>13,350,000</u>	<u>244,365,000</u>	<u>257,715,000</u>
TOTAL	<u><u>22,456,000</u></u>	<u><u>244,800,000</u></u>	<u><u>267,256,000</u></u>
<u>DISTRIBUTION</u>			
ADDITIONS	17,567,000	91,547,000	109,114,000
REPLACEMENTS	<u>129,314,000</u>	<u>631,844,000</u>	<u>761,158,000</u>
GROSS TOTAL	146,881,000	723,391,000	870,272,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(6,147,000)</u>	<u>(31,866,000)</u>	<u>(38,013,000)</u>
NET TOTAL	<u><u>140,734,000</u></u>	<u><u>691,525,000</u></u>	<u><u>832,259,000</u></u>
<u>FIELD SERVICES</u>			
ADDITIONS	3,415,000	16,382,000	19,797,000
REPLACEMENTS	<u>5,430,000</u>	<u>108,059,000</u>	<u>113,489,000</u>
GROSS TOTAL	8,845,000	124,441,000	133,286,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>8,845,000</u></u>	<u><u>124,441,000</u></u>	<u><u>133,286,000</u></u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	415,000		415,000
REPLACEMENTS	<u>4,822,000</u>	<u>41,164,000</u>	<u>45,986,000</u>
GROSS TOTAL	5,237,000	41,164,000	46,401,000
LESS: SALVAGE			
NET TOTAL	<u><u>5,237,000</u></u>	<u><u>41,164,000</u></u>	<u><u>46,401,000</u></u>

# Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED  
CAPITAL BUDGET  
FISCAL YEAR 2024 AND FORECAST 2025 THROUGH 2029

	<u>2024</u> <u>CAPITAL BUDGET</u>	<u>2025- 2029</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	3,175,000	1,605,000	4,780,000
REPLACEMENTS	<u>25,838,000</u>	<u>11,165,000</u>	<u>37,003,000</u>
TOTAL	<u>29,013,000</u>	<u>12,770,000</u>	<u>41,783,000</u>
 <u>TOTAL</u>			
ADDITIONS	33,678,000	109,969,000	143,647,000
REPLACEMENTS	<u>178,754,000</u>	<u>1,036,597,000</u>	<u>1,215,351,000</u>
GROSS TOTAL	212,432,000	1,146,566,000	1,358,998,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(6,147,000)	(31,866,000)	(38,013,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>206,285,000</u>	<u>1,114,700,000</u>	<u>1,320,985,000</u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS CAPITAL BUDGET BUDGET/FORECAST COMPARISON

DEPARTMENT	2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024 FORECAST		
				BUDGET vs AMOUNT DIFFERENCE	COMPL BUDGET PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE	
<u>GAS PROCESSING</u>								
ADDITIONS	637,000	80,000	81,000	(556,000)	-87.3%	1,000	1.3%	
REPLACEMENTS	<u>27,932,000</u>	<u>23,470,000</u>	<u>22,375,000</u>	<u>(5,557,000)</u>	<u>-19.9%</u>	<u>(1,095,000)</u>	<u>-4.7%</u>	
TOTAL GAS PROCESSING	28,569,000	23,550,000	22,456,000	(6,113,000)	-21.4%	(1,094,000)	-4.6%	
<u>DISTRIBUTION</u>								
ADDITIONS	18,711,000	19,366,000	17,567,000	(1,144,000)	-6.1%	(1,799,000)	-9.3%	
REPLACEMENTS	<u>94,883,000</u>	<u>96,833,000</u>	<u>129,314,000</u>	<u>34,431,000</u>	<u>36.3%</u>	<u>32,481,000</u>	<u>33.5%</u>	
GROSS TOTAL DISTRIBUTION	113,594,000	116,199,000	146,881,000	33,287,000	29.3%	30,682,000	26.4%	
LESS: SALVAGE					N/A		N/A	
LESS: CONTRIBUTIONS*					N/A		N/A	
LESS: REIMBURSEMENT**	<u>(6,025,000)</u>	<u>(6,171,000)</u>	<u>(6,147,000)</u>	<u>(122,000)</u>	<u>2.0%</u>	<u>24,000</u>	<u>-0.4%</u>	
NET TOTAL DISTRIBUTION	107,569,000	110,028,000	140,734,000	33,165,000	30.8%	30,706,000	27.9%	
<u>FIELD SERVICES</u>								
ADDITIONS	2,845,000	4,598,000	3,415,000	570,000	20.0%	(1,183,000)	-25.7%	
REPLACEMENTS	<u>4,987,000</u>	<u>20,629,000</u>	<u>5,430,000</u>	<u>443,000</u>	<u>8.9%</u>	<u>(15,199,000)</u>	<u>-73.7%</u>	
GROSS TOTAL FIELD SERVICES	7,832,000	25,227,000	8,845,000	1,013,000	12.9%	(16,382,000)	-64.9%	
LESS: SALVAGE					N/A		N/A	
LESS: CONTRIBUTIONS*					<u>N/A</u>		<u>N/A</u>	
NET TOTAL FIELD SERVICES	7,832,000	25,227,000	8,845,000	1,013,000	12.9%	(16,382,000)	-64.9%	

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS CAPITAL BUDGET BUDGET/FORECAST COMPARISON

DEPARTMENT	2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024 FORECAST	
				BUDGET vs AMOUNT DIFFERENCE	COMPL BUDGET PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
<b><u>FLEET OPERATIONS</u></b>							
ADDITIONS	-	-	415,000	415,000.00	N/A	415,000.00	N/A
REPLACEMENTS	<u>10,615,000</u>	<u>8,236,000</u>	<u>4,822,000</u>	<u>(5,793,000)</u>	<u>-54.6%</u>	<u>(3,414,000)</u>	<u>-41.5%</u>
GROSS TOTAL FLEET OPERATIONS	10,615,000	8,236,000	5,237,000	(5,378,000)	-50.7%	(2,999,000)	-36.4%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	10,615,000	8,236,000	5,237,000	(5,378,000)	-50.7%	(2,999,000)	-36.4%
<b><u>OTHER</u></b>							
ADDITIONS	4,319,000	239,000	3,175,000	(1,144,000)	-26.5%	2,936,000	1228.5%
REPLACEMENTS	<u>26,658,000</u>	<u>4,916,000</u>	<u>25,838,000</u>	<u>(820,000)</u>	<u>-3.1%</u>	<u>20,922,000</u>	<u>425.6%</u>
TOTAL OTHER	30,977,000	5,155,000	29,013,000	(1,964,000)	-6.3%	23,858,000	462.8%
<b><u>TOTAL</u></b>							
ADDITIONS	26,512,000	24,283,000	24,653,000	(1,859,000)	-7.0%	370,000	1.5%
REPLACEMENTS	<u>165,075,000</u>	<u>154,084,000</u>	<u>187,779,000</u>	<u>22,704,000</u>	<u>13.8%</u>	<u>33,695,000</u>	<u>21.9%</u>
GROSS TOTAL	191,587,000	178,367,000	212,432,000	20,845,000	10.9%	34,065,000	19.1%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(6,025,000)	(6,171,000)	(6,147,000)	(122,000)	2.0%	24,000	-0.4%
LESS: CONTRIBUTIONS*					<u>N/A</u>		<u>N/A</u>
NET TOTAL	<u>185,562,000</u>	<u>172,196,000</u>	<u>206,285,000</u>	<u>20,723,000</u>	<u>11.2%</u>	<u>34,089,000</u>	<u>19.8%</u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH



PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2024 CAPITAL BUDGET  
 SUMMARY ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	24,653,000	23,683,000	187,779,000	135,077,000	212,432,000	158,760,000
YEAR 1	-	970,000	-	40,550,000	-	41,520,000
YEAR 2	-	-	-	4,987,000	-	4,987,000
YEAR 3	-	-	-	2,137,000	-	2,137,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>24,653,000</b>	<b>24,653,000</b>	<b>187,779,000</b>	<b>182,751,000</b>	<b>212,432,000</b>	<b>207,404,000</b>

Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT  
FISCAL YEAR 2024 CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>COST OF REMOVAL</u>	<u>TOTAL</u>
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	-	2,152,000	-	2,152,000
53-02 SUPPLEMENTAL GAS FACILITIES	9,025,000	10,881,000	-	19,906,000
53-03 BUILDING AND GROUNDS	-	-	-	-
53-04 MISC CAPITAL REQUIREMENTS	81,000	317,000	-	398,000
TOTAL GAS PROCESSING	<u>9,106,000</u>	<u>13,350,000</u>	<u>-</u>	<u>22,456,000</u>

# Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT  
FISCAL YEAR 2024 CAPITAL BUDGET  
BUDGET/FORECAST COMPARISON

CATEGORY	2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024		
				BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.	
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES								
ADDITIONS	-	-	-	-		N/A	0	N/A
REPLACEMENTS	<u>532,000</u>	<u>2,359,000</u>	<u>2,152,000</u>	<u>1,620,000</u>		304.5%	<u>(207,000)</u>	-8.8%
TOTAL	532,000	2,359,000	2,152,000	1,620,000		304.5%	(207,000)	-8.8%
53-02 SUPPLEMENTAL GAS FACILITIES								
ADDITIONS	559,000	-	9,025,000	8,466,000	1514.5%	9,025,000	N/A	
REPLACEMENTS	<u>25,612,000</u>	<u>20,821,000</u>	<u>10,881,000</u>	<u>(14,731,000)</u>	-57.5%	<u>(9,940,000)</u>	-47.7%	
TOTAL	26,171,000	20,821,000	19,906,000	(6,265,000)	-23.9%	(915,000)	-4.4%	
53-03 BUILDING AND GROUNDS								
ADDITIONS	-	-	-	-	N/A	0	N/A	
REPLACEMENTS	-	-	-	-	N/A	0	N/A	
TOTAL	-	-	-	-	N/A	0	N/A	
53-04 MISC CAPITAL REQUIREMENTS								
ADDITIONS	78,000	80,000	81,000	3,000	3.8%	1,000	1.3%	
REPLACEMENTS	<u>283,000</u>	<u>290,000</u>	<u>317,000</u>	<u>34,000</u>	12.0%	<u>27,000</u>	9.3%	
TOTAL	361,000	370,000	398,000	37,000	10.2%	28,000	7.6%	
REAUTHORIZATION								
ADDITIONS	-	-	-	-	N/A	0	N/A	
REPLACEMENTS	<u>1,505,000</u>	-	-	<u>(1,505,000)</u>	-100.0%	0	N/A	
TOTAL	1,505,000	-	-	(1,505,000)	-100.0%	0	N/A	
TOTAL GAS PROCESSING	<u>28,569,000</u>	<u>23,550,000</u>	<u>22,456,000</u>	<u>(6,113,000)</u>	-21.4%	<u>(1,094,000)</u>	-4.6%	

Philadelphia Gas Works' Base Rate Filing

GAS PROCESSING DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2024 CAPITAL BUDGET

P	CATEGORY	PRIORITY 1		AMOUNT	BUDGET_YR	YEAR 1	YEAR 2	YEAR 3
1	GP-1	53-01-2-03	New Heater, Generator and Station Modifications	1,434,000	1,317,000	117,000	-	-
1	GP-2	53-02-1-06	Replace Natural Gas Driven Positioners and Actuators	718,000	647,000	71,000	-	-
1	GP-2	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	81,000	81,000	-	-	-
1	GP-2	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	317,000	317,000	-	-	-
1	GP-2	53-02-2-04	DCS Upgrades - Richmond	1,352,000	1,352,000	-	-	-
1	GP-2	53-02-2-06	REPL TWO PHASE POWER SYSTEM INSTALLATION - PASSYUNK	1,327,000	1,327,000	-	-	-
1	GP-3	53-02-2-07	REPLACE FIBER OPTIC - RICHMOND	376,000	376,000	-	-	-
1	GP-2	53-02-2-01	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES -RICHMOND	4,735,000	899,000	3,836,000	-	-
1	GP-2	53-02-2-03	REPL LNG SWITCHGEAR - RICHMOND	9,025,000	4,507,000	4,518,000	-	-
PRIORITY 2								
2	GP-2	53-02-2-05	CHP Richmond Plant	3,091,000	3,091,000	-	-	-
TOTAL GAS PROCESSING DEPARTMENT:				22,456,000	13,914,000	8,542,000	-	-

# Philadelphia Gas Works' Base Rate Filing

## GAS PROCESSING DEPARTMENT FISCAL 2024 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-2-03	New Heater, Generator and Station Modifications	1,434,000
1	53-01-2-04	Replace Natural Gas Driven Positioners and Actuators	718,000
		TOTAL GP-1	<u><u>2,152,000</u></u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
1	53-02-2-01	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES -RICHMOND	4,735,000
1	53-02-2-03	REPL LNG SWITCHGEAR - RICHMOND	9,025,000
1	53-02-2-04	DCS Upgrades - Richmond	1,352,000
2	53-02-2-05	CHP Richmond Plant	3,091,000
1	53-02-2-06	REPL TWO PHASE POWER SYSTEM INSTALLATION - PASSYUNK	1,327,000
1	53-02-2-07	REPLACE FIBER OPTIC - RICHMOND	376,000
		TOTAL GP-2	<u><u>19,906,000</u></u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	81,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	317,000
		TOTAL GP-4	<u><u>398,000</u></u>
		TOTAL GAS PROCESSING DEPARTMENT	<u><u>22,456,000</u></u>

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2024 CAPITAL BUDGET  
 GAS PROCESSING DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	81,000	81,000	22,375,000	13,833,000	22,456,000	13,914,000
YEAR 1	-	-	-	8,542,000	-	8,542,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>81,000</b>	<b>81,000</b>	<b>22,375,000</b>	<b>22,375,000</b>	<b>22,456,000</b>	<b>22,456,000</b>

# Philadelphia Gas Works' Base Rate Filing

## DISTRIBUTION DEPARTMENT

### FISCAL YEAR 2024 CAPITAL BUDGET

#### SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>GROSS TOTAL</u>	<u>REIMBURSEM ENT**</u>	<u>NET TOTAL</u>
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	4,055,000	1,132,000	5,187,000	-	5,187,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	3,129,000	94,263,000	97,392,000	(3,732,000)	93,660,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	300,000	4,805,000	5,105,000	(2,415,000)	2,690,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	385,000	2,732,000	3,117,000	-	3,117,000
52-24 SERVICES	9,405,000	20,999,000	30,404,000	-	30,404,000
52-25 CONDITIONED RESERVED	-	4,278,000	4,278,000	-	4,278,000
52-29 OTHER DISTRIBUTION FACILITIES	293,000	1,105,000	1,398,000	-	1,398,000
<b>TOTAL DISTRIBUTION</b>	<b>17,567,000</b>	<b>129,314,000</b>	<b>146,881,000</b>	<b>(6,147,000)</b>	<b>140,734,000</b>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

# Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
FISCAL YEAR 2024 CAPITAL BUDGET  
BUDGET/FORECAST COMPARISON

CATEGORY		2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024	
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.
52-20	GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	5,665,000	5,863,000	4,055,000	(1,610,000)	-28.4%	(1,808,000)	-30.8%
	ADDITIONS	5,665,000	5,863,000	4,055,000	(1,610,000)	-28.4%	(1,808,000)	-30.8%
	REPLACEMENTS	<u>1,348,000</u>	<u>1,395,000</u>	<u>1,132,000</u>	<u>(216,000)</u>	<u>-16.0%</u>	<u>(263,000)</u>	<u>-18.9%</u>
	TOTAL	7,013,000	7,258,000	5,187,000	(1,826,000)	-26.0%	(2,071,000)	-28.5%
52-21	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,615,000	2,707,000	3,129,000	514,000	19.7%	422,000	15.6%
	ADDITIONS	2,615,000	2,707,000	3,129,000	514,000	19.7%	422,000	15.6%
	REPLACEMENTS	<u>64,202,000</u>	<u>65,119,000</u>	<u>94,263,000</u>	<u>30,061,000</u>	<u>46.8%</u>	<u>29,144,000</u>	<u>44.8%</u>
	TOTAL	66,817,000	67,826,000	97,392,000	30,575,000	45.8%	29,566,000	43.6%
52-22	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	178,000	184,000	300,000	122,000	68.5%	116,000	63.0%
	ADDITIONS	178,000	184,000	300,000	122,000	68.5%	116,000	63.0%
	REPLACEMENTS	<u>2,792,000</u>	<u>2,889,000</u>	<u>4,805,000</u>	<u>2,013,000</u>	<u>72.1%</u>	<u>1,916,000</u>	<u>66.3%</u>
	TOTAL	2,970,000	3,073,000	5,105,000	2,135,000	71.9%	2,032,000	66.1%
52-23	CUST MTR & REG INST, PRESSURE REGULA- TION AND CORROSION CONTROL FACILITIES	397,000	411,000	385,000	(12,000)	-3.0%	(26,000)	-6.3%
	ADDITIONS	397,000	411,000	385,000	(12,000)	-3.0%	(26,000)	-6.3%
	REPLACEMENTS	<u>2,651,000</u>	<u>2,744,000</u>	<u>2,732,000</u>	<u>81,000</u>	<u>3.1%</u>	<u>(12,000)</u>	<u>-0.4%</u>
	TOTAL	3,048,000	3,155,000	3,117,000	69,000	2.3%	(38,000)	-1.2%
52-24	SERVICES	9,566,000	9,901,000	9,405,000	(161,000)	-1.7%	(496,000)	-5.0%
	ADDITIONS	9,566,000	9,901,000	9,405,000	(161,000)	-1.7%	(496,000)	-5.0%
	REPLACEMENTS	<u>19,472,000</u>	<u>20,154,000</u>	<u>20,999,000</u>	<u>1,527,000</u>	<u>7.8%</u>	<u>845,000</u>	<u>4.2%</u>
	TOTAL	29,038,000	30,055,000	30,404,000	1,366,000	4.7%	349,000	1.2%
52-25	CONDITIONED FUDNING RESERVED	3,309,000	3,384,000	4,278,000	969,000	29.3%	894,000	26.4%
52-29	OTHER DISTRIBUTION FACILITIES	290,000	300,000	293,000	3,000	1.0%	(7,000.00)	-2.3%
	ADDITIONS	290,000	300,000	293,000	3,000	1.0%	(7,000.00)	-2.3%
	REPLACEMENTS	<u>1,109,000</u>	<u>1,148,000</u>	<u>1,105,000</u>	<u>(4,000)</u>	<u>-0.4%</u>	<u>(43,000)</u>	<u>-3.7%</u>
	TOTAL	1,399,000	1,448,000	1,398,000	(1,000)	-0.1%	(50,000)	-3.5%
GROSS TOTAL DISTRIBUTION DEPARTMENT		113,594,000	116,199,000	146,881,000	33,287,000	29.3%	30,682,000	26.4%
52-99	COST OF REMOVAL AND ABANDONMENT	-	-	-	-	N/A	-	N/A
	LESS: SALVAGE	-	-	-	-	N/A	-	N/A
	LESS: CONTRIBUTIONS*	-	-	-	-	N/A	-	N/A
	LESS: REIMBURSEMENT**	<u>(6,025,000)</u>	<u>(6,171,000)</u>	<u>(6,147,000)</u>	<u>(122,000)</u>	<u>2.0%</u>	<u>24,000</u>	<u>-0.4%</u>
	NET TOTAL DISTRIBUTION	<u>107,569,000</u>	<u>110,028,000</u>	<u>140,734,000</u>	<u>33,165,000</u>	<u>30.8%</u>	<u>30,706,000</u>	<u>27.9%</u>

\* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH



Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
FISCAL 2024 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-20</u>	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
4	52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	4,055,000	16,931
3	52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,132,000	1,357
		GROSS TOTAL D-20	5,187,000	
52-20-2-97		LESS: REIMBURSEMENT**		
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
		NET TOTAL D-20	5,187,000	
	<u>D-21</u>	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
4	52-21-1-01	MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	3,129,000	12,028
3	52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	4,949,000	20,169
1	52-21-2-02	PRUDENT MAIN REPLACEMENTS	23,314,000	90,709
1	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC	41,000,000	
1	52-21-2-04	NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	25,000,000	
		GROSS TOTAL D-21	97,392,000	
52-21-2-97		LESS: REIMBURSEMENT**	(3,732,000)	
		NET TOTAL D-21	93,660,000	

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
FISCAL 2024 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-22</u> <u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER</u>		
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	300,000	15
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	2,122,000	2,988
3	52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	2,683,000	
	GROSS TOTAL D-22	5,105,000	
	LESS: REIMBURSEMENT**	(2,415,000)	
	NET TOTAL D-22	2,690,000	
	<u>D-23</u> <u>CUSTOMER METERING &amp; REGULATOR INSTALLATION, AND PRESSURE REGULATION &amp; CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	385,000	
1	52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	625,000	
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	2,107,000	
	GROSS TOTAL D-23	3,117,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	3,117,000	



Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2024 CAPITAL BUDGET

DISTRIBUTION COMPRESSED CATEGORIES

<u>CATEGORIES</u>	2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET
MAIN ADDITIONS	8,458,000	8,754,000	7,484,000
MAIN REPLACEMENTS	68,342,000	69,403,000	100,200,000
SERVICE ADDITIONS	9,566,000	9,901,000	9,405,000
SERVICE REPLACEMENTS	19,472,000	20,154,000	20,999,000
METER/REGULATOR/CORROSION	3,048,000	3,155,000	3,117,000
TOOLS	1,399,000	1,448,000	1,398,000
CONDITIONED FUNDING RESERVE	3,309,000	3,384,000	4,278,000
<b>GROSS TOTAL DISTRIBUTION</b>	<b>113,594,000</b>	<b>116,199,000</b>	<b>146,881,000</b>

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
 LISTING BY PRIORITY  
 FISCAL 2024 CAPITAL BUDGET

P	CATEGORY	AMOUNT	FEET UNITS	BUDGET_YR	YEAR 1	YEAR 2	YEAR 3
PRIORITY 1							
1	D-21 52-21-2-02 PRUDENT MAIN REPLACEMENTS	23,314,000	90,709	17,769,000	5,545,000	-	-
1	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	41,000,000		28,194,000	12,806,000	-	-
1	D-21 52-21-2-04 NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	25,000,000		10,752,000	7,124,000	4,987,000	2,137,000
REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN							
1	D-23 52-23-2-01 VALVES	625,000		232,000	393,000	-	-
1	D-24 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,121,000	80	828,000	293,000	-	-
1	D-24 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	19,878,000	8,335	18,030,000	1,848,000	-	-
1	D-25 52-25-2-01 CONDITIONED FUNDING RESERVED	4,278,000		-	-	-	-
PRIORITY 2							
2	D-23 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND	2,107,000		1,600,000	507,000	-	-
2	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	293,000		264,000	29,000	-	-
2	D-29 52-29-2-01 REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK	1,105,000		438,000	667,000	-	-

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2024 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
	<u>PRIORITY 3</u>						
3	D-20 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,132,000	1,357	1,093,000	39,000	-	-
3	D-21 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	4,949,000	20,169	3,798,000	1,151,000	-	-
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	2,122,000	2,988	1,722,000	400,000	-	-
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	2,683,000		2,013,000	670,000	-	-
	<u>PRIORITY 4</u>						
4	D-20 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND	4,055,000	16,931	3,706,000	349,000	-	-
4	D-21 52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	3,129,000	12,028	2,975,000	154,000	-	-
4	D-23 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	385,000		381,000	4,000	-	-
4	D-22 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	300,000	15	300,000	-	-	-
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,	7,499,000	1,869	7,470,000	29,000	-	-
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,	1,906,000	144	1,863,000	43,000	-	-
TOTAL DISTRIBUTION DEPARTMENT:				146,881,000	32,051,000	4,987,000	2,137,000

PHILADELPHIA GAS WORKS  
FISCAL YEAR 2024 CAPITAL BUDGET  
DISTRIBUTION DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	17,567,000	16,959,000	129,314,000	86,469,000	146,881,000	103,428,000
YEAR 1	-	608,000	-	31,443,000	-	32,051,000
YEAR 2	-	-	-	4,987,000	-	4,987,000
YEAR 3	-	-	-	2,137,000	-	2,137,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>17,567,000</b>	<b>17,567,000</b>	<b>129,314,000</b>	<b>125,036,000</b>	<b>146,881,000</b>	<b>142,603,000</b>

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT  
FISCAL YEAR 2024 CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	2,827,000	3,946,000	6,773,000
50-32 SERVICE REGULATORS AND INSTALLATION	116,000	113,000	229,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	58,000	62,000	120,000
50-34 METER SHOP EQUIPMENT	153,000.00	71,000	224,000
50-36 AUTOMATIC METER READING	<u>261,000</u>	<u>1,238,000</u>	<u>1,499,000</u>
GROSS TOTAL FIELD SERVICES	3,415,000	5,430,000	8,845,000
LESS: SALVAGE LESS: CONTRIBUTIONS*	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET TOTAL FIELD SERVICES	<u><u>3,415,000</u></u>	<u><u>5,430,000</u></u>	<u><u>8,845,000</u></u>

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS



# Philadelphia Gas Works' Base Rate Filing

## FIELD SERVICES DEPARTMENT FISCAL YEAR 2024 CAPITAL BUDGET BUDGET/FORECAST COMPARISON

CATEGORY		2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024 FORECAST	
					BUDGET vs \$	COMPL BUDGET %	\$	%
					DIFFERENCE	DIFF.	DIFFERENCE	DIFF.
50-30 METERS	ADDITIONS	2,441,000	3,211,000	2,827,000	386,000	15.8%	(384,000)	-12.0%
	REPLACEMENTS	<u>3,348,000</u>	<u>19,583,000</u>	<u>3,946,000</u>	<u>598,000</u>	<u>17.9%</u>	<u>(15,637,000)</u>	<u>-79.8%</u>
	TOTAL	5,789,000	22,794,000	6,773,000	984,000	17.0%	(16,021,000)	-70.3%
SERVICE 50-32 REGULATORS AND INSTALLATIONS	ADDITIONS	79,000	67,000	116,000	37,000	46.8%	49,000	73.1%
	REPLACEMENTS	<u>56,000</u>	<u>59,000</u>	<u>113,000</u>	<u>57,000</u>	<u>101.8%</u>	<u>54,000</u>	<u>91.5%</u>
	TOTAL	135,000	126,000	229,000	94,000	69.6%	103,000	81.7%
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	79,000	82,000	58,000	(21,000)	-26.6%	(24,000)	-29.3%
	REPLACEMENTS	<u>73,000</u>	<u>76,000</u>	<u>62,000</u>	<u>(11,000)</u>	<u>-15.1%</u>	<u>(14,000)</u>	<u>-18.4%</u>
	TOTAL	152,000	158,000	120,000	(32,000)	-21.1%	(38,000)	-24.1%
50-34 METER SHOP EQUIPMENT	ADDITIONS	-	-	153,000	153,000.00	N/A	153,000.00	N/A
	REPLACEMENTS	<u>71,000</u>	-	<u>71,000</u>	-	-	<u>71,000.00</u>	<u>N/A</u>
	TOTAL	71,000	-	224,000	153,000	2.15	224,000.00	N/A
SERVICE 50-35 SECTION EQUIPMENT	ADDITIONS	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
	REPLACEMENTS	-	-	-	-	<u>N/A</u>	-	<u>N/A</u>
	TOTAL	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
AUTOMATIC 50-36 METER READING	ADDITIONS	246,000	163,000	261,000	15,000	6.1%	98,000	60.1%
	REPLACEMENTS	<u>1,439,000</u>	<u>911,000</u>	<u>1,238,000</u>	<u>(201,000)</u>	<u>-14.0%</u>	<u>327,000</u>	<u>35.9%</u>
	TOTAL	1,685,000	1,074,000	1,499,000	(186,000)	-11.0%	425,000	39.6%
GROSS TOTAL FIELD SERVICES		7,832,000	25,227,000	8,845,000	1,013,000	12.9%	(16,382,000)	-64.9%
LESS: SALVAGE		-	-	-	-	N/A	-	N/A
LESS: CONTRIBUTIONS*		-	-	-	-	<u>N/A</u>	-	<u>N/A</u>
NET TOTAL FIELD SERVICES		<u>7,832,000</u>	<u>25,227,000</u>	<u>8,845,000</u>	<u>1,013,000</u>	<u>12.9%</u>	<u>(16,382,000)</u>	<u>-64.9%</u>

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

# Philadelphia Gas Works' Base Rate Filing

## FIELD SERVICES DEPARTMENT

### FISCAL 2024 CAPITAL BUDGET

<u>P</u>	<u>C-30</u>	<u>METERS</u>	<u>AMOUNT</u>
4	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	2,827,000
5	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	3,946,000
		TOTAL C-30	<u><u>6,773,000</u></u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	116,000
2	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	113,000
		TOTAL C-32	<u><u>229,000</u></u>
	<u>C-33</u>	<u>COMMERCIAL &amp; INDUSTRIAL TELEMETERING SYSTEMS</u>	
4	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	58,000
2	50-33-2-01	REPLACE BPS METSCAN & LBS METRETEK UNITS	62,000
		TOTAL C-33	<u><u>120,000</u></u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
2	50-34-1-01	ADVANCED METER INFRASTRUCTURE INSTALLATION	153,000
2	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR	71,000
		TOTAL C-34	<u><u>224,000</u></u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
4	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	261,000
5	50-36-2-01	REPLACE AMR DEVICES	1,238,000
		TOTAL C-36	<u><u>1,499,000</u></u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	8,845,000
50-98-2-98		LESS: ESTIMATED SALVAGE	
		LESS: CONTRIBUTIONS*	
		NET TOTAL FIELD SERVICES DEPARTMENT	<u><u>8,845,000</u></u>

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2024 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET_YR</u>	<u>YEAR_1</u>	<u>YEAR_2</u>	<u>YEAR_3</u>
	<u>PRIORITY 2</u>					
2	50-32-2-01	113,000	113,000	-	-	-
	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS					
2	50-33-2-01	62,000	37,000	25,000	-	-
	REPLACE BPS METSCAN & LBS METRETEK UNITS					
2	50-34-1-01	153,000	153,000	-	-	-
	ADVANCED METER INFRASTRUCTURE INSTALLATION					
2	50-34-2-01	71,000	71,000	-	-	-
	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE P					
	<u>PRIORITY 4</u>					
4	50-30-1-01	2,827,000	2,827,000	-	-	-
	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR					
4	50-32-1-01	116,000	116,000	-	-	-
	PURCHASE AND INSTALLATION OF SERVICE REGULATORS					
4	50-33-1-01	58,000	35,000	23,000	-	-
	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION					
4	50-36-1-01	261,000	183,000	78,000	-	-
	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR					
	<u>PRIORITY 5</u>					
5	50-30-2-01	3,946,000	3,946,000	-	-	-
	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING					
5	50-36-2-01	1,238,000	867,000	371,000	-	-
	REPLACE AMR DEVICES					
	<b>TOTAL FIELD SERVICES DEPARTMENT:</b>		<b>8,845,000</b>	<b>8,348,000</b>	<b>497,000</b>	<b>-</b>

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2024 CAPITAL BUDGET  
 FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

FISCAL YEAR	ADDITIONS		REPLACEMENTS		TOTAL	
	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	3,415,000	3,314,000	5,430,000	5,034,000	8,845,000	8,348,000
YEAR 1	-	101,000	-	396,000	-	497,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>3,415,000</u>	<u>3,415,000</u>	<u>5,430,000</u>	<u>5,430,000</u>	<u>8,845,000</u>	<u>8,845,000</u>

# Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT  
FISCAL YEAR 2024 CAPITAL BUDGET  
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2023 COMPL BUDGET</u>	<u>2024 FORECAST</u>	<u>2024 BUDGET</u>	<u>2024</u>	<u>2023</u>	<u>2024 BUD vs 2024</u>	
				<u>BUDGET vs</u>	<u>COMPL BUDGET</u>	<u>FORECAST</u>	<u>FORECAST</u>
				<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
				<u>DIFFERENCE</u>	<u>DIFF.</u>	<u>DIFFERENCE</u>	<u>DIFF.</u>
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	2,008,000	1,236,000	403,000	(1,605,000)	-79.9%	(833,000)	-67.4%
73-01-2-03 VEHICLE REPLACEMENTS	5,404,000	7,000,000	4,338,000	(1,066,000)	-19.7%	(2,662,000)	-38.0%
<b>2021 REAUTHORIZATION</b>							
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	414,000	-	-	(414,000)	-100.0%	-	N/A
73-01-2-03 VEHICLE REPLACEMENTS	2,789,000	-	-	(2,789,000)	-100.0%	-	N/A
GROSS TOTAL FLEET OPERATIONS	10,615,000	8,236,000	5,237,000	(5,378,000)	-50.7%	(2,999,000)	-36.4%
LESS: SALVAGE						<u>N/A</u>	<u>N/A</u>
NET TOTAL FLEET OPERATIONS	<u>10,615,000</u>	<u>8,236,000</u>	<u>5,237,000</u>	<u>(5,378,000)</u>	<u>-50.7%</u>	<u>(2,999,000)</u>	<u>-36.4%</u>

Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT

FISCAL 2024 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
1	73-01-1-02	MOBILE EQUIPMENT ADDITIONS	81,000
1	73-01-1-03	VEHICLE ADDITIONS	415,000
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	403,000
2	73-01-2-03	VEHICLE REPLACEMENTS	4,338,000
		GROSS TOTAL FLEET OPERATIONS	<u>5,237,000</u>
		NET TOTAL FLEET OPERATIONS	<u><u>5,237,000</u></u>

Philadelphia Gas Works' Base Rate Filing

FLEET OPERATIONS DEPARTMENT  
LISTING BY PRIORITY  
FISCAL 2024 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET_YR</u>	<u>YEAR_1</u>	<u>YEAR_2</u>	<u>YEAR_3</u>
	<u>PRIORITY 1</u>					
	<u>MOBILE EQUIPMENT ADDITIONS</u>					
1	73-01-1-02	81,000	81,000	-	-	-
	<u>VEHICLE ADDITIONS</u>					
1	73-01-1-03	415,000	415,000	-	-	-
	<u>PRIORITY 2</u>					
	<u>MOBILE EQUIPMENT REPLACEMENTS</u>					
2	73-01-2-02	403,000	403,000	-	-	-
	<u>VEHICLE REPLACEMENTS</u>					
2	73-01-2-03	4,338,000	4,338,000	-	-	-
<u>TOTAL FLEET OPERATIONS DEPARTMENT:</u>		<u>5,237,000</u>	<u>5,237,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2024 CAPITAL BUDGET  
 FLEET OPERATIONS DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	415,000	415,000	4,822,000	4,822,000	5,237,000	5,237,000
YEAR 1	-	-	-	-	-	-
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>415,000</b>	<b>415,000</b>	<b>4,822,000</b>	<b>4,822,000</b>	<b>5,237,000</b>	<b>5,237,000</b>



# Philadelphia Gas Works' Base Rate Filing

## FACILITIES

### FISCAL YEAR 2024 CAPITAL BUDGET

#### BUDGET/FORECAST COMPARISON

CATEGORY	2023 COMPL BUDGET	2024 FORECAST	2024 BUDGET	2024	2023	2024 BUD vs 2024		
				BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.	
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	96,000	98,000	94,000	(2,000)	-2.1%	(4,000)	-4.1%	
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000	2,000	5,000	3,000	150.0%	3,000	150.0%	
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	499,000	511,000	476,000	(23,000)	-4.6%	(35,000)	-6.8%	
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000	12,000	14,000	2,000	16.7%	2,000	16.7%	
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	3,000	3,000	5,000	2,000	66.7%	2,000	66.7%	
72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	-	-	416,000	416,000	N/A	416,000	N/A	
72-01-1-04 1849 ELECTRICAL POWER SEPARATION	-	-	332,000	332,000	N/A	332,000	N/A	
72-01-2-05 800 BUILDING DATA CENTER UPS MPR REPLACEMENT	-	-	272,000	272,000	N/A	272,000	N/A	
72-01-2-04 REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	417,000	2,616,000	2,616,000	2,199,000	527.3%	-	0.0%	
72-01-2-06 800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	-	-	239,000	239,000	N/A	239,000	N/A	
72-01-2-07 800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	-	-	140,000	140,000	N/A	140,000	N/A	
72-02-2-03 800 BUILDING CAFETERIA IMPROVEMENTS	-	-	202,000	202,000	N/A	202,000	N/A	
72-02-2-01 800 BUILDING LOBBY IMPROVEMENTS	-	-	106,000	106,000	N/A	106,000	N/A	
72-02-2-02 800 BUILDING DATA UPGRADES 1ST FLOOR WEST	-	-	51,000	51,000	N/A	51,000	N/A	
72-05-1-03 800 BUILDING EAST PARKING LOT EV CHARGERS	307,000	-	-	(307,000)	-100.0%	-	N/A	
72-02-1-04 NOC DATA CENTER FACILITIES INFRASTRUCTURE	1,350,000	-	-	(1,350,000)	-100.0%	-	N/A	
72-01-2-04 REPLACE 800 BUILDING PNEUMATIC CONTROLS	231,000	-	-	(231,000)	-100.0%	-	N/A	
72-01-2-08 REPLACE PORTER STATION FUELING STATION	1,500,000	-	-	(1,500,000)	-100.0%	-	N/A	
72-01-2-09 REPAVEMENT OF PORTER STATION LOT	1,500,000	-	-	(1,500,000)	-100.0%	-	N/A	
<b>2021 REAUTHORIZATION</b>								
72-01-2-10 800 BUILDING RESTROOM RENOVATIONS	300,000	-	-	(300,000)		-		
72-01-2-09 RE-AUTHORIZATION BUILDING CONSOLIDATION	-	-	20,000,000	20,000,000	N/A	20,000,000	N/A	
<b>TOTAL FACILITIES</b>	<b>6,217,000</b>	<b>3,242,000</b>	<b>24,968,000</b>	<b>18,751,000</b>	<b>301.6%</b>	<b>21,726,000</b>	<b>670.1%</b>	

Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS  
FISCAL YEAR 2024 CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	847,000	24,121,000	24,968,000
INFORMATION SERVICES	2,328,000	967,000	3,295,000
CHIEF OPERATING OFFICER	-	750,000	750,000
OTHER	-	-	-
TOTAL OTHER DEPARTMENTS	<u>3,175,000</u>	<u>25,838,000</u>	<u>29,013,000</u>

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS

### FISCAL YEAR 2024 CAPITAL BUDGET

#### BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2023 COMPL <u>BUDGET</u>	2024 <u>FORECAST</u>	2024 <u>BUDGET</u>	<u>2024</u> <u>BUDGET vs</u>	<u>2023</u> <u>COMPL BUDGET</u>	<u>2024 BUD vs 2024</u> <u>FORECAST</u>		
				\$ <u>DIFFERENCE</u>	% <u>DIFF.</u>	\$ <u>DIFFERENCE</u>	% <u>DIFF.</u>	
FACILITIES	ADDITIONS	1,755,000	100,000	847,000	(908,000)	-51.7%	747,000	747.0%
	REPLACEMENTS	4,462,000	3,142,000	24,121,000	19,659,000	440.6%	20,979,000	667.7%
	TOTAL	6,217,000	3,242,000	24,968,000	18,751,000	301.6%	21,726,000	670.1%
INFORMATION SERVICES	ADDITIONS	2,530,000	139,000	2,328,000	(202,000)	-8.0%	2,189,000	1574.8%
	REPLACEMENTS	21,446,000	1,024,000	967,000	(20,479,000)	-95.5%	(57,000)	-5.6%
	TOTAL	23,976,000	1,163,000	3,295,000	(20,681,000)	-86.3%	2,132,000	183.3%
CHIEF OPERATING OFFICER	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	750,000	750,000	750,000	-	0.0%	-	0.0%
	TOTAL	750,000	750,000	750,000	-	0.0%	-	0.0%
CHEMICAL SERVICES	ADDITIONS	34,000	-	-	(34,000)	-100.0%	-	N/A
	REPLACEMENTS	-	-	-	-	N/A	-	N/A
	TOTAL	34,000	-	-	(34,000)	-100.0%	-	N/A
TOTAL OTHER DEPARTMENTS	30,977,000	5,155,000	29,013,000	(1,964,000)	-6.3%	23,858,000	462.8%	

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS FISCAL 2024 CAPITAL BUDGET

P		<u>FACILITIES</u>	AMOUNT
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	94,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	476,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	14,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	5,000
1	72-01-1-03	NOC DATA CENTER BACKUP GENERATOR	416,000
1	72-01-1-04	1849 ELECTRICAL POWER SEPARATION	332,000
1	72-01-2-05	800 BUILDING DATA CENTER UPS MPR REPLACEMENT	272,000
1	72-01-2-04	REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	2,616,000
1	72-01-2-06	800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	239,000
1	72-01-2-07	800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	140,000
2	72-02-2-03	800 BUILDING CAFETERIA IMPROVEMENTS	202,000
2	72-02-2-01	800 BUILDING LOBBY IMPROVEMENTS	106,000
2	72-02-2-02	800 BUILDING DATA UPGRADES 1ST FLOOR WEST	51,000
<b>2021 REAUTHORIZATION</b>			
1	72-01-2-09	RE-AUTHORIZATION BUILDING CONSOLIDATION	20,000,000
<b>TOTAL FACILITIES</b>			<b>24,968,000</b>

# Philadelphia Gas Works' Base Rate Filing

## OTHER DEPARTMENTS FISCAL 2024 CAPITAL BUDGET

P			AMOUNT
		<u>INFORMATION SERVICES</u>	
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	1,381,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	475,000
2	47-01-1-03	SAN STORAGE	472,000
2	47-01-2-01	MISCELLANEOUS SOFTWARE REPLACEMENTS	400,000
2	47-01-2-02	MISC SERVER AND NETWORK HARDWARE REPLACEMENT	449,000
2	47-01-2-03	REPLACE SAN EQUIPMENT	118,000
		TOTAL INFORMATION SERVICES	<u><u>3,295,000</u></u>
		<u>CHIEF OPERATING OFFICER</u>	
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000
		TOTAL CHIEF OPERATING OFFICER	<u><u>750,000</u></u>
		TOTAL OTHER DEPARTMENTS	<u><u>29,013,000</u></u>

# Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS  
LISTING BY PRIORITY  
FISCAL 2024 CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3
<b>PRIORITY 1</b>						
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	94,000	94,000	-	-	-
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	-	-	-
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	476,000	476,000	-	-	-
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	14,000	14,000	-	-	-
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	5,000	5,000	-	-	-
1	72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	416,000	416,000	-	-	-
1	72-01-1-04 1848 ELECTRICAL POWER SEPARATION	332,000	332,000	-	-	-
1	72-01-2-05 800 BUILDING DATA CENTER UPS MPR REPLACEMENT	272,000	272,000	-	-	-
1	72-01-2-04 REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	2,616,000	2,616,000	-	-	-
1	72-01-2-06 800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	239,000	239,000	-	-	-
1	72-01-2-07 800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	140,000	140,000	-	-	-
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	-	-	-	-
1	72-01-2-09 RE-AUTHORIZATION BUILDING CONSOLIDATION	20,000,000	20,000,000	-	-	-
<b>2021 REAUTHORIZATION</b>						
<b>PRIORITY 2</b>						
2	72-02-2-03 800 BUILDING CAFETERIA IMPROVEMENTS	202,000	202,000	-	-	-
2	72-02-2-01 800 BUILDING LOBBY IMPROVEMENTS	106,000	106,000	-	-	-
2	72-02-2-02 800 BUILDING DATA UPGRADES 1ST FLOOR WEST	51,000	51,000	-	-	-
2	47-01-1-01 MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	1,381,000	1,120,000	261,000	-	-
2	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	475,000	475,000	-	-	-
2	47-01-1-03 SAN STORAGE	472,000	472,000	-	-	-
2	47-01-2-01 MISCELLANEOUS SOFTWARE REPLACEMENTS	400,000	350,000	50,000	-	-
2	47-01-2-02 MISC SERVER AND NETWORK HARDWARE REPLACEMENT	449,000	330,000	119,000	-	-
2	47-01-2-03 REPLACE SAN EQUIPMENT	118,000	118,000	-	-	-
2	13-01-2-02 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000	-	-	-	-
<b>PRIORITY 4</b>						
4	13-01-2-03 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000	-	-	-	-
<b>TOTAL OTHER DEPARTMENTS:</b>			<b>29,013,000</b>	<b>27,833,000</b>	<b>430,000</b>	<b>-</b>

PHILADELPHIA GAS WORKS  
 FISCAL YEAR 2024 CAPITAL BUDGET  
 OTHER DEPARTMENTS ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	3,175,000	2,914,000	25,838,000	24,919,000	29,013,000	27,833,000
YEAR 1	-	261,000	-	169,000	-	430,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,175,000</b>	<b>3,175,000</b>	<b>25,838,000</b>	<b>25,088,000</b>	<b>29,013,000</b>	<b>28,263,000</b>

**FIVE YEAR FORECAST**



PHILADELPHIA GAS WORKS

FISCAL YEAR 2024 AND FORECAST 2025 THROUGH 2029

<u>DEPARTMENT</u>	<u>2024 CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
<u>GAS PROCESSING</u>						
ADDITIONS	81,000	85,000	87,000	89,000	91,000	516,000
REPLACEMENTS	<u>22,375,000</u>	<u>6,999,000</u>	<u>179,687,000</u>	<u>7,580,000</u>	<u>10,352,000</u>	<u>266,740,000</u>
TOTAL GAS PROCESSING	22,456,000	7,084,000	179,774,000	7,669,000	10,443,000	<u>267,256,000</u>
ACQUIRE ASSETS LEASE	22,456,000	7,084,000	179,774,000	7,669,000	10,443,000	267,256,000
<u>DISTRIBUTION</u>						
ADDITIONS	17,567,000	17,869,000	18,298,000	18,734,000	19,179,000	109,114,000
REPLACEMENTS	<u>129,314,000</u>	<u>129,983,000</u>	<u>131,472,000</u>	<u>132,995,000</u>	<u>108,806,000</u>	<u>761,158,000</u>
GROSS TOTAL DISTRIBUTION	146,881,000	147,852,000	149,770,000	151,729,000	127,985,000	<u>870,272,000</u>
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
LESS: REIMBURSEMENT**	<u>(6,693,000)</u>	<u>(6,238,000)</u>	<u>(6,370,000)</u>	<u>(6,505,000)</u>	<u>(6,643,000)</u>	<u>(38,559,000)</u>
NET TOTAL DISTRIBUTION	140,188,000	141,614,000	143,400,000	145,224,000	121,342,000	<u>831,713,000</u>
ACQUIRE ASSETS LEASE	140,188,000	141,614,000	143,400,000	145,224,000	121,342,000	831,713,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2024 AND FORECAST 2025 THROUGH 2029

<u>DEPARTMENT</u>	<u>2024 CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
<u>FIELD SERVICES</u>						
ADDITIONS	3,415,000	3,467,000	3,295,000	3,171,000	3,284,000	19,797,000
REPLACEMENTS	5,430,000	21,808,000	21,193,000	21,447,000	22,203,000	113,489,000
GROSS TOTAL FIELD SERVICES	8,845,000	25,275,000	24,488,000	24,618,000	25,487,000	133,286,000
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
NET TOTAL FIELD SERVICES	8,845,000	25,275,000	24,488,000	24,618,000	25,487,000	133,286,000
ACQUIRE ASSETS LEASE	8,845,000	25,275,000	24,488,000	24,618,000	25,487,000	133,286,000
<u>FLEET OPERATIONS</u>						
ADDITIONS	415,000	-	-	-	-	415,000
REPLACEMENTS	4,822,000	8,317,000	8,986,000	9,856,000	6,484,000	45,986,000
GROSS TOTAL FLEET OPERATIONS	5,237,000	8,317,000	8,986,000	9,856,000	6,484,000	46,401,000
LESS: SALVAGE						
NET TOTAL FLEET OPERATIONS	5,237,000	8,317,000	8,986,000	9,856,000	6,484,000	46,401,000
ACQUIRE ASSETS LEASE	5,237,000	8,317,000	8,986,000	9,856,000	6,484,000	46,401,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2024 AND FORECAST 2025 THROUGH 2029

<u>DEPARTMENT</u>	<u>2024 CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
<u>OTHER</u>						
ADDITIONS	2,427,000	311,000	316,000	321,000	326,000	331,000
REPLACEMENTS	<u>26,586,000</u>	<u>3,384,000</u>	<u>1,773,000</u>	<u>1,842,000</u>	<u>1,801,000</u>	<u>2,365,000</u>
TOTAL OTHER	29,013,000	3,695,000	2,089,000	2,163,000	2,127,000	2,696,000
ACQUIRE ASSETS LEASE	29,013,000	3,695,000	2,089,000	2,163,000	2,127,000	2,696,000
ADDITIONS	23,905,000	21,328,000	21,565,000	21,877,000	22,314,000	22,885,000
REPLACEMENTS	<u>188,527,000</u>	<u>201,844,000</u>	<u>168,934,000</u>	<u>344,304,000</u>	<u>171,305,000</u>	<u>150,210,000</u>
GROSS TOTAL	212,432,000	223,172,000	190,499,000	366,181,000	193,619,000	173,095,000
LESS: SALVAGE						
LESS: REIMBURSEMENT**	(6,693,000)	(6,110,000)	(6,238,000)	(6,370,000)	(6,505,000)	(6,643,000)
LESS: CONTRIBUTIONS*						
NET TOTAL	<u>205,739,000</u>	<u>217,062,000</u>	<u>184,261,000</u>	<u>359,811,000</u>	<u>187,114,000</u>	<u>166,452,000</u>
ACQUIRE ASSETS LEASE	205,739,000	217,062,000	184,261,000	359,811,000	187,114,000	166,452,000

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED 2025 - 2029 FORECAST  
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2024 - 2028 FORECAST</u>	<u>2025 - 2029 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	420,000	435,000	15,000	3.6%
REPLACEMENTS	<u>239,284,000</u>	<u>244,365,000</u>	<u>5,081,000</u>	2.1%
TOTAL GAS PROCESSING	239,704,000	244,800,000	5,096,000	2.1%
<u>DISTRIBUTION</u>				
ADDITIONS	93,841,000	91,547,000	(2,294,000)	-2.4%
REPLACEMENTS	<u>500,698,000</u>	<u>631,844,000</u>	<u>131,146,000</u>	26.2%
GROSS TOTAL DISTRIBUTION	594,539,000	723,391,000	128,852,000	21.7%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
LESS: REIMBURSEMENT**	<u>(28,830,000)</u>	<u>(31,866,000)</u>	<u>(3,036,000)</u>	10.5%
NET TOTAL DISTRIBUTION	594,539,000	691,525,000	96,986,000	16.3%
<u>FIELD SERVICES</u>				
ADDITIONS	18,164,000	16,382,000	(1,782,000)	-9.8%
REPLACEMENTS	<u>109,356,000</u>	<u>108,059,000</u>	<u>(1,297,000)</u>	-1.2%
GROSS TOTAL FIELD SERVICES	127,520,000	124,441,000	(3,079,000)	-2.4%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL FIELD SERVICES	127,520,000	124,441,000	(3,079,000)	-2.4%

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS  
PROPOSED 2025 - 2029 FORECAST  
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2024 - 2028 FORECAST</u>	<u>2025 - 2029 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	-	-	-	
REPLACEMENTS	<u>32,073,000</u>	<u>41,164,000</u>	<u>9,091,000</u>	28.3%
GROSS TOTAL FLEET OPERATIONS	32,073,000	41,164,000	9,091,000	28.3%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	32,073,000	41,164,000	9,091,000	28.3%
<u>OTHER</u>				
ADDITIONS	1,261,000	1,605,000	344,000	27.3%
REPLACEMENTS	<u>14,650,000</u>	<u>11,165,000</u>	<u>(3,485,000)</u>	-23.8%
TOTAL OTHER	15,911,000	12,770,000	(3,141,000)	-19.7%
<u>TOTAL</u>				
ADDITIONS	113,686,000	109,969,000	(3,717,000)	-3.3%
REPLACEMENTS	<u>896,061,000</u>	<u>1,036,597,000</u>	<u>140,536,000</u>	15.7%
GROSS TOTAL	1,009,747,000	1,146,566,000	136,819,000	13.5%
LESS: SALVAGE	-	-	-	
LESS: REIMBURSEMENT**	(28,830,000)	(31,866,000)	(3,036,000)	10.5%
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL	<u>980,917,000</u>	<u>1,114,700,000</u>	<u>133,783,000</u>	13.6%

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>								
1 53-01-2-03	-	1,434,000	-	1,577,000	-	1,735,000	-	3,312,000
1 53-01-2-04	532,000	718,000	754,000	791,000	831,000	-	-	2,376,000
TOTAL GP-1	<u>532,000</u>	<u>2,152,000</u>	<u>754,000</u>	<u>2,368,000</u>	<u>831,000</u>	<u>1,735,000</u>	<u>-</u>	<u>5,688,000</u>

GP-2 SUPPLEMENTAL GAS FACILITIES

1 53-02-2-01	-	4,735,000	-	-	-	-	-	-
1 53-02-2-03	3,826,000	9,025,000	-	-	-	-	-	-
1 53-02-2-04	-	1,352,000	-	-	-	-	-	-
2 53-02-2-05	-	3,091,000	-	-	-	-	-	-
1 53-02-2-06	-	1,327,000	-	-	-	-	-	-
1 53-02-2-07	-	376,000	1,200,000	800,000	-	-	-	2,000,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
53-02-2-15	REPLACE BREAKERS AND CONTROLS FOR MAIN SWITCHGEAR - PASSYUNK	-	9,015,000	-	-	-	-	9,015,000
53-02-2-16	REPLACE RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - RICHMOND	-	5,000,000	-	-	-	-	5,000,000
53-02-2-17	REPLACE H2O ANALYZER - RICHMOND	-	204,000	-	-	-	-	204,000
53-02-2-18	UPGRADE H-1 HEATER CONTROLS - RICHMOND	-	2,620,000	-	-	-	-	2,620,000
53-02-2-19	REPLACE FIRE SYSTEMS FOR EXPANDER PLANT AND RIVER PUMP HOUSE	-	2,500,000	-	-	-	-	2,500,000
53-02-2-20	REPLACE MCC 1,2,3 - RICHMOND	-	1,738,000	-	-	-	-	1,738,000
53-02-2-21	REPLACE VAPORIZER BUNDLES - RICHMOND	-	-	500,000	500,000	-	-	1,000,000
53-02-2-22	REPLACE LIQUEFIER - RICHMOND	-	-	-	170,000,000	-	-	170,000,000
53-02-2-23	VAPORIZATION UPGRADE-PASSYUNK	-	-	-	-	-	10,000,000	10,000,000
53-02-2-24	REPLACE PA SYSTEM PASSYUNK	-	-	-	2,518,000	3,000,000	-	5,518,000
53-02-2-25	H-1 HEATER REPLACEMENT	-	-	-	2,500,000	2,500,000	-	5,000,000
53-02-2-26	BOILOFF COMPRESSORS REPL - PASSYUNK	-	11,392,000	-	-	-	-	11,392,000
2	53-02-1-02	ADD CAMERAS TO THE LNG TANK DIKE AREA - PASSYUNK	107,000	-	-	-	-	-
1	53-02-2-04	HAZZARD DETECTION NON PROCESS AREAS	4,705,000	-	-	-	-	-
1	53-02-2-05	REPL PRODUCT RECOVERY TANK AND OIL/WATER SEPARATOR - PASSYUNK	489,000	-	-	-	-	-
1	53-02-1-06	BOILOFF MOBILE ODORANT NO. 2 RUN - RICHMOND	452,000	-	-	-	-	-
2	53-02-2-08	REPLACE THE EXPANDER PLANT COLD BOX	14,500,000	-	-	-	-	-
1	53-02-2-10	SPLIT HAZARD DETECTION LOOP - RICHMOND	549,000	-	-	-	-	-
2	53-02-2-12	REPLACE FIBER OPTIC - PASSYUNK	1,543,000	-	-	-	-	-
	<b>TOTAL GP-2</b>	<b>26,171,000</b>	<b>33,669,000</b>	<b>1,300,000</b>	<b>175,518,000</b>	<b>5,500,000</b>	<b>10,000,000</b>	<b>225,987,000</b>

Philadelphia Gas Works' Base Rate Filing







DISTRIBUTION DEPARTMENT  
FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
D-22 12 INCH AND LARGER I. P. AND L. P. MAIN								
4 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	178,000	300,000	307,000	314,000	322,000	330,000	338,000	1,611,000
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	896,000	2,122,000	917,000	938,000	961,000	984,000	1,008,000	4,808,000
3 52-22-2-01 MAIN FOR MAJOR ENFORCED RELOCATION	1,896,000	2,683,000	1,940,000	1,985,000	2,033,000	2,082,000	2,132,000	10,172,000
GROSS TOTAL D-22	<u>2,970,000</u>	<u>5,105,000</u>	<u>3,164,000</u>	<u>3,237,000</u>	<u>3,316,000</u>	<u>3,396,000</u>	<u>3,478,000</u>	<u>16,591,000</u>
52-22-2-97 LESS: REIMBURSEMENT**	<u>(1,706,000)</u>	<u>(2,415,000)</u>	<u>(1,746,000)</u>	<u>(1,787,000)</u>	<u>(1,830,000)</u>	<u>(1,874,000)</u>	<u>(1,919,000)</u>	<u>(9,156,000)</u>
LESS: CONTRIBUTIONS*	<u>1,264,000</u>	<u>2,690,000</u>	<u>1,418,000</u>	<u>1,450,000</u>	<u>1,486,000</u>	<u>1,522,000</u>	<u>1,559,000</u>	<u>7,435,000</u>
NET TOTAL D-22								
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	397,000	385,000	394,000	403,000	413,000	423,000	433,000	2,066,000
1 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	773,000	625,000	639,000	654,000	670,000	686,000	702,000	3,351,000
2 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	1,878,000	2,107,000	2,155,000	2,205,000	2,258,000	2,312,000	2,367,000	11,297,000
GROSS TOTAL D-23	<u>3,048,000</u>	<u>3,117,000</u>	<u>3,188,000</u>	<u>3,262,000</u>	<u>3,341,000</u>	<u>3,421,000</u>	<u>3,502,000</u>	<u>16,714,000</u>
LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>3,048,000</u>	<u>3,117,000</u>	<u>3,188,000</u>	<u>3,262,000</u>	<u>3,341,000</u>	<u>3,421,000</u>	<u>3,502,000</u>	<u>16,714,000</u>

DISTRIBUTION DEPARTMENT  
FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
<u>D-24 SERVICES</u>								
4 52-24-1-01	7,120,000	7,499,000	7,671,000	7,847,000	8,035,000	8,228,000	8,425,000	40,206,000
INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								
4 52-24-1-02	2,446,000	1,906,000	1,950,000	1,995,000	2,043,000	2,092,000	2,142,000	10,222,000
INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								
1 52-24-2-01	18,393,000	19,878,000	20,335,000	20,803,000	21,302,000	21,813,000	22,337,000	106,590,000
RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK								
1 52-24-2-02	1,079,000	1,121,000	1,147,000	1,173,000	1,201,000	1,230,000	1,260,000	6,011,000
RENEWAL OF 2" AND LARGER SERVICES								
GROSS TOTAL D-24								
52-24-2-97	29,038,000	30,404,000	31,103,000	31,818,000	32,581,000	33,363,000	34,164,000	163,029,000
LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
TOTAL D-24								
D-25 - CONDITIONED FUNDING								
1 52-25-2-01	3,309,000	4,278,000	4,254,000	4,306,000	4,362,000	4,419,000	3,728,000	21,069,000
CONDITIONED FUNDING RESERVED								
TOTAL D-25								
TOTAL D-24								
TOTAL D-25								

Philadelphia Gas Works' Base Rate Filing

DISTRIBUTION DEPARTMENT  
FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
2 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	290,000	293,000	300,000	307,000	314,000	322,000	330,000	1,573,000
2 52-29-2-01 REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,109,000	1,105,000	1,130,000	1,156,000	1,184,000	1,212,000	1,241,000	5,923,000
	<u>1,399,000</u>	<u>1,398,000</u>	<u>1,430,000</u>	<u>1,463,000</u>	<u>1,498,000</u>	<u>1,534,000</u>	<u>1,571,000</u>	<u>7,496,000</u>
TOTAL D-29								
GROSS TOTAL DISTRIBUTION DEPARTMENT	113,594,000	146,881,000	146,055,000	147,852,000	149,770,000	151,729,000	127,985,000	723,391,000
LESS: SALVAGE								
LESS: CONTRIBUTIONS*								
LESS: REIMBURSEMENT**	(6,025,000)	(6,693,000)	(6,110,000)	(6,238,000)	(6,370,000)	(6,505,000)	(6,643,000)	(31,866,000)
NET TOTAL DISTRIBUTION DEPARTMENT	<u>107,569,000</u>	<u>140,188,000</u>	<u>139,945,000</u>	<u>141,614,000</u>	<u>143,400,000</u>	<u>145,224,000</u>	<u>121,342,000</u>	<u>691,525,000</u>
ACQUIRE ASSETS	107,569,000	140,188,000	139,945,000	141,614,000	143,400,000	145,224,000	121,342,000	691,525,000
LEASE								

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

\*\* REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

Philadelphia Gas Works' Base Rate Filing

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,441,000	2,827,000	2,845,000	2,955,000	2,990,000	2,984,000	3,096,000	14,870,000
5 50-30-2-01 REPLACEMENTS	3,348,000	3,946,000	19,963,000	20,736,000	20,988,000	20,949,000	21,737,000	122,351,000
TOTAL C-30	<u>5,789,000</u>	<u>6,773,000</u>	<u>22,808,000</u>	<u>23,691,000</u>	<u>23,978,000</u>	<u>23,933,000</u>	<u>24,833,000</u>	<u>119,243,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	79,000	116,000	86,000	89,000	90,000	90,000	93,000	448,000
2 50-32-2-01 REPLACEMENTS	56,000	113,000	118,000	123,000	124,000	124,000	128,000	617,000
TOTAL C-32	<u>135,000</u>	<u>229,000</u>	<u>204,000</u>	<u>212,000</u>	<u>214,000</u>	<u>214,000</u>	<u>221,000</u>	<u>1,065,000</u>
<u>C-33 TELEMETERING</u>								
4 50-33-1-01 ADDITIONS AND INSTALLATIONS	79,000	58,000	87,000	90,000	91,000	91,000	95,000	454,000
2 50-33-2-01 REPLACEMENTS	73,000	62,000	81,000	84,000	85,000	85,000	88,000	423,000
TOTAL C-33	<u>152,000</u>	<u>120,000</u>	<u>168,000</u>	<u>174,000</u>	<u>176,000</u>	<u>176,000</u>	<u>183,000</u>	<u>877,000</u>



FLEET OPERATIONS DEPARTMENT  
FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance Budget</u>	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
73-01-1-03 VEHICLE ADDITIONS	-	415,000	-	-	-	-	-	-
73-01-1-02 MOBILE EQUIPMENT ADDITIONS	-	81,000	-	-	-	-	-	-
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	2,008,000	403,000	3,135,000	654,000	868,000	637,000	-	5,294,000
73-01-2-03 VEHICLE REPLACEMENTS	5,404,000	4,338,000	5,182,000	8,332,000	8,988,000	6,884,000	6,484,000	35,870,000
<b>2021 REAUTHORIZATION</b>								
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	414,000	-	-	-	-	-	-	-
73-01-2-03 VEHICLE REPLACEMENTS	2,789,000	-	-	-	-	-	-	-
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>10,615,000</u>	<u>5,237,000</u>	<u>8,317,000</u>	<u>8,986,000</u>	<u>9,856,000</u>	<u>7,521,000</u>	<u>6,484,000</u>	<u>41,164,000</u>
ACQUIRE ASSETS	10,615,000	5,237,000	8,317,000	8,986,000	9,856,000	7,521,000	6,484,000	41,164,000
LEASE								

Philadelphia Gas Works' Base Rate Filing

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2025 THROUGH 2029

	2023 Compliance Budget	2024 Budget	2025	2026	2027	2028	2029	TOTAL FORECAST
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	96,000	94,000	96,000	98,000	100,000	102,000	104,000	500,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	2,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	499,000	476,000	490,000	504,000	518,000	532,000	546,000	2,590,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000	14,000	14,000	14,000	14,000	14,000	14,000	70,000
1 72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	3,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000
1 72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	-	416,000	-	-	-	-	-	-
1 72-01-1-04 1849 ELECTRICAL POWER SEPARATION	-	332,000	-	-	-	-	-	-
1 72-01-2-05 800 BUILDING DATA CENTER UPS MPR REPLACEMENT	-	272,000	-	-	-	-	-	-
1 72-01-2-04 REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	417,000	2,616,000	-	-	-	-	-	-
1 72-01-2-06 800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	-	239,000	-	-	-	-	-	-
1 72-01-2-07 800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	-	140,000	-	-	-	-	-	-
2 72-02-2-03 800 BUILDING CAFETERIA IMPROVEMENTS	-	202,000	-	-	-	-	-	-
2 72-02-2-01 800 BUILDING LOBBY IMPROVEMENTS	-	106,000	-	-	-	-	-	-
2 72-02-2-02 800 BUILDING DATA UPGRADES 1ST FLOOR WEST	-	51,000	-	-	-	-	-	-



OTHER DEPARTMENTS  
 FORECAST - FISCAL YEARS 2025 THROUGH 2029

	2023 Compliance Refined	2024 Budget	2025	2026	2027	2028	2029	TOTAL FORECAST
<b>2021 REAUTHORIZATION</b>								
1 72-01-2-10 800 BUILDING RESTROOM RENOVATIONS	300,000	-	-	-	-	-	-	-
1 72-01-2-09 RE-AUTHORIZATION BUILDING CONSOLIDATION	-	20,000,000	-	-	-	-	-	-
<b>TOTAL FACILITIES</b>	<b>6,217,000</b>	<b>24,968,000</b>	<b>1,685,000</b>	<b>626,000</b>	<b>642,000</b>	<b>658,000</b>	<b>674,000</b>	<b>4,285,000</b>
<b>INFORMATION SERVICES</b>								
2 47-01-1-01 MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	60,000	1,381,000	60,000	62,000	64,000	66,000	68,000	320,000
2 47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	75,000	475,000	50,000	51,000	52,000	53,000	54,000	260,000
2 47-01-1-03 SAN STORAGE	-	472,000	100,000	100,000	100,000	100,000	100,000	500,000
2 47-01-2-01 MISCELLANEOUS SOFTWARE REPLACEMENTS	521,000	400,000	50,000	50,000	50,000	50,000	50,000	250,000
2 47-01-2-02 MISC SERVER AND NETWORK HARDWARE REPLACEMENT	415,000	449,000	450,000	450,000	450,000	450,000	450,000	2,250,000
2 47-01-2-03 REPLACE SAN EQUIPMENT	510,000	118,000	550,000	-	55,000	-	550,000	1,155,000
2 47-01-2-04 CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	20,000,000	-	-	-	-	-	-	-
2 47-01-1-03 COLOCATION PROJECT SOFTWARE	160,000	-	-	-	-	-	-	-
1 47-01-1-04 ENVIRONMENTAL MANAGEMENT SYSTEM	2,235,000	-	-	-	-	-	-	-
<b>TOTAL INFORMATION SERVICES</b>	<b>23,976,000</b>	<b>3,295,000</b>	<b>1,260,000</b>	<b>713,000</b>	<b>771,000</b>	<b>719,000</b>	<b>1,272,000</b>	<b>4,735,000</b>

OTHER DEPARTMENTS  
FORECAST - FISCAL YEARS 2025 THROUGH 2029

	<u>2023 Compliance</u> Rpt/Net	<u>2024 Budget</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL FORECAST</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
2 13-01-2-02 RELIABILITY OF SERVICE	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
4 13-01-2-03 JUSTIFIED LOAD GROWTH	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
TOTAL CHIEF OPERATING OFFICER	750,000	750,000	750,000	750,000	750,000	750,000	750,000	3,750,000
<u>VP TECHNICAL COMPLIANCE</u>								
1 31-01-1-01 BIOSPARGE AND SOIL VAPOR EXTRACTION SYSTEM	34,000	-	-	-	-	-	-	-
TOTAL VP TECHNICAL COMPLIANCE	34,000	-	-	-	-	-	-	-
TOTAL OTHER DEPARTMENTS	30,977,000	29,013,000	3,695,000	2,089,000	2,163,000	2,127,000	2,696,000	12,770,000
ACQUIRE ASSETS LEASE								

Philadelphia Gas Works' Base Rate Filing

**PHILADELPHIA GAS WORKS**  
**CAPITAL FINANCING PLAN**

As a result of the FY 2011 Operating Budget proceedings, a motion was approved that directed PGW to begin with its FY 2012 Capital Budget filing to include with each proposed Capital Budget and Capital Budget Amendment a proposed Capital Funding plan pursuant to Section IV.2.b of the Management Agreement.

In this section of the Management Agreement, funds required to be supplied must be identified between:

- i. Funds generated within the business through charges to customer or otherwise; and
- ii. Funds to be obtained through capital loans.

**Capital Spending in FY 2024**

• Spending from FY 2024 Program	\$ 158,760,000
• Spending Carryover from FY 2023	<u>\$ 56,450,000</u>
• Total FY 2024 Spending	\$ 215,210,000
• Projected Reimbursement	\$ 6,147,000
• Salvage	\$ 363,000
• Construction Contributions	<u>\$ 1,741,000</u>
• <b>Net FY 2024 Capital Spending</b>	<b>\$ 206,959,000</b>

**Capital Funding Sources:**

• Commercial Paper	\$ 102,000,000
• DSIC	\$ 41,000,000
• Internally Generated Funds	<u>\$ 63,959,000</u>
• <b>FY 2024 Capital Funding</b>	<b>\$ 206,959,000</b>

The funding plan is based upon current financial projections and is subject to changes based upon PGW's financial conditions at the time funds are required to support the FY 2024 Capital Program.

**II. RATE OF RETURN**

II.A.14. Describe long-term debt reacquisitions by Company and Parent as follows:

II.A.14.a. Reacquisitions by issue by year.

II.A.14.b. Total gain on reacquisitions by issue by year.

II.A.14.c. Accounting of gain for income tax and book purposes.

**RESPONSE:**

PGW does not have any long-term debt reacquisitions.

**II. RATE OF RETURN**

II.A.15. Set forth amount of compensating bank balances required under each of the following rate base bases:

II.A.15.a. Annualized test year operations.

II.A.15.b. Operations under proposed rates.

**RESPONSE:**

PGW does not have compensating bank balances under either scenario.

## II. RATE OF RETURN

II.A.16. Provide the following information concerning compensating bank balance requirements for actual test year:

II.A.16.a. Name of each bank.

II.A.16.b. Address of each bank.

II.A.16.c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).

II.A.16.d. Average Daily Balance in each account.

II.A.16.e. Amount and percentage requirements for compensating bank balance at each bank.

II.A.16.f. Average daily compensating bank balance at each bank.

II.A.16.g. Documents from each bank explaining compensating bank balance requirements.

II.A.16.h. Interest earned on each type of account.

### **RESPONSE:**

Please see the response to II.A.15.

## II. RATE OF RETURN

II.A.17. Provide the following information concerning bank notes payable for actual test year:

II.A.17.a. Line of Credit at each bank.

II.A.17.b. Average daily balances of notes payable to each bank, by name of bank.

II.A.17.c. Interest rate charged on each bank note (Prime rate, formula rate or other).

II.A.17.d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).

II.A.17.e. Prospective future need for this type of financing.

### **RESPONSE:**

PGW does not have any bank notes payable for the actual test year.

Philadelphia Gas Works' Base Rate Filing

**II. RATE OF RETURN**

II.A.18. Set forth amount of total cash (all cash accounts) on hand from balance sheets for last 24-calendar months preceding test year-end.

**RESPONSE:**

<b>FY</b>	<b>Month</b>	<b>Account 131 \$</b>	<b>Account 136 \$</b>	<b>Account 135 \$</b>	<b>Total</b>
2022	August	3,640,027	111,944,558	52,334	115,636,919
2022	July	154,996	172,107,581	53,841	172,316,418
2022	June	7,786,631	182,453,585	56,351	190,296,567
2022	May	6,621,051	192,404,592	47,277	199,072,920
2022	April	8,861,028	183,264,362	51,016	192,176,405
2022	March	13,839,512	152,724,133	48,736	166,612,381
2022	February	11,430,251	119,213,481	42,987	130,686,718
2022	January	40,776,883	69,225,136	41,601	110,043,620
2022	December	9,763,345	71,237,240	40,665	81,041,249
2022	November	8,214,184	65,730,961	38,434	73,983,579
2022	October	9,351,331	77,729,812	38,434	87,119,577
2022	September	39,804,039	88,724,626	38,434	128,567,099
2021	August	15,504,846	142,719,171	40,688	158,264,705
2021	July	58,121,778	144,713,740	40,809	202,876,327
2021	June	6,831,089	212,701,968	39,413	219,572,470
2021	May	4,892,043	215,504,238	38,511	220,434,792
2021	April	9,533,537	202,489,715	39,721	212,062,974
2021	March	11,574,100	182,977,176	39,121	194,590,397
2021	February	8,570,411	138,869,599	39,121	147,479,130
2021	January	9,763,724	116,063,733	39,121	125,866,579
2021	December	5,043,290	91,656,188	40,275	96,739,752
2021	November	5,420,614	97,249,198	37,359	102,707,171
2021	October	2,567,822	112,440,860	37,677	115,046,359
2021	September	6,610,995	154,027,961	37,594	160,676,550



## II. RATE OF RETURN

II.A.19. Submit details on Company or Parent common stock offerings (past 5 years to present) as follows:

II.A.19.a. Date of Prospectus

II.A.19.b. Date of offering

II.A.19.c. Record date

II.A.19.d. Offering period—dates and number of days

II.A.19.e. Amount and number of shares of offering

II.A.19.f. Offering ratio (if rights offering)

II.A.19.g. Percent subscribed

II.A.19.h. Offering price

II.A.19.i. Gross proceeds per share

II.A.19.j. Expenses per share

II.A.19.k. Net proceeds per share (i-j)

II.A.19.l. Market price per share

II.A.19.l.1. At record date

II.A.19.l.2. At offering date

II.A.19.l.3. One month after close of offering

II.A.19.m. Average market price during offering

II.A.19.m.1. Price per share

II.A.19.m.2. Rights per share—average value of rights

II.A.19.n. Latest reported earnings per share at time of offering

II.A.19.o. Latest reported dividends at time of offering

### **RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.20. Provide latest available balance sheet and income statement for Company, Parent and System (consolidated).

**RESPONSE:**

Please see attached.

Philadelphia Gas Works' Base Rate Filing

UNAUDITED  
PGW  
STATEMENT OF INCOME  
FIVE MONTHS ENDED JANUARY 2023 AND 2022 WITH COMPARISONS  
(Thousands of Dollars)

Line No.	FY2022 Actual		FY2023		Increase/(Decrease) Actual FY2023 vs. Budget	
			Actual	Budget	Amount	%
		<b>Operating revenues</b>				
1	\$ 14,620	Non-heating	\$ 14,723	\$ 12,962	\$ 1,761	14
2	31,262	Gas transport service	34,955	36,620	(1,665)	(5)
3	295,157	Heating	313,411	306,413	6,998	2
4	58,182	Unbilled gas adjustment	53,477	67,466	(13,989)	(21)
5	(13,551)	Appropriation for uncollectible reserve	(15,647)	(15,647)	-	-
6	385,670	Total gas revenues	400,919	407,814	(6,895)	(2)
7	2,897	Appliance & other revenues	2,497	3,326	(829)	(25)
8	5,267	Other operating revenues	9,117	3,954	5,163	-
9	393,834	Total operating revenues	412,533	415,094	(2,561)	(1)
		<b>Operating expenses</b>				
10	137,318	Natural gas	154,849	142,137	12,712	9
11	16	Other raw material	14	10	4	-
12	137,334	Sub-total fuel	154,863	142,147	12,716	9
13	256,500	CONTRIBUTION MARGIN	257,670	272,947	(15,277)	(6)
14	10,299	Gas processing	8,931	11,931	(3,000)	(25)
15	33,667	Field operations	37,783	42,184	(4,401)	(10)
16	1,702	Collection	1,420	2,063	(643)	(31)
17	5,807	Customer services	5,325	7,756	(2,431)	(31)
18	2,897	Account management	2,953	4,455	(1,502)	(34)
19	2,071	Marketing	1,699	1,856	(157)	(8)
20	30,969	Administrative & general	30,169	34,167	(3,998)	(12)
21	8,892	Health insurance	8,465	10,417	(1,952)	(19)
22	(4,953)	Capitalized fringe benefits	(4,646)	(3,124)	(1,522)	49
23	(5,763)	Capitalized administrative charges	(5,174)	(7,184)	2,010	(28)
24	11,234	Pensions	3,848	4,117	(269)	(7)
25	(520)	Other post-employment benefits	(2,927)	(2,927)	-	-
26	3,849	Taxes	3,805	4,318	(513)	(12)
27	-	Cost savings	-	527	(527)	-
28	100,151	Total operating expenses	91,651	110,556	(18,905)	(17)
29	156,349	Operating income before depreciation	166,019	162,391	3,628	2
30	29,037	Net depreciation	29,414	31,850	(2,436)	(8)
31	266,522	Total operating expenses	275,928	284,553	(8,625)	(3)
32	127,312	Operating income (loss)	136,605	130,541	6,064	5
33	959	Investments gain (loss) and other income	4,116	914	3,202	-
34	128,271	Income before interest	140,721	131,455	9,266	7
		<b>Interest</b>				
35	19,662	Long-term debt	18,833	19,854	(1,021)	(5)
36	(3,245)	Other	(3,039)	(1,152)	(1,887)	-
37	852	Allowance for funds used during construction	-	-	-	-
38	17,269	Net interest expense	15,794	18,702	(2,908)	(16)
39	\$ 111,002	Net income (loss)	\$ 124,927	\$ 112,753	\$ 12,174	
40	\$ (7,500)	Distribution to the City	\$ (7,500)	\$ (7,500)		
41	\$ 103,502	Net earnings (loss) after distribution to the City	\$ 117,427	\$ 105,253		

# Philadelphia Gas Works' Base Rate Filing

## PGW BALANCE SHEETS JANUARY 2023 AND 2022 (Thousands of Dollars)

### ASSETS

Line No.		FY2023	FY2022
<b>Non-current assets</b>			
<b>Utility plant, at original cost</b>			
1	In service	\$ 2,826,010	\$ 2,716,048
2	In service under capital lease	2,997	2,541
3	Under construction	<u>165,631</u>	<u>133,480</u>
4	<b>Total</b>	2,994,638	2,852,069
5	Less accumulated depreciation	(1,324,770)	(1,264,733)
6	Less accumulated depreciation lease asset	(1,159)	(1,696)
7	Utility plant - net	1,668,709	1,585,640
8	Sinking fund - revenue bonds	107,161	105,484
9	Capital improvement funds	4,851	91,322
10	Unamortized bond issuance cost	706	750
11	Regulatory asset - environmental	28,871	27,572
12	Regulatory asset - pandemic	30,682	32,587
13	Other non-current assets	<u>4,629</u>	<u>5,920</u>
14	<b>Total non-current assets</b>	1,845,609	1,849,275
<b>Current assets</b>			
15	Cash and temporary investments	101,324	110,044
16	Current portion of capital improvement fund	27,885	44,995
17	Restricted investment workers' compensation	2,703	2,741
Accounts receivable			
18	Customers	288,901	274,322
19	Others	1,884	4,110
20	Accrued gas revenues	64,798	66,175
21	Accumulated provisions for uncollectible accounts	<u>(101,996)</u>	<u>(111,610)</u>
22	Accounts receivable - net	253,587	232,997
23	Materials and supplies	91,018	53,752
24	Other current assets and deferred debits	<u>17,856</u>	<u>13,878</u>
25	<b>Total current assets</b>	494,372	458,406
<b>Deferred outflows of resources</b>			
26	Accumulated fair value of hedging derivatives	-	9,709
27	Deferred outflows related to loss on bond refunding	21,820	25,615
28	Deferred outflows related to pension	70,905	24,575
29	Deferred outflows related to OPEB	<u>62,576</u>	<u>71,721</u>
30	<b>Total deferred outflows of resources</b>	155,301	131,619
31	<b>Total assets and deferred outflows of resources</b>	<u>\$ 2,495,283</u>	<u>\$ 2,439,301</u>

# Philadelphia Gas Works' Base Rate Filing

## PGW BALANCE SHEETS JANUARY 2023 AND 2022 (Thousands of Dollars)

### EQUITY AND LIABILITIES

	FY2023	FY2022	Line No.
<b>Long term debt</b>			
<b>City of Philadelphia bonds</b>			
<u>Issued</u>	<u>Original amount</u>	<u>Current portion</u>	
2004	\$ 207,820	\$ -	1
2009	313,285	-	2
2011	88,855	-	3
2015	261,770	19,290	4
2016	312,425	8,865	5
2017	273,140	5,100	6
2021	253,925	4,105	7
Total issued		37,360	8
Unamortized debt discount/premium		<u>10,177</u>	9
<b>Total long-term bond debt</b>		47,537	10
<b>Current liabilities</b>			
Current portion of revenue bonds		47,537	11
Notes payable		-	12
Accounts payable		74,272	13
Current portion of long-term liabilities		6,086	14
Customers' deposits		2,855	15
Deffered credit other lease asset (GASB 87)		510	16
Other current liabilities and deferred credits		16,972	17
Accrued accounts:			
Interest, taxes and wages		24,562	18
Distribution to the City		<u>10,500</u>	19
<b>Total current liabilities</b>		183,294	20
<b>Non-current liabilities</b>			
Long-term revenue bonds		1,037,694	21
Non-current deferred credit other lease assets (GASB 87)		972	22
Net pension liabilities		261,082	23
Net OPEB liabilities		138,595	24
Other non-current liabilities		<u>36,927</u>	25
<b>Total non-current liabilities</b>		1,475,270	26
<b>Deferred inflows of resources</b>			
Deferred inflows related to gain on bond refunding		163	27
Deferred inflows related to pension		-	28
Deferred inflows related to OPEB		93,203	29
Deferred inflow related to interest rate swap		1,886	30
<b>Total deferred inflows of resources</b>		95,252	31
<b>Net position</b>		741,467	32
<b>Total liabilities, deferred inflows of resources, and net position</b>		<u>\$ 2,495,283</u>	33
		<u>\$ 2,439,301</u>	

**II. RATE OF RETURN**

II.A.21. Provide Original Cost, Trended Original Cost and Fair Value rate base claims.

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.22. Provide Operating Income claims under:

II.A.22.(i) Present rates

II.A.22.(ii) Pro forma present rates (annualized & normalized)

II.A.22.(iii) Proposed rates (annualized & normalized)

**RESPONSE:**

Please see the response provided to Exh. A- III.A.17.

II.A.22.b. Provide Rate of Return on Original Cost and Fair Value claims under:

II.A.22.b.(i) Present rates

II.A.22.b.(ii) Pro forma present rates

II.A.22.b.(iii) Proposed rates

**RESPONSE:**

Not applicable.

## II. RATE OF RETURN

II.A.23. List details and sources of "Other Property and Investment," "Temporary Cash Investments" and "Working Funds" on test year-end balance sheet.

### **RESPONSE:**

Major items in FERC Account 121 - Non-Utility Property, FERC Account 124 - Other Investments, FERC Account 135 - Working Funds, and FERC Account 136 - Temporary Cash Investments as of August 31, 2022 are detailed below:

FERC Account 121 - Non-Utility Property  
Zero

FERC Account 124 - Other Investments  
Zero

FERC Account 135 - Working Funds  
The balance of petty cash and other employee advances as of August 31, 2022 is \$52,334.

FERC Account 136 - Temporary Cash Investments  
The balance of temporary cash investments as of August 31, 2022 is \$111,994,558 which consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.



**II. RATE OF RETURN**

II.A.24. Attach chart explaining Company's corporate relationship to its affiliates (System Structure).

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

II.A.25.a. Claimed capitalization and capitalization ratios with supporting data.

II.A.25.b. Claimed cost of long-term debt with supporting data.

II.A.25.c. Claimed cost of short-term debt with supporting data.

II.A.25.d. Claimed cost of total debt with supporting data.

II.A.25.e. Claimed cost of preferred stock with supporting data.

II.A.25.f. Claimed cost of common equity with supporting data.

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

II.A.26. Provide the following income tax data:

II.A.26.a. Consolidated income tax adjustments, if applicable.

II.A.26.b. Interest for tax purposes (basis).

**RESPONSE:**

Not applicable.

**II. RATE OF RETURN**

**C. GAS UTILITIES ONLY, IN ADDITION TO PROVIDING THE INFORMATION REQUESTED IN "A." HEREINABOVE:**

II.C.1. Provide test year monthly balances for "Current Gas Storage" and notes financing such storage.

**RESPONSE:**

The following volumes are in MCFs. We do not finance storage therefore, there are no notes.

**FULLY PROJECTED FUTURE TEST YEAR - FY 2024**

<b>MONTH</b>	<b>LNG</b>	<b>STORAGES</b>
September	2,866,257	16,453,889
October	2,903,112	18,073,775
November	3,184,755	17,478,134
December	3,208,011	14,308,623
January	3,009,976	9,607,373
February	3,023,040	6,040,306
March	3,215,554	4,139,441
April	3,302,147	5,312,174
May	3,276,622	7,892,976
June	3,198,250	10,176,442
July	3,117,265	12,422,149
August	3,036,281	14,677,580

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

**RESPONSE:**

Provided below are comparative balance sheets.

# Philadelphia Gas Works' Base Rate Filing

## PHILADELPHIA GAS WORKS BALANCE SHEET (Dollars in Thousands)

LINE NO.	ACTUAL <u>2020-21</u>	HTY <u>2021-22</u>	FTY <u>2022-23</u>	FPFTY <u>2023-24</u>	LINE NO.
<b>ASSETS</b>					
1.	1,566,708	1,653,424	1,841,232	1,980,842	1.
2.	107,684	106,188	108,873	135,159	2.
3.	93,600	107,822	238	220,527	3.
5.	2,740	2,678	2,646	2,686	5.
6.	158,265	115,637	116,328	114,423	6.
7.					7.
8.	182,512	199,442	194,685	189,809	8.
9.	4,651	4,424	4,449	4,474	9.
10.	7,992	11,321	8,135	7,372	10.
11.	(113,164)	(108,187)	(101,837)	(95,064)	11.
12.	81,991	107,000	105,432	106,592	12.
13.	53,373	92,867	96,899	92,810	13.
14.	5,705	4,903	4,906	4,909	14.
15.	7,035	11,737	5,963	5,453	15.
16.	784	725	989	933	16.
17.	27,487	23,321	19,706	16,358	17.
18.	27,572	28,871	29,235	27,226	18.
19.	24,575	68,189	97,108	59,055	19.
20.	71,721	62,576	45,781	36,251	20.
21.	47,540	35,321	38,028	27,148	21.
22.	<u>2,368,101</u>	<u>2,426,109</u>	<u>2,513,365</u>	<u>2,830,373</u>	22.
<b>EQUITY &amp; LIABILITIES</b>					
23.	450,053	624,040	716,170	863,465	23.
24.	1,058,637	996,803	935,193	1,222,398	24.
25.	(52)	(48)	(44)	(40)	25.
26.	129,442	118,135	111,741	105,867	26.
27.	1,188,027	1,114,890	1,046,890	1,328,225	27.
28.	704	245	62,471	57,613	28.
29.	-	-	-	-	29.
30.	79,928	96,765	106,321	104,435	30.
31.	1,659	2,262	2,169	2,081	31.
32.	5,127	2,700	1,004	1,848	32.
33.	138,216	261,082	259,757	257,698	33.
34.	201,588	149,231	118,542	84,529	34.
35.	35,969	12,035	3,448	1,852	35.
36.	94,514	5,937	47,906	25,865	36.
37.	102,885	102,608	56,151	22,616	37.
38.	8,569	7,652	24,549	16,246	38.
39.	6,182	6,735	5,151	5,337	39.
40.	3,000	3,000	3,000	3,000	40.
41.	51,681	36,927	59,836	55,562	41.
42.	<u>2,368,101</u>	<u>2,426,109</u>	<u>2,513,365</u>	<u>2,830,373</u>	42.
<b>CAPITALIZATION</b>					
43.	1,638,080	1,738,930	1,763,060	2,191,690	43.
44.	1,188,027	1,114,890	1,046,890	1,328,225	44.
45.	72.53%	64.11%	59.38%	60.60%	45.
46.	2.64	1.79	1.46	1.54	46.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.2. Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

**RESPONSE:**

There are no items included in Account 121 – Non-Utility Property or Account 124 – Other Investments.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.3. Supply the amounts and purpose of Special Cash Accounts of all types, such as:

III.A.3.a. Interest and Dividend Special Deposits.

III.A.3.b. Working Funds other than general operating cash accounts.

III.A.3.c. Other special cash accounts and amounts (Temporary cash investments).

**RESPONSE:**

The amounts and purpose of Special Cash Accounts as of August 31, 2022 are as follows:

FERC Account 128 – Other Special Funds  
Zero

FERC Account 132 -Interest Special Deposits  
Zero

FERC Account 133 -Dividend Special Deposits  
Zero

FERC Account 134-Other Special Deposits  
The balance of PGW's Capital Improvement Fund and PGW's Workers Compensation Escrow Fund as of August 31, 2022, is \$115,340,158 and consists primarily of money market accounts.

FERC Account 135-Working Funds  
The balance of petty cash and other employee advances as of August 31, 2022, is \$52,334.

FERC Account 136 - Temporary Cash Investments  
The balance of temporary cash investments as of August 31, 2022, is \$111,944,558 and consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.

The amounts and purpose of Special Cash Accounts as of August 31, 2021, are as

follows: FERC Account 128 – Other Special Funds  
Zero

FERC Account 132 -Interest Special Deposits  
Zero

FERC Account 133 -Dividend Special Deposits  
Zero



### **III. BALANCE SHEET AND OPERATING STATEMENT**

#### **FERC Account 134-Other Special Deposits**

The balance of PGW's Capital Improvement Fund and PGW's Workers Compensation Escrow Fund as of August 31, 2021, is \$187,661,672 and consists primarily of money market accounts.

#### **FERC Account 135-Working Funds**

The balance of petty cash and other employee advances as of August 31, 2021, is \$40,668.

#### **FERC Account 136 - Temporary Cash Investments**

The balance of temporary cash investments as of August 31, 2021, is \$142,719,171 and consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.

**RESPONSE:**

The amounts and nature of notes receivable and other accounts receivable as of August 31, 2022 are as follows:

FERC Account 141 - Notes Receivable

There were no notes receivable outstanding as of August 31, 2022.

FERC Account 143 - Other Accounts Receivable

Reimbursements for projects on PGW property \$4,423,517

(1430-1100)

Reimbursements for payments to pension beneficiaries \$ 0

(1430-1102)

The amounts and nature of notes receivable and other accounts receivable as of August 31, 2021 are as follows:

FERC Account 141 - Notes Receivable

There were no notes receivable outstanding as of August 31, 2021.

FERC Account 143 - Other Accounts Receivable

Reimbursements for projects on PGW property \$4,650,454

(1430-1100)

Reimbursements for payments to pension beneficiaries \$ 0

(1430-1102)

Philadelphia Gas Works' Base Rate Filing

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

**RESPONSE:**

Accumulated Provision for Uncollectible Accounts, Accruals, Write-Offs, and Recoveries for the Twelve Months Ended August 31, 2019, 2020, 2021, and 2022 are listed below:

Period	Beginning	Accrual	Write-offs	Recoveries & Other	Ending
Ending	Balance	JE #2101	JE #2102	#3505,3510,3512, 3516,3550	Balance
8/31/2019	(66,327,019)	(29,941,172)	33,388,466	(3,871,377)	(66,751,102)
8/31/2020	(66,751,102)	(44,088,000)	36,400,178	(5,983,365)	(80,422,289)
8/31/2021	(80,422,289)	(44,075,588)	14,421,295	(3,087,793)	(113,164,375)
8/31/2022	(113,164,375)	(25,287,000)	29,229,231	1,035,987	(108,186,157)

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.6. Provide a list of prepayments and give an explanation of special prepayments.

RESPONSE:

ACCOUNT 165 - PREPAYMENT	AUGUST 31, 2022	AUGUST 31, 2021
Software Prepayment Balance represents outstanding amount of software maintenance contracts	\$ 3,541,584	\$ 3,831,513
Prepaid Postage Balance represents outstanding amount of postage meter	263,871	296,399
Prepaid Insurance Balance represents unamortized portion of insurance premiums which are expensed over the period of insurance coverage	155,944	191,717
Prepayment State Sales Taxes Balance represents sales tax payment made to PA state prior to the month's sales activity	152,000	176,000
Miscellaneous	-	414,216
<b>TOTAL</b>	<b>4,113,399</b>	<b>4,909,845</b>

Philadelphia Gas Works' Base Rate Filing

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.7. Explain in detail any other significant (in amount) current assets listed on balance sheet.

**RESPONSE:**

<u>Current Asset Detail</u>	<u>August 31, 2022</u>	<u>August 31, 2021</u>
<b>Account 142 - Customer Accounts Receivable</b>		
Gas Accounts Receivable	199,381,948	182,484,136
Merchandise Receivable	<u>58,505</u>	<u>27,768</u>
Total Customer Accounts Receivable	199,440,453	182,511,904
<b>Account 154 - Plant Material &amp; Operating Supplies</b>		
General Storeroom	11,336,828	12,528,055
Odorant & Gas Holders	<u>72,495</u>	<u>82,357</u>
Total Plant Material & Operating Supplies	11,409,323	12,610,412
<b>Account 164 - Gas Storage</b>		
Pipeline Storage	66,000,386	25,868,229
LNG Storage	<u>15,466,285</u>	<u>14,894,109</u>
Total Gas Storage	81,466,671	40,762,338
<b>Account 173 - Accrued Utility Revenue</b>		
	11,321,174	7,992,475

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

III.A.8.a. Origin of these accounts.

III.A.8.b. Probable changes to this account in the near future.

III.A.8.c. Amortization of these accounts currently charged to operations or to be charged in the near future.

III.A.8.d. Method of determining yearly amortization for the following accounts:

- Temporary Facilities
- Miscellaneous Deferred Debits
- Research and Development
- Property Losses
- Any other deferred accounts that effect operating results.

**RESPONSE:**

As of August 31, 2022:

8.a.

ACCOUNT 183.2

OTHER PRELIMINARY SURVEY AND INVESTIGATION

1832.1144	Advanced Engineering	\$2,743,897
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Account 1832.1144 represents the preparation of plans, design specifications, prototyping, and cost estimates associated with developing the technology and production processes of the Philadelphia Gas Works' natural gas plant facilities and distribution system.

ACCOUNT 186.0

MISCELLANEOUS DEFERRED DEBITS

The deferred asset account is maintained by the following sub-accts:

1860.1100	Jobs Costs Accumulated Unbilled	\$171,001
1860.1145	Environmental Remediation	\$28,870,723
1860.1170	State Sales – Uncollectible Gas Accounts	\$308,339
1860.1183	Accumulated W/O Reimbursable	\$2,056,768
1860.1196	Market Incentive Program	\$135,202
1860.1197	Mains & Service	\$0

## Philadelphia Gas Works' Base Rate Filing

1860.1200	Long Term Portion Deferred Operating Expenses	\$176,720
1860.1202	PUC Management Audit	\$0
1860.1133	I & D Reserve – Workers’ Compensation	\$1,742,495
1860.1175	I & D Reserve – Suits & Claims	\$2,592,719
1860.1237	Accumulated fair value of hedging derivative	\$0
1860.1238	Deferred outflows – Pension	\$68,189,012
1860.1246	Deferred outflows – OPEB	\$62,576,284
1860.1176	Deferred Gas Under-recovery	\$6,279,742
1860.1229	PUC Rate Case	\$176,719
1860.xxxx	Miscellaneous accounts	\$0

### Account 1860.1100

Represents costs that PGW accumulates when working on a project (i.e. labor).

### Account 1860.1145

Represents the long term portion of environmental remediation costs projected to occur between September 1, 2022 and August 31, 2047.

### Account 1860.1170

Represents sales tax PGW paid to the state of Pennsylvania for customer’s accounts that were never collected.

### Account 1860.1183

Represents estimates for accrued reimbursements due PGW.

### Account 1860.1196

Represents promotional incentives paid to customers, which are expected to be returned to PGW in accordance with the terms and conditions of each individual contract.

### Account 1860.1197

Represents incentives that pay for customer’s mains and services to customers which are expected to be remitted to PGW in accordance with the terms and conditions of each individual contract.

### Account 1860.1200

Represents the long-term portion of amortized costs associated with rate case filings and mandated management audits.

### Account 1860.1202

Represents the unamortized portion of expenses associated with the last PUC Management Audit which is being amortized over a seven-year period.

## Philadelphia Gas Works' Base Rate Filing

### Account 1860.1133

Represents the reserve money that is set aside to be paid out for workers' compensation claims.

### Account 1860.1175

Represents the reserve money that is set aside to pay out the claims for suits and damages.

### Account 1860.1237

Represents the value hedge investment position taken to protect a company specific asset.

### Account 1860.1238

Represents part of the pension expense not recognized in the financial statements as expense in the year in which it took place.

### Account 1860.1246

Represents expense not recognized in the financial statements as expense in the year in which it took place.

### Account 1860.1176

Represents income from gas customers not recognized in the financial statements as income in the year in which it took place.

### Account 1860.1229

Represents expense associate with PUC rate case not recognized in the financial statements as expense in the year in which it took place.

- 8.b. There will be no significant changes to the accounts in the near future.
- 8.c. Amortization is currently being charged to the aforementioned operating accounts.
- 8.d. Yearly amortization method:
- Temporary Facilities – Not Applicable
  - Miscellaneous Deferred Debits – Please see description of accounts above.
  - Research and Development – Not Applicable
  - Property Losses – Not Applicable
  - Any other deferred accounts that effect operating results – Please see description of accounts above.



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.

**RESPONSE:**

PGW has no associated companies.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.10. Provide details of other deferred credits as to their origin and disposition policy (e.g.—amortization).

**RESPONSE:**

Please see attached.

Philadelphia Gas Works' Base Rate Filing

III.A.10

ACCOUNT 253

OTHER DEFERRED CREDITS AS OF AUGUST 31

FERC	Sub-Account	Description	2022	2021
2530	1145	<b>Environmental Clean-Up</b>	\$ 26,547,895	\$ 27,225,697
2531	1145	Deferred environmental remediation.	2,009,095	968,095
2531	4305	<b>Appliance Parts &amp; Labor Plans</b>	864,548	920,064
		Payments received from customers which will be amortized over the life of the Plan.		
2530	2108	<b>Unidentified Customer Payments</b>	207,900	743,971
		Payments received from customers that are in the process of being researched to be properly applied to the correct customers' accounts.		
2530	2109	<b>Meter Test Deposits</b>	7,457	6,436
		Customer deposits on meters that are being tested.		
2530	1239	<b>Net Pension Liability</b>	261,081,676	138,216,198
		Present value of projected benefit payments to be provided through the pension plan for current		
2530	1237	<b>Interest Rate Swap</b>	6,043,866	19,058,335
		Swap associated with variable rate bonds (8th Series Bonds)		
2530	1238	<b>Deferred Inflows - Pension</b>	5,936,968	94,513,502
		Pension expense or income not recognized on the Income Statement.		
2530	1176	<b>Deferred Inflows - OPEB</b>	102,607,989	102,884,985
		Other post-employment benefit expense or income not recognized on the Income Statement.		
2530	1176	<b>Deferred - GCR</b>	(6)	25,828,780
		Gas cost over-recovery.		
2530	0000	<b>Miscellaneous</b>	6,326,616	7,501,672
		Natural gas deferred refunds.		
		<b>Total</b>	<b>\$ 411,634,003</b>	<b>\$ 417,867,734</b>

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.11. Supply basis for Injury and Damages reserve and amortization thereof.

**RESPONSE:**

The accumulated provision for injuries and damages as of August 31, 2024 is as follows:

ACCOUNT 228.2	\$3,104,844
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ACCOUNT 228201 RESERVE FOR SUITS AND CLAIMS	\$982,103
------------------------------------------------	-----------

This amount represents the reserve for third party injuries and damages. The reserve is evaluated on a semi-annual basis and includes specifically identified accruals for known, probable future expenses, as determined by Risk Management.

ACCOUNT 228202 RESERVE FOR WORKERS COMPENSATION	\$2,122,741
-------------------------------------------------	-------------

This amount represents the reserve for workers' compensation injuries and damages. The reserve is evaluated on a semi-annual basis and includes not only specifically identified accruals for known, probable future expenses, but also expenses which were incurred but not reported for both the current and prior periods

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.12. Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on balance sheet.

**RESPONSE:**

ACCOUNT 242 Accrued Wages as of August 31	<u>FY 2022</u>	<u>FY 2021</u>
Compensated Absences	\$4,509,000	\$5,058,000
This amount represents unused employee vacation time earned during the period		
Workers Compensation	1,742,495	2,719,210
This amount represents the estimated current liability for Worker's Compensation applicable to on-duty employee accidents		
Payment to the City	3,000,000	3,000,000
This amount represents the current liability for the City payment		

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.13. Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.

**RESPONSE:**

**Philadelphia Gas Works**  
**Unappropriated Retained Earnings**  
(Dollars in Thousands)

	<b>Fiscal Years ended August 31,</b>			
	<u>Actual 2021</u>	<u>Actual 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
Balance, Beginning of Year	295,646	450,054	624,040	716,170
Balance, Transferred from Income	<u>154,408</u>	<u>173,986</u>	<u>92,130</u>	<u>147,295</u>
Balance, End of Year	<u><u>450,054</u></u>	<u><u>624,040</u></u>	<u><u>716,170</u></u>	<u><u>863,465</u></u>
	<b>Calendar Years ended December 31,</b>			
	Actual 2019	Actual 2020	Actual 2021	
Balance, Beginning of Year	137,343	243,424	330,573	
Balance, Transferred from Income	106,081	87,149	155,816	
Balance, End of Year	<u>243,424</u>	<u>330,573</u>	<u>486,389</u>	

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.14. Provide schedules and data in support of the following working capital items:

III.A.14.a. Prepayments - List and identify all items

III.A.14.b. Federal Excise Tax accrued or prepaid

III.A.14.c. Federal Income Tax accrued or prepaid

III.A.14.d. Pa. State Income Tax accrued or prepaid

III.A.14.e. Pa. Gross Receipts Tax accrued or prepaid

III.A.14.f. Pa. Capital Stock Tax accrued or prepaid

III.A.14.g. Pa. Public Utility Realty Tax accrued or prepaid

III.A.14.h. State sales tax accrued or prepaid

III.A.14.i. Payroll taxes accrued or prepaid

III.A.14.j. Any adjustment related to the above items for ratemaking purposes.

**RESPONSE:**

14.a. See the response to III.A.6. for the list of prepayments.

14.b. - g.: Not applicable

14.h. There is \$158,000 in pre-paid state sales tax in the FY 2024 Budget.

14.i. None

14.j. Not applicable

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.15. Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.

III.A.15.a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.

III.A.15.b. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed (exclude telephone).

**RESPONSE**

Not applicable.



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.16. Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.

**RESPONSE:**

Not applicable.

### III. BALANCE SHEET AND OPERATING STATEMENT

III.A.17. Prepare a Statement of Income for the various time frames of the rate proceeding including:

- Col. 1—Book recorded statement for the test year.
- 2—Adjustments to book record to annualize and normalize under present rates.
- 3—Income statement under present rates after adjustment in Col. 2
- 4—Adjustment to Col. 3 for revenue increase requested.
- 5—Income statement under requested rates.

III.A.17.a. Expenses may be summarized by the following expense classifications for purposes of this statement:

- Operating Expenses (by category)
  - Depreciation
  - Amortization
  - Taxes, Other than Income Taxes
  - Total Operating Expense

- Operating Income Before Taxes
  - Federal Taxes
  - State Taxes
  - Deferred Federal
  - Deferred State
  - Income Tax Credits
  - Other Credits
  - Other Credits and Charges, etc.
  - Total Income Taxes

Net Utility Operating Income

- Other Income & Deductions
  - Other Income
    - Detailed listing of Other Income used in Tax Calculation
  - Other Income Deduction
    - Detailed Listing
  - Taxes Applicable to Other Income and Deductions
    - Listing
  - Income Before Interest Charges

**III. BALANCE SHEET AND OPERATING STATEMENT**

Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues

Total Interest

Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

**RESPONSE:**

Please see attached schedule.

**PHILADELPHIA GAS WORKS**  
**STATEMENT OF PROJECTED INCOME AT PRESENT AND PROPOSED RATES**  
**TWELVE MONTHS ENDING AUGUST 31, 2024**

	(1) Annualized Twelve Months Ended August 31, 2024	(2) Adjustments Under Annualized Rates	(3) Annualized Twelve Months Ended August 31, 2024	(4) Adjustments Under Proposed Rates	(5) Adjusted Twelve Months Ended August 31, 2024
<u>Operating Revenues</u>					
Gas Service Revenues	724,828,000	-	724,828,000	\$82,399,000	\$807,227,000
Transportation Revenues	75,685,000	-	75,685,000	-	75,685,000
Other Operating Revenue	31,857,000	-	31,857,000	1,320,000	33,177,000
Total Operating Revenue	832,370,000	-	832,370,000	83,719,000	916,089,000
<u>Operating &amp; Maintenance Expenses</u>					
Natural Gas Costs	323,533,000	-	323,533,000	-	323,533,000
Other Expenses	326,773,000	-	326,773,000	-	326,773,000
Depreciation	72,141,000	-	72,141,000	-	72,141,000
Total Operating & Maintenance Expenses	722,447,000	-	722,447,000	-	722,447,000
<u>Revenue From Non-Operating Operations</u>					
Interest Gain / (Loss) and Other Income	7,211,000	-	7,211,000	-	7,211,000
Federal Grant Revenue (PHMSA)	10,752,000	-	10,752,000	-	10,752,000
<u>Interest Expense</u>					
Long Term Debt	62,738,000	-	62,738,000	-	62,738,000
Other Interest Expense	(1,776,000)	-	(1,776,000)	-	(1,776,000)
AFUDC	-	-	-	-	-
Loss From Extinguishment of Debt	3,348,000	-	3,348,000	-	3,348,000
Total Interest Expense	64,310,000	-	64,310,000	-	64,310,000
Net Earnings	\$63,576,000	\$0	\$63,576,000	\$83,719,000	\$147,295,000

### III. BALANCE SHEET AND OPERATING STATEMENT

III.A.18. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

#### **RESPONSE:**

Please see attached for comparative statements of the Philadelphia Gas Works for Fiscal Year ended August 31, 2023 and 2024

Account 480.0 – Residential Sales (46,851,000)

The 7.5% decrease in residential sales is primarily related to a \$1.54 decrease in the GCR factor used to create the estimates for residential sales in FY2023 and FY2024, respectively. Sales volume remain relatively (approximately 32.5 Bcf) unchanged from the prior year.

Account 481.0 – Commercial Sales & Industrial Sales (13,285,000)

The 9.8% decrease in Commercial & Industrial Sales is primarily related to a decrease in the GCR factor used to create the estimates for commercial & industrial revenues. Sales volume remains relatively (approximately 7.7 Bcf) unchanged from the prior year.

Account 495.0 – Other Gas Revenues \$7,864,000

The increase in Other Gas Revenues is due to the estimated reversal in FY 2024 of an under-recovery from FY 2023. This reversal amounts to \$8.96 million which is offset by a \$1.096 million expected under-recovery at the end of FY 2023.

Account 8040-8130 – Other Gas Supply Expenses (\$35,715,000)

The decrease in Other Gas Supply expenses is related to the expected decrease in natural gas prices in FY2024 as compared to FY2023. Gas utilization is relatively constant at approximately 45.0 Bcf.

Account 8400-8439 – Other Gas Storage Expenses (\$5,311,275)

The Decrease in Other gas storage expenses is primarily associated with lower expected LNG vaporization in FY 2024 as compared to FY 2023.

Philadelphia Gas Works' Base Rate Filing

**III. BALANCE SHEET AND OPERATING STATEMENT**

Account 9200-9310 – Administrative & General \$8,191,000

The increase in Administrative & General expenses is primarily due to a projected increase in the cost of Risk Management (Insurance and reserves for claims), Safety and Business continuity and Customer programs.

Account 4270.0 – Interest on Long Term Debt \$12,103,000

The increase in interest expense is a result of an estimated \$348.0 million bond sale planned for early FY 2024 and normal amortization of pre-existing debt.

Account 4210 – Non-Operating Revenue \$10,752,000

PGW has applied for a PHMSA grant to replace distribution infrastructure. Grant revenues are expected to begin in FY2024.

# Philadelphia Gas Works' Base Rate Filing

Exh.A - III.A.18

**PHILADELPHIA GAS WORKS  
COMPARATIVE OPERATING STATEMENTS  
TWELVE MONTHS ENDED AUGUST 31, 2023 & 2024**

	PERIOD		Increase/ Decrease
	FY 2023	FY 2024	
<b>OPERATING REVENUES</b>			
<b>SALES OF GAS</b>			
4800 Residential Sales	626,005,000	579,154,000	(46,851,000)
4810 Commercial Sales & Industrial Sales	135,953,000	122,668,000	(13,285,000)
4820 Public Authority Sales	26,718,000	24,080,000	(2,638,000)
4830 Sales for Resale	24,000	21,000	(3,000)
4893 Gas Transportation Service Sales	76,183,000	75,686,000	(497,000)
4950 Other Gas Revenues	(8,960,000)	(1,096,000)	7,864,000
Total Gas Revenues	855,923,000	800,513,000	(55,410,000)
<b>OTHER OPERATING REVENUE</b>			
4870 Forfeited Discounts	13,848,000	12,867,000	(981,000)
4880 Misc. Service Revenue	17,824,000	18,990,000	1,166,000
Total Other Operating Revenues	31,672,000	31,857,000	185,000
TOTAL OPERATING REVENUE	887,595,000	832,370,000	(55,225,000)
<b>OPERATING &amp; MAINTENANCE EXPENSES</b>			
7000-7100 STEAM PRODUCTION	1,203,000	998,000	(205,000)
7120-7170 MANUFACTURED GAS PRODUCTION	872,000	842,000	(30,000)
7340-7420 GAS RAW MATERIAL	2,251,000	2,186,000	(65,000)
8040-8130 OTHER GAS SUPPLY EXPENSES	362,421,000	326,705,000	(35,716,000)
8400-8439 OTHER STORAGE EXPENSES	19,368,000	14,057,000	(5,311,000)
8500-8700 TRANSMISSION EXPENSES OPERATION SUPERVISION & ENGINEERING	4,673,000	4,029,000	(644,000)
8701-8930 DISTRIBUTION EXPENSES	98,939,000	96,841,000	(2,098,000)
9010-9080 CUSTOMER ACCOUNTS EXPENSES	51,220,000	47,506,000	(3,714,000)
9200-9310 ADMINISTRATIVE & GENERAL	109,684,000	117,875,000	8,191,000
TOTAL OPERATING EXPENSES	650,631,000	611,039,000	(39,592,000)
<b>OTHER EXPENSES</b>			
4030 DEPRECIATION EXPENSE	74,226,000	72,141,000	(2,085,000)
4081 TAXES OTHER THAN INCOME TAXES, UTILITY OPERATING INCOME	9,747,000	10,434,000	687,000
TOTAL DEPRECIATION & TAXES	83,973,000	82,575,000	(1,398,000)
<b>OTHER INCOME</b>			
4150 REVENUES FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	-	-
4170 NON UTILITY REVENUE	396,000	396,000	-
4171 EXPENSE NON-UTILITY OPERATIONS	-	-	-
4180 NON OPERATING RENTAL INCOME	-	-	-
4190 INTEREST & DIVIDEND INCOME	5,505,000	6,569,000	1,064,000
4210 MISC. NON-OPERATING INCOME	246,000	246,000	-
4263 PENALTIES	-	-	-
TOTAL OTHER INCOME	6,147,000	7,211,000	1,064,000
<b>INTEREST EXPENSES</b>			
4270 INTEREST ON LONG TERM DEBT (DR)	50,635,000	62,738,000	12,103,000
4280 AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	64,000	61,000	(3,000)
4281 AMORTIZATION OF LOSS ON REACQUIRED DEBT	3,615,000	3,348,000	(267,000)
4290 AMORTIZATION OF PREMIUM ON DEBT	(6,394,000)	(5,874,000)	520,000
4310 OTHER INTERST EXPENSE	1,088,000	4,037,000	2,949,000
4320 ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION (CR)	-	-	-
TOTAL INTEREST EXPENSES	49,008,000	64,310,000	15,302,000
<b>NON -OPERATING REVENUE</b>			
4210 PHMSA Grant	-	10,752,000	10,752,000
NET INCOME	110,130,000	92,409,000	(30,601,000)

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.19. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

**RESPONSE:**

Not applicable.



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.20. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

**RESPONSE:**

Base Rate Case Expenses

Legal Counsel Costs	\$ 400,000
Communications	150,000
Rate Case Consultant	<u>850,000</u>
Total	\$1,400,000

The aforementioned projected base rate costs are expected to be incurred by PGW in FY 2023 as a result of the upcoming rate case proceeding. These costs are anticipated to be amortized over a five-year period or approximately \$280,000 annually in FY 2023, FY 2024, FY 2025, FY 2026, and FY 2027.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:

III.A.21.a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.

III.A.21.b. Date, percentage increase, and annual amount of each general payroll increase during the test year.

III.A.21.c. Dates and annual amounts of merit increases or management salary adjustments.

III.A.21.d. Total annual payroll increases in the test year.

III.A.21.e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).

III.A.21.f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.

III.A.21.g. Support the annualized pension cost figures.

III.A.21.g (i) State whether these figures include any unfunded pension costs. Explain.

III.A.21.g(ii) Provide latest actuarial study used for determining pension accrual rates.

III.A.21.h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

**RESPONSE:**

**III.A.21.a. Payroll expense by categories of operating expenses for the twelve months ended August 31, 2024.**

	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
Steam Production	\$445,837	\$175,299	\$621,136
Manufactured Gas Production	1,297,367	537,239	1,836,946
Other Gas Supply	1,684,946	0	1,684,946
Other Storage	3,383,925	3,805,098	7,189,023
Transmission	2,402,756	0	2,402,756
Distribution	34,020,029	22,259,650	56,279,679
Customer Accounts	21,709,348	0	21,709,348
Customer Service	4,144,675	0	4,144,675
Administrative & General	25,656,641	0	25,656,651
	\$94,745,518	\$26,777,286	\$121,522,804

Philadelphia Gas Works' Base Rate Filing

Total Labor Charged to Stores Expense	\$4,106,000	\$0	\$4,106,000
Total Labor Charged to Clearing Expense	\$10,974,000	0	\$10,974,000
	<u>\$15,080,000</u>	<u>\$0</u>	<u>\$15,080,000</u>
 Total Labor Charged	 <u>\$109,112,630</u>	 <u>\$27,088,483</u>	 <u>\$136,914,001</u>

Neither the Uniform System of Accounts nor Company records distinguish between regular and overtime labor charged to functional accounts.

**21b. Date, percentage increase, and annual amount of each general payroll increase during the test year (twelve months ended August 31, 2024).**

	<u>Date</u> <u>Effective</u>	<u>Percent</u> <u>Increase</u>	<u>Estimated</u> <u>FY 2024</u> <u>Impact</u>
Bargaining Group Local 686, Utility Workers' Union of America	May 15, 2024	3.50%	\$2,723,972

**21c Dates and annual amounts of merit increases or management salary adjustments.**

	<u>Date</u> <u>Effective</u>	<u>Percent</u> <u>Increase</u>	<u>Estimated</u> <u>Annual</u> <u>Amount</u>
Supervisory/Management	January 1, 2024	4.75%	\$2,555,807

**21d. Total annual payroll increases in the test year.**

Bargaining Group Local 686, Utility Workers' Union of America	<u>Estimated</u> <u>Annual Amount</u>
	\$2,723,972
Supervisory/Management	\$2,555,807

**21e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).**

Total Labor charged to Operating and Maintenance Expenses

Per Twelve Months Ended August 31, 2023	\$31,634,223
Salary/Wage Adjustments	<u>5,279,778</u>
Normalized August 31, 2024	<u><u>\$136,914,001</u></u>

**21f. Detail list of employee benefits and costs thereof for union and non-union personnel.**

Twelve Months ending August 31, 2024:

Hospitalization Insurance - Active Employees	27,715,000
401 + 457(K) Plan	2,202,000
Dental Plan - Active Employees	558,000
Legal Services	339,000
Tuition Reimbursement	330,000
OPEB	(10,095,000)
Pension	<u>44,759,000</u>
Total Benefits	<u><u>\$85,998,000</u></u>

**21g. Support the annualized pension cost figures.**

**(i) State whether these figures included any unfunded pension costs.**

**Explain**

The figures in the attached actuarial study include unfunded pensions costs.

**(ii) Provide latest actuarial study used for determining pension accrual rates.**

Aon's actuarial report for the plan year ending June 30, 2022 is attached.

**21h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.**

No deferred income or consultant fees to corporate officers or employees are being claimed in this rate proceeding.



# Philadelphia Gas Works Pension Plan

Actuarial Valuation Report for the Plan Year Ending  
June 30, 2022—Accounting under GASB 67/68

## Introduction

This report documents the results of the actuarial valuation for the plan year ending June 30, 2022 for the fiscal year ending August 31, 2022 of the Philadelphia Gas Works Pension Plan. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of June 30, 2022. The information provided in this report is intended strictly for documenting information relating to company and plan disclosure and reporting requirements.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Philadelphia Gas Works' auditors. Additional disclosures may be required under GASB 67.

A valuation model was used to develop the liabilities for the July 1, 2022 valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the Philadelphia Gas Works Pension Plan.

The undersigned relied on experts at PFM Asset Management LLC for the development of the capital market assumptions and the model underlying the expected rate of return.

The valuation model outputs various cost scenarios. The "1% increase" and "1% decrease" interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

The valuation model was used to project certain financial results for the funded status projections. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC and selected, reviewed, and evaluated by experts within Aon as appropriate for use for developing liabilities for the funded status projections.

## Philadelphia Gas Works' Base Rate Filing

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. However, an assessment and disclosure of risks pertaining to the funding valuation as required by the actuarial standards of practice is being provided in a separate report.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for Philadelphia Gas Works and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by Philadelphia Gas Works as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Philadelphia Gas Works selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

## Philadelphia Gas Works' Base Rate Filing

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to Philadelphia Gas Works has any material direct or indirect financial interest in Philadelphia Gas Works. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for Philadelphia Gas Works.



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September 26, 2022



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## A. Comparative Summary of Principal Valuation Results

	Actuarial Valuation for Plan Year Beginning		<b><i>Percent Change</i></b>
	<b><i><u>July 1, 2021</u></i></b>	<b><i><u>July 1, 2022</u></i></b>	
1. <b><u>Participant Data</u></b>			
Active Participants	1,116	1,062	(4.8) %
Retired Participants	2,195	2,215	0.9 %
Vested Terminated Participants	<u>309</u>	<u>312</u>	1.0 %
Total	3,620	3,589	(0.9) %
Total Payroll	97,959,399	97,434,997	(0.5) %
Average Pay	87,777	91,747	4.5 %
Active Employee Average Age	44.38	44.08	(0.7) %
Active Employee Average Past Service	14.63	14.08	(3.8) %

## A. Comparative Summary of Principal Valuation Results (cont.)

	Actuarial Valuation for Plan Year Ending		<b><u>Percent Change</u></b>
	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2023</u></b>	
<b>1. <u>Contribution Range</u></b>			
Normal Cost ( <i>Exhibit D</i> )	\$ 7,891,812	\$ 7,732,051	(2.0) %
<u>Indicated Midyear</u>			
20 Year Contribution ( <i>Exhibit E</i> )	\$ 26,151,127	\$ 26,084,108	(0.3) %
30 Year Contribution ( <i>Exhibit E</i> )	\$ 24,792,716	\$ 24,976,347	0.7 %
Directed Contribution <sup>1</sup>	\$ 30,000,000	\$ 30,000,000	0.0 %
<u>Contribution as a Percentage of Compensation</u>			
20 Year Contribution	26.70%	26.77%	0.3 %
30 Year Contribution	25.31%	25.63%	1.3 %
Directed Contribution	30.62%	30.79%	0.6 %

The Normal Cost above represents the cost of benefits being earned by additional years of service with PGW net of employee contributions. This figure has decreased since the previous year primarily due to demographic changes.

The contribution levels are the sum of the Normal Cost and a level percent amortization of the unfunded actuarial liability. The contribution amounts decreased on a dollar basis over the prior period (20-year basis) for several reasons:

- a) The contribution was expected to be \$23.0 million based on the prior year projection of the funding policy with a \$30 million contribution for the 2021 plan year. This projected contribution was lower than the plan year ending June 30, 2022 indicated contributions primarily due to investment gains due to be smoothed into the actuarial value of assets for funding purposes.
- b) Investment returns and smoothed value of assets: The investment return for the period ending June 30, 2022 was approximately -\$81.0 million. Based on the 7.00% assumption in place on July 1, 2021, a return of \$46.0 million was expected over this period. The plan recognizes a smoothed value of assets which reduces the impact of the asset returns. The impact of asset performance not meeting expectations and the impact of asset smoothing led to an increase in the annual contribution of \$2.3 million (2.4% of pay).
- c) Demographic changes: The accrued actuarial liability as of July 1, 2022 was approximately \$9.7 million higher than expected based on the prior year valuation. This increased the annual contribution by \$0.7 million (0.7% of pay).
- d) Mortality assumption change: The accrued actuarial liability as of July 1, 2022 was approximately \$1.5 million higher than expected due to the mortality projection scale update. This increased the annual contribution by \$0.1 million (0.1% of pay).

<sup>1</sup> The City of Philadelphia Director of Finance directed a contribution of \$30,000,000 for plan years ending June 30, 2022 and June 30, 2023.

## A. Comparative Summary of Principal Valuation Results (cont.)

	Actuarial Valuation for Plan Year Beginning		<b>Percent Change</b>
	<b><u>July 1, 2021</u></b>	<b><u>July 1, 2022</u></b>	
1. <b><u>Assets</u></b>			
Market Asset Value ( <i>Exhibit C</i> )	\$ 673,541,940	\$ 565,748,328	(16.0) %

Plan assets are invested in a mix of stocks and bonds held by the Sinking Fund Commission. We understand the long-term asset allocation strategy to be an equity allocation of 60%, a fixed income allocation of 32.5% and an alternatives allocation of 7.5% of the portfolio. The total fund asset return was -12.77% for the plan year ending June 30, 2022 as provided by PFM in the monthly performance review for the period ended June 30, 2022. This represented an underperformance of plan investments versus the actuarial assumption of 7.00% for the period, but not necessarily an underperformance versus independent investment benchmarks. Review of performance against those benchmarks is outside the scope of this report.

## B. Discussion

Since the last actuarial valuation performed as of July 1, 2021, the demographics of the plan participants have changed as follows:

- The number of plan participants decreased 0.9%
- The total number of actives in the plan decreased 4.8%
- Total payroll decreased 0.5%
- Average pay increased 4.5%
- Average age of active plan participants increased 0.7%

For purposes of projections included in this report, PGW is assumed to contribute based on the plan's funding policy of the greater of a 20-year open amortization period and a 30-year closed amortization period of the unfunded liability. These schedules were included in the range of potential contribution levels and both are expected to gradually improve the funded status of the plan.

## C. Financial Summary<sup>1</sup>

<b><u>Assets as of July 1, 2021</u></b>		\$ 673,541,940
<b><u>Receipts</u></b>		
Employer Contribution	30,042,930	
Employee Contribution	1,853,932	
Investment Return*	(80,988,374)	
Total Receipts		\$ (49,091,512)
<b><u>Disbursements</u></b>		
Refund of Contributions	0	
Benefit Payments	58,502,195	
Administrative Expenses	199,905	
Total Disbursements		\$ 58,702,100
<b><u>Assets as of July 1, 2022</u></b>		\$ 565,748,328

### **Asset Information as of July 1, 2022**

<b><u>Asset Allocations</u></b>	<b><u>Current Allocation</u></b>	<b><u>Target Allocation</u></b>
Domestic Equity	67.4%	60.0%
Total Fixed Income	27.1%	32.5%
	0.0%	7.5%
Other	5.5%	0.0%
<b><u>Annual Rate of Return</u></b>	<b><u>Market Value</u></b>	<b><u>Assumed Rate</u></b>
Rate <sup>2</sup>	-12.77%	7.00%

*\*Net of any additional fund expenses not included in Administrative Expenses under Disbursements*

<sup>1</sup> Asset information as reported by the City of Philadelphia.

<sup>2</sup> The total fund asset return of -12.77% for the plan year ending June 30, 2022 as provided by PFM in the monthly performance review for the period ended June 30, 2022.

## D. Plan Reporting – Unfunded Liability and Normal Cost

The following table illustrates the assets and liabilities as of the end of the Plan Year used for the development of the plan reporting information under GASB 67

	<b>June 30, 2021</b>	<b>June 30, 2022</b>
1. Fair Market Value of Plan Assets	\$ 673,541,940	\$ 565,748,328
2. Accrued Liability		
a) Active	\$ 219,671,629	\$ 208,964,296
b) Inactive (not in pay status)	\$ 14,590,171	\$ 14,460,751
c) Inactive (in pay status)	<u>\$ 577,496,338</u>	<u>\$ 603,404,957</u>
d) Total	\$ 811,758,138	\$ 826,830,004
3. Unfunded Liability	\$ 138,216,198	\$ 261,081,676
4. Assets as a percent of liability	82.97%	68.42%

*Valuation Date:* Actuarial liabilities and assets are calculated as of the Plan Year end date.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.00% for June 30, 2021 and 7.00% for June 30, 2022. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from PGW will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## E. GASB 67 and 68 Reports

## GASB 68 Reporting – Expense

The following table illustrates the development of the plan expense under GASB 68

	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
1. Service Cost	\$ 7,178,347	\$ 7,151,437
2. Interest Cost		
a) Total Pension Liability at Beginning of Measurement Period	\$780,791,948	\$ 811,758,138
b) Normal Cost at Beginning of Measurement Period	\$ 7,178,347	\$ 7,151,437
c) Actual Benefit Payments	\$ (56,646,522)	\$ (58,502,195)
d) Discount Rate	7.30%	7.00%
e) Interest Cost	<u>\$ 55,454,233</u>	<u>\$ 55,276,093</u>
3. Expected Investment Return		
a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$543,230,351	\$ 673,541,940
b) Actual Contributions-Employer	\$ 29,727,784	\$ 30,042,930
c) Actual Contributions-Employee	\$ 1,607,217	\$ 1,853,932
d) Actual Benefit Payments	\$ (56,646,522)	\$ (58,502,195)
e) Administrative Expenses	\$ (217,352)	\$ (199,905)
f) Discount Rate	7.30%	7.00%
g) Expected Return	<u>\$ 38,724,012</u>	<u>\$ 46,209,752</u>
4. Pension Expense under GASB 68		
a) Service Cost	\$ 7,178,347	\$ 7,151,437
b) Interest Cost	\$ 55,454,233	\$ 55,276,093
c) Expected Investment Return	\$ (38,724,012)	\$ (46,209,752)
d) Employee Contributions	\$ (1,607,217)	\$ (1,853,932)
e) Administrative Expenses	\$ 217,352	\$ 199,905
f) Plan Changes	\$ -	\$ -
g) Amortization of:		
i) Liability (Gain)/Loss	\$ 126,229	\$ (194,710)
ii) Asset (Gain)/Loss	\$ (24,201,667)	\$ 6,548,751
iii) Assumption Changes	<u>\$ (1,589,844)</u>	<u>\$ (242,666)</u>
h) Total Expense/(Income)	<u>\$ (3,146,579)</u>	<u>\$ 20,675,126</u>



## E. GASB 67 and 68 Reports (cont.)

## GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2021 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date, June 30, 2021

Date Established	Type of Base	Period		Balance		Annual Payment for Fiscal Year
		Original	Remaining After Fiscal Year Amortization	Original	Remaining After Fiscal Year Amortization	
7/1/2017	Asset (Gain)/Loss	5.00	0.00	\$ (26,553,956)	\$ 0	\$ (5,310,792)
7/1/2018	Liability (Gain)/Loss	3.86	0.00	15,706,057	0	3,499,276
7/1/2018	Asset (Gain)/Loss	5.00	1.00	(7,063,075)	(1,412,615)	(1,412,615)
7/1/2018	Assumption Changes	3.86	0.00	(3,863,511)	0	(860,781)
7/1/2019	Liability (Gain)/Loss	3.85	0.85	(12,089,275)	(2,669,062)	(3,140,071)
7/1/2019	Asset (Gain)/Loss	5.00	2.00	4,511,621	1,804,649	902,324
7/1/2019	Assumption Changes	3.85	0.85	(1,833,841)	(404,875)	(476,322)
7/1/2020	Liability (Gain)/Loss	3.81	1.81	(3,034,342)	(1,441,512)	(796,415)
7/1/2020	Asset (Gain)/Loss	5.00	3.00	25,213,529	15,128,117	5,042,706
7/1/2020	Assumption Changes	3.81	1.81	(24,891,392)	(11,825,044)	(6,533,174)
7/1/2021	Liability (Gain)/Loss	3.65	2.65	2,056,551	1,493,112	563,439
7/1/2021	Asset (Gain)/Loss	5.00	4.00	(117,116,450)	(93,693,160)	(23,423,290)
7/1/2021	Assumption Changes	3.65	2.65	22,923,581	16,643,148	6,280,433
	Total Charges			\$ (126,034,503)	\$ (76,377,242)	\$ (25,665,282)

**E. GASB 67 and 68 Reports (cont.)**  
**GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2021 Fiscal Year (cont.)**

**Deferred Inflows/Outflows**

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date June 30, 2019 – Experience	\$ 0	\$ (2,669,062)
b) Measurement Date June 30, 2019 – Assumption Changes	\$ 0	\$ (404,875)
c) Measurement Date June 30, 2020 – Experience	\$ 0	\$ (1,441,512)
d) Measurement Date June 30, 2020 – Assumption Changes	\$ 0	\$ (11,825,044)
e) Measurement Date June 30, 2021 – Experience	\$ 1,493,112	\$ 0
f) Measurement Date June 30, 2021 – Assumption Changes	\$ 16,643,148	\$ 0
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date June 30, 2018	\$ 0	\$ (1,412,615)
b) Measurement Date June 30, 2019	\$ 1,804,649	\$ 0
c) Measurement Date June 30, 2020	\$ 15,128,117	\$ 0
d) Measurement Date June 30, 2021	\$ 0	\$ (93,693,160)
3. Total, Before Contributions	\$ 35,069,026	\$(111,446,268)
4. Contributions made after the Measurement Date	\$ 6,438,935 <sup>1</sup>	\$ 0
5. Total, After Contributions	\$ 41,507,961	\$ (111,446,268)

<sup>1</sup> Contributions made for the plan year after the measurement date, determined by the prior year contributions made after the measurement date, plus the actuarial determined contributions for the year, minus the actual employer contribution during the fiscal year. Methodology provided by Philadelphia Gas Works.

E. GASB 67 and 68 Reports (cont.)  
 GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2022 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date, June 30, 2022

Date Established	Type of Base	Period		Balance		Annual Payment for Fiscal Year
		Original	Remaining After Fiscal Year Amortization	Original	Remaining After Fiscal Year Amortization	
7/1/2018	Asset (Gain)/Loss	5.00	0.00	\$ (7,063,075)	\$ 0	\$ (1,412,615)
7/1/2019	Liability (Gain)/Loss	3.85	0.00	(12,089,275)	0	(2,669,062)
7/1/2019	Asset (Gain)/Loss	5.00	1.00	4,511,621	902,325	902,325
7/1/2019	Assumption Changes	3.85	0.00	(1,833,841)	0	(404,875)
7/1/2020	Liability (Gain)/Loss	3.81	0.81	(3,034,342)	(645,097)	(796,415)
7/1/2020	Asset (Gain)/Loss	5.00	2.00	25,213,529	10,085,411	5,042,706
7/1/2020	Assumption Changes	3.81	0.81	(24,891,392)	(5,291,871)	(6,533,174)
7/1/2021	Liability (Gain)/Loss	3.65	1.65	2,056,551	929,674	563,439
7/1/2021	Asset (Gain)/Loss	5.00	3.00	(117,116,450)	(70,269,870)	(23,423,290)
7/1/2021	Assumption Changes	3.65	1.65	22,923,581	10,362,714	6,280,433
7/1/2022	Liability (Gain)/Loss	3.57	2.57	9,665,161	6,957,833	2,707,328
7/1/2022	Asset (Gain)/Loss	5.00	4.00	127,198,126	101,758,501	25,439,625
7/1/2022	Assumption Changes	3.57	2.57	1,481,370	1,066,420	414,950
	Total Charges			\$ 27,021,564	\$ 55,856,040	\$ 6,111,375

**E. GASB 67 and 68 Reports (cont.)**  
**GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2022 Fiscal Year (cont.)**

**Deferred Inflows/Outflows**

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date June 30, 2020-Experience	\$ -	\$ (645,097)
b) Measurement Date June 30, 2020-Assumption Changes	\$ -	\$ (5,291,871)
c) Measurement Date June 30, 2021-Experience	\$ 929,674	\$ -
d) Measurement Date June 30, 2021-Assumption Changes	\$ 10,362,714	\$ -
e) Measurement Date June 30, 2022-Experience	\$ 6,957,833	\$ -
f) Measurement Date June 30, 2022-Assumption Changes	\$ 1,066,420	\$ -
	<u>\$ 101,758,501</u>	<u>\$ -</u>
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date June 30, 2019	\$ 902,325	\$ -
b) Measurement Date June 30, 2020	\$ 10,085,411	\$ -
c) Measurement Date June 30, 2021	\$ -	\$ (70,269,871)
d) Measurement Date June 30, 2022	<u>\$ 101,758,501</u>	<u>\$ -</u>
3. Total, Before Contributions	\$ 132,062,878	\$ (76,206,838)
4. Contributions made after the Measurement Date	<u>\$ 6,396,005<sup>1</sup></u>	<u>\$ -</u>
5. Total, After Contributions	\$ 138,458,883	\$ (76,206,838)

<sup>1</sup> Contributions made for the plan year after the measurement date, determined by the prior year contributions made after the measurement date, plus the actuarial determined contributions for the year, minus the actual employer contribution during the fiscal year. Methodology provided by Philadelphia Gas Works.

## E. GASB 67 and 68 Reports (cont.)

## Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the Measurement Date June 30, 2022:

	<b>1% Decrease 6.00%</b>	<b>Current Rate 7.00%</b>	<b>1% Increase 8.00%</b>
1. Total Pension Liability	\$ 915,151,972	\$ 826,830,004	\$ 752,108,477
2. Plan Fiduciary Net Position	<u>\$ 565,748,328</u>	<u>\$ 565,748,328</u>	<u>\$ 565,748,328</u>
3. Net Pension Liability	\$ 349,403,644	\$ 261,081,676	\$ 186,360,149

*Valuation Date:* Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the Measurement Date June 30, 2021:

	<b>1% Decrease 6.00%</b>	<b>Current Rate 7.00%</b>	<b>1% Increase 8.00%</b>
1. Total Pension Liability	\$ 898,564,419	\$ 811,758,138	\$ 738,300,836
2. Plan Fiduciary Net Position	<u>\$ 673,541,940</u>	<u>\$ 673,541,940</u>	<u>\$ 673,541,940</u>
3. Net Pension Liability	\$ 225,022,479	\$ 138,216,198	\$ 64,758,896

*Valuation Date:* Actuarial liabilities and assets are calculated as of the Measurement Date.



## E. GASB 67 and 68 Reports (cont.)

### Schedule of Net Pension Liability

Figures shown in \$ unless otherwise stated

Fiscal Year Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability	677,401,117	750,588,077	779,351,169	783,470,882	804,507,184	800,485,487	780,791,948	811,758,138	826,830,004
Plan Fiduciary Net Position	513,144,714	510,719,047	483,258,662	521,525,584	543,245,785	553,239,562	543,230,351	673,541,940	565,748,328
Net Pension Liability (Ending)	164,256,403	239,869,030	296,092,507	261,945,298	261,261,399	247,245,925	237,561,597	138,216,198	261,081,676
Net Position as a % of Pension Liability	75.75%	68.04%	62.01%	66.57%	67.53%	69.11%	69.57%	82.97%	68.42%
Covered Employee Payroll	103,529,519	95,186,942	90,860,364	94,767,845	101,270,528	98,453,547	95,933,744	97,959,399	97,434,997
Net Pension Liability as a % of Payroll	158.66%	252.00%	325.88%	276.41%	257.98%	251.13%	247.63%	141.10%	267.95%

Valuation Date: Actuarial liabilities and assets are calculated as of the end of the indicated Fiscal Year Ending period.

## E. GASB 67 and 68 Reports (cont.)

### Actuarially Determined Contribution

Fiscal Year Ending	2014	2015	2016	2017	2018	2019	2020	2021 <sup>1</sup>	2022 <sup>1</sup>
Actuarially Determined Contribution	24,385,017	21,525,928	26,475,652	29,260,334	28,394,739	28,796,913	29,227,000	30,000,000	30,000,000
Contributions made	24,385,017	21,106,136	21,122,557	27,918,136	29,143,382	28,569,807	29,413,979	29,727,784	30,042,930
Contribution Deficiency/(Excess)	0	419,792	5,353,095	1,342,198	(748,643)	227,106	(186,979)	272,216	(42,930)
Covered Employee Payroll	103,529,519	95,186,942	90,860,364	94,767,845	101,270,528	98,453,547	95,933,744	97,959,399	97,434,997
Contributions as a percent of covered employee payroll	23.55%	22.61%	29.14%	30.88%	28.04%	29.25%	30.47%	30.62%	30.79%

Notes to schedule:

Methods and Assumptions used to determine contribution rates:

*Measurement Date:* July 1

*Actuarial Cost Method:* Projected Unit Credit

*Asset Valuation Method:* Assets smoothed over a 5 year period beginning in 2016. Valued using Market Value prior to 2016.

*Amortization Method:* Contributions based on greater of 20 year level dollar open amortization method and 30 year level dollar closed amortization method

*Salary Increases:* Varies by participant years of service. See the assumptions and methods section for more details.

*General Inflation:* 2.00%

*Investment Rate of Return:* 7.00% in 2021-2022, 7.30% in 2016-2020, 7.65% in 2015, 7.95% in 2014

*Cost of Living:* N/A

*Mortality Rates:* Pri-2012 mortality table projected generationally from the central year using Scale MP-2021.

<sup>1</sup> Note the Actuarial Determined Contribution for 2021 and 2022 was set by the City of Philadelphia Director of Finance's direction to contribution \$30,000,000 which exceeded the contribution determined by the plan's amortization method.



## F. Estimated 10-Year Benefit Pay-Out Projections

*Figures Shown in Thousands*

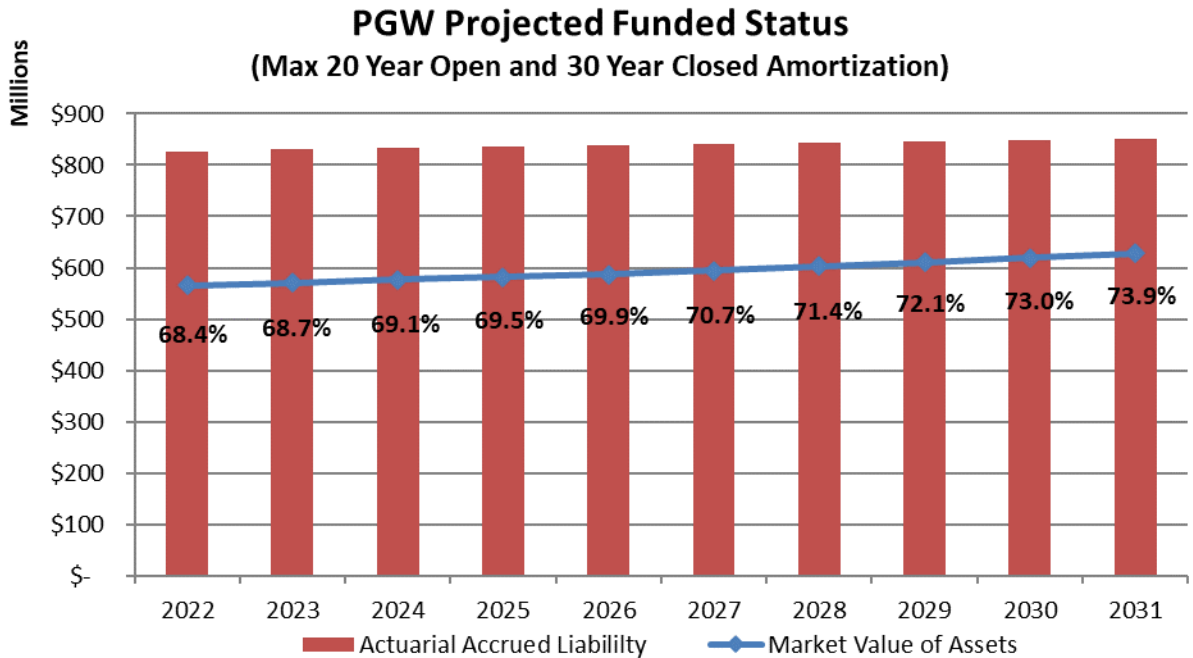
<b>Plan Year Beginning July 1</b>	<b>Expected Annual Benefit Pay-Out During Plan Year</b>	<b>Expected PGW Contributions During Plan Year</b>	<b>Expected Employee Contributions During Plan Year</b>	<b>Expected Benefits Paid from Plan Assets</b>
2022	\$61,163	\$26,084	\$1,910	\$33,169
2023	61,969	26,545	2,041	33,383
2024	62,642	26,843	2,193	33,606
2025	63,174	26,678	2,352	34,144
2026	63,615	28,660	2,512	32,443
2027	63,956	28,412	2,666	32,878
2028	64,218	28,427	2,810	32,981
2029	64,361	28,478	2,949	32,934
2030	64,396	28,549	3,090	32,757
2031	64,505	28,546	3,221	32,738

Note: The above projected pay-outs recognized expected mortality, termination, and incidence of disability and assume all benefits will commence at Assumed Retirement Date. No assumption has been made regarding possible retirements prior to Assumed Retirement Date. Investment returns assumed to be 7.00% per year. Covered payroll projected to increase based on valuation assumptions. Expected PGW contributions calculated assuming contributions made based on greater of 20 year open amortization policy and 30 year closed amortization policy. Expected employee contributions assume 50% of new employees select the PGW defined benefit pension plan and employee contribution rate remains 6% of pay.

## G. Schedule of Prospective Funded Status

### G. Schedule of Prospective Funded Status (Funding Policy - Max 20 Year Open and 30 Year Closed Amortization) (\$ thousands)

Actuarial Valuation Date	Market Value of Assets	Total Pension Liability	Net Pension Liability	Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2022	\$565,748	\$826,830	\$261,082	\$26,084	68.42%	\$97,435	26.77%	267.95%
7/1/2023	571,020	830,777	259,757	26,545	68.73%	97,153	27.32%	267.37%
7/1/2024	576,441	834,139	257,698	26,843	69.11%	97,294	27.59%	264.87%
7/1/2025	582,009	837,144	255,135	26,678	69.52%	97,511	27.36%	261.65%
7/1/2026	587,411	839,762	252,352	28,660	69.95%	97,900	29.27%	257.76%
7/1/2027	594,951	841,995	247,044	28,412	70.66%	98,275	28.91%	251.38%
7/1/2028	602,569	844,143	241,574	28,427	71.38%	98,525	28.85%	245.19%
7/1/2029	610,614	846,352	235,739	28,478	72.15%	98,912	28.79%	238.33%
7/1/2030	619,270	848,700	229,430	28,549	72.97%	99,414	28.72%	230.78%
7/1/2031	628,716	850,814	222,098	28,546	73.90%	99,856	28.59%	222.42%



Investment returns assumed to be 7.00% per year

Covered payroll projected to increase based on valuation assumptions

## H. Distribution of Inactive Participants by Age and Years of Retirement

### 1. Receiving Benefits

<b><u>Years Receiving Benefits as of July 1, 2022</u></b>									
<b><u>Age</u></b>	<b><u>0-4</u></b>	<b><u>5-9</u></b>	<b><u>10-14</u></b>	<b><u>15-19</u></b>	<b><u>20-24</u></b>	<b><u>25+</u></b>	<b><u>Total</u></b>	<b><u>Annual Benefits</u></b>	
								<b><u>Total</u></b>	<b><u>Average</u></b>
15-44	0	0	0	0	0	0	0	\$0	\$0
45-49	0	1	0	0	0	0	1	2,411	2,411
50-54	22	6	1	0	0	0	29	1,123,721	38,749
55-59	141	37	8	2	1	0	189	6,160,063	32,593
60-64	136	187	87	11	4	4	429	13,836,968	32,254
65-69	93	174	143	53	24	1	488	15,447,562	31,655
70-74	36	91	106	80	82	24	419	10,540,680	25,157
75-79	17	19	52	43	53	66	250	5,553,585	22,214
80-84	15	18	16	19	20	80	168	3,208,694	19,099
85-89	12	10	14	6	13	67	122	2,275,639	18,653
90+	6	8	10	16	8	72	120	1,585,121	13,209
<b>Total</b>	<b>478</b>	<b>551</b>	<b>437</b>	<b>230</b>	<b>205</b>	<b>314</b>	<b>2,215</b>	<b>59,734,445</b>	<b>26,968</b>
Average Age: 71.20					Average Retirement Years: 12.83				

### 2. Vested Terminated

<b><u>Age</u></b>	<b><u>Number</u></b>	<b><u>Annual Benefits</u></b>	
		<b><u>Total</u></b>	<b><u>Average</u></b>
15-44	115	\$982,011	\$8,539
45-49	39	336,343	8,624
50-54	54	700,671	12,975
55-59	66	689,674	10,450
60-64	31	370,701	11,958
65+	7	62,167	8,881
<b>Total</b>	<b>312</b>	<b>\$3,141,567</b>	<b>\$10,069</b>

Philadelphia Gas Works' Base Rate Filing

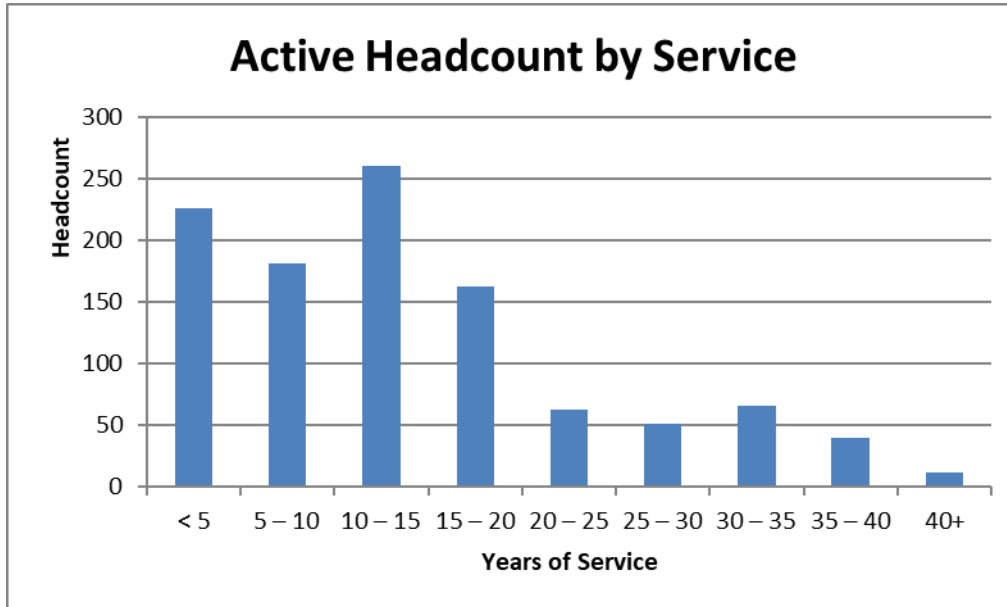
I. Distribution of Active Participants by Age and Service

(Showing Number of Employees and Average Earnings)<sup>1</sup>

<i>Completed Years of Service as of July 1, 2022</i>													
<i>Age</i>	<i>00-00</i>	<i>1-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35-39</i>	<i>40+</i>	<i>Total</i>	<i>Earnings</i>	
												<i>Total</i>	<i>Average</i>
15-19	1	-	-	-	-	-	-	-	-	-	1	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
20-24	13	24	-	-	-	-	-	-	-	-	37	1,963,950	53,080
	-	59,317	-	-	-	-	-	-	-	-	53,080	-	-
25-29	9	43	24	-	-	-	-	-	-	-	76	5,194,905	68,354
	-	64,853	81,264	-	-	-	-	-	-	-	68,354	-	-
30-34	8	42	50	53	3	-	-	-	-	-	156	12,392,090	79,436
	-	61,626	80,916	94,506	-	-	-	-	-	-	79,436	-	-
35-39	4	29	30	85	32	-	-	-	-	-	180	16,293,054	90,517
	-	66,423	86,845	97,766	100,498	-	-	-	-	-	90,517	-	-
40-44	3	15	20	37	45	10	-	-	-	-	130	12,383,381	95,257
	-	-	87,040	104,375	104,331	-	-	-	-	-	95,257	-	-
45-49	5	8	17	25	31	19	8	1	-	-	114	10,783,221	94,590
	-	-	-	100,615	97,104	-	-	-	-	-	94,590	-	-
50-54	2	11	17	22	23	12	20	23	1	-	131	13,566,611	103,562
	-	-	-	104,841	108,204	-	105,195	105,388	-	-	103,562	-	-
55-59	1	3	14	19	24	14	15	34	22	-	146	15,090,107	103,357
	-	-	-	-	107,832	-	-	113,944	108,022	-	103,357	-	-
60-64	-	4	8	14	3	6	5	7	16	7	70	7,496,733	107,096
	-	-	-	-	-	-	-	-	-	-	107,096	-	-
65-69	-	1	-	3	2	1	3	1	1	5	17	0	0
	-	-	-	-	-	-	-	-	-	-	-	-	-
70+	-	-	1	2	-	1	-	-	-	-	4	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>46</b>	<b>180</b>	<b>181</b>	<b>260</b>	<b>163</b>	<b>63</b>	<b>51</b>	<b>66</b>	<b>40</b>	<b>12</b>	<b>1,062</b>	<b>97,434,997</b>	<b>91,747</b>
	51,461	69,571	84,315	98,352	102,698	105,207	99,660	108,128	110,617	-	91,747	-	-
<b>Average Age: 44.08</b>					<b>Average Service: 14.08</b>								

<sup>1</sup> Average and total earnings are not shown for groups with fewer than 20 participants for confidentiality purposes. All earnings are included in calculations for totals and averages shown above as applicable.

I. Distribution of Active Participants by Service (cont.)



<b><u>Service</u></b>	<b><u>Active Headcount</u></b>
< 5	226
5 - 10	181
10 - 15	260
15 - 20	163
20 - 25	63
25 - 30	51
30 - 35	66
35 - 40	40
40+	12
<b>Total</b>	<b>1,062</b>

Philadelphia Gas Works' Base Rate Filing

J. Data Reconciliation

	<i>Actives</i>	<i>Term Vested</i>	<i>Retiree*</i>	<i>Total</i>
1. Participants as of 7/1/2021	<b>1,116</b>	<b>309</b>	<b>2,195</b>	<b>3,620</b>
a. New Participants	46	0	0	<b>46</b>
b. Return from Retirement	0	0	0	<b>0</b>
c. Retirements	(69)	(15)	84	<b>0</b>
d. Surviving Spouses	0	0	0	<b>0</b>
e. Rehires	0	0	0	<b>0</b>
f. Terminations	(18)	18	0	<b>0</b>
g. Nonvested Terminations	(19)	0	0	<b>(19)</b>
h. Deaths w/ Beneficiary	0	0	(17)	<b>(17)</b>
i. New Beneficiary	0	0	17	<b>17</b>
j. Deaths w/o Beneficiary	(1)	0	(68)	<b>(69)</b>
k. Data Corrections	7	0	0	<b>7</b>
l. New QDRO	<u>0</u>	<u>0</u>	<u>4</u>	<b><u>4</u></b>
m. Total Increase / (Decrease)	(54)	3	20	<b>(31)</b>
2. Actual Participants as of 6/30/2022	<b>1,062</b>	<b>312</b>	<b>2,215</b>	<b>3,589</b>

*\*Includes Surviving Spouses and Alternate Payees*

## K. Actuarial Methods and Assumptions

### 1. *Cost Methods*

The Cost Method is called the Entry Age Normal Cost Method. The Normal Cost is calculated for each participant as the contribution required, as a level percentage of compensation over the participant's entire period of credited service, to provide his or her projected pension benefits. This contribution is assumed to be payable over a period commencing on the date on which the participant first met the funding eligibility conditions and ending on the assumed retirement date. That percentage, applied to the current year compensation, yields the current year Normal Cost for that participant. The total Normal Cost is the aggregate of the individual Normal Costs. The Plan Sponsor's Normal Cost is the total Normal Cost less that part of the total participant contributions due to be made during the year which is expected to be available at assumed retirement date.

The Plan Sponsor's Accrued Actuarial Liability, as of any date, is determined as the excess of the total present value of benefits for both active and non-active lives, over the total present value of both future normal costs and future employee contributions. This is also equal to the accumulated total of past Normal Costs, assuming this cost method and these assumptions, for this group of participants.

Each year actuarial gains and losses occur since actuarial experience under the Plan will vary from the actuarial assumptions. All gains and losses will be determined each year and amortized from date of inception.

### 2. *Asset Valuation Technique*

The Actuarial Asset Value is equal to the value of fund assets as reported by the City of Philadelphia with no adjustments.

### 3. *Accounting Information*

#### GASB Statement 67

- Measurement Date: June 30, 2022
- Valuation Date: June 30, 2022

#### GASB Statement 68

- Measurement Date: June 30, 2022
- Valuation Date: June 30, 2022

## K. Actuarial Methods and Assumptions (cont.)

### 4. Actuarial Assumptions

*(Unless otherwise specified, the same assumptions have been used for the determination of the Contribution Range and Accumulated Plan Benefits)*

- a. Mortality Rates: Healthy: Pri-2012 employees and healthy annuitants mortality table projected generationally from the central year using Scale MP-2021
- Disabled: Pri-2012 disabled retiree mortality table projected generationally from the central year using Scale MP-2021
- Surviving Spouses: Pri-2012 contingent survivor mortality table projected generationally from the central year using Scale MP-2021
- b. Interest: 7.00%, compounded annually.
- c. Turnover: A scale varying by age and service with illustrative annual rates of turnover. See table 1 for details.
- d. Disability A scale varying by age with illustrative annual rates of disability. See table 2 for details
- e. Salary Increase
- Determination of Contribution Range* Salaries are assumed to increase by an amount based on years of service. See table 3 for details.
- Accumulated Plan Benefits* Past salaries are discounted at the same rate as described above. Future salaries are assumed to remain at the same level as on the valuation date.



## K. Actuarial Methods and Assumptions (cont.)

- f. Retirement Age Retirements are assumed to occur at the following ages:

<u>Age</u>	<u>Service</u> <u>&lt; 30</u>	<u>Service</u> <u>&gt; 30</u>	<u>Age</u>	<u>Service</u> <u>&lt; 30</u>	<u>Service</u> <u>&gt; 30</u>
50	0%	15%	61	10%	15%
51	0%	15%	62	10%	40%
52	0%	15%	63	10%	25%
53	0%	15%	64	10%	25%
54	0%	15%	65	20%	25%
55	5%	15%	66	20%	40%
56	5%	15%	67	20%	40%
57	10%	15%	68	20%	40%
58	10%	15%	69	20%	40%
59	10%	15%	70+	100%	100%
60	10%	15%			

- g. Salary Current year salary is assumed to be the greater of the annualized 2022 Taxable Gross Wages based on actual wages through June 30, 2022 and the annual pay rate as provided by Philadelphia Gas Works.
- h. Conversion of Time Off Balances Participant compensation is assumed to increase in the final year of employment prior to retirement due to conversion of time off balances based on the following schedule:  
 Less than 30 years of service: 7.5% increase in final year compensation  
 30 of more years of service: 19.5% increase in final year compensation
- i. Optional payment form election percentage 40% single life annuity  
 25% joint and 50% survivor annuity  
 10% joint and 75% survivor annuity  
 25% joint and 100% survivor annuity
- j. Surviving spouse benefit It is assumed that 70% of males and 70% of females have an eligible spouse, and that males are two years older than their spouses.

### 5. Change in Actuarial Assumptions

- The mortality projection scale was updated from MP-2020 to MP-2021.

Philadelphia Gas Works' Base Rate Filing

K. Actuarial Methods and Assumptions (cont.)

Table 1

Turnover Rates

<b>Age</b>	<b>0 Years of Service</b>	<b>1 Year of Service</b>	<b>2 Years of Service</b>	<b>3 Years of Service</b>	<b>4 Years of Service</b>	<b>5 or More Years of Service</b>
20 or Younger	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
21	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
22	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
23	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
24	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
25	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
26	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
27	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
28	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
29	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
30	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
31	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
32	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
33	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
34	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
35	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
36	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
37	25.0%	15.0%	12.0%	10.0%	7.0%	3.0%
38	23.0%	15.0%	12.0%	9.0%	6.6%	2.8%
39	21.0%	15.0%	12.0%	8.0%	6.2%	2.6%
40	19.0%	15.0%	12.0%	7.0%	5.8%	2.4%
41	17.0%	15.0%	12.0%	6.0%	5.4%	2.2%
42	15.0%	15.0%	12.0%	5.0%	5.0%	2.0%
43	14.0%	14.0%	10.6%	4.6%	4.6%	2.0%
44	13.0%	13.0%	9.2%	4.2%	4.2%	2.0%
45	12.0%	12.0%	7.8%	3.8%	3.8%	2.0%
46	11.0%	11.0%	6.4%	3.4%	3.4%	2.0%
47	10.0%	10.0%	5.0%	3.0%	3.0%	2.0%
48	10.0%	10.0%	5.0%	2.8%	2.8%	2.0%
49	10.0%	10.0%	5.0%	2.6%	2.6%	2.0%
50	10.0%	10.0%	5.0%	2.4%	2.4%	2.0%
51	10.0%	10.0%	5.0%	2.2%	2.2%	2.0%
52	10.0%	10.0%	5.0%	2.0%	2.0%	2.0%
53	10.0%	10.0%	5.0%	2.0%	2.0%	2.0%
54	10.0%	10.0%	5.0%	2.0%	2.0%	2.0%
55 or Older	10.0%	10.0%	5.0%	2.0%	2.0%	2.0%

## K. Actuarial Methods and Assumptions (cont.)

Table 2

Disability Rates

<b>Age</b>	<b>Males</b>	<b>Females</b>
27 and Younger	0.03345%	0.03345%
28	0.03345%	0.04460%
29	0.03345%	0.04460%
30	0.03345%	0.04460%
31	0.03345%	0.05575%
32	0.03345%	0.05575%
33	0.03345%	0.06690%
34	0.03345%	0.06690%
35	0.04460%	0.07805%
36	0.04460%	0.08920%
37	0.05575%	0.10035%
38	0.06690%	0.11150%
39	0.07805%	0.13380%
40	0.08920%	0.14495%
41	0.10035%	0.16725%
42	0.11150%	0.18955%
43	0.13380%	0.21185%
44	0.15610%	0.24530%
45	0.17840%	0.26760%
46	0.20070%	0.30105%
47	0.23415%	0.33450%
48	0.27875%	0.36795%
49	0.31220%	0.40140%
50	0.36795%	0.44600%
51	0.43485%	0.49060%
52	0.51290%	0.54635%
53	0.59095%	0.60210%
54	0.68015%	0.65785%
55	0.76935%	0.71360%
56	0.85855%	0.76935%
57	0.95890%	0.82510%
58	1.05925%	0.89200%
59	1.17075%	0.94775%
60	1.28225%	1.00350%
61	1.40490%	1.07040%
62	1.53870%	1.12615%
63	1.68365%	1.17075%
64	1.82860%	1.21535%
65 and Older	0.0%	0.0%

## K. Actuarial Methods and Assumptions (cont.)

Table 3

Assumed Salary Increases

<b>Years of Service</b>	<b>Annual Increase</b>
0	8.86%
1	8.59%
2	8.31%
3	8.04%
4	7.77%
5	7.49%
6	7.22%
7	6.94%
8	6.67%
9	6.39%
10	6.12%
11	5.84%
12	5.57%
13	5.29%
14	5.02%
15	4.74%
16	4.54%
17	4.33%
18	4.12%
19	3.91%
20 or more	3.71%

## L. Summary of the Principal Plan Provisions

*Any ambiguities or questionable provisions of this summary should be resolved by reference to the official Plan Document. This summary is not intended to be a source document, but merely an instrument of convenience for the administration of the Plan.*

1. Effective Date: March 24, 1967, most recently amended as of June 26, 2002.
2. Eligibility: Full-time employees hired prior to March 24, 1967 who will have completed 15 years of Credited Service at normal retirement occurring prior to January 1, 1979 or 5 years Credited Service at normal retirement occurring on or after January 1, 1979 became participants on March 24, 1967. Employees hired on or after March 24, 1967 will become participants on their date of employment. A full-time employee is one who works regularly for 20 or more hours each week.
3. Contribution: Philadelphia Gas Works pays the entire cost of the Plan for all employees hired prior to May 21, 2011. Union employees hired on or after May 21, 2011 and Non-Union employees hired on or after December 21, 2011 have the option to participate in the Philadelphia Gas Works Pension Plan and contribute 6% of applicable wages to the Plan, or they may elect to participate in the 401(a) Plan with Philadelphia Gas Works contributing 5.5% of applicable wages.
4. Credited Service: Years and months of service credited prior to March 24, 1967 and years and months of continuous service thereafter; continuous service is reduced for periods of approved unpaid leaves (except for military leave) in excess of one month. Layoff periods are also excluded and, if in excess of one year, when approved, the employee is considered terminated.
5. Final Average Compensation: Average of the five highest calendar years' earnings during the last 10 years of Credited Service. Compensation includes overtime, bonus, shift differential, and any other special compensation. Per the amendment approved on November 14, 1986, compensation includes amounts deferred under the PGW Employees' Deferred Compensation Plan.
6. Retirement Dates
  - a. Normal Retirement: First of the month next following attainment of age 65 and completion of 5 years of Credited Service.
  - b. Early Retirement: First of any month after attaining age 55 and completing 15 years of Credited Service, or after completing 30 years of credited service.
  - c. Late Retirement: First of any month after Normal Retirement up to age 70.
  - d. Disability Retirement: If permanently disabled and has attained age 45 and completed at least 15 years of Credited Service, provided age plus years of Credited Service equals at least 65. Or after completion of at least 20 years of Credited Service regardless of age, upon recommendation of the Medical Director of the Company.

## L. Summary of the Principal Plan Provisions (continued)

### 7. Benefit Formula

- a. Normal Retirement: The monthly equivalent of the greater of (i) or (ii) below, payable for life.
  - i. 1.25% of the first \$6,600 of Final Average Earnings plus 1.75% of the excess of Final Average Earnings over \$6,600, times Credited Service; maximum of 60% of the highest annual earnings during any one of the last 10 years of Credited Service; applicable to all participants.
  - ii. 2% of total earnings received during period of Credited Service plus 22.5% of the first \$1,200 of such amount; applicable only to participants who were employees on or prior to March 24, 1967.
- b. Early Retirement: Same as 7(a) above, based upon Final Average Earnings and Credited Service as of the early retirement date and reduced by the percentage described in 8 below depending upon Credited Service as of the early retirement date.
- c. Late Retirement: Same as Normal Retirement Benefit based on Final Average Compensation and Credited Service as of Late Retirement Date.
- d. Disability Retirement: Same as Normal Retirement Benefit, based on Final Average Compensation and Credited Service as of date of disability.

8. Benefits Upon Termination of Employment - Vesting: All participants who terminate after having completed at least 5 years of Credited Service are entitled to a benefit as described in 7(a) above, based upon Final Average Compensation and Credited Service as of the date of termination.

Early Commencement of Payments: A former participant who is entitled to a deferred benefit may elect to have his benefit commence on the first day of any month between his 55th and 65th birthdays. Such benefit will be reduced by 3% for each of the first 5 years and 5% for each of the next 5 years by which commencement of payments precedes age 65. If the participant has completed 25 years of Credited Service, his benefit will be unreduced for the first 3 years and reduced by 3% for each of the next 2 years and by 5% for the following 5 years by which commencement of payments precedes age 65.

If a participant has completed 30 or more years of credited service, payments are not reduced.

## L. Summary of the Principal Plan Provisions (continued)

### 9. Death Benefits

- a. Before Retirement: Spouses of deceased active participants or of former participants are entitled to vested benefits, provided such participants died after having attained age 45 and completed at least 15 years of Credited Service and whose age plus years of Credited Service equals at least 65 years or who have completed at least 15 years of Credited Service regardless of age.

The benefit payable is an amount for the spouse's remaining lifetime equal to the amount the beneficiary of the participant would have received had the participant retired due to disability on the day preceding his death and elected the 100% Contingent Annuitant Option.

- b. After Retirement: None except as provided by election of an optional form.

### 10. Normal Form of Benefits: Life annuity

11. Optional Benefit Forms: 100%, 75%, or 50% Contingent Annuitant option, 75% or 50% Joint and Last Survivor option. Optional benefit forms are calculated to be actuarial equivalent to the normal form of benefits based on a 7.00% interest rate and the Pri-2012 base mortality table projected using scale MP-2021.

## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement, and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.22. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:

III.A.22.a. Supply a copy of contracts, if applicable.

III.A.22.b. Explain the nature of the services provided.

III.A.22.c. Explain basis on which charges are made.

III.A.22.d. If charges allocated, identify allocation factors used.

III.A.22.e. Supply the components and amounts comprising the expense in this account.

III.A.22.f. Provide details of initial source of charge and reason thereof.

**RESPONSE:**

Not applicable.

## Philadelphia Gas Works' Base Rate Filing

### III. BALANCE SHEET AND OPERATING STATEMENT

III.A.23. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

#### RESPONSE:

The Philadelphia Gas Works has leasing arrangements with various companies for the leasing of office and computer equipment, vehicles, mobile equipment, and other types of equipment. Listed below are the long-term leases with an explanation of the method used for calculating the monthly or annual payments.

#### Annual Payments

##### Air Gas East

\$19,713.23

Under this agreement, the Philadelphia Gas Works rents or leases gas cylinders for use in its operations. The lease has a term of two years. The monthly payments are based on a predetermined rental rate and remain constant throughout the term of the lease agreement.

##### Atlantic Tomorrow's Office/ TIAA

\$3,539.01

Under this agreement, the Philadelphia Gas Works leases a printer for use by the Philadelphia Gas Commission. The lease schedule has a term of five years. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

##### Best Line Equipment

\$4,743.15

Under this agreement, the Philadelphia Gas Works leases an electric walkie/stacker for PGW's stationary storeroom. The lease schedule has a term of three years. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

##### Brenntag Northeast, Inc.

\$156.00

Under this agreement, the Philadelphia Gas Works leases 55-gallon drums on an as needed basis. The lease schedule has a term of two years. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

##### Canon Financial Services, Inc.

\$7,554.14

Under this agreement, the Philadelphia Gas Works leases Canon office technology equipment and supplies including meter usage and print charges for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

##### Carmel Realty Associates

\$34,708.33

Under this agreement, the Philadelphia Gas Works leases space for the Frankford district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

##### Carr & Duff

\$17,506.66

Under this agreement, the Philadelphia Gas Works leases a 500KVA transformer. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease

## Philadelphia Gas Works' Base Rate Filing

agreement.

Chestnut Emerald Partners, LLC. \$18,604.63  
Under this agreement, the Philadelphia Gas Works leases parking space for the West Philadelphia district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Dell Financial Services \$243,613.59  
Under this agreement, the Philadelphia Gas Works leases Dell office technology equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Eastern Lift Truck Co. \$56,795.00  
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of forklifts as needed for use in its operations. The rental of each unit typically ranged from one to six months; however, the contract has a term of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Enterprise Rent A Car \$34,249.15  
Under this agreement, the Philadelphia Gas Works procures the short-term rentals of cars and light duty pickup trucks as needed for use in its operations. The rental of each unit typically ranged from one week to six months and the contract has a term limit of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Germantown Realty Investment Group LP \$56,593.13  
Under this agreement, the Philadelphia Gas Works leases space for the Germantown district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Herc Rental, Inc. \$556,726.73  
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of various vehicles, including different types of trucks, forklifts, etc as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

J.J. Clark Company \$3,304.00  
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of electric and propane fueled forklifts as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of three years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Lenovo Financial Services \$66,629.40  
Under this agreement, the Philadelphia Gas Works leases Lenovo technology equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease

## Philadelphia Gas Works' Base Rate Filing

agreement.

Maxim Crane Works \$150,755.00

Under this agreement, the Philadelphia Gas Works procures the short-term rental of a rough terrain crane as needed for use in its operation. The rental of each unit ranges from one day to six months; however, the contract has a term less than one year. The payments are based on a predetermined rental rate which remain constant throughout the term of the lease agreement.

Mr. John, Inc. \$11,866.20

Under this agreement, the Philadelphia Gas Works rents or leases portable restroom services as needed for use in its operation. The rental of each unit ranges from one week to six months; however, the contract has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Pitney Bowes \$1,174.49

Under this agreement, the Philadelphia Gas Works leases mailing equipment for use by the Philadelphia Gas Commission. The lease schedule has a term of fifty one months. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

Pine Environmental Services, Inc. \$71.80

Under this agreement, the Philadelphia Gas Works procures the short-term rental equipment, such as gas monitors, pumps, vapor analyzers, probes, etc as needed for use in its operations. The rental of each unit is rented on a daily rate; however, the contract has a term of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Praxair Distribution \$67,087.03

Under this agreement, the Philadelphia Gas Works rents or leases propane gas cylinders for use in its operations. The lease has a term of three years. The monthly payments are based on a predetermined rental rate and remain constant throughout the term of the lease agreement.

Quadient Leasing USA, Inc. \$69,301.82

Under this agreement, the Philadelphia Gas Works leases postage and mailing equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Ryder Truck Rental, Inc. \$1,536.72

Under this agreement, the Philadelphia Gas Works procures the short-term rentals of vans, trucks, and tractors as needed for use in its operations. The rental of each unit typically ranged from one week to six months and the contract has a term limit of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Xerox Corporation \$112,777.24

Under this agreement, the Philadelphia Gas Works leases Xerox office technology equipment and supplies including meter usage and print charges for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.24. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

**RESPONSE:**

None.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.25. Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:

III.A.25.a. Public health and safety

III.A.25.b. Conservation of energy

III.A.25.c. Explanation of Billing Practices, Rates, etc.

III.A.25.d. Provision of factual and objective data programs in educational institutions

III.A.25.e. Other advertising programs

III.A.25.f. Total advertising expense

**RESPONSE:**

Please see next page.

## Philadelphia Gas Works' Base Rate Filing

	Period Ending 8/31/2022	Period Ending 8/31/2023	Period Ending 8/31/2024
<b>PRINT MEDIA</b>			
a. Public Health & Safety	\$ 100,000	\$ 80,000	\$ 100,000
b. Conservation	-	-	-
c. Billing, Rates, Supply, etc.	38,000	40,000	40,000
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>162,300</u>	<u>160,000</u>	<u>160,000</u>
Total Print Expense	\$ 300,300	\$ 280,000	\$ 300,000
<b>TELEVISION</b>			
a. Public Health & Safety	\$ -	\$ -	\$ 85,000
b. Conservation	45,000	100,000	85,000
c. Billing, Rates, Supply, etc.	-	-	-
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>128,000</u>	<u>471,000</u>	<u>550,000</u>
Total Television Expense	\$ 173,000	\$ 571,000	\$ 720,000
<b>RADIO</b>			
a. Public Health & Safety	\$ 700,000	\$ 300,000	\$ 531,000
b. Conservation	163,000	163,000	100,000
c. Billing, Rates, Supply, etc.	-	-	-
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>507,500</u>	<u>410,000</u>	<u>350,000</u>
Total Radio Expense	\$ 1,370,500	\$ 873,000	\$ 981,000
<b>OUT OF HOME (BILLBOARD, BUS SHELTERS, SUBWAY CARDS, ETC.)</b>			
a. Public Health & Safety	\$ 235,000	\$ 235,000	\$ 230,000
b. Conservation	155,650	155,650	160,000
c. Billing, Rates, Supply, etc.	-	-	-
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>322,300</u>	<u>322,300</u>	<u>310,000</u>
Total Out of Home Expense	\$ 712,950	\$ 712,950	\$ 700,000
<b>DIGITAL MEDIA</b>			
a. Public Health & Safety	\$ -	\$ -	\$ -
b. Conservation	116,000	116,000	116,000
c. Billing, Rates, Supply, etc.	-	-	-
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
Total Digital Expense	\$ 231,000	\$ 231,000	\$ 231,000
<b>SOCIAL MEDIA</b>			
a. Public Health & Safety	\$ -	\$ -	\$ 50,000
b. Conservation	45,000	45,000	60,000
c. Billing, Rates, Supply, etc.	-	-	-
d. Education Institution Programs	-	-	-
e. Advertising Programs	<u>109,000</u>	<u>109,000</u>	<u>90,000</u>
Total Social Expense	\$ 154,000	\$ 154,000	\$ 200,000
FY TOTAL	\$ 2,941,750	\$ 2,821,950	\$ 3,132,000

### III. BALANCE SHEET AND OPERATING STATEMENT

III.A.26. Provide a list of reports, data, or statements requested by and submitted to the Commission during and subsequent to the test year.

**RESPONSE:**

- Section 1307(f) Gas Cost Rate Filings
  - Annual Pre-Filings
  - Annual Filings
  - Quarterly Filings
- DSIC
  - Quarterly Filings
  - Quarterly Leak Reports
  - Annual Reconciliation
- Annual Asset Optimization Plan
- LTIP
- Annual Integrated Resource Planning Report
- NGDC Switching Statistics
- Supplier Security Report
- Gas Annual Report
- Annual Diversity Report
- Annual Unaccounted for Gas Report
- DSM
  - Annual Implementation Plan
  - Annual Report
- LIURP Annual Report
- Chapter 56 Monthly Reporting Requirements
- Chapter 56 Annual Reporting Requirements
- Customer Service Performance Report
- Universal Service and Collections Report
- Cold Weather Survey
- Cold Weather Re-Survey
- Quality of Service Report
- Universal Service and Energy Conservation Plan (Amended)
- Annual Residential Arrearages over \$10,000
- Annual Medical Certificates and Renewals accepted by the Company
- Winter Reliability Submission
- Public Utility Security Planning and Readiness Self-Certification
- Gas Safety Division FL-1
- PUC Assessment Report
- PUC Management Audit
- Leak Detection Pilot Program Report



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.27. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

**RESPONSE:**

There were no social and /or service memberships paid during the test year by the Philadelphia Gas Works.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expenses, for the test year and prior two comparable years.

**RESPONSE:**

See tables below.

# Philadelphia Gas Works' Base Rate Filing

Exh.A - III.A.28

## PHILADELPHIA GAS WORKS ACCOUNT 923.0 - OUTSIDE SERVICES EMPLOYEED

		<u>August 31, 2024</u>	<u>August 31, 2023</u>	<u>August 31, 2022</u>
1700	Purchased Services	3,949,223	3,105,000	2,871,210
	Total	<u>\$3,949,223</u>	<u>\$3,105,000</u>	<u>\$2,871,210</u>

## ACCOUNT 928.0 - REGULATORY COMMISSION EXPENSES

		<u>August 31, 2024</u>	<u>August 31, 2023</u>	<u>August 31, 2022</u>
100	Labor	743,000	703,000	543,344
200	Taxes	57,000	54,000	39,297
300	Expense of Employees	16,000	15,000	745
500	Natural Gas	0	0	0
600	Odorant	0	0	0
700	Material	2,000	2,000	0
800	Tools and Uniforms	0	0	0
1000	Electric	0	0	0
1100	Water	0	0	0
1200	Gas Used by Utility	0	0	0
1300	Postage	1,000	1,000	0
1400	Advertising	19,000	19,000	2,077
1500	Promotion	0	0	0
1600	Dues and Subscriptions	2,499,000	2,380,000	2,511,225
1700	Purchased Services	1,169,000	1,140,000	159,009
1800	Insurance	41,000	41,000	2,531
1900	Equipment Rental	7,000	7,000	1,692
2000	Other Rents	55,000	51,000	(28,000)
2900	IT Allocations	15,000	15,000	14,939
3100	Telecommunication Allocations	0	0	2,987
	Amort Deferred Oper & Maint			
4020	Expense	477,000	457,000	176,719
	Total	<u>\$5,101,000</u>	<u>\$4,885,000</u>	<u>\$3,426,565</u>

## ACCOUNT 930.2 - MISCELLANEOUS GENERAL EXPENSES

		<u>August 31, 2024</u>	<u>August 31, 2023</u>	<u>August 31, 2022</u>
100	Labor	0	0	0
200	Taxes	0	0	28,284
300	Expense of Employees	0	0	0
700	Material	10,000	10,000	76,353
1300	Postage	5,000	5,000	0
1600	Dues and Subscriptions	1,056,000	1,024,000	1,283,802
1700	Purchased Services	0	0	227,619
2900	IT Allocations	21,000	21,000	20,874
3802	Management Fee	536,000	507,000	1,013,452
	Amort Deferred Oper & Maint			
4020	Expense	0	0	0
5111	PGW Contribution-457 Plan	1,653,000	1,579,000	413,984
5117	Contribution - 401A Deferred Compensation Plan	2,202,000	2,157,000	1,888,802
5703	Unbilled Gas Adjustment	0	0	0
9001	AFUDC	0	0	0
	Total	<u>\$5,483,000</u>	<u>\$5,303,000</u>	<u>\$4,953,170</u>

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

**RESPONSE:**

No research and development expenditures were incurred during the fiscal year ending August 31, 2022.

There are currently no research and development expenditures expected to be incurred during the fiscal year ending August 31, 2023 and August 31, 2024.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

**RESPONSE:**

Twelve Months ending August 31, 2024

Utility Emergency Service fund	\$267,000
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**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.31. Provide a detailed analysis of Special Services—Account 795.

**RESPONSE:**

The Philadelphia Gas Works' system of accounts does not include Account number 795 as Special Services.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.32. Provide a detailed analysis of Miscellaneous General Expense—Account No. 801.

**RESPONSE:**

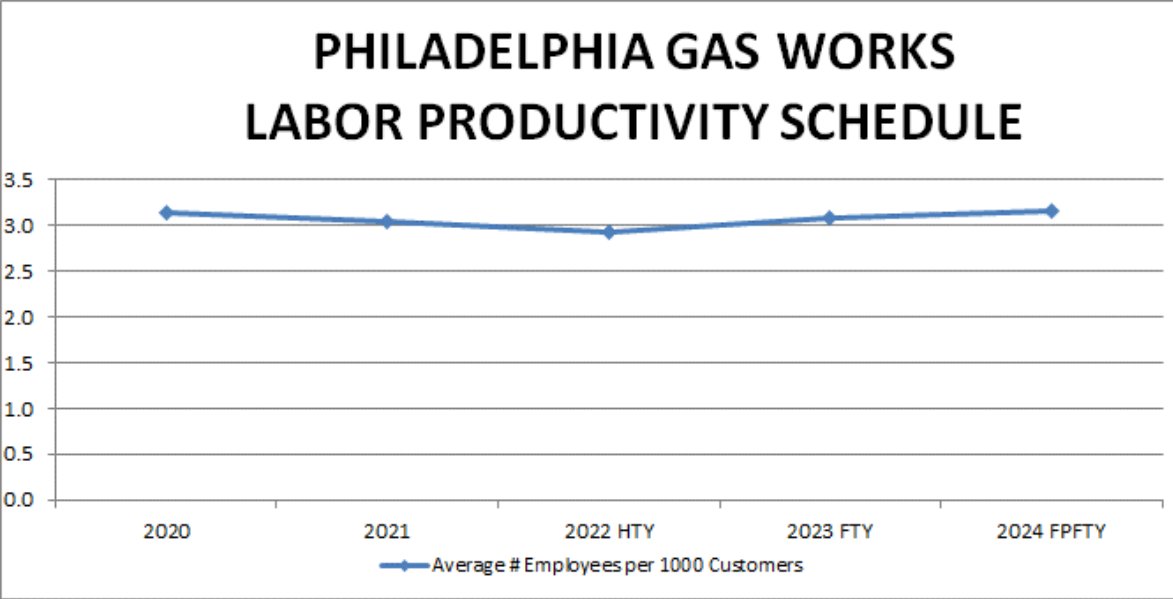
The Philadelphia Gas Works' system of accounts does not include Account number 801 as Miscellaneous General Expense.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.33. Provide a labor productivity schedule.

**RESPONSE:**

See chart below.





**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.34. List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

**RESPONSE:**

Philadelphia Gas Works does not have non-recurring or extraordinary expenses included in the test year.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.—Non-yearly maintenance programs, etc.)

**RESPONSE:**

There are no expenses that fall into this category within the fully projected future test year for the Philadelphia Gas Works.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.36. Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

**RESPONSE:**

Philadelphia Gas Works does not have expense adjustments to list or clarify for the adjusted year.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

**RESPONSE:**

For PGW's fiscal year 2024 test year, \$6,729,000 of cost of removal expenses are included.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

**RESPONSE:**

Since the previous rate case PGW has implemented the accounting and financial reporting requirements related to recent pronouncements of the Governmental Accounting Standards Board. The accounting and financial reporting impact of these pronouncements is reflected in PGW's financial statements. The reference for any impact is noted in the Management Discussion and Analysis as well as in the Notes to the Financial Statements.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.39 Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.

**RESPONSE:**

PGW Statement No. 2 – Joseph F. Golden, Jr.

- Sponsoring: Financial Statements; Expenses; Taxes (where applicable); Property Valuation, etc.; Historical, Future, and Fully Projected Future Test Year; *Pro forma* Revenues at Present Rates; *Pro forma* Adjustments; *Pro forma* revenues at proposed rates.

PGW Statement No. 6 - Florian Teme

- Sponsoring: Additional *Pro Forma* Revenue Adjustments and Explanations; Rate Allocation Explanations; Proposed Tariff Supplement Changes.

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.40. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

**RESPONSE:**

Please see the following:

PGW Statement No. 2 – Joseph F. Golden, Jr. and accompanying schedules

PGW Statement No. 6 – Florian Teme and accompanying schedules

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.41. Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.

**RESPONSE:**

Please see PGW Statement No. 2 – Joseph F. Golden, Jr. and accompanying schedules.

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.42. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

**RESPONSE:**

Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.43. If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

**RESPONSE:**

Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.44. Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.

**RESPONSE:**

Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.45. Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

**RESPONSE:**

The current allocations of revenues, expenses, depreciation and taxes utilizes the methodologies found in "Gas Rate Fundamentals" published by the American Gas Association and utilizes the Average and Excess method. This method is the same that was used in the prior rate case. Please see PGW Statement No. 5 - Constance E. Heppenstall and accompanying schedules, and PGW's Cost of Service Study.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.46. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

**RESPONSE:**

Any party to the proceeding requiring access to audit reports will be afforded the opportunity upon request and a determination of need, subject to the provisions of a Confidentiality Agreement to be entered into between such party and the Company pursuant to a Protective Order.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.47. Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.

**RESPONSE:**

Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.48. Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

**RESPONSE:**

Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.49. Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

**RESPONSE:**

Not applicable.



**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.50 Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. P.U.C assessment
- f. other property
- g. any other appropriate categories

**RESPONSE:**

- a. Social Security

PGW's employer share of Social Security and Medicare Taxes is as follows:

Fiscal Year Ending August 31, 2022	\$10,355,949
Fiscal Year Ending August 31, 2023	\$11,331,000
Fiscal Year Ending August 31, 2024	\$12,104,000

- b. Unemployment

PGW's employer Pennsylvania Unemployment Tax Reimbursable is as follows:

Fiscal Year Ending August 31, 2022	\$198,583
Fiscal Year Ending August 31, 2023	\$140,000
Fiscal Year Ending August 31, 2024	\$176,000

- c. Capital Stock - Not applicable
- d. Public Utility Realty – Not applicable
- e. P.U.C Assessment

PGW's P.U.C. assessment is expensed as follows:

Fiscal Year Ending August 31, 2022	\$2,510,270
Fiscal Year Ending August 31, 2023	\$2,376,000
Fiscal Year Ending August 31, 2024	\$2,495,000

- f. Other Property – Not applicable.
- g. Any Other Appropriate Categories – Not applicable.

**III. BALANCE SHEET AND OPERATING STATEMENT**

III.A.51 – III.A.71. Income Taxes

**RESPONSE:**

This section is not applicable to PGW as a tax-exempt municipally-owned company.