

**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-2025-3053112

FEBRUARY 2025

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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 2025 through 2028.

Philadelphia Gas Works' Base Rate Filing

PHILADELPHIA GAS WORKS
SOURCES & USES OF CASH FOR
CAPITAL IMPROVEMENT EXPENDITURES
FISCAL YEARS 2025 THROUGH 2028

	<u>Estimate</u> <u>2025</u>	<u>Budget</u> <u>2026</u>	<u>Forecast</u> <u>2027</u>	<u>Forecast</u> <u>2028</u>
CAPITAL EXPENDITURES				
SOURCES:				
Bond Proceeds	106,000	104,500	86,500	124,500
TXCP - Capital	-	-	-	-
DSIC Surcharge	35,910	36,150	36,874	37,234
Federal Grant (PHMSA)	15,506	27,987	12,529	25,615
Internally Generated Funds	54,584	40,363	37,097	61,651
Total Sources	<u>212,000</u>	<u>209,000</u>	<u>173,000</u>	<u>249,000</u>
% Internally Generated Funds	50.0%	50.0%	50.0%	50.0%
% Debt Financing	50.0%	50.0%	50.0%	50.0%
USES:				
Gas Processing	30,220	14,832	31,543	76,699
Distribution	132,590	144,055	115,246	139,601
Field Services	3,605	8,350	10,894	17,128
Fleet Services	7,851	8,176	11,661	13,887
Facilities Management	15,437	27,141	1,064	605
Information Technology	22,059	6,738	2,142	879
Total Uses	<u>212,000</u>	<u>209,000</u>	<u>173,000</u>	<u>249,000</u>
CAPITAL IMPROVEMENT FUND				
SOURCES				
Bond Proceeds @ Par Amount	\$ 474,553	\$ -	\$ -	\$ 381,000
Other Financings	-	-	-	-
Total Sources	<u>474,553</u>	<u>-</u>	<u>-</u>	<u>381,000</u>
USES:				
Cash Deposit to Capital Improvement Fund	315,200	-	-	351,990
Discount & Issuance Expense	3,331	-	-	3,810
Cash Deposit to Sinking Fund	-	-	-	25,200
Refudnig of Refunded Bonds	121,023	-	-	-
Pay Down - TXCP	35,000	-	-	-
Total Uses	<u>474,553</u>	<u>-</u>	<u>-</u>	<u>381,000</u>
Cash Deposit to Capital Improvement Fund	315,200	-	-	351,990
Interest Gains or (Losses)	14,089	10,910	6,337	15,887
Drawdown - Proceeds and Interest Earned	<u>(106,000)</u>	<u>(104,500)</u>	<u>(117,800)</u>	<u>(140,387)</u>
Changes in Fund	223,289	(93,590)	(111,463)	227,490
Balance End of Period	<u>\$ 223,289</u>	<u>\$ 129,700</u>	<u>\$ 18,237</u>	<u>\$ 245,727</u>

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 2024, 2025, and 2026 debt schedules for the response to: a,b,c,d,e,h,i,j,k,l,and m.

II.A.6.f. Not applicable

II.A.6.g. Not applicable

II.A.6.n. Not applicable

II.A.6.o. Not applicable

II.A.6.p. Not applicable

**PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2024**

	A	B	C	D	E	H	I	J	K	
		Date of		Amount			Discount at	Premium at	Issuance	
Name of Bond	Date of Issue	Maturity	Amount Issued	Outstanding	Amount Retired	Coupon Rate	Issuance	Issuance	Expenses	Net Proceeds
1998 Bond Ordinance										
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE	-	-	374,464.50	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	22,650,000.00	82,350,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	22,530,000.00	27,470,000.00	VARIABLE	-	-	-	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	August 18, 2015	2034	261,770,000.00	101,225,000.00	160,545,000.00	3.00%-5.00%	-	(32,496,893.55)	1,111,871.60	293,155,021.95
FOURTEENTH SERIES	August 30, 2016	2037	312,425,000.00	174,295,000.00	138,130,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH SERIES	August 16, 2017	2047	273,140,000.00	235,505,000.00	37,635,000.00	2.00%-5.00%	-	(42,696,822.50)	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%	-	(45,570,449.75)	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%	-	(7,837,875.80)	231,603.56	58,371,272.24
				<u>882,995,000.00</u>						

	L			Total	Interest	M
BOND DEBT	Sinking Fund			Outstanding Debt	Expense	Effective
	Requirements					Interest Rate
2024	116,144,705	FY 2023-24	Revenue Bonds	882,995,000.00	43,283,458.54	4.9019%

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**PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2025**

	A	B	C	D	E	H	I	J	K	
<u>Name of Bond</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Amount Retired</u>	<u>Coupon Rate</u>	<u>Discount at Issuance</u>	<u>Premium at Issuance</u>	<u>Issuance Expenses</u>	<u>Net Proceeds</u>
1998 Bond Ordinance										
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	-	30,000,000.00	VARIABLE	-	-	374,464.50	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	17,565,000.00	87,435,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	17,470,000.00	32,530,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	26,210,000.00	23,790,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	17,565,000.00	32,435,000.00	VARIABLE	-	-	-	50,000,000.00
THIRTEENTH SERIES	August 18, 2015	2034	261,770,000.00	-	261,770,000.00	3.00%-5.00%	-	(32,496,893.55)	1,111,871.60	293,155,021.95
FOURTEENTH SERIES	August 30, 2016	2037	312,425,000.00	162,785,000.00	149,640,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH SERIES	August 16, 2017	2047	273,140,000.00	229,885,000.00	43,255,000.00	2.00%-5.00%	-	(42,696,822.50)	1,192,963.77	314,643,858.73
SIXTEENTH SERIES A	October 29, 2020	2050	203,160,000.00	192,210,000.00	10,950,000.00	4.00%-5.00%	-	(45,570,449.75)	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%	-	(7,837,875.80)	231,603.56	58,371,272.24
SEVENTEENTH SERIES A	September 18, 2024	2054	314,960,000.00	314,960,000.00	-	5.00%-5.25%	-	(37,880,118.20)	2,640,118.20	350,200,000.00
SEVENTEENTH SERIES B	September 18, 2024	2034	109,290,000.00	109,290,000.00	-	5.00%	-	(12,423,358.10)	690,464.56	121,022,893.54
				<u>1,132,160,000.00</u>						

<u>BOND DEBT</u>	<u>L Sinking Fund Requirements</u>		<u>Total Outstanding Debt</u>	<u>Interest Expense</u>	<u>M Effective Interest Rate</u>	
2025	112,972,523	FY 2024-25	Revenue Bonds	1,132,160,000.00	55,638,000.00	4.9143%

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**PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2026**

	A	B	C	D	E	H	Discount at	I	J	K
<u>Name of Bond</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Amount Retired</u>	<u>Coupon Rate</u>	<u>Issuance</u>	<u>Issuance</u>	<u>Issuance Expenses</u>	<u>Net Proceeds</u>
1998 Bond Ordinance										
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	12,225,000.00	92,775,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	12,160,000.00	37,840,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	18,240,000.00	31,760,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	12,225,000.00	37,775,000.00	VARIABLE	-	-	-	50,000,000.00
FOURTEENTH SERIES	August 30, 2016	2037	312,425,000.00	150,645,000.00	161,780,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH SERIES	August 16, 2017	2047	273,140,000.00	223,980,000.00	49,160,000.00	2.00%-5.00%	-	(42,696,822.50)	1,192,963.77	314,643,858.73
SIXTEENTH SERIES A	October 29, 2020	2050	203,160,000.00	188,105,000.00	15,055,000.00	4.00%-5.00%	-	(45,570,449.75)	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%	-	(7,837,875.80)	231,603.56	58,371,272.24
SEVENTEENTH SERIES A	September 18, 2024	2054	314,960,000.00	314,960,000.00	-	5.00%-5.25%	-	(37,880,118.20)	2,640,118.20	350,200,000.00
SEVENTEENTH SERIES B	September 18, 2024	2034	109,290,000.00	96,955,000.00	12,335,000.00	5.00%	-	(12,423,358.10)	690,464.56	121,022,893.54
				<u>1,073,715,000.00</u>						

<u>BOND DEBT</u>	<u>L Sinking Fund Requirements</u>			<u>Total Outstanding Debt</u>	<u>Interest Expense</u>	<u>M Effective Interest Rate</u>
2026	111,301,268	FY 2025-26	Revenue Bonds	1,073,715,000.00	54,108,000.00	5.0393%

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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

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

RESPONSE:

In accordance with GASB No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period*, interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred for financial statements. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. AFUDC charged by the company in the historic test year, FY 2024, and latest date, December 31, 2024, is zero.

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

Bill No. 980232

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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

Bill No. 980232

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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

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the context requires.

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

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

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

City of Philadelphia

Bill No. 980232

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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.

City of Philadelphia

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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

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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

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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

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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,

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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

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Philadelphia Gas Works' Base Rate Filing
City of Philadelphia

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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

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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

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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

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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

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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

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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.

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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.

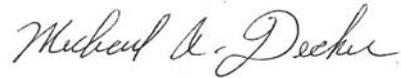
SECTION 11. This Ordinance shall take effect immediately.

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.

City of Philadelphia

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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

Certified Copy

(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

Certified Copy

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 2025 Compliance Capital Budget and Forecast. Please note amendments to this budget are pending approval by the City of Philadelphia - City Council.
- PGW' s Fiscal Year 2025 Compliance Operating Budget Filing.
- PGW's Fiscal Year 2026 Capital Budget and Forecast, as filed on January 2nd, 2025. Please note this is pending approval by the City of Philadelphia - City Council. Please note that PGW's Fiscal Year 2026 Operating Budget is anticipated to be filed with the Philadelphia Gas Commission in April 2025.

PHILADELPHIA GAS WORKS

FISCAL 2025 COMPLIANCE CAPITAL BUDGET

AND

FORECAST FISCAL 2026 - 2030

WITH

FISCAL 2025 FINANCING PLAN

APRIL 9, 2024



PHILADELPHIA GAS WORKS
COMPLIANCE
CAPITAL BUDGET
FISCAL YEAR 2025 AND FORECAST 2026 THROUGH 2030

	<u>2025</u> <u>CAPITAL BUDGET</u>	<u>2026- 2030</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	51,000	270,000	321,000
REPLACEMENTS	<u>13,799,000</u>	<u>258,658,000</u>	<u>272,457,000</u>
TOTAL	<u><u>13,850,000</u></u>	<u><u>258,928,000</u></u>	<u><u>272,778,000</u></u>
<u>DISTRIBUTION</u>			
ADDITIONS	16,260,900	93,213,000	109,473,900
REPLACEMENTS	<u>133,360,000</u>	<u>653,732,000</u>	<u>787,092,000</u>
GROSS TOTAL	149,620,900	746,945,000	896,565,900
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(4,044,000)</u>	<u>(21,540,000)</u>	<u>(25,584,000)</u>
NET TOTAL	<u><u>145,576,900</u></u>	<u><u>725,405,000</u></u>	<u><u>870,981,900</u></u>
<u>FIELD SERVICES</u>			
ADDITIONS	3,017,000	16,306,000	19,323,000
REPLACEMENTS	<u>4,975,000</u>	<u>109,691,000</u>	<u>114,666,000</u>
GROSS TOTAL	7,992,000	125,997,000	133,989,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>7,992,000</u></u>	<u><u>125,997,000</u></u>	<u><u>133,989,000</u></u>
<u>FLEET OPERATIONS</u>			
ADDITIONS			
REPLACEMENTS	<u>5,980,000</u>	<u>52,514,000</u>	<u>58,494,000</u>
GROSS TOTAL	5,980,000	52,514,000	58,494,000
LESS: SALVAGE			
NET TOTAL	<u><u>5,980,000</u></u>	<u><u>52,514,000</u></u>	<u><u>58,494,000</u></u>

PHILADELPHIA GAS WORKS
COMPLIANCE
CAPITAL BUDGET
FISCAL YEAR 2025 AND FORECAST 2026 THROUGH 2030

	<u>2025</u> <u>CAPITAL BUDGET</u>	<u>2026- 2030</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	11,447,000	3,195,000	14,642,000
REPLACEMENTS	<u>5,493,000</u>	<u>8,260,000</u>	<u>13,753,000</u>
TOTAL	<u><u>16,940,000</u></u>	<u><u>11,455,000</u></u>	<u><u>28,395,000</u></u>
<u>TOTAL</u>			
ADDITIONS	30,775,900	112,984,000	143,759,900
REPLACEMENTS	<u>163,607,000</u>	<u>1,082,855,000</u>	<u>1,246,462,000</u>
GROSS TOTAL	194,382,900	1,195,839,000	1,390,221,900
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(4,044,000)	(21,540,000)	(25,584,000)
LESS: CONTRIBUTIONS*	<u> </u>	<u> </u>	<u> </u>
NET TOTAL	<u><u>190,338,900</u></u>	<u><u>1,174,299,000</u></u>	<u><u>1,364,637,900</u></u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2024 COMPL BUDGET</u>	<u>2025 FORECAST</u>	<u>2025 BUDGET</u>	<u>2025</u>	<u>2024</u>	<u>2025 BUD vs 2025 FORECAST</u>	
				<u>BUDGET vs AMOUNT DIFFERENCE</u>	<u>COMPL BUDGET PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	2,050,000	83,000	51,000	(1,999,000)	-97.5%	(32,000)	-38.6%
REPLACEMENTS	<u>21,852,000</u>	<u>39,747,000</u>	<u>13,799,000</u>	<u>(8,053,000)</u>	<u>-36.9%</u>	<u>(25,948,000)</u>	<u>-65.3%</u>
TOTAL GAS PROCESSING	23,902,000	39,830,000	13,850,000	(10,052,000)	-42.1%	(25,980,000)	-65.2%
<u>DISTRIBUTION</u>							
ADDITIONS	17,567,000	17,467,000	16,260,900	(1,306,100)	-7.4%	(1,206,100)	-6.9%
REPLACEMENTS	<u>129,314,000</u>	<u>128,588,000</u>	<u>133,360,000</u>	<u>4,046,000</u>	<u>3.1%</u>	<u>4,772,000</u>	<u>3.7%</u>
GROSS TOTAL DISTRIBUTION	146,881,000	146,055,000	149,620,900	2,739,900	1.9%	3,565,900	2.4%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(6,693,000)</u>	<u>(6,110,000)</u>	<u>(4,044,000)</u>	<u>2,649,000</u>	<u>-39.6%</u>	<u>2,066,000</u>	<u>-33.8%</u>
NET TOTAL DISTRIBUTION	140,188,000	139,945,000	145,576,900	5,388,900	3.8%	5,631,900	4.0%
<u>FIELD SERVICES</u>							
ADDITIONS	3,415,000	4,542,000	3,017,000	(398,000)	-11.7%	(1,525,000)	-33.6%
REPLACEMENTS	<u>5,430,000</u>	<u>20,733,000</u>	<u>4,975,000</u>	<u>(455,000)</u>	<u>-8.4%</u>	<u>(15,758,000)</u>	<u>-76.0%</u>
GROSS TOTAL FIELD SERVICES	8,845,000	25,275,000	7,992,000	(853,000)	-9.6%	(17,283,000)	-68.4%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	8,845,000	25,275,000	7,992,000	(853,000)	-9.6%	(17,283,000)	-68.4%

PHILADELPHIA GAS WORKS
COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2024 COMPL BUDGET</u>	<u>2025 FORECAST</u>	<u>2025 BUDGET</u>	<u>2025</u>	<u>2024</u>	<u>2025 BUD vs 2025 FORECAST</u>	
				<u>BUDGET vs AMOUNT DIFFERENCE</u>	<u>COMPL BUDGET PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>							
ADDITIONS	496,000.00	-		(496,000.00)	-100.0%	-	N/A
REPLACEMENTS	<u>6,736,000</u>	<u>8,317,000</u>	<u>5,980,000</u>	<u>(756,000)</u>	<u>-11.2%</u>	<u>(2,337,000)</u>	<u>-28.1%</u>
GROSS TOTAL FLEET OPERATIONS	7,232,000	8,317,000	5,980,000	(1,252,000)	-17.3%	(2,337,000)	-28.1%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	7,232,000	8,317,000	5,980,000	(1,252,000)	-17.3%	(2,337,000)	-28.1%
<u>OTHER</u>							
ADDITIONS	34,275,000	311,000	11,447,000	(22,828,000)	-66.6%	11,136,000	3580.7%
REPLACEMENTS	<u>36,748,000</u>	<u>14,720,000</u>	<u>5,493,000</u>	<u>(31,255,000)</u>	<u>-85.1%</u>	<u>(9,227,000)</u>	<u>-62.7%</u>
TOTAL OTHER	71,023,000	15,031,000	16,940,000	(54,083,000)	-76.1%	1,909,000	12.7%
<u>TOTAL</u>							
ADDITIONS	57,803,000	22,403,000	30,775,900	(27,027,100)	-46.8%	8,372,900	37.4%
REPLACEMENTS	<u>200,080,000</u>	<u>212,105,000</u>	<u>163,607,000</u>	<u>(36,473,000)</u>	<u>-18.2%</u>	<u>(48,498,000)</u>	<u>-22.9%</u>
GROSS TOTAL	257,883,000	234,508,000	194,382,900	(63,500,100)	-24.6%	(40,125,100)	-17.1%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(6,693,000)	(6,110,000)	(4,044,000)	2,649,000	-39.6%	2,066,000	-33.8%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>251,190,000</u>	<u>228,398,000</u>	<u>190,338,900</u>	<u>(60,851,100)</u>	<u>-24.2%</u>	<u>(38,059,100)</u>	<u>-16.7%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
 SUMMARY 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	30,775,900	24,035,900	163,607,000	115,590,000	194,382,900	139,625,900
YEAR 1	-	6,740,000	-	35,738,000	-	42,478,000
YEAR 2	-	-	-	4,995,000	-	4,995,000
YEAR 3	-	-	-	2,141,000	-	2,141,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>30,775,900</u>	<u>30,775,900</u>	<u>163,607,000</u>	<u>158,464,000</u>	<u>194,382,900</u>	<u>189,239,900</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2025 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	-	2,236,400	-	2,236,400
53-02 SUPPLEMENTAL GAS FACILITIES	-	6,350,000	-	6,350,000
53-03 BUILDING AND GROUNDS	-	4,940,600	-	4,940,600
53-04 MISC CAPITAL REQUIREMENTS	51,000	272,000	-	323,000
TOTAL GAS PROCESSING	<u>51,000</u>	<u>13,799,000</u>	<u>-</u>	<u>13,850,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2024 COMPL BUDGET	2025 FORECAST	2025 BUDGET	2025	2024	2025 BUD vs 2025		
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.	
53-01	NATURAL GAS MEASUREMENT AND CONTROL FACILITIES								
	ADDITIONS	1,434,000	-	-	(1,434,000)	-100.0%	0	N/A	
	REPLACEMENTS	718,000	754,000	2,236,400	1,518,400	211.5%	1,482,400	196.6%	
	TOTAL	2,152,000	754,000	2,236,400	84,400	3.9%	1,482,400	196.6%	
53-02	SUPPLEMENTA L GAS FACILITIES								
	ADDITIONS	535,000	-	-	(535,000)	-100.0%	0	N/A	
	REPLACEMENTS	19,906,000	33,669,000	6,350,000	(13,556,000)	-68.1%	(27,319,000)	-81.1%	
	TOTAL	20,441,000	33,669,000	6,350,000	(14,091,000)	-68.9%	(27,319,000)	-81.1%	
53-03	BUILDING AND GROUNDS								
	ADDITIONS	-	-	-	-	N/A	0	N/A	
	REPLACEMENTS	-	5,000,000	4,940,600	4,940,600	N/A	(59,400)	-1.2%	
	TOTAL	-	5,000,000	4,940,600	4,940,600	N/A	(59,400)	-1.2%	
53-04	MISC CAPITAL REQUIREMENT S								
	ADDITIONS	81,000	83,000	51,000	(30,000)	-37.0%	(32,000)	-38.6%	
	REPLACEMENTS	317,000	324,000	272,000	(45,000)	-14.2%	(52,000)	-16.0%	
	TOTAL	398,000	407,000	323,000	(75,000)	-18.8%	(84,000)	-20.6%	
	REAUTHORIZA TION								
	ADDITIONS	-	-	-	-	N/A	0	N/A	
	REPLACEMENTS	911,000	-	-	(911,000)	-100.0%	0	N/A	
	TOTAL	911,000	-	-	(911,000)	-100.0%	0	N/A	
	TOTAL GAS PROCESSING	23,902,000	39,830,000	13,850,000	(10,052,000)	-42.1%	(25,980,000)	-65.2%	

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL 2025 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 1</u>							
1	GP-1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,441,400	1,324,400	117,000	-	-
1	GP-2	53-02-2-01	REPLACE FIBER OPTIC - RICHMOND PLANT	867,000	867,000	-	-	-
1	GP-2	53-02-2-04	REPL RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - PASSYUN	1,070,000	1,021,000	49,000	-	-
1	GP-2	53-02-2-08	UPGRADE H-1 HEATER CONTROLS - RICHMOND	3,333,000	1,536,000	1,797,000	-	-
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	51,000	51,000	-	-	-
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	272,000	272,000	-	-	-
	<u>PRIORITY 2</u>							
2	GP-2	53-02-2-07	REPL MCC 1,2,3 - RICHMOND	1,080,000	1,080,000	-	-	-
2	GP-2	53-02-2-09	UPGRADE EXPANDER H2O AND CO2 ANALYZER	-	-	-	-	-
2	GP-3	53-03-1-01	BOILOFF GAS COMPRESSORS REPLACEMENTS - PASSYUNK	4,940,600	3,074,600	1,866,000	-	-
	<u>PRIORITY 5</u>							
5	GP-1	53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	795,000	714,000	81,000	-	-
<u>TOTAL GAS PROCESSING DEPARTMENT:</u>				<u>13,850,000</u>	<u>9,940,000</u>	<u>3,910,000</u>	<u>-</u>	<u>-</u>

GAS PROCESSING DEPARTMENT
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,441,400
5	53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	795,000
		TOTAL GP-1	<u><u>2,236,400</u></u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
1	53-02-2-01	REPLACE FIBER OPTIC - RICHMOND PLANT	867,000
1	53-02-2-04	REPL RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - PASSYUNK	1,070,000
2	53-02-2-07	REPL MCC 1,2,3 - RICHMOND	1,080,000
1	53-02-2-08	UPGRADE H-1 HEATER CONTROLS - RICHMOND	3,333,000
2	53-02-2-09	UPGRADE EXPANDER H2O AND CO2 ANALYZER	
		TOTAL GP-2	<u><u>6,350,000</u></u>
	<u>GP-3</u>	<u>BUILDING & GROUNDS</u>	
2	53-03-1-01	BOILOFF GAS COMPRESSORS REPLACEMENTS - PASSYUNK	4,940,600
		TOTAL GP-3	<u><u>4,940,600</u></u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	51,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	272,000
		TOTAL GP-4	<u><u>323,000</u></u>
		TOTAL GAS PROCESSING DEPARTMENT	<u><u>13,850,000</u></u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2025 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	51,000	51,000	13,799,000	9,889,000	13,850,000	9,940,000
YEAR 1	-	-	-	3,910,000	-	3,910,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>51,000</u>	<u>51,000</u>	<u>13,799,000</u>	<u>13,799,000</u>	<u>13,850,000</u>	<u>13,850,000</u>

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2025 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)	2,711,900	1,082,000	3,793,900	-	3,793,900
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,429,000	97,558,000	99,987,000	(1,617,000)	98,370,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	302,000	3,985,000	4,287,000	(2,427,000)	1,860,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	811,000	2,114,000	2,925,000	-	2,925,000
52-24 SERVICES	9,725,000	23,117,000	32,842,000	-	32,842,000
52-25 CONDITIONED RESERVED	-	4,393,000	4,393,000	-	4,393,000
52-29 OTHER DISTRIBUTION FACILITIES	282,000	1,111,000	1,393,000	-	1,393,000
TOTAL DISTRIBUTION	16,260,900	133,360,000	149,620,900	(4,044,000)	145,576,900

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2024 COMPL BUDGET	2025 FORECAST	2025 BUDGET	2025		2024		2025 BUD vs 2025	
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	COMPL BUDGET \$ DIFF.	FORECAST % DIFF.		
52-20	GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)									
	ADDITIONS	4,055,000	3,644,000	2,711,900	(1,343,100)	-33.1%	(932,100)	-25.6%		
	REPLACEMENTS	<u>1,132,000</u>	<u>1,158,000</u>	<u>1,082,000</u>	<u>(50,000)</u>	<u>-4.4%</u>	<u>(76,000)</u>	<u>-6.6%</u>		
	TOTAL	5,187,000	4,802,000	3,793,900	(1,393,100)	-26.9%	(1,008,100)	-21.0%		
52-21	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER									
	ADDITIONS	3,129,000	3,201,000	2,429,000	(700,000)	-22.4%	(772,000)	-24.1%		
	REPLACEMENTS	<u>94,263,000</u>	<u>94,913,000</u>	<u>97,558,000</u>	<u>3,295,000</u>	<u>3.5%</u>	<u>2,645,000</u>	<u>2.8%</u>		
	TOTAL	97,392,000	98,114,000	99,987,000	2,595,000	2.7%	1,873,000	1.9%		
52-22	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER									
	ADDITIONS	300,000	307,000	302,000	2,000	0.7%	(5,000)	-1.6%		
	REPLACEMENTS	<u>4,805,000</u>	<u>2,857,000</u>	<u>3,985,000</u>	<u>(820,000)</u>	<u>-17.1%</u>	<u>1,128,000</u>	<u>39.5%</u>		
	TOTAL	5,105,000	3,164,000	4,287,000	(818,000)	-16.0%	1,123,000	35.5%		
52-23	CUST MTR & REG INST, PRESSURE REGULA- TION AND CORROSION CONTROL FACILITIES									
	ADDITIONS	385,000	394,000	811,000	426,000	110.6%	417,000	105.8%		
	REPLACEMENTS	<u>2,732,000</u>	<u>2,794,000</u>	<u>2,114,000</u>	<u>(618,000)</u>	<u>-22.6%</u>	<u>(680,000)</u>	<u>-24.3%</u>		
	TOTAL	3,117,000	3,188,000	2,925,000	(192,000)	-6.2%	(263,000)	-8.2%		
52-24	SERVICES									
	ADDITIONS	9,405,000	9,621,000	9,725,000	320,000	3.4%	104,000	1.1%		
	REPLACEMENTS	<u>20,999,000</u>	<u>21,482,000</u>	<u>23,117,000</u>	<u>2,118,000</u>	<u>10.1%</u>	<u>1,635,000</u>	<u>7.6%</u>		
	TOTAL	30,404,000	31,103,000	32,842,000	2,438,000	8.0%	1,739,000	5.6%		
52-25	CONDITIONED FUDNING RESERVED	4,278,000	4,254,000	4,393,000	115,000	2.7%	139,000	3.3%		
52-29	OTHER DISTRIBUTION FACILITIES									
	ADDITIONS	293,000	300,000	282,000	(11,000)	-3.8%	(18,000.00)	-6.0%		
	REPLACEMENTS	<u>1,105,000</u>	<u>1,130,000</u>	<u>1,111,000</u>	<u>6,000</u>	<u>0.5%</u>	<u>(19,000)</u>	<u>-1.7%</u>		
	TOTAL	1,398,000	1,430,000	1,393,000	(5,000)	-0.4%	(37,000)	-2.6%		
GROSS TOTAL DISTRIBUTION DEPARTMENT		146,881,000	146,055,000	149,620,900	2,739,900	1.9%	3,565,900	2.4%		
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>(6,693,000)</u>	<u>(6,110,000)</u>	<u>(4,044,000)</u>	<u>2,649,000</u>	<u>-39.6%</u>	<u>2,066,000</u>	<u>-33.8%</u>		
NET TOTAL DISTRIBUTION		<u>140,188,000</u>	<u>139,945,000</u>	<u>145,576,900</u>	<u>5,388,900</u>	<u>3.8%</u>	<u>5,631,900</u>	<u>4.0%</u>		

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
	<u>D-20</u>		
4	52-20-1-01 MAIN ADDITIONS FOR LOADS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	2,711,900	14,337
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,082,000	1,378
		GROSS TOTAL D-20 3,793,900	
52-20-2-97		LESS: REIMBURSEMENT**	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		NET TOTAL D-20 3,793,900	
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
	<u>D-21</u>		
4	52-21-1-01 MAINS ADDITIONS FOR LOADS TO SUPPLY NEW AND EXISTING RESIDENTIAL, COMMERCIAL, AND MAJOR ACCOUNT CUSTOMERS	2,429,000	8,763
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE /UNFORSEEN CONDITIONS	4,955,000	17,404
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	26,603,000	92,658
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 99,987,000	
52-21-2-97		LESS: REIMBURSEMENT** (1,617,000)	
		NET TOTAL D-21 98,370,000	

DISTRIBUTION DEPARTMENT
FISCAL 2025 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 MAIN ADDITIONS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	302,000	32
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE WORK AND UNFORESEEN CONDITIONS	1,288,000	543
3	52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION CAUSED BY CITY/STATE	2,697,000	
	GROSS TOTAL D-22	4,287,000	
	LESS: REIMBURSEMENT**	(2,427,000)	
	NET TOTAL D-22	1,860,000	
	<u>D-23</u> <u>CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 INSTALL OF METERS/REGULATORS FOR NEW CUSTOMERS	404,000	
1	52-23-1-02 HIGH PRESSURE CONTROL VALVE ADDITIONS	407,000	
1	52-23-2-01 EMERGENCY SHUTDOWN VALVES OUT OF COMPLI WITH DOT 192	173,000	
2	52-23-2-02 REPL OF WORN DAMAGED PRESSURE REGULATING/CORROSION CONTROL FACILITIES	1,941,000	
	GROSS TOTAL D-23	2,925,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	2,925,000	

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET

DISTRIBUTION COMPRESSED CATEGORIES

<u>CATEGORIES</u>	2024 COMPL BUDGET	2025 FORECAST	2025 BUDGET
MAIN ADDITIONS	7,484,000	7,152,000	5,442,900
MAIN REPLACEMENTS	100,200,000	98,928,000	102,625,000
SERVICE ADDITIONS	9,405,000	9,621,000	9,725,000
SERVICE REPLACEMENTS	20,999,000	21,482,000	23,117,000
METER/REGULATOR/CORROSION	3,117,000	3,188,000	2,925,000
TOOLS	1,398,000	1,430,000	1,393,000
CONDITIONED FUNDING RESERVE	3,309,000	3,384,000	4,393,000
<u>GROSS TOTAL DISTRIBUTION</u>	<u>145,912,000</u>	<u>145,185,000</u>	<u>149,620,900</u>

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2025 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	26,603,000	92,658	20,277,000	6,326,000	-	-
1	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	41,000,000		29,244,000	11,756,000	-	-
1	D-21 52-21-2-04 NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	25,000,000		10,728,000	7,136,000	4,995,000	2,141,000
1	D-23 52-23-1-02 HIGH PRESSURE CONTROL VALVE ADDITIONS	407,000		151,000	256,000	-	-
1	D-23 52-23-2-01 EMERGENCY SHUTDOWN VALVES OUT OF COMPLI WITH DOT 192	173,000		64,000	109,000	-	-
1	D-24 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,168,000	80	915,000	253,000	-	-
1	D-24 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	21,949,000	8,335	19,908,000	2,041,000	-	-
1	D-25 52-25-2-01 CONDITIONED FUNDING RESERVED	4,393,000		-	-	-	-
<u>PRIORITY 2</u>							
2	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	282,000		254,000	28,000	-	-
2	D-29 52-29-2-01 REPLACEMENT OF UNUSABLE WORK EQUIPMENT	1,111,000		441,000	670,000	-	-
2	D-23 52-23-2-02 REPL OF WORN DAMAGED PRESSURE REGULATING/CORROSION CONTROL FACILITIES	1,941,000		1,471,000	470,000	-	-

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2025 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	1,082,000	1,378	1,045,000	37,000	-	-
3	D-21 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE /UNFORSEEN	4,955,000	17,404	3,804,000	1,151,000	-	-
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE WORK	1,288,000	543	1,045,000	243,000	-	-
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION CAUSED BY CITY/STATE	2,697,000		2,184,000	513,000	-	-
	<u>PRIORITY 4</u>						
4	D-20 52-20-1-01 MAIN ADDITIONS FOR LOADS TO SUPPLY INDUSTRIAL AND	2,711,900	14,337	2,373,900	338,000	-	-
4	D-21 52-21-1-01 MAINS ADDITIONS FOR LOADS TO SUPPLY NEW AND EXISTING	2,429,000	8,763	2,310,000	119,000	-	-
4	D-23 52-23-1-01 INSTALL OF METERS/REGULATORS FOR NEW CUSTOMERS	404,000	-	399,000	5,000	-	-
4	D-22 52-22-1-01 MAIN ADDITIONS TO SUPPLY INDUSTRIAL AND COMMERCIAL	302,000	32	302,000	-	-	-
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,	7,733,000	1,867	7,704,000	29,000	-	-
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,	1,992,000	144	1,947,000	45,000	-	-
TOTAL DISTRIBUTION DEPARTMENT:		<u>149,620,900</u>		<u>106,566,900</u>	<u>31,525,000</u>	<u>4,995,000</u>	<u>2,141,000</u>

PHILADELPHIA GAS WORKS
FISCAL YEAR 2025 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	16,260,900	15,440,900	133,360,000	91,126,000	149,620,900	106,566,900
YEAR 1	-	820,000	-	30,705,000	-	31,525,000
YEAR 2	-	-	-	4,995,000	-	4,995,000
YEAR 3	-	-	-	2,141,000	-	2,141,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>16,260,900</u>	<u>16,260,900</u>	<u>133,360,000</u>	<u>128,967,000</u>	<u>149,620,900</u>	<u>145,227,900</u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	2,579,000	3,130,000	5,709,000
50-32 SERVICE REGULATORS AND INSTALLATION	138,000	126,000	264,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	62,000	61,000	123,000
50-34 METER SHOP EQUIPMENT	-	228,000	228,000
50-36 AUTOMATIC METER READING	<u>238,000</u>	<u>1,430,000</u>	<u>1,668,000</u>
GROSS TOTAL FIELD SERVICES	3,017,000	4,975,000	7,992,000
LESS: SALVAGE LESS: CONTRIBUTIONS*	<u> </u>	<u> </u>	<u> </u>
NET TOTAL FIELD SERVICES	<u><u>3,017,000</u></u>	<u><u>4,975,000</u></u>	<u><u>7,992,000</u></u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2024 COMPL BUDGET	2025 FORECAST	2025 BUDGET	2025	2024	2025 BUD vs 2025 FORECAST	
					BUDGET vs \$ DIFFERENCE	COMPL BUDGET % DIFF.	\$ DIFFERENCE	% DIFF.
50-30 METERS	ADDITIONS	2,827,000	2,845,000	2,579,000	(248,000)	-8.8%	(266,000)	-9.3%
	REPLACEMENTS	<u>3,946,000</u>	<u>19,963,000</u>	<u>3,130,000</u>	<u>(816,000)</u>	<u>-20.7%</u>	<u>(16,833,000)</u>	<u>-84.3%</u>
	TOTAL	6,773,000	22,808,000	5,709,000	(1,064,000)	-15.7%	(17,099,000)	-75.0%
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	116,000	86,000	138,000	22,000	19.0%	52,000	60.5%
	REPLACEMENTS	<u>113,000</u>	<u>118,000</u>	<u>126,000</u>	<u>13,000</u>	<u>11.5%</u>	<u>8,000</u>	<u>6.8%</u>
	TOTAL	229,000	204,000	264,000	35,000	15.3%	60,000	29.4%
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	58,000	87,000	62,000	4,000	6.9%	(25,000)	-28.7%
	REPLACEMENTS	<u>62,000</u>	<u>81,000</u>	<u>61,000</u>	<u>(1,000)</u>	<u>-1.6%</u>	<u>(20,000)</u>	<u>-24.7%</u>
	TOTAL	120,000	168,000	123,000	3,000	2.5%	(45,000)	-26.8%
50-34 METER SHOP EQUIPMENT	ADDITIONS	153,000	157,000	-	(153,000)	(1.00)	(157,000.00)	(1.00)
	REPLACEMENTS	<u>71,000</u>	<u>-</u>	<u>228,000</u>	<u>157,000</u>	<u>2.21</u>	<u>228,000.00</u>	<u>N/A</u>
	TOTAL	224,000	157,000	228,000	4,000	0.02	71,000.00	0.45
50-35 SERVICE SECTION EQUIPMENT	ADDITIONS	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
	REPLACEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	TOTAL	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
50-36 AUTOMATIC METER READING	ADDITIONS	261,000	292,000	238,000	(23,000)	-8.8%	(54,000)	-18.5%
	REPLACEMENTS	<u>1,238,000</u>	<u>571,000</u>	<u>1,430,000</u>	<u>192,000</u>	<u>15.5%</u>	<u>859,000</u>	<u>150.4%</u>
	TOTAL	1,499,000	863,000	1,668,000	169,000	11.3%	805,000	93.3%
GROSS TOTAL FIELD SERVICES		8,845,000	25,275,000	7,992,000	(853,000)	-9.6%	(17,283,000)	-68.4%
LESS: SALVAGE		-	-	-	-	N/A	-	N/A
LESS: CONTRIBUTIONS*		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
NET TOTAL FIELD SERVICES		<u>8,845,000</u>	<u>25,275,000</u>	<u>7,992,000</u>	<u>(853,000)</u>	<u>-9.6%</u>	<u>(17,283,000)</u>	<u>-68.4%</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL 2025 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	126,000	126,000	-	-	-
2	C-33 50-33-2-01 NON-RESIDENTIAL ENDPOINT REPLACEMENTS	61,000	12,000	49,000	-	-
2	C-34 50-34-2-01 REPL OBSOLETE SHOP EQUIP, HAND-HELD TOOLS/ SW PACKAGE FOR AMR	228,000	228,000	-	-	-
<u>PRIORITY 4</u>						
4	C-30 50-30-1-01 PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR	2,579,000	2,579,000	-	-	-
4	C-32 50-32-1-01 PURCHASE AND INSTALLATION OF SERVICE REGULATORS	138,000	138,000	-	-	-
4	C-33 50-33-1-01 NON-RESIDENTIAL ENDPOINT ADDITIONS	62,000	37,000	25,000	-	-
4	C-36 50-36-1-01 PURCHASE AND INSTALL AMR FOR RESIDENTIAL GENERAL SVC CUSTOMERS	238,000	167,000	71,000	-	-
<u>PRIORITY 5</u>						
5	C-30 50-30-2-01 PURCHASE METERS TO SUPPORT METER TESTING	3,130,000	3,130,000	-	-	-
5	C-36 50-36-2-01 REPLACE AMR DEVICES	1,430,000	1,001,000	429,000	-	-
TOTAL FIELD SERVICES DEPARTMENT:		<u>7,992,000</u>	<u>7,418,000</u>	<u>574,000</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
 FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

FISCAL YEAR	ADDITIONS		REPLACEMENTS		TOTAL	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	3,017,000	2,921,000	4,975,000	4,497,000	7,992,000	7,418,000
YEAR 1	-	96,000	-	478,000	-	574,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>3,017,000</u>	<u>3,017,000</u>	<u>4,975,000</u>	<u>4,975,000</u>	<u>7,992,000</u>	<u>7,992,000</u>

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2024 COMPL BUDGET</u>	<u>2025 FORECAST</u>	<u>2025 BUDGET</u>	<u>2025</u>	<u>2024</u>	<u>2025 BUD vs 2025</u>	
				<u>BUDGET vs</u>	<u>COMPL BUDGET</u>	<u>FORECAST</u>	
				<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
				<u>DIFFERENCE</u>	<u>DIFF.</u>	<u>DIFFERENCE</u>	<u>DIFF.</u>
73-01-1-02 MOBILE EQUIPMENT ADDITIONS	81,000	-	-	(81,000)	-100.0%	-	N/A
73-01-1-03 VEHICLE ADDITIONS	415,000	-	-	(415,000.00)	-100.0%	-	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	403,000	3,135,000	797,000	394,000	97.8%	(2,338,000)	-74.6%
73-01-2-03 VEHICLE REPLACEMENTS	4,338,000	5,182,000	5,183,000	845,000	19.5%	1,000	0.0%
73-01-2-03 VEHICLE REPLACEMENTS	1,995,000	-	-	(1,995,000)	-100.0%	-	N/A
GROSS TOTAL FLEET OPERATIONS	7,232,000	8,317,000	5,980,000	(1,252,000)	-17.3%	(2,337,000)	-28.1%
LESS: SALVAGE					<u>N/A</u>		<u>N/A</u>
NET TOTAL FLEET OPERATIONS	<u>7,232,000</u>	<u>8,317,000</u>	<u>5,980,000</u>	<u>(1,252,000)</u>	<u>-17.3%</u>	<u>(2,337,000)</u>	<u>-28.1%</u>

FLEET OPERATIONS DEPARTMENT
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	797,000
2	73-01-2-03 VEHICLE REPLACEMENTS	5,183,000
	GROSS TOTAL FLEET OPERATIONS	<u>5,980,000</u>
	NET TOTAL FLEET OPERATIONS	<u><u>5,980,000</u></u>

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL 2025 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	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	797,000	797,000	-	-	-
2	73-01-2-03 VEHICLE REPLACEMENTS	5,183,000	5,183,000	-	-	-
TOTAL FLEET OPERATIONS DEPARTMENT:		<u>5,980,000</u>	<u>5,980,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2025 COMPLIANCE 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	-	-	5,980,000	5,980,000	5,980,000	5,980,000
YEAR 1	-	-	-	-	-	-
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>-</u>	<u>-</u>	<u>5,980,000</u>	<u>5,980,000</u>	<u>5,980,000</u>	<u>5,980,000</u>

FACILITIES

FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2024 COMPL BUDGET</u>	<u>2025 FORECAST</u>	<u>2025 BUDGET</u>	<u>2025</u>	<u>2024</u>	<u>2025 BUD vs 2025</u>		
				<u>BUDGET vs \$ DIFF.</u>	<u>COMPL BUDGET % DIFF.</u>	<u>FORECAST \$ DIFF.</u>	<u>% DIFF.</u>	
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	94,000	96,000	64,000	(30,000)	-31.9%	(32,000)	-33.3%	
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	5,000	-	0.0%	-	0.0%	
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	476,000	490,000	363,000	(113,000)	-23.7%	(127,000)	-25.9%	
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	14,000	14,000	12,000	(2,000)	-14.3%	(2,000)	-14.3%	
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	5,000	5,000	12,000	7,000	140.0%	7,000	140.0%	
72-01-1-04 800 BUILDING 1ST FLOOR RENOVATIONS PHASE 2	-	-	7,075,000	7,075,000	N/A	7,075,000	N/A	
72-01-2-05 800 BUILDING STAIR TOWER RENOVATION	-	-	316,000	316,000	N/A	316,000	N/A	
72-01-2-04 800 BUILDING CHP CHILLER REPLACEMENT	-	-	561,000	561,000	N/A	561,000	N/A	
72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	416,000	-	-	(416,000)	-100.0%	-	N/A	
72-01-1-04 1849 ELECTRICAL POWER SEPARATION [Conditonal Funding]	332,000	-	-	(332,000)	-100.0%	-	N/A	
72-01-2-05 800 BUILDING DATA CENTER UPS MPR REPL	272,000	-	-	(272,000)	-100.0%	-	N/A	
72-01-2-04 REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	2,616,000	-	-	(2,616,000)	-100.0%	-	N/A	
72-01-2-06 800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	239,000	-	-	(239,000)	-100.0%	-	N/A	
72-01-2-07 800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	140,000	-	-	(140,000)	-100.0%	-	N/A	
72-02-2-03 800 BUILDING CAFETERIA IMPROVEMENTS	202,000	-	-	(202,000)	-100.0%	-	N/A	
72-02-2-01 800 BUILDING LOBBY IMPROVEMENTS	106,000	-	-	(106,000)	-100.0%	-	N/A	
72-02-2-02 800 BUILDING DATA UPGRADES 1ST FLOOR WEST	51,000	-	-	(51,000)	-	-	-	
72-01-2-08 SOUTH OPERATIONS CENTER (SOC)	24,733,000	-	-	(24,733,000)	-	-	-	
72-01-2-08 1849 MECHANICAL SEPARATION		350,000	-	-		(350,000)		
72-05-1-03 1849 FUELING STATION IMPROVEMENTS		725,000	-	-		(725,000)		
2022 REAUTHORIZATION								
72-01-2-05 REFUELING STATION NOC	6,367,000	-	-	(6,367,000)		-		
72-01-2-06 REPAVE 800 PARKING LOT	459,000	-	-	(459,000)	-100.0%	-	N/A	
TOTAL FACILITIES	<u>36,527,000</u>	<u>1,685,000</u>	<u>8,408,000</u>	<u>(28,119,000)</u>	<u>-77.0%</u>	<u>6,723,000</u>	<u>399.0%</u>	

OTHER DEPARTMENTS
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	7,144,000	1,264,000	8,408,000
INFORMATION SERVICES	4,303,000	3,479,000	7,782,000
CHIEF OPERATING OFFICER	-	750,000	750,000
OTHER	-	-	-
TOTAL OTHER DEPARTMENTS	<u>11,447,000</u>	<u>5,493,000</u>	<u>16,940,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2024 COMPL <u>BUDGET</u>	2025 <u>FORECAST</u>	2025 <u>BUDGET</u>	<u>2025</u> <u>BUDGET vs</u>	<u>2024</u> <u>COMPL BUDGET</u>	<u>2025 BUD vs 2025</u> <u>FORECAST</u>	
				\$ <u>DIFFERENCE</u>	% <u>DIFF.</u>	\$ <u>DIFFERENCE</u>	% <u>DIFF.</u>
FACILITIES							
ADDITIONS	31,947,000	101,000	7,144,000	(24,803,000)	-77.6%	7,043,000	6973.3%
REPLACEMENTS	4,580,000	1,584,000	1,264,000	(3,316,000)	-72.4%	(320,000)	-20.2%
TOTAL	<u>36,527,000</u>	<u>1,685,000</u>	<u>8,408,000</u>	<u>(28,119,000)</u>	<u>-77.0%</u>	<u>6,723,000</u>	<u>399.0%</u>
INFORMATION SERVICES							
ADDITIONS	2,328,000	210,000	4,303,000	1,975,000	84.8%	4,093,000	1949.0%
REPLACEMENTS	31,418,000	12,386,000	3,479,000	(27,939,000)	-88.9%	(8,907,000)	-71.9%
TOTAL	<u>33,746,000</u>	<u>12,596,000</u>	<u>7,782,000</u>	<u>(25,964,000)</u>	<u>-76.9%</u>	<u>(4,814,000)</u>	<u>-38.2%</u>
CHIEF OPERATING OFFICER							
ADDITIONS	-	-	-	-	N/A	-	N/A
REPLACEMENTS	750,000	750,000	750,000	-	0.0%	-	0.0%
TOTAL	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>0.0%</u>	<u>-</u>	<u>0.0%</u>
TOTAL OTHER DEPARTMENTS	<u>71,023,000</u>	<u>15,031,000</u>	<u>16,940,000</u>	<u>(54,083,000)</u>	<u>-76.1%</u>	<u>1,909,000</u>	<u>12.7%</u>

OTHER DEPARTMENTS
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>		<u>FACILITIES</u>	AMOUNT
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	64,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	363,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	12,000
1	72-01-1-04	800 BUILDING 1ST FLOOR RENOVATIONS PHASE 2	7,075,000
1	72-01-2-05	800 BUILDING STAIR TOWER RENOVATION	316,000
1	72-01-2-04	800 BUILDING CHP CHILLER REPLACEMENT	561,000
		TOTAL FACILITIES	<u><u>8,408,000</u></u>

OTHER DEPARTMENTS
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>			AMOUNT
		<u>INFORMATION SERVICES</u>	
2	47-01-1-01	MISC ADDITIONS - NETWORK AND SERVER HARDWARE	914,000
2	47-01-1-03	ADDITIONS - SAN STORAGE	302,000
2	47-01-1-05	ADDITIONS - SECURITY CAMERAS for M & R STATIONS	296,000
2	47-01-1-06	ADDITIONS - GIS HARDWARE	1,779,000
2	47-01-1-07	ADDITIONS - NOC DATACENTER	712,000
2	47-01-2-01	MISC REPLACEMENTS - SOFTWARE	600,000
2	47-01-2-02	MISC REPLACEMENTS - NETWORK AND SERVER HARDWARE	685,000
2	47-01-2-03	REPLACEMENTS - SAN STORAGE	415,000
2	47-01-2-04	REPLACEMENTS - SECURITY CAMERAS	119,000
2	47-01-2-05	REPLACEMENTS - OPERATIONS SOFTWARE	1,660,000
2	47-01-1-02	MISC ADDITIONS - SOFTWARE	300,000
		TOTAL INFORMATION SERVICES	<u><u>7,782,000</u></u>

OTHER DEPARTMENTS
FISCAL 2025 COMPLIANCE CAPITAL BUDGET

<u>P</u>			AMOUNT
		<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>750,000</u>
		TOTAL OTHER DEPARTMENTS	<u>16,940,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL 2025 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 1</u>						
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	64,000	64,000	-	-	-
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	-	-	-
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	363,000	363,000	-	-	-
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	12,000	12,000	-	-	-
1	72-01-1-04 800 BUILDING 1ST FLOOR RENOVATIONS PHASE 2	7,075,000	3,325,000	3,750,000	-	-
1	72-01-2-05 800 BUILDING STAIR TOWER RENOVATION	316,000	316,000	-	-	-
1	72-01-2-04 800 BUILDING CHP CHILLER REPLACEMENT	561,000	561,000	-	-	-
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	-	-	-	-
<u>PRIORITY 2</u>						
2	47-01-1-01 MISC ADDITIONS - NETWORK AND SERVER HARDWARE	914,000	137,000	777,000	-	-
2	47-01-1-03 ADDITIONS - SAN STORAGE	302,000	155,000	147,000	-	-
2	47-01-1-05 ADDITIONS - SECURITY CAMERAS for M & R STATIONS	296,000	296,000	-	-	-
2	47-01-1-06 ADDITIONS - GIS HARDWARE	1,779,000	779,000	1,000,000	-	-
2	47-01-1-07 ADDITIONS - NOC DATACENTER	712,000	712,000	-	-	-
2	47-01-2-01 MISC REPLACEMENTS - SOFTWARE	600,000	500,000	100,000	-	-
2	47-01-2-02 MISC REPLACEMENTS - NETWORK AND SERVER HARDWARE	685,000	308,000	377,000	-	-
2	47-01-2-03 REPLACEMENTS - SAN STORAGE	415,000	415,000	-	-	-
2	47-01-2-04 REPLACEMENTS - SECURITY CAMERAS	119,000	119,000	-	-	-
2	47-01-2-05 REPLACEMENTS - OPERATIONS SOFTWARE	1,660,000	1,492,000	168,000	-	-
2	47-01-1-02 MISC ADDITIONS - SOFTWARE	300,000	150,000	150,000	-	-
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	-	-	-	-
TOTAL OTHER DEPARTMENTS:		<u>16,940,000</u>	<u>9,721,000</u>	<u>6,469,000</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2025 COMPLIANCE CAPITAL BUDGET
 OTHER DEPARTMENTS 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	11,447,000	5,623,000	5,493,000	4,098,000	16,940,000	9,721,000
YEAR 1	-	5,824,000	-	645,000	-	6,469,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>11,447,000</u>	<u>11,447,000</u>	<u>5,493,000</u>	<u>4,743,000</u>	<u>16,940,000</u>	<u>16,190,000</u>

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS
FISCAL YEAR 2025 AND FORECAST 2026 THROUGH 2030

<u>DEPARTMENT</u>	<u>COMPLIANCE 2025 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	
<u>GAS PROCESSING</u>							
ADDITIONS	51,000	52,000	53,000	54,000	55,000	56,000	321,000
REPLACEMENTS	<u>13,799,000</u>	<u>40,138,000</u>	<u>175,985,000</u>	<u>4,124,000</u>	<u>16,898,000</u>	<u>21,513,000</u>	<u>272,457,000</u>
TOTAL GAS PROCESSING	13,850,000	40,190,000	176,038,000	4,178,000	16,953,000	21,569,000	<u>272,778,000</u>
ACQUIRE ASSETS LEASE	13,850,000	40,190,000	176,038,000	4,178,000	16,953,000	21,569,000	272,778,000
<u>DISTRIBUTION</u>							
ADDITIONS	16,260,900	17,832,000	18,207,000	18,626,000	19,055,000	19,493,000	109,473,900
REPLACEMENTS	<u>133,360,000</u>	<u>134,915,000</u>	<u>136,321,000</u>	<u>137,894,000</u>	<u>129,203,000</u>	<u>115,399,000</u>	<u>787,092,000</u>
GROSS TOTAL DISTRIBUTION	149,620,900	152,747,000	154,528,000	156,520,000	148,258,000	134,892,000	<u>896,565,900</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	<u>(4,044,000)</u>	<u>(4,128,000)</u>	<u>(4,213,000)</u>	<u>(4,305,000)</u>	<u>(4,399,000)</u>	<u>(4,495,000)</u>	<u>(25,584,000)</u>
NET TOTAL DISTRIBUTION	145,576,900	148,619,000	150,315,000	152,215,000	143,859,000	130,397,000	<u>870,981,900</u>
ACQUIRE ASSETS LEASE	145,576,900	148,619,000	150,315,000	152,215,000	143,859,000	130,397,000	870,981,900

PHILADELPHIA GAS WORKS
FISCAL YEAR 2025 AND FORECAST 2026 THROUGH 2030

<u>DEPARTMENT</u>	<u>COMPLIANCE 2025 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	
<u>FIELD SERVICES</u>							
ADDITIONS	3,017,000	3,183,000	3,187,000	3,267,000	3,288,000	3,381,000	19,323,000
REPLACEMENTS	<u>4,975,000</u>	<u>21,885,000</u>	<u>21,314,000</u>	<u>21,868,000</u>	<u>22,005,000</u>	<u>22,619,000</u>	<u>114,666,000</u>
GROSS TOTAL FIELD SERVICES	7,992,000	25,068,000	24,501,000	25,135,000	25,293,000	26,000,000	<u>133,989,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	7,992,000	25,068,000	24,501,000	25,135,000	25,293,000	26,000,000	<u>133,989,000</u>
ACQUIRE ASSETS LEASE	7,992,000	25,068,000	24,501,000	25,135,000	25,293,000	26,000,000	133,989,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	-	-	-	-	-	-	-
REPLACEMENTS	<u>5,980,000</u>	<u>12,421,000</u>	<u>11,704,000</u>	<u>11,314,000</u>	<u>8,219,000</u>	<u>8,856,000</u>	<u>58,494,000</u>
GROSS TOTAL FLEET OPERATIONS	5,980,000	12,421,000	11,704,000	11,314,000	8,219,000	8,856,000	58,494,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	5,980,000	12,421,000	11,704,000	11,314,000	8,219,000	8,856,000	<u>58,494,000</u>
ACQUIRE ASSETS LEASE	5,980,000	12,421,000	11,704,000	11,314,000	8,219,000	8,856,000	58,494,000

PHILADELPHIA GAS WORKS
FISCAL YEAR 2025 AND FORECAST 2026 THROUGH 2030

<u>DEPARTMENT</u>	COMPLIANCE 2025 <u>CAPITAL BUDGET</u>	FORECAST					<u>TOTAL 6 YEARS</u>
		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	
<u>OTHER</u>							
ADDITIONS	11,447,000	621,000	630,000	639,000	648,000	657,000	14,642,000
REPLACEMENTS	<u>5,493,000</u>	<u>1,622,000</u>	<u>1,637,000</u>	<u>1,652,000</u>	<u>1,667,000</u>	<u>1,682,000</u>	<u>13,753,000</u>
TOTAL OTHER	16,940,000	2,243,000	2,267,000	2,291,000	2,315,000	2,339,000	28,395,000
ACQUIRE ASSETS LEASE	16,940,000	2,243,000	2,267,000	2,291,000	2,315,000	2,339,000	28,395,000
<u>TOTAL</u>							
ADDITIONS	30,775,900	21,688,000	22,077,000	22,586,000	23,046,000	23,587,000	143,759,900
REPLACEMENTS	<u>163,607,000</u>	<u>210,981,000</u>	<u>346,961,000</u>	<u>176,852,000</u>	<u>177,992,000</u>	<u>170,069,000</u>	<u>1,246,462,000</u>
GROSS TOTAL	194,382,900	232,669,000	369,038,000	199,438,000	201,038,000	193,656,000	1,390,221,900
LESS: SALVAGE							
LESS: REIMBURSEMENT**	(4,044,000)	(4,128,000)	(4,213,000)	(4,305,000)	(4,399,000)	(4,495,000)	<u>(25,584,000)</u>
LESS: CONTRIBUTIONS*							
NET TOTAL	<u>190,338,900</u>	<u>228,541,000</u>	<u>364,825,000</u>	<u>195,133,000</u>	<u>196,639,000</u>	<u>189,161,000</u>	<u>1,364,637,900</u>
ACQUIRE ASSETS LEASE	190,338,900	228,541,000	364,825,000	195,133,000	196,639,000	189,161,000	1,364,637,900

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
COMPLIANCE 2026 - 2030 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2025 - 2029 FORECAST</u>	<u>2026 - 2030 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	435,000	270,000	(165,000)	-37.9%
REPLACEMENTS	<u>244,365,000</u>	<u>258,658,000</u>	<u>14,293,000</u>	5.8%
TOTAL GAS PROCESSING	244,800,000	258,928,000	14,128,000	5.8%
<u>DISTRIBUTION</u>				
ADDITIONS	91,547,000	93,213,000	1,666,000	1.8%
REPLACEMENTS	<u>631,844,000</u>	<u>653,732,000</u>	<u>21,888,000</u>	3.5%
GROSS TOTAL DISTRIBUTION	723,391,000	746,945,000	23,554,000	3.3%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
LESS: REIMBURSEMENT**	<u>(31,866,000)</u>	<u>(21,540,000)</u>	<u>10,326,000</u>	-32.4%
NET TOTAL DISTRIBUTION	691,525,000	725,405,000	33,880,000	4.9%
<u>FIELD SERVICES</u>				
ADDITIONS	16,382,000	16,306,000	(76,000)	-0.5%
REPLACEMENTS	<u>108,059,000</u>	<u>109,691,000</u>	<u>1,632,000</u>	1.5%
GROSS TOTAL FIELD SERVICES	124,441,000	125,997,000	1,556,000	1.3%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL FIELD SERVICES	124,441,000	125,997,000	1,556,000	1.3%

PHILADELPHIA GAS WORKS
COMPLIANCE 2026 - 2030 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2025 - 2029 FORECAST</u>	<u>2026 - 2030 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	-	-	-	
REPLACEMENTS	<u>41,164,000</u>	<u>52,514,000</u>	<u>11,350,000</u>	27.6%
GROSS TOTAL FLEET OPERATIONS	41,164,000	52,514,000	11,350,000	27.6%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	41,164,000	52,514,000	11,350,000	27.6%
<u>OTHER</u>				
ADDITIONS	1,605,000	3,195,000	1,590,000	99.1%
REPLACEMENTS	<u>22,500,644</u>	<u>8,260,000</u>	<u>(14,240,644)</u>	-63.3%
TOTAL OTHER	24,105,644	11,455,000	(12,650,644)	-52.5%
<u>TOTAL</u>				
ADDITIONS	109,969,000	112,984,000	3,015,000	2.7%
REPLACEMENTS	<u>1,047,932,644</u>	<u>1,082,855,000</u>	<u>34,922,356</u>	3.3%
GROSS TOTAL	1,157,901,644	1,195,839,000	37,937,356	3.3%
LESS: SALVAGE	-	-	-	
LESS: REIMBURSEMENT**	(31,866,000)	(21,540,000)	10,326,000	-32.4%
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL	<u>1,126,035,644</u>	<u>1,174,299,000</u>	<u>48,263,356</u>	4.3%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u>	
	<u>COMPLIANCE</u>	<u>COMPLIANCE</u>						<u>FORECAST</u>	
	<u>BUDGET</u>	<u>BUDGET</u>							
<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>									
1 53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,434,000	1,441,400	-	1,577,000	-	1,735,000	-	3,312,000
5 53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	718,000	795,000	754,000	791,000	831,000	-	-	2,376,000
	TOTAL GP-1	<u>2,152,000</u>	<u>2,236,400</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>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>									
1 53-02-2-01	REPLACE FIBER OPTIC - RICHMOND PLANT	376,000	867,000	898,000	-	-	-	-	898,000
1 53-02-2-XX	REPLACE PA SYSTEM PASSYUNK	-	-	-	2,518,000	3,000,000	-	-	5,518,000
1 53-02-2-04	REPL RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - PASSYUNK	-	-	5,000,000	-	-	-	-	5,000,000
1 53-02-2-XX	REPL VAPORIZER BUNDLES - RICHMOND	-	-	792,000	813,000	-	-	-	1,605,000
2 53-02-2-09	UPGRADE EXPANDER H2O AND CO2 ANALYZER	-	-	-	-	-	-	-	-
2 53-02-2-07	REPL MCC 1,2,3 - RICHMOND	-	1,080,000	3,661,000	-	-	-	-	3,661,000
1 53-02-2-08	UPGRADE H-1 HEATER CONTROLS - RICHMOND	-	3,333,000	-	-	-	-	-	-
1 53-02-2-XX	REPL LIQUEFIER - RICHMOND	-	-	-	170,000,000	-	-	-	170,000,000
1 53-02-2-XX	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES -RICHMOND [Conditional Funding]	4,735,000	-	-	-	-	-	-	-
1 53-02-2-XX	REPL LNG SWITCHGEAR - RICHMOND	9,025,000	-	-	-	-	-	-	-
1 53-02-2-XX	DCS UPGRADES - RICHMOND	1,352,000	-	-	-	-	-	-	-
2 53-02-2-XX	CHP RICHMOND PLANT [Conditional Funding]	3,091,000	-	-	-	-	-	-	-
1 53-02-2-XX	REPL TWO PHASE POWER SYSTEM INSTALLATION - PASSYUNK	1,327,000	-	-	-	-	-	-	-
1 53-02-2-XX	REPL EMERGENCY GENERATOR LNG CONTROL ROOM - RICHMOND	535,000	-	-	-	-	-	-	-
	TOTAL GP-2	<u>20,441,000</u>	<u>5,280,000</u>	<u>10,351,000</u>	<u>173,331,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>186,682,000</u>

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE</u>	<u>2025 COMPLIANCE</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>BUDGET</u>						<u>FORECAST</u>		
<u>D-20 HIGH PRESSURE MAINS</u>										
4	52-20-1-01	MAIN ADDITIONS FOR LOADS TO SUPP COMMERCIAL CUSTOMERS	4,055,000	2,711,900	3,999,000	4,083,000	4,177,000	4,273,000	4,371,000	20,903,000
4	52-21-2-XX	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS [Conditional Funding]	-	-	-	-	-	-	-	-
3	52-20-2-01	ENFORCED RELOCATIONS CAUSED B	1,132,000	1,082,000	1,105,000	1,128,000	1,154,000	1,181,000	1,208,000	5,776,000
		GROSS TOTAL D-20	5,187,000	3,793,900	5,104,000	5,211,000	5,331,000	5,454,000	5,579,000	26,679,000
	52-20-2-97	LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*								
		NET TOTAL D-20	<u>5,187,000</u>	<u>3,793,900</u>	<u>5,104,000</u>	<u>5,211,000</u>	<u>5,331,000</u>	<u>5,454,000</u>	<u>5,579,000</u>	<u>26,679,000</u>
<u>D-21 8 INCH AND SMALLER I. P. AND L. P. MAIN</u>										
4	52-21-1-01	MAINS ADDITIONS FOR LOADS TO SUF RESIDENTIAL, COMMERCIAL, AND MAJOR ACCOUNT CUSTOMERS	3,129,000	2,429,000	2,480,000	2,532,000	2,590,000	2,650,000	2,711,000	12,963,000
3	52-21-2-01	ENFORCED RELOCATIONS CAUSED B CONDITIONS	4,949,000	4,955,000	5,059,000	5,165,000	5,284,000	5,406,000	5,530,000	26,444,000
1	52-21-2-02	PRUDENT MAIN REPLACEMENTS	23,314,000	26,603,000	27,162,000	27,732,000	28,370,000	29,023,000	29,691,000	141,978,000
1	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	205,000,000
1	52-21-2-04	NG DIST INFRASTRUCTURE SAFETY A	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	15,000,000	-	<u>90,000,000</u>
		GROSS TOTAL D-21	97,392,000	99,987,000	100,701,000	101,429,000	102,244,000	93,079,000	78,932,000	476,385,000
	52-21-2-97	LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	<u>(3,732,000)</u>	<u>(1,617,000)</u>	<u>(1,649,000)</u>	<u>(1,682,000)</u>	<u>(1,716,000)</u>	<u>(1,750,000)</u>	<u>(1,785,000)</u>	<u>(8,582,000)</u>
		NET TOTAL D-21	<u>93,660,000</u>	<u>98,370,000</u>	<u>99,052,000</u>	<u>99,747,000</u>	<u>100,528,000</u>	<u>91,329,000</u>	<u>77,147,000</u>	<u>467,803,000</u>

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE</u> <u>BUDGET</u>	<u>2025 COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u> <u>FORECAST</u>
D-22 12 INCH AND LARGER I. P. <u>AND L. P. MAIN</u>								
4 52-22-1-01 MAIN ADDITIONS TO SUPPLY INDUST CUSTOMERS	300,000	302,000	308,000	314,000	321,000	328,000	336,000	1,607,000
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED B AND UNFORESEEN CONDITIONS	2,122,000	1,288,000	1,315,000	1,343,000	1,374,000	1,406,000	1,438,000	6,876,000
3 52-22-2-01 MAIN FOR MAJOR ENFORCED RELOC,	2,683,000	2,697,000	2,754,000	2,812,000	2,877,000	2,943,000	3,011,000	14,397,000
GROSS TOTAL D-22	<u>5,105,000</u>	<u>4,287,000</u>	<u>4,377,000</u>	<u>4,469,000</u>	<u>4,572,000</u>	<u>4,677,000</u>	<u>4,785,000</u>	<u>22,880,000</u>
52-22-2-97 LESS: REIMBURSEMENT**	<u>(2,415,000)</u>	<u>(2,427,000)</u>	<u>(2,479,000)</u>	<u>(2,531,000)</u>	<u>(2,589,000)</u>	<u>(2,649,000)</u>	<u>(2,710,000)</u>	(12,958,000)
LESS: CONTRIBUTIONS*								
NET TOTAL D-22	<u>2,690,000</u>	<u>1,860,000</u>	<u>1,898,000</u>	<u>1,938,000</u>	<u>1,983,000</u>	<u>2,028,000</u>	<u>2,075,000</u>	<u>9,922,000</u>
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & <u>CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 INSTALL OF METERS/REGULATORS F	385,000	404,000	412,000	421,000	431,000	441,000	451,000	2,156,000
1 52-23-1-02 HIGH PRESSURE CONTROL VALVE AD	-	407,000	416,000	425,000	435,000	445,000	455,000	2,176,000
1 52-23-2-01 EMERGENCY SHUTDOWN VALVES OU	625,000	173,000	353,000	360,000	368,000	376,000	385,000	1,842,000
1-2 52-23-2-02 REPL OF WORN DAMAGED PRESSURE	2,107,000	1,941,000	1,981,000	2,023,000	2,070,000	2,118,000	2,167,000	1,035,900
GROSS TOTAL D-23	<u>3,117,000</u>	<u>2,925,000</u>	<u>3,162,000</u>	<u>3,229,000</u>	<u>3,304,000</u>	<u>3,380,000</u>	<u>3,458,000</u>	<u>7,209,900</u>
TOTAL D-23	<u>3,117,000</u>	<u>2,925,000</u>	<u>3,162,000</u>	<u>3,229,000</u>	<u>3,304,000</u>	<u>3,380,000</u>	<u>3,458,000</u>	<u>16,533,000</u>

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE BUDGET</u>	<u>2025 COMPLIANCE BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL FORECAST</u>
<u>D-24 SERVICES</u>								
4 52-24-1-01	7,499,000	7,733,000	7,895,000	8,061,000	8,246,000	8,436,000	8,630,000	41,268,000
4 52-24-1-02	1,906,000	1,992,000	2,034,000	2,077,000	2,125,000	2,174,000	2,224,000	10,634,000
1 52-24-2-01	19,878,000	21,949,000	22,410,000	22,881,000	23,407,000	23,945,000	24,496,000	117,139,000
1 52-24-2-02	1,121,000	1,168,000	1,193,000	1,218,000	1,246,000	1,275,000	1,304,000	6,236,000
GROSS TOTAL D-24	<u>30,404,000</u>	<u>32,842,000</u>	<u>33,532,000</u>	<u>34,237,000</u>	<u>35,024,000</u>	<u>35,830,000</u>	<u>36,654,000</u>	<u>175,277,000</u>
TOTAL D-24	<u>30,404,000</u>	<u>32,842,000</u>	<u>33,532,000</u>	<u>34,237,000</u>	<u>35,024,000</u>	<u>35,830,000</u>	<u>36,654,000</u>	<u>175,277,000</u>
<u>D-25 - CONDITIONED FUNDING</u>								
1 52-25-2-01	4,278,000	4,393,000	4,449,000	4,501,000	4,559,000	4,318,000	3,929,000	21,756,000
TOTAL D-25	<u>4,278,000</u>	<u>4,393,000</u>	<u>4,449,000</u>	<u>4,501,000</u>	<u>4,559,000</u>	<u>4,318,000</u>	<u>3,929,000</u>	<u>21,756,000</u>

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE</u> <u>BUDGET</u>	<u>2025 COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>D-29 OTHER DISTRIBUTION FACILITIES</u>								
2 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIF	293,000	282,000	288,000	294,000	301,000	308,000	315,000	1,506,000
2 52-29-2-01 REPLACEMENT OF UNUSABLE WORK	1,105,000	1,111,000	1,134,000	1,158,000	1,185,000	1,212,000	1,240,000	5,929,000
TOTAL D-29	<u>1,398,000</u>	<u>1,393,000</u>	<u>1,422,000</u>	<u>1,452,000</u>	<u>1,486,000</u>	<u>1,520,000</u>	<u>1,555,000</u>	<u>7,435,000</u>
GROSS TOTAL DISTRIBUTION DEPARTMENT	146,881,000	149,620,900	152,747,000	154,528,000	156,520,000	148,258,000	134,892,000	746,945,000
52-98-2-98 LESS: SALVAGE								
LESS: CONTRIBUTIONS*								
LESS: REIMBURSEMENT**	<u>(6,147,000)</u>	<u>(4,044,000)</u>	<u>(4,128,000)</u>	<u>(4,213,000)</u>	<u>(4,305,000)</u>	<u>(4,399,000)</u>	<u>(4,495,000)</u>	<u>(21,540,000)</u>
NET TOTAL DISTRIBUTION DEPARTMENT	<u>140,734,000</u>	<u>145,576,900</u>	<u>148,619,000</u>	<u>150,315,000</u>	<u>152,215,000</u>	<u>143,859,000</u>	<u>130,397,000</u>	<u>725,405,000</u>
ACQUIRE ASSETS	140,734,000	145,576,900	148,619,000	150,315,000	152,215,000	143,859,000	130,397,000	725,405,000
LEASE								

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE BUDGET</u>	<u>2025 COMPLIANCE BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,827,000	2,579,000	2,910,000	2,990,000	3,066,000	3,085,000	3,173,000	15,224,000
5 50-30-2-01 REPLACEMENTS	3,946,000	3,130,000	20,290,000	20,845,000	21,393,000	21,528,000	22,136,000	124,170,000
TOTAL C-30	<u>6,773,000</u>	<u>5,709,000</u>	<u>23,200,000</u>	<u>23,835,000</u>	<u>24,459,000</u>	<u>24,613,000</u>	<u>25,309,000</u>	<u>121,416,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	116,000	138,000	103,000	106,000	108,000	109,000	112,000	538,000
2 50-32-2-01 REPLACEMENTS	113,000	126,000	131,000	134,000	138,000	139,000	143,000	685,000
TOTAL C-32	<u>229,000</u>	<u>264,000</u>	<u>234,000</u>	<u>240,000</u>	<u>246,000</u>	<u>248,000</u>	<u>255,000</u>	<u>1,223,000</u>
<u>C-33 TELEMETERING</u>								
4 50-33-1-01 ADDITIONS AND INSTALLATIONS	58,000	62,000	88,000	91,000	93,000	94,000	96,000	462,000
2 50-33-2-01 REPLACEMENTS	62,000	61,000	83,000	85,000	87,000	88,000	90,000	433,000
TOTAL C-33	<u>120,000</u>	<u>123,000</u>	<u>171,000</u>	<u>176,000</u>	<u>180,000</u>	<u>182,000</u>	<u>186,000</u>	<u>895,000</u>

FLEET OPERATIONS DEPARTMENT
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2025 COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL FORECAST</u>
1 73-01-1-03 VEHICLE ADDITIONS	415,000	-	-	-	-	-	-	-
1 73-01-1-02 MOBILE EQUIPMENT ADDITIONS	81,000	-	-	-	-	-	-	-
2 73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	403,000	797,000	1,612,000	1,267,000	1,058,000	730,000	767,000	5,434,000
2 73-01-2-03 VEHICLE REPLACEMENTS	4,338,000	5,183,000	10,809,000	10,437,000	10,256,000	7,489,000	8,089,000	47,080,000
2021 REAUTHORIZATION								
2 73-01-2-03 VEHICLE REPLACEMENTS	1,995,000	-	-	-	-	-	-	-
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>7,232,000</u>	<u>5,980,000</u>	<u>12,421,000</u>	<u>11,704,000</u>	<u>11,314,000</u>	<u>8,219,000</u>	<u>8,856,000</u>	<u>52,514,000</u>
ACQUIRE ASSETS LEASE	7,232,000	5,980,000	12,421,000	11,704,000	11,314,000	8,219,000	8,856,000	52,514,000

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE BUDGET</u>	<u>2025 COMPLIANCE BUDGET</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	94,000	64,000	66,000	68,000	70,000	72,000	74,000	350,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	476,000	363,000	373,000	383,000	393,000	403,000	413,000	1,965,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	14,000	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	5,000	12,000	12,000	12,000	12,000	12,000	12,000	60,000
1 72-01-1-04 800 BUILDING 1ST FLOOR RENOVATIONS PHASE 2	-	7,075,000	-	-	-	-	-	-
1 72-01-2-05 800 BUILDING STAIR TOWER RENOVATION	-	316,000	-	-	-	-	-	-
1 72-01-2-04 800 BUILDING CHP CHILLER REPLACEMENT	-	561,000	-	-	-	-	-	-
1 72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	416,000	-	-	-	-	-	-	-
1 72-01-1-04 1849 ELECTRICAL POWER SEPARATION [Conditional Funding]	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	-	-	-	-	-	-	-
5 72-01-2-08 SOUTH OPERATIONS CENTER (SOC)	24,733,000	-	-	-	-	-	-	-
2022 REAUTHORIZATION								
5 72-01-2-05 REFUELING STATION NOC	6,367,000	-	-	-	-	-	-	-
TOTAL FACILITIES	<u>36,527,000</u>	<u>8,408,000</u>	<u>468,000</u>	<u>480,000</u>	<u>492,000</u>	<u>504,000</u>	<u>516,000</u>	<u>2,460,000</u>

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE</u> <u>BUDGET</u>	<u>2025</u> <u>COMPLIANCE</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>INFORMATION SERVICES</u>								
2 47-01-1-01 MISC ADDITIONS - NETWORK AND SERVER HARDWARE	1,381,000	914,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-1-04 ADDITIONS - GIS SOFTWARE	475,000	-	-	-	-	-	-	-
2 47-01-1-03 ADDITIONS - SAN STORAGE	472,000	302,000	300,000	300,000	300,000	300,000	300,000	1,500,000
2 47-01-1-05 ADDITIONS - SECURITY CAMERAS for M & R STATIONS	-	296,000	-	-	-	-	-	-
2 47-01-1-06 ADDITIONS - GIS HARDWARE	-	1,779,000	-	-	-	-	-	-
2 47-01-1-07 ADDITIONS - NOC DATACENTER	-	712,000	-	-	-	-	-	-
2 47-01-2-01 MISC REPLACEMENTS - SOFTWARE	400,000	600,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-2-02 MISC REPLACEMENTS - NETWORK AND SERVER HARDWARE	449,000	685,000	75,000	77,000	79,000	81,000	83,000	395,000
2 47-01-2-03 REPLACEMENTS - SAN STORAGE	-	415,000	300,000	300,000	300,000	300,000	300,000	1,500,000
2 47-01-2-04 REPLACEMENTS - SECURITY CAMERAS	118,000	119,000	-	-	-	-	-	-
2 47-01-2-XX CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	30,451,251	-	-	-	-	-	-	-
2 47-01-2-05 REPLACEMENTS - OPERATIONS SOFTWARE	-	1,660,000	-	-	-	-	-	-
2 47-01-1-02 MISC ADDITIONS - SOFTWARE	-	300,000	150,000	154,000	158,000	162,000	166,000	790,000
TOTAL INFORMATION SERVICES	<u>33,746,251</u>	<u>7,782,000</u>	<u>1,025,000</u>	<u>1,037,000</u>	<u>1,049,000</u>	<u>1,061,000</u>	<u>1,073,000</u>	<u>5,245,000</u>

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2026 THROUGH 2030

	<u>2024 COMPLIANCE</u> <u>BUDGET</u>	<u>2025</u> <u>COMPLIANCE</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY							
2 13-01-2-02	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE							
4 13-01-2-03	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH							
	<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>
	TOTAL CHIEF OPERATING OFFICER							
<u>VP TECHNICAL COMPLIANCE</u>								
1 31-01-1-01	34,000	-	-	-	-	-	-	-
	BIOSPARGE AND SOIL VAPOR EXTRACTION SYSTEM							
	<u>34,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	TOTAL VP TECHNICAL COMPLIANCE							
	<u>71,057,251</u>	<u>16,940,000</u>	<u>2,243,000</u>	<u>2,267,000</u>	<u>2,291,000</u>	<u>2,315,000</u>	<u>2,339,000</u>	<u>11,455,000</u>
	TOTAL OTHER DEPARTMENTS							
	ACQUIRE ASSETS							
	LEASE							

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 2025 (COMPLIANCE)

• Spending from FY 2025 Program	\$ 139,626,000
• Spending Carryover from FY 2024	<u>\$ 69,821,000</u>
• Total FY 2025 Spending	\$ 209,447,000
• Projected Reimbursement	\$ 4,044,000
• Salvage	\$ 262,000
• Construction Contributions	<u>\$ 1,915,000</u>
• Net FY 2025 Capital Spending	\$ 203,226,000

Capital Funding Sources:

• Debt	\$ 101,613,000
• DSIC	\$ 41,000,000
• Internally Generated Funds	<u>\$ 60,613,000</u>
• FY 2025 Capital Funding	\$ 203,226,000

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 2025 Capital Program.



PHILADELPHIA GAS WORKS

800 West Montgomery Avenue • Philadelphia, PA 19122

August 28, 2024

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

Re: PGW's Fiscal Year 2025 Compliance Operating Budget

Dear Ms. McClendon:

As directed in the Motion approved by the Philadelphia Gas Commission at its August 13, 2024 meeting, enclosed is a copy of PGW's Fiscal Year 2025 Compliance Operating Budget.

If you have any questions, please let me know.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William J. Gallagher', is written over a large, faint, light-blue graphic of a flame or gas burner.

William J. Gallagher
Vice President - Budget and Strategic Development

WJG/mlo'b
Attachments

cc: Service List



PHILADELPHIA GAS WORKS

COMPLIANCE FISCAL 2025 OPERATING BUDGET

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

Line No.	Actual 2022-23	Budget 2023-24	Estimate 2023-24	Budget 2024-25	Adjustments	Compliance Budget 2024-25
OPERATING REVENUES						
1.	25,914	31,493	21,704	21,403	-	21,403
2.	74,033	75,685	85,148	84,343	-	84,343
3.	573,816	727,583	586,139	580,451	-	580,451
4.	-	85,833	-	-	-	0
5.	32,396	-	8,386	3,693	-	3,693
6.	(2,735)	(763)	(2,129)	168	-	168
7.	703,424	919,831	699,248	690,058	-	690,058
8.	(40,270)	(36,919)	(40,778)	(41,887)	-	(41,887)
9.	7,339	7,807	7,807	7,886	-	7,886
10.	40,533	25,370	25,055	38,576	-	38,576
11.	7,602	(3,742)	(7,916)	4,575	-	4,575
12.	711,026	916,089	691,332	694,633	-	694,633
OPERATING EXPENSES						
13.	223,978	323,502	175,506	183,037	-	183,037
14.	19	31	31	31	-	31
15.	223,997	323,533	175,537	183,068	-	183,068
CONTRIBUTION MARGINS						
16.	25,569	23,890	24,309	26,475	(2,000)	24,475
17.	89,803	98,811	94,001	100,991	-	100,991
18.	3,779	5,087	4,142	5,193	-	5,193
19.	13,962	21,278	15,879	21,718	-	21,718
20.	9,115	10,515	9,794	10,859	-	10,859
21.	3,856	4,657	3,316	4,710	-	4,710
22.	76,280	102,381	92,604	98,796	-	98,796
23.	21,082	27,715	24,243	25,960	-	25,960
24.	-	10,833	-	-	-	-
25.	(11,912)	(10,717)	(12,292)	(11,278)	-	(11,278)
26.	(18,745)	(31,571)	(27,812)	(30,408)	-	(30,408)
27.	31,544	44,759	38,906	27,448	-	27,448
28.	9,121	10,434	9,908	10,735	-	10,735
29.	4,791	(10,095)	13,488	25,484	-	25,484
30.	-	(302)	-	(2,715)	-	(2,715)
31.	258,245	307,675	290,486	313,968	(2,000)	311,968
32.	72,720	65,412	66,253	63,782	-	63,782
33.	9,242	6,729	8,729	9,879	-	9,879
34.	81,962	72,141	74,982	73,661	-	73,661
34.	340,207	379,816	365,468	387,629	(2,000)	385,629
35.	564,204	703,349	541,005	570,697	(2,000)	568,697
36.	146,822	212,740	150,327	123,936	-	123,936
37.	14,000	7,211	9,442	21,597	-	21,597
38.	160,822	219,951	159,769	145,532	2,000	147,532
INTEREST						
39.	44,776	62,738	42,832	58,236	-	58,236
40.	(9,444)	(1,776)	(5,656)	(8,406)	-	(8,406)
41.	3,558	3,348	3,314	2,953	-	2,953
42.	38,890	64,310	40,490	52,783	-	52,783
43.	-	10,752	7,000	13,728	-	13,728
44.	\$ 121,933	\$ 166,393	\$ 126,279	\$ 106,477	2,000	\$ 108,477
45.	18,000	18,000	18,000	18,000	-	18,000
46.	\$ 103,933	\$ 148,393	\$ 108,279	\$ 88,477	2,000	\$ 90,477

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

Line No.	Actual 2022-23	Budget 2023-24	Estimate 2023-24	Budget 2024-25	Adjustments	Compliance Budget 2024-25
<u>OPERATING REVENUES</u>						
1. Non-Heating	25,914	31,493	21,704	21,403	-	21,403
2. Gas Transportation Service	74,033	75,685	85,148	84,343	-	84,343
3. Heating	573,816	727,583	586,139	580,451	-	580,451
4. Revenue Enhancement / Cost Reduction - FY2021	-	85,833	-	-	-	-
5. Weather Normalization Adjustment	32,396	-	8,386	3,693	-	3,693
6. Unbilled Gas Adjustment	(2,735)	(763)	(2,129)	168	-	168
7. Total Gas Revenues	<u>703,424</u>	<u>919,831</u>	<u>699,248</u>	<u>690,058</u>	-	<u>690,058</u>
8. Appropriation for Uncollectible Reserve	(40,270)	(36,919)	(40,778)	(41,887)	-	(41,887)
9. Appliance Repair & Other Service Revenues	7,339	7,807	7,807	7,886	-	7,886
10. Other Operating Revenues	<u>40,533</u>	<u>25,370</u>	<u>25,055</u>	<u>38,576</u>	-	<u>38,576</u>
11. Total Other Revenues	7,602	(3,742)	(7,916)	4,575	-	4,575
12. Total Operating Revenues	711,026	916,089	691,332	694,633	-	694,633
<u>OPERATING EXPENSES</u>						
13. Natural Gas	223,978	323,502	175,506	183,037	-	183,037
14. Other Raw Material	19	31	31	31	-	31
15. Sub-Total Fuel	<u>223,997</u>	<u>323,533</u>	<u>175,537</u>	<u>183,068</u>	-	<u>183,068</u>
16. Contribution Margins	487,029	592,556	515,795	511,565	-	511,565
17. Labor & Fringe Benefits	180,667	220,654	202,431	206,306	-	206,306
18. Other Expenses & Depreciation	159,540	159,162	163,037	181,323	(2,000)	179,323
19. Sub-Total Other O&M & Depreciation	<u>340,207</u>	<u>379,816</u>	<u>365,468</u>	<u>387,629</u>	(2,000)	<u>385,629</u>
20. Total Operating Expenses	564,204	703,349	541,005	570,697	(2,000)	568,697
21. Operating Income	146,822	212,740	150,327	123,936	2,000	125,936
22. Interest Gain / (Loss) and Other Income	14,000	7,211	9,442	21,597	-	21,597
23. Income Before Interest	<u>160,822</u>	<u>219,951</u>	<u>159,769</u>	<u>145,532</u>	2,000	<u>147,533</u>
<u>INTEREST</u>						
24. Long Term Debt	44,776	62,738	42,832	58,236	-	58,236
25. Other Interest	(9,444)	(1,776)	(5,656)	(8,406)	-	(8,406)
26. Loss from Extinguishment of Debt	3,558	3,348	3,314	2,953	-	2,953
27. Total Interest	<u>38,890</u>	<u>64,310</u>	<u>40,490</u>	<u>52,783</u>	-	<u>52,783</u>
28. Federal Grant Revenue (PHMSA)	-	10,752	7,000	13,728	-	13,728
29. Net Income	<u>\$ 121,933</u>	<u>\$ 166,393</u>	<u>\$ 126,279</u>	<u>\$ 106,477</u>	<u>\$ 2,000</u>	<u>108,477</u>
30. City Payment	18,000	18,000	18,000	18,000	-	18,000
31. Net Earnings	<u>\$ 103,933</u>	<u>\$ 148,393</u>	<u>\$ 108,279</u>	<u>\$ 88,477</u>	<u>\$ 2,000</u>	<u>90,477</u>

PHILADELPHIA GAS WORKS
CASH FLOW STATEMENT
(Dollars in Thousands)

Line No.	Actual 2022-23	Budget 2023-24	Estimate 2023-24	Budget 2024-25	Adjustments	Compliance Budget 2024-25
SOURCES						
1. Net Income	121,933	166,393	126,279	106,477	2,000	108,477
2. Depreciation & Amortization	65,845	62,947	59,755	55,717	-	55,717
3. Earnings on Restricted Funds	(5,561)	(4,334)	1,371	2,703	-	2,703
4. Proceeds from Bond Refunding to Pay Cost of Issuance	-	3,480	3,156	-	-	-
5. Increased/(Decreased) Other Assets/Liabilities	(44,179)	(34,850)	(12,966)	(7,405)	-	(7,405)
6. Available From Operations	138,037	193,636	177,594	157,493	2,000	159,492
7. Drawdown of Bond Proceeds	71,000	102,000	42,000	108,000	-	108,000
8. Release of Bond Proceeds to Pay Temporary Financing	-	-	65,000	-	-	-
9. Temporary Financing	-	-	65,000	-	-	-
10. TOTAL SOURCES	\$ 209,037	\$ 295,636	\$ 349,594	\$ 265,493	\$ 2,000	\$ 267,492
USES						
11. Net Construction Expenditures	150,225	206,959	217,000	216,000	-	216,000
12. Revenue Bonds	53,770	60,795	53,770	66,810	-	66,810
13. Temporary Financing Repayment	-	-	65,000	-	-	-
14. GASB 87 Lease Principal Payments	22,430	1,968	4,600	4,700	-	4,700
15. Distribution of Earnings	18,000	18,000	18,000	18,000	-	18,000
Additions to (Reductions of):						
16. Non-Cash Working Capital	(59,053)	9,020	15,337	14,510	-	14,510
17. Cash Needs	185,372	296,742	373,707	320,020	-	320,020
18. Cash Surplus (Shortfall)	23,665	(1,106)	(24,112)	(54,527)	2,000	(52,528)
19. TOTAL USES	\$ 209,037	\$ 295,636	\$ 349,594	265,493	2,000	267,492
20. Cash - Beginning of Period	115,637	116,328	139,302	115,189	-	115,189
21. Cash - Surplus (Shortfall)	23,665	(806)	(24,112)	(54,527)	2,000	(52,527)
22. Ending Cash	\$ 139,302	\$ 115,521	\$ 115,189	\$ 60,662	\$ 2,000	\$ 62,662
24. Incremental DSIC Revenue	34,627	41,000	41,000	41,000	-	41,000
25. Internally Generated Funds	44,598	63,959	69,000	67,000	-	67,000
26. TOTAL IGF + Incremental DSIC Revenue	79,225	104,959	110,000	108,000	-	108,000

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

Line No.	Actual <u>2022-23</u>	Budget <u>2023-24</u>	Estimate <u>2023-24</u>	Budget <u>2024-25</u>	Adjustments	Compliance Budget <u>2024-25</u>
FUNDS PROVIDED						
1. Total Gas Revenues	663,154	919,831	699,248	690,058	-	690,058
2. Other Operating Revenues	<u>47,872</u>	<u>(3,742)</u>	<u>(7,916)</u>	<u>4,575</u>	-	<u>4,575</u>
3. Total Operating Revenues	711,026	916,089	691,332	694,633	-	694,633
4. Other Income Inc. / (Dec.) Restricted Funds	11,596	2,877	10,813	24,300	-	24,300
5. Non Operating Revenue	<u>-</u>	<u>10,752</u>	<u>7,000</u>	<u>13,728</u>	-	<u>13,728</u>
6. TOTAL FUNDS PROVIDED	<u>722,622</u>	<u>929,718</u>	<u>709,145</u>	<u>732,661</u>	-	<u>732,661</u>
FUNDS APPLIED						
7. Fuel Costs	223,997	323,533	175,537	183,068	-	183,068
8. Other Operating Costs	<u>340,207</u>	<u>379,816</u>	<u>365,468</u>	<u>387,629</u>	<u>(2,000)</u>	<u>385,629</u>
9. Total Operating Expenses	564,204	703,349	541,005	570,697	<u>(2,000)</u>	568,697
10. Less: Non-Cash Expenses	<u>91,079</u>	<u>89,718</u>	<u>87,284</u>	<u>74,148</u>	-	<u>74,148</u>
11. TOTAL FUNDS APPLIED	<u>473,125</u>	<u>613,631</u>	<u>453,721</u>	<u>496,549</u>	<u>(2,000)</u>	<u>494,549</u>
12. Funds Available to Cover Revenue Bond Debt	249,497	316,087	255,423	236,112	2,000	238,112
13. Net Available after Prior Debt Service	249,497	316,087	255,423	236,112	2,000	238,112
14. 1998 Ordinance Bonds Debt Service	99,144	115,230	96,977	124,745	-	124,745
15. 1999 Ordinance Subordinate Bonds Debt Service - (TXCP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16. Total New Debt Service	99,144	115,230	96,977	124,745	-	124,745
17. Debt Service Coverage 1998 Revenue Bonds	<u>2.52</u>	<u>2.74</u>	<u>2.63</u>	<u>1.89</u>	-	<u>1.89</u>
18. Net Available After 1998 Debt Service	<u>\$150,353</u>	<u>\$200,857</u>	<u>\$158,446</u>	<u>\$111,367</u>	<u>2,000</u>	<u>124,745</u>
19. Aggregate Debt Service (Combined Liens)	99,144	115,230	96,977	124,745	-	<u>124,745</u>
20. Fixed Coverage Charge (Combined Liens)	2.52	2.74	2.63	1.89	-	1.91
21. Fixed Coverage Charge including \$18.0MM City Fee	2.33	2.59	2.45	1.75	-	1.76

PHILADELPHIA GAS WORKS
BALANCE SHEET
(Dollars in Thousands)

Line No.	Actual 2022-23	Budget 2023-24	Estimate 2023-24	Budget 2024-25	Adjustments	Compliance Budget 2024-25
ASSETS						
1. Utility Plant Net	1,815,469	1,980,842	1,962,071	2,113,560	-	2,113,560
2. Sinking Fund Reserve	109,581	135,159	133,527	131,175	-	131,175
3. Capital Improvement Fund Restricted Investment Worker Comp Fund	43,730	220,527	315,603	207,209	-	207,209
4. & Health Insurance Escrow	2,778	2,686	2,874	2,918	-	2,918
5. Cash	139,302	115,521	115,189	60,662	2,000	62,662
Accounts Receivable:						
6. Gas Receivable	190,746	189,809	187,111	182,978	-	182,978
7. Other	1,618	4,474	1,643	2,143	-	2,143
8. Accrued Gas Revenues	8,586	7,372	6,457	6,625	-	6,625
9. Reserve for Uncollectible	(108,990)	(95,064)	(112,717)	(115,570)	-	(115,570)
10. Accounts Receivable Net	91,960	106,592	82,494	76,176	-	76,176
11. Materials & Supplies	79,453	92,810	72,560	73,695	-	73,695
12. Other Current Assets	8,401	4,909	8,406	8,411	-	8,411
13. Deferred Debits	6,984	5,453	6,622	6,748	-	6,748
14. Unamortized Bond Issuance Expense	681	933	727	685	-	685
15. Unamortized Extraordinary Loss	19,763	16,358	16,449	13,496	-	13,496
16. Deferred Environmental	23,610	27,226	20,717	19,183	-	19,183
17. Deferred Pension Outflows	29,060	59,055	59,904	32,147	-	32,147
18. Deferred OPEB Outflows	100,068	36,251	73,072	57,766	-	57,766
19. Other Assets	34,149	27,148	40,283	24,156	-	24,156
20. TOTAL ASSETS	\$2,504,988	\$2,831,471	\$2,910,498	2,827,987	2,000	2,829,987
EQUITY & LIABILITIES						
21. City Equity	\$728,283	\$864,563	\$836,562	\$925,039	2,000	927,039
Long Term Debt:						
22. Revenue Bonds	943,250	1,222,398	1,260,625	1,193,815	-	1,193,815
23. Unamortized Discount	(44)	(40)	(40)	(36)	-	(36)
24. Unamortized Premium	107,482	105,867	138,063	127,000	-	127,000
25. Lease Obligations	61,809	57,613	57,249	52,549	-	52,549
Accounts Payable:						
26. Natural Gas	5,896	15,404	10,251	12,700	-	12,700
27. General	74,737	89,031	74,386	74,037	-	74,037
28. Customer Deposits	2,653	2,081	2,540	2,433	-	2,433
29. Other Current Liabilities	5,835	1,848	3,818	3,719	-	3,719
30. Pension Liability	229,433	257,698	226,361	223,240	-	223,240
31. OPEB Liability	208,706	84,529	180,315	149,095	-	149,095
32. Deferred Credits	55,442	1,852	23,351	1,717	-	1,717
33. Deferred Pension Inflows	-	25,865	42,822	15,634	-	15,634
34. Deferred OPEB Inflows	40,372	22,616	7,374	-	-	0
Accrued Credits:						
35. Interest	6,807	16,246	7,182	6,882	-	6,882
36. Taxes & Wages	6,978	5,337	5,361	5,561	-	5,561
37. Distribution to City	3,000	3,000	3,000	3,000	-	3,000
38. Other Liabilities	24,350	55,562	31,280	31,603	-	31,603
39. TOTAL EQUITY & LIABILITIES	\$2,504,988	\$2,831,471	\$2,910,498	2,827,987	2,000	2,829,988
40. Debt to Equity	59.1%	60.6%	62.6%	58.8%		58.8%

Philadelphia Gas Works
Fiscal Year 2025
Operating Budget Adjustment

Statement of Income

- a) The Compliance Budget reflects a \$2,000,000 overall decrease in Non-Fuel Operating Expenses. See below for details:
 - a. Expenses associated with Advanced Engineering for the new LNG Liquefier were adjusted downward (\$2,000,000) as a result of the decision to remove that item from the Gas Processing budget.

Cash Flow Statement

- b) Ending cash increased \$2,000,000 from \$60,662,000 to \$62,662,000. This was caused by the increase to Net income as described above.

Debt Service Coverage

- c) The Fixed Coverage Charge (Including the \$18.0 MM City Fee) increased 0.01 from 1.75 to 1.76. This was caused by the \$2,000,000 reduction to other operating costs described above.

Balance Sheet

- d) Cash increased by \$2,000,000 as a result of lower non-fuel operating expenses outlined above.
- e) City Equity increased by \$2,000,000; this is due to the revised FY2025 Net Income.

PHILADELPHIA GAS WORKS

FISCAL 2026 CAPITAL BUDGET

AND

FORECAST FISCAL 2027 - 2031

WITH

FISCAL 2026 FINANCING PLAN

JANUARY 2, 2025



PHILADELPHIA GAS WORKS
PROPOSED
CAPITAL BUDGET
FISCAL YEAR 2026 AND FORECAST 2027 THROUGH 2031

	<u>2026</u> <u>CAPITAL BUDGET</u>	<u>2027- 2031</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	2,516,000	4,854,000	7,370,000
REPLACEMENTS	<u>12,060,000</u>	<u>272,653,000</u>	<u>284,713,000</u>
TOTAL	<u><u>14,576,000</u></u>	<u><u>277,507,000</u></u>	<u><u>292,083,000</u></u>
<u>DISTRIBUTION</u>			
ADDITIONS	15,531,000	82,938,000	98,469,000
REPLACEMENTS	<u>130,702,000</u>	<u>633,717,000</u>	<u>764,419,000</u>
GROSS TOTAL	146,233,000	716,655,000	862,888,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(5,497,000)</u>	<u>(29,266,000)</u>	<u>(34,763,000)</u>
NET TOTAL	<u><u>140,736,000</u></u>	<u><u>687,389,000</u></u>	<u><u>828,125,000</u></u>
<u>FIELD SERVICES</u>			
ADDITIONS	2,598,000	13,744,000	16,342,000
REPLACEMENTS	<u>6,101,000</u>	<u>74,643,000</u>	<u>80,744,000</u>
GROSS TOTAL	8,699,000	88,387,000	97,086,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>8,699,000</u></u>	<u><u>88,387,000</u></u>	<u><u>97,086,000</u></u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	137,000		137,000
REPLACEMENTS	<u>10,234,000</u>	<u>52,018,000</u>	<u>62,252,000</u>
GROSS TOTAL	10,371,000	52,018,000	62,389,000
LESS: SALVAGE			
NET TOTAL	<u><u>10,371,000</u></u>	<u><u>52,018,000</u></u>	<u><u>62,389,000</u></u>

PHILADELPHIA GAS WORKS
PROPOSED
CAPITAL BUDGET
FISCAL YEAR 2026 AND FORECAST 2027 THROUGH 2031

	<u>2026</u> <u>CAPITAL BUDGET</u>	<u>2027- 2031</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	3,220,000	1,720,000	4,940,000
REPLACEMENTS	<u>2,863,000</u>	<u>9,510,000</u>	<u>12,373,000</u>
TOTAL	<u><u>6,083,000</u></u>	<u><u>11,230,000</u></u>	<u><u>17,313,000</u></u>
 <u>TOTAL</u>			
ADDITIONS	24,002,000	103,256,000	127,258,000
REPLACEMENTS	<u>161,960,000</u>	<u>1,042,541,000</u>	<u>1,204,501,000</u>
GROSS TOTAL	185,962,000	1,145,797,000	1,331,759,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(5,497,000)	(29,266,000)	(34,763,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u><u>180,465,000</u></u>	<u><u>1,116,531,000</u></u>	<u><u>1,296,996,000</u></u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2025 COMPL BUDGET</u>	<u>2026 FORECAST</u>	<u>2026 BUDGET</u>	<u>2026</u>	<u>2025</u>	<u>2026 BUD vs 2026 FORECAST</u>	
				<u>BUDGET vs AMOUNT DIFFERENCE</u>	<u>COMPL BUDGET PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	2,050,000	83,000	2,516,000	466,000	22.7%	2,433,000	2931.3%
REPLACEMENTS	<u>21,899,000</u>	<u>39,747,000</u>	<u>12,060,000</u>	<u>(9,839,000)</u>	<u>-44.9%</u>	<u>(27,687,000)</u>	<u>-69.7%</u>
TOTAL GAS PROCESSING	23,949,000	39,830,000	14,576,000	(9,373,000)	-39.1%	(25,254,000)	-63.4%
<u>DISTRIBUTION</u>							
ADDITIONS	17,567,000	17,467,000	15,531,000	(2,036,000)	-11.6%	(1,936,000)	-11.1%
REPLACEMENTS	<u>129,314,000</u>	<u>128,588,000</u>	<u>130,702,000</u>	<u>1,388,000</u>	<u>1.1%</u>	<u>2,114,000</u>	<u>1.6%</u>
GROSS TOTAL DISTRIBUTION	146,881,000	146,055,000	146,233,000	(648,000)	-0.4%	178,000	0.1%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(6,693,000)</u>	<u>(6,110,000)</u>	<u>(5,497,000)</u>	<u>1,196,000</u>	<u>-17.9%</u>	<u>613,000</u>	<u>-10.0%</u>
NET TOTAL DISTRIBUTION	140,188,000	139,945,000	140,736,000	548,000	0.4%	791,000	0.6%
<u>FIELD SERVICES</u>							
ADDITIONS	3,415,000	4,542,000	2,598,000	(817,000)	-23.9%	(1,944,000)	-42.8%
REPLACEMENTS	<u>5,430,000</u>	<u>20,733,000</u>	<u>6,101,000</u>	<u>671,000</u>	<u>12.4%</u>	<u>(14,632,000)</u>	<u>-70.6%</u>
GROSS TOTAL FIELD SERVICES	8,845,000	25,275,000	8,699,000	(146,000)	-1.7%	(16,576,000)	-65.6%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					<u>N/A</u>		<u>N/A</u>
NET TOTAL FIELD SERVICES	8,845,000	25,275,000	8,699,000	(146,000)	-1.7%	(16,576,000)	-65.6%

PHILADELPHIA GAS WORKS
PROPOSED
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2025 COMPL BUDGET</u>	<u>2026 FORECAST</u>	<u>2026 BUDGET</u>	<u>2026</u>	<u>2025</u>	<u>2026 BUD vs 2026 FORECAST</u>	
				<u>BUDGET vs AMOUNT DIFFERENCE</u>	<u>COMPL BUDGET PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>							
ADDITIONS	496,000.00	-	137,000	(359,000.00)	-72.4%	137,000.00	N/A
REPLACEMENTS	<u>6,736,000</u>	<u>8,317,000</u>	<u>10,234,000</u>	<u>3,498,000</u>	<u>51.9%</u>	<u>1,917,000</u>	<u>23.0%</u>
GROSS TOTAL FLEET OPERATIONS	7,232,000	8,317,000	10,371,000	3,139,000	43.4%	2,054,000	24.7%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	7,232,000	8,317,000	10,371,000	3,139,000	43.4%	2,054,000	24.7%
<u>OTHER</u>							
ADDITIONS	34,275,000	311,000	3,220,000	(31,055,000)	-90.6%	2,909,000	935.4%
REPLACEMENTS	<u>36,748,000</u>	<u>14,720,000</u>	<u>2,863,000</u>	<u>(33,885,000)</u>	<u>-92.2%</u>	<u>(11,857,000)</u>	<u>-80.6%</u>
TOTAL OTHER	71,023,000	15,031,000	6,083,000	(64,940,000)	-91.4%	(8,948,000)	-59.5%
<u>TOTAL</u>							
ADDITIONS	57,803,000	22,403,000	24,002,000	(33,801,000)	-58.5%	1,599,000	7.1%
REPLACEMENTS	<u>200,127,000</u>	<u>212,105,000</u>	<u>161,960,000</u>	<u>(38,167,000)</u>	<u>-19.1%</u>	<u>(50,145,000)</u>	<u>-23.6%</u>
GROSS TOTAL	257,930,000	234,508,000	185,962,000	(71,968,000)	-27.9%	(48,546,000)	-20.7%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(6,693,000)	(6,110,000)	(5,497,000)	1,196,000	-17.9%	613,000	-10.0%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>251,237,000</u>	<u>228,398,000</u>	<u>180,465,000</u>	<u>(70,772,000)</u>	<u>-28.2%</u>	<u>(47,933,000)</u>	<u>-21.0%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED
SUMMARY 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	24,002,000	20,554,000	161,960,000	114,601,000	185,962,000	135,155,000
YEAR 1	-	3,448,000	-	38,626,000	-	42,074,000
YEAR 2	-	-	-	2,607,000	-	2,607,000
YEAR 3	-	-	-	1,117,000	-	1,117,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>24,002,000</u>	<u>24,002,000</u>	<u>161,960,000</u>	<u>156,951,000</u>	<u>185,962,000</u>	<u>180,953,000</u>

GAS PROCESSING DEPARTMENT
PROPOSED
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	1,352,000	1,076,000	-	2,428,000
53-02 SUPPLEMENTAL GAS FACILITIES	1,130,000	3,100,000	-	4,230,000
53-03 BUILDING AND GROUNDS	-	7,546,000	-	7,546,000
53-04 MISC CAPITAL REQUIREMENTS	34,000	338,000	-	372,000
 TOTAL GAS PROCESSING	 <u>2,516,000</u>	 <u>12,060,000</u>	 <u>-</u>	 <u>14,576,000</u>

GAS PROCESSING DEPARTMENT
PROPOSED
BUDGET/FORECAST COMPARISON

CATEGORY		2025 COMPL BUDGET	2026 FORECAST	2026 BUDGET	2026	2025	2026 BUD vs 2026	
					BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	ADDITIONS	1,434,000	-	<u>1,352,000</u>	(82,000)	-5.7%	1,352,000	N/A
	REPLACEMENTS	<u>718,000</u>	<u>754,000</u>	<u>1,076,000</u>	<u>358,000</u>	<u>49.9%</u>	<u>322,000</u>	<u>42.7%</u>
	TOTAL	2,152,000	754,000	2,428,000	276,000	12.8%	1,674,000	222.0%
53-02 SUPPLEMENTAL GAS FACILITIES	ADDITIONS	535,000	-	1,130,000	595,000	111.2%	1,130,000	N/A
	REPLACEMENTS	<u>19,906,000</u>	<u>33,669,000</u>	<u>3,100,000</u>	<u>(16,806,000)</u>	<u>-84.4%</u>	<u>(30,569,000)</u>	<u>-90.8%</u>
	TOTAL	20,441,000	33,669,000	4,230,000	(16,211,000)	-79.3%	(29,439,000)	-87.4%
53-03 BUILDING AND GROUNDS	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	<u>5,000,000</u>	<u>7,546,000</u>	<u>7,546,000</u>	<u>N/A</u>	<u>2,546,000</u>	<u>50.9%</u>
	TOTAL	-	5,000,000	7,546,000	7,546,000	N/A	2,546,000	50.9%
53-04 MISC CAPITAL REQUIREMENTS	ADDITIONS	81,000	83,000	34,000	(47,000)	-58.0%	(49,000)	-59.0%
	REPLACEMENTS	<u>317,000</u>	<u>324,000</u>	<u>338,000</u>	<u>21,000</u>	<u>6.6%</u>	<u>14,000</u>	<u>4.3%</u>
	TOTAL	398,000	407,000	372,000	(26,000)	-6.5%	(35,000)	-8.6%
REAUTHORIZATION	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	<u>958,000</u>	-	-	<u>(958,000)</u>	<u>-100.0%</u>	-	<u>N/A</u>
	TOTAL	958,000	-	-	(958,000)	-100.0%	-	N/A
TOTAL GAS PROCESSING		<u>23,949,000</u>	<u>39,830,000</u>	<u>14,576,000</u>	<u>(9,373,000)</u>	<u>-39.1%</u>	<u>(25,254,000)</u>	<u>-63.4%</u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL 2026 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>						
1	GP-2 53-02-2-12 REPLACE PLANT WIDE AIR COMPRESSORS - RICHMOND	881,000	233,000	648,000	-	-
1	GP-2 53-02-1-11 DCS FOAM SYSTEM MONITORING - RICHMOND	606,000	126,000	480,000	-	-
1	GP-2 53-02-1-08 ECV-71 PLATFORM - RICHMOND	192,000	127,000	65,000	-	-
1	GP-4 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS*	34,000	10,000	24,000	-	-
1	GP-4 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS*	338,000	68,000	270,000	-	-
<u>PRIORITY 2</u>						
2	GP-2 53-02-2-07 BOILOFF GAS COMPRESSORS REPLACEMENTS - PASSYUNK	7,546,000	4,302,000	3,244,000	-	-
<u>PRIORITY 5</u>						
5	GP-2 53-02-1-10 UPGRADE HEATER E-165	332,000	262,000	70,000	-	-
5	GP-2 53-02-2-09 SECURITY CAMERA UPGRADES - RICHMOND	1,187,000	238,000	949,000	-	-
5	GP-1 53-01-2-03 M&R RTU REPLACEMENTS	1,076,000	530,000	546,000	-	-
5	GP-1 53-01-2-04 M&R STATIONS - INSTALL EMISSION CONTROL VALVES	1,352,000	132,000	1,220,000	-	-
5	GP-2 53-02-2-13 DCS FIBER OPTIC NETWORK PHASE III - RICHMOND	1,032,000	205,000	827,000	-	-
<u>TOTAL GAS PROCESSING DEPARTMENT:</u>		<u>14,576,000</u>	<u>6,233,000</u>	<u>8,343,000</u>	<u>-</u>	<u>-</u>

GAS PROCESSING DEPARTMENT
FISCAL 2026 CAPITAL BUDGET

P			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
5	53-01-2-03	M&R RTU REPLACEMENTS	1,076,000
5	53-01-2-04	M&R STATIONS - INSTALL EMISSION CONTROL VALVES	1,352,000
		TOTAL GP-1	<u><u>2,428,000</u></u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
5	53-02-2-13	DCS FIBER OPTIC NETWORK PHASE III - RICHMOND	1,032,000
1	53-02-2-12	REPLACE PLANT WIDE AIR COMPRESSORS - RICHMOND	881,000
1	53-02-1-11	DCS FOAM SYSTEM MONITORING - RICHMOND	606,000
5	53-02-1-10	UPGRADE HEATER E-165	332,000
5	53-02-2-09	SECURITY CAMERA UPGRADES - RICHMOND	1,187,000
1	53-02-1-08	ECV-71 PLATFORM - RICHMOND	192,000
2	53-02-2-07	BOILOFF GAS COMPRESSORS REPLACEMENTS - PASSYUNK	7,546,000
		TOTAL GP-2	<u><u>11,776,000</u></u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS*	34,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS*	338,000
			<u><u>372,000</u></u>
		TOTAL GAS PROCESSING DEPARTMENT	<u><u>14,576,000</u></u>

* THESE HAVE BEEN ADJUSTED TO THE 5 YEAR AVERAGE, CAUSING A \$42,000 DIFFERENCE FROM THE PPMC RESOLUTION

PHILADELPHIA GAS WORKS
 PROPOSED
 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	2,516,000	657,000	12,060,000	5,576,000	14,576,000	6,233,000
YEAR 1	-	1,859,000.00	-	6,484,000	-	8,343,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>2,516,000</u>	<u>2,516,000</u>	<u>12,060,000</u>	<u>12,060,000</u>	<u>14,576,000</u>	<u>14,576,000</u>

DISTRIBUTION DEPARTMENT

PROPOSED

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)	2,922,000	845,000	3,767,000	-	3,767,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,390,000	95,412,000	97,802,000	(2,745,000)	95,057,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	258,000	3,653,000	3,911,000	(2,752,000)	1,159,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	307,000	1,451,000	1,758,000	-	1,758,000
52-24 SERVICES	9,379,000	23,971,000	33,350,000	-	33,350,000
52-25 CONDITIONED RESERVED	-	4,259,000	4,259,000	-	4,259,000
52-29 OTHER DISTRIBUTION FACILITIES	275,000	1,111,000	1,386,000	-	1,386,000
TOTAL DISTRIBUTION	15,531,000	130,702,000	146,233,000	(5,497,000)	140,736,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
PROPOSED
BUDGET/FORECAST COMPARISON

CATEGORY	2025 COMPL BUDGET	2026 FORECAST	2026 BUDGET	2026	2025	2026 BUD vs 2026		
				BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF.	% DIFF.	
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	ADDITIONS	4,055,000	3,644,000	2,922,000	(1,133,000)	-27.9%	(722,000)	-19.8%
	REPLACEMENTS	<u>1,132,000</u>	<u>1,158,000</u>	<u>845,000</u>	<u>(287,000)</u>	<u>-25.4%</u>	<u>(313,000)</u>	<u>-27.0%</u>
	TOTAL	5,187,000	4,802,000	3,767,000	(1,420,000)	-27.4%	(1,035,000)	-21.6%
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	ADDITIONS	3,129,000	3,201,000	2,390,000	(739,000)	-23.6%	(811,000)	-25.3%
	REPLACEMENTS	<u>94,263,000</u>	<u>94,913,000</u>	<u>95,412,000</u>	<u>1,149,000</u>	<u>1.2%</u>	<u>499,000</u>	<u>0.5%</u>
	TOTAL	97,392,000	98,114,000	97,802,000	410,000	0.4%	(312,000)	-0.3%
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	ADDITIONS	300,000	307,000	258,000	(42,000)	-14.0%	(49,000)	-16.0%
	REPLACEMENTS	<u>4,805,000</u>	<u>2,857,000</u>	<u>3,653,000</u>	<u>(1,152,000)</u>	<u>-24.0%</u>	<u>796,000</u>	<u>27.9%</u>
	TOTAL	5,105,000	3,164,000	3,911,000	(1,194,000)	-23.4%	747,000	23.6%
52-23 CUST MTR & REG INST, PRESSURE REGULA- TION AND CORROSION CONTROL FACILITIES	ADDITIONS	385,000	394,000	307,000	(78,000)	-20.3%	(87,000)	-22.1%
	REPLACEMENTS	<u>2,732,000</u>	<u>2,794,000</u>	<u>1,451,000</u>	<u>(1,281,000)</u>	<u>-46.9%</u>	<u>(1,343,000)</u>	<u>-48.1%</u>
	TOTAL	3,117,000	3,188,000	1,758,000	(1,359,000)	-43.6%	(1,430,000)	-44.9%
52-24 SERVICES	ADDITIONS	9,405,000	9,621,000	9,379,000	(26,000)	-0.3%	(242,000)	-2.5%
	REPLACEMENTS	<u>20,999,000</u>	<u>21,482,000</u>	<u>23,971,000</u>	<u>2,972,000</u>	<u>14.2%</u>	<u>2,489,000</u>	<u>11.6%</u>
	TOTAL	30,404,000	31,103,000	33,350,000	2,946,000	9.7%	2,247,000	7.2%
52-25	CONDITIONED FUDNING RESERVED	4,278,000	4,254,000	4,259,000	(19,000)	-0.4%	5,000	0.1%
52-29 OTHER DISTRIBUTION FACILITIES	ADDITIONS	293,000	300,000	275,000	(18,000)	-6.1%	(25,000.00)	-8.3%
	REPLACEMENTS	<u>1,105,000</u>	<u>1,130,000</u>	<u>1,111,000</u>	<u>6,000</u>	<u>0.5%</u>	<u>(19,000)</u>	<u>-1.7%</u>
	TOTAL	1,398,000	1,430,000	1,386,000	(12,000)	-0.9%	(44,000)	-3.1%
GROSS TOTAL DISTRIBUTION DEPARTMENT		146,881,000	146,055,000	146,233,000	(648,000)	-0.4%	178,000	0.1%
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>(6,693,000)</u>	<u>(6,110,000)</u>	<u>(5,497,000)</u>	<u>1,196,000</u>	<u>-17.9%</u>	<u>613,000</u>	<u>-10.0%</u>
NET TOTAL DISTRIBUTION		<u>140,188,000</u>	<u>139,945,000</u>	<u>140,736,000</u>	<u>548,000</u>	<u>0.4%</u>	<u>791,000</u>	<u>0.6%</u>

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL 2026 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
	<u>D-20</u>		
4	52-20-1-01 MAIN ADDITIONS FOR LOADS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	2,922,000	14,337
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	845,000	1,378
	GROSS TOTAL D-20	3,767,000	
52-20-2-97	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
	NET TOTAL D-20	3,767,000	
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
	<u>D-21</u>		
4	52-21-1-01 MAINS ADDITIONS FOR LOADS TO SUPPLY NEW AND EXISTING RESIDENTIAL, COMMERCIAL, AND MAJOR ACCOUNT CUSTOMERS	2,390,000	8,763
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE /UNFORSEEN CONDITIONS	4,674,000	17,404
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	26,141,000	92,658
1	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	36,202,000	
1	52-21-2-04 NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	28,395,000	
	GROSS TOTAL D-21	97,802,000	
52-21-2-97	LESS: REIMBURSEMENT**	(2,745,000)	
	NET TOTAL D-21	95,057,000	

DISTRIBUTION DEPARTMENT
FISCAL 2026 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 MAIN ADDITIONS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	258,000	32
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE WORK AND UNFORESEEN CONDITIONS	595,000	543
3	52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION CAUSED BY CITY/STATE	3,058,000	
	GROSS TOTAL D-22	3,911,000	
	LESS: REIMBURSEMENT**	(2,752,000)	
	NET TOTAL D-22	1,159,000	
	<u>D-23</u> <u>CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 INSTALL OF METERS/REGULATORS FOR NEW CUSTOMERS	307,000	
1	52-23-2-01 EMERGENCY SHUTDOWN VALVES OUT OF COMPLI WITH DOT 192	615,000	
2	52-23-2-02 REPL OF WORN DAMAGED PRESSURE REGULATING/CORROSION CONTROL FACILITIES	836,000	
	GROSS TOTAL D-23	1,758,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	1,758,000	

DISTRIBUTION DEPARTMENT
FISCAL 2026 CAPITAL BUDGET

		<u>AMOUNT</u>	<u>FEET UNITS</u>
P	GROSS TOTAL DISTRIBUTION DEPARTMENT	146,233,000	
	LESS: REIMBURSEMENT**	(5,497,000)	
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS***		
52-98-2-98	LESS: SALVAGE		
	NET TOTAL DISTRIBUTION DEPARTMENT	140,736,000	

*** DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS
** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

DISTRIBUTION DEPARTMENT

PROPOSED

DISTRIBUTION COMPRESSED CATEGORIES

<u>CATEGORIES</u>	2025 COMPL BUDGET	2026 FORECAST	2026 BUDGET
MAIN ADDITIONS	7,484,000	7,152,000	5,570,000
MAIN REPLACEMENTS	100,200,000	98,928,000	99,910,000
SERVICE ADDITIONS	9,405,000	9,621,000	9,379,000
SERVICE REPLACEMENTS	20,999,000	21,482,000	23,971,000
METER/REGULATOR/CORROSION	3,117,000	3,188,000	1,758,000
TOOLS	1,398,000	1,430,000	1,386,000
CONDITIONED FUNDING RESERVE	3,309,000	3,384,000	4,259,000
GROSS TOTAL DISTRIBUTION	145,912,000	145,185,000	146,233,000

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2026 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	26,141,000	92,658	19,926,000	6,215,000	-	-
1	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	36,202,000		25,824,000	10,378,000	-	-
1	D-21 52-21-2-04 NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	28,395,000		20,946,000	3,725,000	2,607,000	1,117,000
1	D-23 52-23-2-01 EMERGENCY SHUTDOWN VALVES OUT OF COMPLI WITH DOT 192	615,000		232,000	383,000	-	-
1	D-24 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,150,000	80	900,000	250,000	-	-
1	D-24 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	22,821,000	8,335	20,694,000	2,127,000	-	-
1	D-25 52-25-2-01 CONDITIONED FUNDING RESERVED	4,259,000		-	-	-	-
<u>PRIORITY 2</u>							
2	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	275,000		248,000	27,000	-	-
2	D-29 52-29-2-01 REPLACEMENT OF UNUSABLE WORK EQUIPMENT	1,111,000		441,000	670,000	-	-
2	D-23 52-23-2-02 REPL OF WORN DAMAGED PRESSURE REGULATING/CORROSION CONTROL FACILITIES	836,000		637,000	199,000	-	-

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2026 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	845,000	1,378	816,000	29,000	-	-
3	D-21 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE /UNFORSEEN	4,674,000	17,404	3,582,000	1,092,000	-	-
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE WORK	595,000	543	483,000	112,000	-	-
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION CAUSED BY CITY/STATE	3,058,000		2,476,000	582,000	-	-
	<u>PRIORITY 4</u>						
4	D-20 52-20-1-01 MAIN ADDITIONS FOR LOADS TO SUPPLY INDUSTRIAL AND	2,922,000	14,337	2,670,000	252,000	-	-
4	D-21 52-21-1-01 MAINS ADDITIONS FOR LOADS TO SUPPLY NEW AND EXISTING	2,390,000	8,763	2,273,000	117,000	-	-
4	D-23 52-23-1-01 INSTALL OF METERS/REGULATORS FOR NEW CUSTOMERS	307,000	-	303,000	4,000	-	-
4	D-22 52-22-1-01 MAIN ADDITIONS TO SUPPLY INDUSTRIAL AND COMMERCIAL	258,000	32	258,000	-	-	-
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,	6,808,000	1,867	6,783,000	25,000	-	-
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,	2,571,000	144	2,514,000	57,000	-	-
TOTAL DISTRIBUTION DEPARTMENT:		<u>146,233,000</u>		<u>112,006,000</u>	<u>26,244,000</u>	<u>2,607,000</u>	<u>1,117,000</u>

PHILADELPHIA GAS WORKS
PROPOSED
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	15,531,000	15,049,000	130,702,000	96,957,000	146,233,000	112,006,000
YEAR 1	-	482,000	-	25,762,000	-	26,244,000
YEAR 2	-	-	-	2,607,000	-	2,607,000
YEAR 3	-	-	-	1,117,000	-	1,117,000
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>15,531,000</u>	<u>15,531,000</u>	<u>130,702,000</u>	<u>126,443,000</u>	<u>146,233,000</u>	<u>141,974,000</u>

FIELD SERVICES DEPARTMENTPROPOSEDSUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	2,374,000	5,452,000	7,826,000
50-32 SERVICE REGULATORS AND INSTALLATION	98,000	105,000	203,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	126,000	342,000	468,000
50-34 METER SHOP EQUIPMENT	-	202,000	202,000
GROSS TOTAL FIELD SERVICES	2,598,000	6,101,000	8,699,000
LESS: SALVAGE LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>2,598,000</u>	<u>6,101,000</u>	<u>8,699,000</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
PROPOSED
BUDGET/FORECAST COMPARISON

CATEGORY		2025 COMPL BUDGET	2026 FORECAST	2026 BUDGET	2026	2025	2026 BUD vs 2026 FORECAST	
					BUDGET vs \$	COMPL BUDGET %	\$	%
					DIFFERENCE	DIFF.	DIFFERENCE	DIFF.
50-30 METERS	ADDITIONS	2,827,000	2,845,000	2,374,000	(453,000)	-16.0%	(471,000)	-16.6%
	REPLACEMENTS	<u>3,946,000</u>	<u>19,963,000</u>	<u>5,452,000</u>	<u>1,506,000</u>	<u>38.2%</u>	<u>(14,511,000)</u>	<u>-72.7%</u>
	TOTAL	6,773,000	22,808,000	7,826,000	1,053,000	15.5%	(14,982,000)	-65.7%
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	116,000	86,000	98,000	(18,000)	-15.5%	12,000	14.0%
	REPLACEMENTS	<u>113,000</u>	<u>118,000</u>	<u>105,000</u>	<u>(8,000)</u>	<u>-7.1%</u>	<u>(13,000)</u>	<u>-11.0%</u>
	TOTAL	229,000	204,000	203,000	(26,000)	-11.4%	(1,000)	-0.5%
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	58,000	87,000	126,000	68,000	117.2%	39,000	44.8%
	REPLACEMENTS	<u>62,000</u>	<u>81,000</u>	<u>342,000</u>	<u>280,000</u>	<u>451.6%</u>	<u>261,000</u>	<u>322.2%</u>
	TOTAL	120,000	168,000	468,000	348,000	290.0%	300,000	178.6%
50-34 METER SHOP EQUIPMENT	ADDITIONS	153,000	157,000	-	(153,000)	(1.00)	(157,000.00)	(1.00)
	REPLACEMENTS	<u>71,000</u>	<u>-</u>	<u>202,000</u>	<u>131,000</u>	<u>1.85</u>	<u>202,000.00</u>	<u>N/A</u>
	TOTAL	224,000	157,000	202,000	(22,000)	(0.10)	45,000.00	0.29
50-35 SERVICE SECTION EQUIPMENT	ADDITIONS	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
	REPLACEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	TOTAL	-	1,075,000	-	-	N/A	(1,075,000)	-100.0%
50-36 AUTOMATIC METER READING	ADDITIONS	261,000	292,000	-	(261,000)	-100.0%	(292,000)	-100.0%
	REPLACEMENTS	<u>1,238,000</u>	<u>571,000</u>	<u>-</u>	<u>(1,238,000)</u>	<u>-100.0%</u>	<u>(571,000)</u>	<u>-100.0%</u>
	TOTAL	1,499,000	863,000	-	(1,499,000)	-100.0%	(863,000)	-100.0%
GROSS TOTAL FIELD SERVICES		8,845,000	25,275,000	8,699,000	(146,000)	-1.7%	(16,576,000)	-65.6%
LESS: SALVAGE		-	-	-	-	N/A	-	N/A
LESS: CONTRIBUTIONS*		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
NET TOTAL FIELD SERVICES		<u>8,845,000</u>	<u>25,275,000</u>	<u>8,699,000</u>	<u>(146,000)</u>	<u>-1.7%</u>	<u>(16,576,000)</u>	<u>-65.6%</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENTFISCAL 2026 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	2,374,000
1	50-30-2-01	PURCHASE METERS TO SUPPORT METER TESTING	5,452,000
		TOTAL C-30	<u>7,826,000</u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	98,000
2	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	105,000
		TOTAL C-32	<u>203,000</u>
	<u>C-33</u>	<u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
4	50-33-1-01	NON-RESIDENTIAL ENDPOINT ADDITIONS	126,000
2	50-33-2-01	NON-RESIDENTIAL ENDPOINT REPLACEMENTS	342,000
		TOTAL C-33	<u>468,000</u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
2	50-34-2-01	REPL OBSOLETE SHOP EQUIP, HAND-HELD TOOLS/ SW PACKAGE FOR AMR	202,000
		TOTAL C-34	<u>202,000</u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	8,699,000
50-98-2-98		LESS: ESTIMATED SALVAGE LESS: CONTRIBUTIONS*	
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>8,699,000</u>

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL 2026 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>						
1	C-30 50-30-2-01 PURCHASE METERS TO SUPPORT METER TESTING	5,452,000	5,452,000	-	-	-
<u>PRIORITY 2</u>						
2	C-32 50-32-2-01 PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	105,000	105,000	-	-	-
2	C-33 50-33-2-01 NON-RESIDENTIAL ENDPOINT REPLACEMENTS	342,000	34,000	308,000	-	-
2	C-34 50-34-2-01 REPL OBSOLETE SHOP EQUIP, HAND-HELD TOOLS/ SW PACKAGE FOR AMR	202,000	50,000	152,000	-	-
<u>PRIORITY 4</u>						
4	C-30 50-30-1-01 PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR	2,374,000	2,374,000	-	-	-
4	C-32 50-32-1-01 PURCHASE AND INSTALLATION OF SERVICE REGULATORS	98,000	98,000	-	-	-
4	C-33 50-33-1-01 NON-RESIDENTIAL ENDPOINT ADDITIONS	126,000	38,000	88,000	-	-
TOTAL FIELD SERVICES DEPARTMENT:		8,699,000	8,151,000	548,000	-	-

PHILADELPHIA GAS WORKS
 PROPOSED
 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	2,598,000	2,510,000	6,101,000	5,641,000	8,699,000	8,151,000
YEAR 1	-	88,000	-	460,000	-	548,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>2,598,000</u>	<u>2,598,000</u>	<u>6,101,000</u>	<u>6,101,000</u>	<u>8,699,000</u>	<u>8,699,000</u>

FLEET OPERATIONS DEPARTMENT
PROPOSED
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2025 COMPL BUDGET</u>	<u>2026 FORECAST</u>	<u>2026 BUDGET</u>	<u>2026</u>	<u>2025</u>	<u>2026 BUD vs 2026</u>	
				<u>BUDGET vs</u>	<u>COMPL BUDGET</u>	<u>FORECAST</u>	
				<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
				<u>DIFFERENCE</u>	<u>DIFF.</u>	<u>DIFFERENCE</u>	<u>DIFF.</u>
73-01-1-02 MOBILE EQUIPMENT ADDITIONS	81,000	-	-	(81,000)	-100.0%	-	N/A
73-01-1-03 VEHICLE ADDITIONS	415,000	-	39,000.00	(376,000.00)	-90.6%	39,000.00	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	-	-	98,000.00	98,000.00	N/A	98,000.00	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	403,000	3,135,000	1,613,000	1,210,000	300.2%	(1,522,000)	-48.5%
73-01-2-03 VEHICLE REPLACEMENTS	4,338,000	5,182,000	8,621,000	4,283,000	98.7%	3,439,000	66.4%
73-01-2-03 VEHICLE REPLACEMENTS	1,995,000	-	-	(1,995,000)	-100.0%	-	N/A
GROSS TOTAL FLEET OPERATIONS	7,232,000	8,317,000	10,371,000	3,139,000	43.4%	2,054,000	24.7%
LESS: SALVAGE					<u>N/A</u>		<u>N/A</u>
NET TOTAL FLEET OPERATIONS	<u>7,232,000</u>	<u>8,317,000</u>	<u>10,371,000</u>	<u>3,139,000</u>	<u>43.4%</u>	<u>2,054,000</u>	<u>24.7%</u>

FLEET OPERATIONS DEPARTMENT
FISCAL 2026 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
1	73-01-1-01	SHOP EQUIPMENT ADDITIONS	98,000
1	73-01-1-02	MOBILE EQUIPMENT ADDITIONS	39,000
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	1,613,000
2	73-01-2-03	VEHICLE REPLACEMENTS	8,621,000
GROSS TOTAL FLEET OPERATIONS			10,371,000
NET TOTAL FLEET OPERATIONS			10,371,000

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL 2026 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>					
1	73-01-1-01 SHOP EQUIPMENT ADDITIONS	98,000	49,000	49,000	-	-
1	73-01-1-03 VEHICLE ADDITIONS	39,000	19,000	20,000	-	-
	<u>PRIORITY 2</u>					
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,613,000	807,000	806,000	-	-
2	73-01-2-03 VEHICLE REPLACEMENTS	8,621,000	4,311,000	4,310,000	-	-
	TOTAL FLEET OPERATIONS DEPARTMENT:	<u>10,371,000</u>	<u>5,186,000</u>	<u>5,185,000</u>	<u>-</u>	<u>-</u>

PHILADELPHIA GAS WORKS
 PROPOSED
 FLEET OPERATIONS DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

FISCAL YEAR	ADDITIONS		REPLACEMENTS		TOTAL	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	137,000	68,000	10,234,000	5,118,000	10,371,000	5,186,000
YEAR 1	-	69,000.00	-	5,116,000	-	5,185,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>137,000</u>	<u>137,000</u>	<u>10,234,000</u>	<u>10,234,000</u>	<u>10,371,000</u>	<u>10,371,000</u>

FACILITIES
PROPOSED
BUDGET/FORECAST COMPARISON

CATEGORY	2025 COMPL	2026	2026	2026	2025	2026 BUD vs 2026	
	BUDGET	FORECAST	BUDGET	BUDGET vs \$ DIFF.	COMPL BUDGET % DIFF.	FORECAST \$ DIFF. % DIFF.	
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	94,000	96,000	84,000	(10,000)	-10.6%	(12,000) -12.5%	
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	5,000	-	0.0%	- 0.0%	
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	476,000	490,000	368,000	(108,000)	-22.7%	(122,000) -24.9%	
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	14,000	14,000	20,000	6,000	42.9%	6,000 42.9%	
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	5,000	5,000	12,000	7,000	140.0%	7,000 140.0%	
72-01-2-04 REPLACE CARPETS	-	-	50,000	50,000	N/A	50,000 N/A	
72-01-2-05 REPLACE MODULAR FURNITURE	-	-	50,000	50,000	N/A	50,000 N/A	
72-01-1-03 NOC DATA CENTER BACKUP GENERATOR	416,000	-	-	(416,000)	-100.0%	- N/A	
72-01-1-04 1849 ELECTRICAL POWER SEPARATION [Conditonal Funding]	332,000	-	-	(332,000)	-100.0%	- N/A	
72-01-2-05 800 BUILDING DATA CENTER UPS MPR REPL	272,000	-	-	(272,000)	-100.0%	- N/A	
72-01-2-04 REPLACE 800 BUILDING MAIN ELECTRIC SWITCHGEAR	2,616,000	-	-	(2,616,000)	-100.0%	- N/A	
72-01-2-06 800 BUILDING DATA CENTER UPS BATTERY REPLACEMENT	239,000	-	-	(239,000)	-100.0%	- N/A	
72-01-2-07 800 BUILDING FIRE SYSTEM NOTIFICATION REPLACEMENT	140,000	-	-	(140,000)	-100.0%	- N/A	
72-02-2-03 800 BUILDING CAFETERIA IMPROVEMENTS	202,000	-	-	(202,000)	-100.0%	- N/A	
72-02-2-01 800 BUILDING LOBBY IMPROVEMENTS	106,000	-	-	(106,000)	-100.0%	- N/A	
72-02-2-02 800 BUILDING DATA UPGRADES 1ST FLOOR WEST	51,000	-	-	(51,000)	-	-	
72-01-2-08 SOUTH OPERATIONS CENTER (SOC)	24,733,000	-	-	(24,733,000)	-	-	
72-01-2-08 1849 MECHANICAL SEPARATION	-	350,000	-	-	-	(350,000)	
72-05-1-03 1849 FUELING STATION IMPROVEMENTS	-	725,000	-	-	-	(725,000)	
2024 REAUTHORIZATION							
72-01-2-05 REFUELING STATION NOC	6,367,000	-	-	(6,367,000)	-	-	
72-01-2-06 REPAVE 800 PARKING LOT	459,000	-	-	(459,000)	-100.0%	- N/A	
TOTAL FACILITIES	<u>36,527,000</u>	<u>1,685,000</u>	<u>589,000</u>	<u>(35,938,000)</u>	<u>-98.4%</u>	<u>(1,096,000)</u> <u>-65.0%</u>	

OTHER DEPARTMENTS

PROPOSED

SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	139,000	450,000	589,000
INFORMATION SERVICES	3,081,000	1,663,000	4,744,000
CHIEF OPERATING OFFICER	-	750,000	750,000
OTHER	-	-	-
TOTAL OTHER DEPARTMENTS	<u>3,220,000</u>	<u>2,863,000</u>	<u>6,083,000</u>

OTHER DEPARTMENTS

PROPOSED

BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2025 COMPL <u>BUDGET</u>	2026 <u>FORECAST</u>	2026 <u>BUDGET</u>	<u>2026</u>	<u>2025</u>	<u>2026 BUD vs 2026</u>	
				<u>BUDGET vs</u>	<u>COMPL BUDGET</u>	<u>FORECAST</u>	
				\$	%	\$	
				<u>DIFFERENCE</u>	<u>DIFF.</u>	<u>DIFFERENCE</u>	<u>DIFF.</u>
FACILITIES							
ADDITIONS	31,947,000	101,000	139,000	(31,808,000)	-99.6%	38,000	37.6%
REPLACEMENTS	4,580,000	1,584,000	450,000	(4,130,000)	-90.2%	(1,134,000)	-71.6%
TOTAL	<u>36,527,000</u>	<u>1,685,000</u>	<u>589,000</u>	<u>(35,938,000)</u>	<u>-98.4%</u>	<u>(1,096,000)</u>	<u>-65.0%</u>
INFORMATION SERVICES							
ADDITIONS	2,328,000	210,000	3,081,000	753,000	32.3%	2,871,000	1367.1%
REPLACEMENTS	31,418,000	12,386,000	1,663,000	(29,755,000)	-94.7%	(10,723,000)	-86.6%
TOTAL	<u>33,746,000</u>	<u>12,596,000</u>	<u>4,744,000</u>	<u>(29,002,000)</u>	<u>-85.9%</u>	<u>(7,852,000)</u>	<u>-62.3%</u>
CHIEF OPERATING OFFICER							
ADDITIONS	-	-	-	-	N/A	-	N/A
REPLACEMENTS	750,000	750,000	750,000	-	0.0%	-	0.0%
TOTAL	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>0.0%</u>	<u>-</u>	<u>0.0%</u>
TOTAL OTHER DEPARTMENTS	<u>71,023,000</u>	<u>15,031,000</u>	<u>6,083,000</u>	<u>(64,940,000)</u>	<u>-91.4%</u>	<u>(8,948,000)</u>	<u>-59.5%</u>

OTHER DEPARTMENTS
FISCAL 2026 CAPITAL BUDGET

<u>P</u>		<u>FACILITIES</u>	AMOUNT
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	84,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	368,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	20,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	12,000
1	72-01-2-04	REPLACE CARPETS	50,000
1	72-01-2-05	REPLACE MODULAR FURNITURE	50,000
TOTAL FACILITIES			589,000

OTHER DEPARTMENTS
FISCAL 2026 CAPITAL BUDGET

P		AMOUNT
	<u>INFORMATION SERVICES</u>	
2	47-01-1-01 MISC ADDITIONS - SERVER, NETWORK AND HARDWARE	2,043,000
2	47-01-1-03 ADDITIONS - SAN STORAGE	119,000
2	47-01-1-05 ADDITIONS - FIELD DATA COLLECTION SOFTWARE	452,000
2	47-01-2-01 MISC REPLACEMENTS - SOFTWARE	220,000
2	47-01-2-02 MISC REPLACEMENTS - SERVER & NETWORK HARDWARE	247,000
2	47-01-1-04 ADDITIONS - SECURITY CAMERAS - M&R STATIONS	296,000
2	47-01-1-02 MISC ADDITIONS - SOFTWARE	832,000
2	47-01-2-03 AMI IMPLEMENTATION	417,000
2	47-01-2-04 REPLACEMENT SECURITY CAMERAS	118,000
	TOTAL INFORMATION SERVICES	<u><u>4,744,000</u></u>

OTHER DEPARTMENTS
FISCAL 2026 CAPITAL BUDGET

P			AMOUNT
		<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>750,000</u>
		TOTAL OTHER DEPARTMENTS	<u>6,083,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL 2026 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	84,000	17,000	67,000.00	-	-
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	-	-	-
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	368,000	73,000	295,000.00	-	-
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	20,000	4,000	16,000.00	-	-
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	12,000	3,000	9,000.00	-	-
1	72-01-2-04 REPLACE CARPETS	50,000	10,000	40,000	-	-
1	72-01-2-05 REPLACE MODULAR FURNITURE	50,000	10,000	40,000	-	-
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	-	-	-	-
<u>PRIORITY 2</u>						
2	47-01-1-01 MISC ADDITIONS - SERVER, NETWORK AND HARDWARE	2,043,000	1,200,000	843,000	-	-
2	47-01-1-03 ADDITIONS - SAN STORAGE	119,000	119,000	-	-	-
2	47-01-1-05 ADDITIONS - FIELD DATA COLLECTION SOFTWARE	452,000	452,000	-	-	-
2	47-01-2-01 MISC REPLACEMENTS - SOFTWARE	220,000	220,000	-	-	-
2	47-01-2-02 MISC REPLACEMENTS - SERVER & NETWORK HARDWARE	247,000	247,000	-	-	-
2	47-01-1-04 ADDITIONS - SECURITY CAMERAS - M&R STATIONS	296,000	296,000	-	-	-
2	47-01-1-02 MISC ADDITIONS - SOFTWARE	832,000	388,000	444,000	-	-
2	47-01-2-03 AMI IMPLEMENTATION	417,000	417,000	-	-	-
2	47-01-2-04 REPLACEMENT SECURITY CAMERAS	118,000	118,000	-	-	-
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	-	-	-	-
TOTAL OTHER DEPARTMENTS:		6,083,000	3,679,000	1,754,000	-	-

PHILADELPHIA GAS WORKS
 PROPOSED
 OTHER DEPARTMENTS ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

FISCAL YEAR	ADDITIONS		REPLACEMENTS		TOTAL	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	3,220,000	2,270,000	2,863,000	1,309,000	6,083,000	3,579,000
YEAR 1	-	950,000	-	804,000	-	1,754,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	<u>3,220,000</u>	<u>3,220,000</u>	<u>2,863,000</u>	<u>2,113,000</u>	<u>6,083,000</u>	<u>5,333,000</u>

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS
FISCAL YEAR 2026 AND FORECAST 2027 THROUGH 2031

DEPARTMENT	PROPOSED 2026 CAPITAL BUDGET	FORECAST					TOTAL 6 YEARS
		2027	2028	2029	2030	2031	
<u>GAS PROCESSING</u>							
ADDITIONS	2,516,000	864,000	36,000	1,901,000	38,000	2,015,000	7,370,000
REPLACEMENTS	<u>12,060,000</u>	<u>176,579,000</u>	<u>28,931,000</u>	<u>32,662,000</u>	<u>23,308,000</u>	<u>11,173,000</u>	<u>284,713,000</u>
TOTAL GAS PROCESSING	14,576,000	177,443,000	28,967,000	34,563,000	23,346,000	13,188,000	<u>292,083,000</u>
ACQUIRE ASSETS LEASE	14,576,000	177,443,000	28,967,000	34,563,000	23,346,000	13,188,000	292,083,000
<u>DISTRIBUTION</u>							
ADDITIONS	15,531,000	15,874,000	16,224,000	16,580,000	16,944,000	17,316,000	98,469,000
REPLACEMENTS	<u>130,702,000</u>	<u>134,167,000</u>	<u>136,427,000</u>	<u>139,326,000</u>	<u>110,681,000</u>	<u>113,116,000</u>	<u>764,419,000</u>
GROSS TOTAL DISTRIBUTION	146,233,000	150,041,000	152,651,000	155,906,000	127,625,000	130,432,000	<u>862,888,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	<u>(5,497,000)</u>	<u>(5,613,000)</u>	<u>(5,731,000)</u>	<u>(5,851,000)</u>	<u>(5,973,000)</u>	<u>(6,098,000)</u>	<u>(34,763,000)</u>
NET TOTAL DISTRIBUTION	140,736,000	144,428,000	146,920,000	150,055,000	121,652,000	124,334,000	<u>828,125,000</u>
ACQUIRE ASSETS LEASE	140,736,000	144,428,000	146,920,000	150,055,000	121,652,000	124,334,000	828,125,000

PHILADELPHIA GAS WORKS
FISCAL YEAR 2026 AND FORECAST 2027 THROUGH 2031

<u>DEPARTMENT</u>	<u>PROPOSED 2026 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	
<u>FIELD SERVICES</u>							
ADDITIONS	2,598,000	2,641,000	2,694,000	2,734,000	2,773,000	2,902,000	16,342,000
REPLACEMENTS	<u>6,101,000</u>	<u>14,046,000</u>	<u>14,704,000</u>	<u>14,922,000</u>	<u>15,133,000</u>	<u>15,838,000</u>	<u>80,744,000</u>
GROSS TOTAL FIELD SERVICES	8,699,000	16,687,000	17,398,000	17,656,000	17,906,000	18,740,000	<u>97,086,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	8,699,000	16,687,000	17,398,000	17,656,000	17,906,000	18,740,000	<u>97,086,000</u>
ACQUIRE ASSETS LEASE	8,699,000	16,687,000	17,398,000	17,656,000	17,906,000	18,740,000	97,086,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	137,000	-	-	-	-	-	137,000
REPLACEMENTS	<u>10,234,000</u>	<u>12,951,000</u>	<u>14,823,000</u>	<u>11,899,000</u>	<u>3,982,000</u>	<u>8,363,000</u>	<u>62,252,000</u>
GROSS TOTAL FLEET OPERATIONS	10,371,000	12,951,000	14,823,000	11,899,000	3,982,000	8,363,000	62,389,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	10,371,000	12,951,000	14,823,000	11,899,000	3,982,000	8,363,000	<u>62,389,000</u>
ACQUIRE ASSETS LEASE	10,371,000	12,951,000	14,823,000	11,899,000	3,982,000	8,363,000	62,389,000

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

PHILADELPHIA GAS WORKS
FISCAL YEAR 2026 AND FORECAST 2027 THROUGH 2031

DEPARTMENT	PROPOSED 2026 CAPITAL BUDGET	FORECAST					TOTAL 6 YEARS
		2027	2028	2029	2030	2031	
<u>OTHER</u>							
ADDITIONS	2,871,000	340,000	347,000	354,000	361,000	318,000	4,591,000
REPLACEMENTS	<u>3,212,000</u>	<u>1,862,000</u>	<u>1,887,000</u>	<u>1,912,000</u>	<u>1,937,000</u>	<u>1,912,000</u>	<u>12,722,000</u>
TOTAL OTHER	6,083,000	2,202,000	2,234,000	2,266,000	2,298,000	2,230,000	17,313,000
ACQUIRE ASSETS LEASE	6,083,000	2,202,000	2,234,000	2,266,000	2,298,000	2,230,000	17,313,000
<u>TOTAL</u>							
ADDITIONS	23,653,000	19,719,000	19,301,000	21,569,000	20,116,000	22,551,000	126,909,000
REPLACEMENTS	<u>162,309,000</u>	<u>339,605,000</u>	<u>196,772,000</u>	<u>200,721,000</u>	<u>155,041,000</u>	<u>150,402,000</u>	<u>1,204,850,000</u>
GROSS TOTAL	185,962,000	359,324,000	216,073,000	222,290,000	175,157,000	172,953,000	1,331,759,000
LESS: SALVAGE							
LESS: REIMBURSEMENT**	(5,497,000)	(5,613,000)	(5,731,000)	(5,851,000)	(5,973,000)	(6,098,000)	<u>(34,763,000)</u>
LESS: CONTRIBUTIONS*							
NET TOTAL	<u>180,465,000</u>	<u>353,711,000</u>	<u>210,342,000</u>	<u>216,439,000</u>	<u>169,184,000</u>	<u>166,855,000</u>	<u>1,296,996,000</u>
ACQUIRE ASSETS LEASE	180,465,000	353,711,000	210,342,000	216,439,000	169,184,000	166,855,000	1,296,996,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED 2027 - 2031 FORECAST
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2026 - 2030 FORECAST</u>	<u>2027 - 2031 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	270,000	4,854,000	4,584,000	1697.8%
REPLACEMENTS	<u>258,658,000</u>	<u>272,653,000</u>	<u>13,995,000</u>	5.4%
TOTAL GAS PROCESSING	258,928,000	277,507,000	18,579,000	7.2%
<u>DISTRIBUTION</u>				
ADDITIONS	93,213,000	82,938,000	(10,275,000)	-11.0%
REPLACEMENTS	<u>653,732,000</u>	<u>633,717,000</u>	<u>(20,015,000)</u>	-3.1%
GROSS TOTAL DISTRIBUTION	746,945,000	716,655,000	(30,290,000)	-4.1%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
LESS: REIMBURSEMENT**	<u>(21,540,000)</u>	<u>(29,266,000)</u>	<u>(7,726,000)</u>	35.9%
NET TOTAL DISTRIBUTION	725,405,000	687,389,000	(38,016,000)	-5.2%
<u>FIELD SERVICES</u>				
ADDITIONS	16,306,000	13,744,000	(2,562,000)	-15.7%
REPLACEMENTS	<u>109,691,000</u>	<u>74,643,000</u>	<u>(35,048,000)</u>	-32.0%
GROSS TOTAL FIELD SERVICES	125,997,000	88,387,000	(37,610,000)	-29.8%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL FIELD SERVICES	125,997,000	88,387,000	(37,610,000)	-29.8%

PHILADELPHIA GAS WORKS
PROPOSED 2027 - 2031 FORECAST
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2026 - 2030 FORECAST</u>	<u>2027 - 2031 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	-	-	-	
REPLACEMENTS	<u>52,514,000</u>	<u>52,018,000</u>	<u>(496,000)</u>	-0.9%
GROSS TOTAL FLEET OPERATIONS	52,514,000	52,018,000	(496,000)	-0.9%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	52,514,000	52,018,000	(496,000)	-0.9%
<u>OTHER</u>				
ADDITIONS	3,195,000	1,720,000	(1,475,000)	-46.2%
REPLACEMENTS	<u>8,260,000</u>	<u>9,510,000</u>	<u>1,250,000</u>	15.1%
TOTAL OTHER	11,455,000	11,230,000	(225,000)	-2.0%
<u>TOTAL</u>				
ADDITIONS	112,984,000	103,256,000	(9,728,000)	-8.6%
REPLACEMENTS	<u>1,082,855,000</u>	<u>1,042,541,000</u>	<u>(40,314,000)</u>	-3.7%
GROSS TOTAL	1,195,839,000	1,145,797,000	(50,042,000)	-4.2%
LESS: SALVAGE	-	-	-	
LESS: REIMBURSEMENT**	(21,540,000)	(29,266,000)	(7,726,000)	35.9%
LESS: CONTRIBUTIONS*	<u>-</u>	<u>-</u>	<u>-</u>	
NET TOTAL	<u>1,174,299,000</u>	<u>1,116,531,000</u>	<u>(57,768,000)</u>	-4.9%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

GAS PROCESSING DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

		<u>2025</u>	<u>2026</u>						<u>TOTAL</u>
		<u>COMPLIANCE</u>	<u>PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>FORECAST</u>
		<u>BUDGET</u>	<u>BUDGET</u>						
	GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES								
	53-02-2-03 NEW HEATER, GENERATOR AND STATION MODIFICATIONS		-	-	-	1,864,000	-	1,976,000	3,840,000
5	53-01-2-03 M&R RTU REPLACEMENTS	-	1,076,000						-
5	53-01-2-04 M&R STATIONS - INSTALL EMISSION CONTROL VALVES	-	1,352,000	829,000					829,000
	TOTAL GP-1	-	<u>2,428,000</u>	<u>829,000</u>	<u>-</u>	<u>1,864,000</u>	<u>-</u>	<u>1,976,000</u>	<u>4,669,000</u>

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

GAS PROCESSING DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

		<u>2025</u>	<u>2026</u>						<u>TOTAL</u>	
		<u>COMPLIANCE</u>	<u>PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>FORECAST</u>	
		<u>BUDGET</u>	<u>BUDGET</u>							
	<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>									
5	53-02-2-13	DCS FIBER OPTIC NETWORK PHASE III - RICHMOND	-	1,032,000	-	-	-	-	-	
1	53-02-2-12	REPLACE PLANT WIDE AIR COMPRESSORS - RICHMOND	-	881,000	-	-	-	-	-	
1	53-02-1-11	DCS FOAM SYSTEM MONITORING - RICHMOND	-	606,000	-	-	-	-	-	
5	53-02-1-10	UPGRADE HEATER E-165	-	332,000	-	-	-	-	-	
5	53-02-2-09	SECURITY CAMERA UPGRADES - RICHMOND	-	1,187,000	-	-	-	-	-	
1	53-02-1-08	ECV-71 PLATFORM - RICHMOND	-	192,000	-	-	-	-	-	
2	53-02-2-07	BOILOFF GAS COMPRESSORS REPLACEMENTS - PASSYUNK	5,039,000	7,546,000	-	-	-	-	-	
	53-02-2-22	REPLACE PA SYSTEM PASSYUNK	-	2,518,000	3,000,000	-	-	-	5,518,000	
	53-02-2-14	REPLACE RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - RICHMOND	-	-	5,000,000	-	-	-	5,000,000	
	53-02-2-16	UPGRADE H-1 HEATER CONTROLS - RICHMOND	3,326,000	-	-	-	-	-	-	
	53-02-2-19	REPLACE VAPORIZER BUNDLES - RICHMOND	-	813,000	835,000	-	-	-	1,648,000	
	53-02-2-15	REPLACE BREAKERS AND CONTROLS FOR MAIN SWITCHGEAR - PASSYUNK	-	-	10,558,000	-	-	-	10,558,000	
	53-02-2-18	REPLACE MCC 1,2,3 - RICHMOND	1,080,000	-	5,500,000	5,500,000	-	-	11,000,000	
	53-02-2-25	H-1 HEATER REPLACEMENT	-	2,500,000	-	2,500,000	-	2,500,000	7,500,000	
	53-02-2-20	REPLACE LIQUEFIER - RICHMOND	-	170,000,000	-	-	-	-	170,000,000	
	53-02-2-23	VAPORIZATION UPGRADE/REPLACE BOILERS-PASSYUNK	-	-	-	9,135,000	9,135,000	-	18,270,000	
	53-02-1-02	UNDERTANK HEATING	-	-	-	-	-	8,000,000	8,000,000	
	53-02-1-03	LNG TRANSFER LINE INSULATION	-	-	-	4,448,000	-	-	4,448,000	
	53-02-1-04	JOCKEY PUMP - PASSYUNK	-	-	-	415,000	-	-	415,000	
	53-02-1-05	LNG TRUCK LOADING - RICHMOND	-	-	-	-	13,800,000	-	13,800,000	
	53-02-1-06	LNG TRUCK LOADING - PASSYUNK	-	-	-	10,000,000	-	-	10,000,000	
	53-02-1-07	UPGRADE PA SYSTEM - RICHMOND	-	-	1,083,000	-	-	-	1,083,000	
	53-02-2-10	INSTALL A MONITOR VALVE AT O-34 UPSTREAM OF THE HIGH FLOW VALVE	-	-	600,000	-	-	-	600,000	
	53-02-2-11	INSTALL A NEW MICRO PROCESSOR BUILDING AT O-30	-	-	-	300,000	-	-	300,000	
	53-02-1-09	GATE 6 MODIFICATIONS - RICHMOND	-	402,000	-	-	-	-	402,000	
	53-02-2-17	IMPOUNDING BASIN UPGRADE	-	-	-	-	-	291,000	291,000	
		TOTAL GP-2	9,445,000	11,776,000	176,233,000	26,576,000	32,298,000	22,935,000	10,791,000	268,833,000

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

GAS PROCESSING DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u> <u>PROPOSED</u> <u>BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>GP-3 BUILDING AND GROUNDS</u>								
53-03-2-01 RELOCATE TRAINING FACILITY- RICHMOND	-	-	-	2,000,000	-	-	-	2,000,000
TOTAL GP-3	-	-	-	2,000,000	-	-	-	2,000,000
<u>GP-4 MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	51,000	34,000	35,000	36,000	37,000	38,000	39,000	185,000
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	272,000	338,000	346,000	355,000	364,000	373,000	382,000	1,820,000
TOTAL GP-4	323,000	372,000	381,000	391,000	401,000	411,000	421,000	2,005,000
TOTAL GAS PROCESSING DEPARTMENT	9,768,000	14,576,000	177,443,000	28,967,000	34,563,000	23,346,000	13,188,000	277,507,000
ACQUIRE ASSETS	9,768,000	14,576,000	177,443,000	28,967,000	34,563,000	23,346,000	13,188,000	277,507,000
LEASE	-	-	-	-	-	-	-	-

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025 COMPLIANCE</u>	<u>2026 PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u>	
	<u>BUDGET</u>	<u>BUDGET</u>						<u>FORECAST</u>	
<u>D-20 HIGH PRESSURE MAINS</u>									
4 52-20-1-01	MAIN ADDITIONS FOR LOADS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	3,917,000	2,922,000	2,986,000	3,052,000	3,119,000	3,188,000	3,258,000	15,603,000
3 52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,082,000	845,000	864,000	883,000	902,000	922,000	942,000	4,513,000
	GROSS TOTAL D-20	4,999,000	3,767,000	3,850,000	3,935,000	4,021,000	4,110,000	4,200,000	20,116,000
52-20-2-97	LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*								
	NET TOTAL D-20	<u>4,999,000</u>	<u>3,767,000</u>	<u>3,850,000</u>	<u>3,935,000</u>	<u>4,021,000</u>	<u>4,110,000</u>	<u>4,200,000</u>	<u>20,116,000</u>
<u>D-21 8 INCH AND SMALLER I.P. AND L.P. MAIN</u>									
4 52-21-1-01	MAINS ADDITIONS FOR LOADS TO SUPPLY NEW AND EXISTING RESIDENTIAL, COMMERCIAL, AND MAJOR ACCOUNT CUSTOMERS	2,429,000	2,390,000	2,443,000	2,497,000	2,552,000	2,608,000	2,665,000	12,765,000
3 52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE /UNFORSEEN CONDITIONS	4,955,000	4,674,000	4,777,000	4,882,000	4,989,000	5,099,000	5,211,000	24,958,000
1 52-21-2-02	PRUDENT MAIN REPLACEMENTS	26,603,000	26,141,000	26,716,000	27,304,000	27,905,000	28,519,000	29,146,000	139,590,000
1 52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC	41,000,000	36,202,000	36,998,000	37,812,000	38,644,000	39,494,000	40,363,000	193,311,000
1 52-21-2-04	NG DIST INFRASTRUCTURE SAFETY AND MODERNIZATION	25,000,000	28,395,000	29,593,000	29,572,000	30,124,000		-	<u>89,289,000</u>
	GROSS TOTAL D-21	99,987,000	97,802,000	100,527,000	102,067,000	104,214,000	75,720,000	77,385,000	459,913,000
52-21-2-97	LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	<u>(1,617,000)</u>	<u>(2,745,000)</u>	<u>(2,800,000)</u>	<u>(2,856,000)</u>	<u>(2,913,000)</u>	<u>(2,971,000)</u>	<u>(3,030,000)</u>	<u>(14,570,000)</u>
	NET TOTAL D-21	<u>98,370,000</u>	<u>95,057,000</u>	<u>97,727,000</u>	<u>99,211,000</u>	<u>101,301,000</u>	<u>72,749,000</u>	<u>74,355,000</u>	<u>445,343,000</u>

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025 COMPLIANCE BUDGET</u>	<u>2026 PROPOSED BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL FORECAST</u>
D-22 12 INCH AND LARGER I. P. <u>AND L. P. MAIN</u>								
4 52-22-1-01 MAIN ADDITIONS TO SUPPLY INDUSTRIAL AND COMMERCIAL CUSTOMERS	302,000	258,000	264,000	270,000	276,000	282,000	288,000	1,380,000
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE WORK AND UNFORESEEN CONDITIONS	1,288,000	595,000	608,000	621,000	635,000	649,000	663,000	3,176,000
3 52-22-2-01 MAIN FOR MAJOR ENFORCED RELOCATION CAUSED BY CITY/STATE	2,697,000	3,058,000	3,125,000	3,194,000	3,264,000	3,336,000	3,409,000	16,328,000
GROSS TOTAL D-22	<u>4,287,000</u>	<u>3,911,000</u>	<u>3,997,000</u>	<u>4,085,000</u>	<u>4,175,000</u>	<u>4,267,000</u>	<u>4,360,000</u>	<u>20,884,000</u>
52-22-2-97 LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	<u>(2,427,000)</u>	<u>(2,752,000)</u>	<u>(2,813,000)</u>	<u>(2,875,000)</u>	<u>(2,938,000)</u>	<u>(3,002,000)</u>	<u>(3,068,000)</u>	(14,696,000)
NET TOTAL D-22	<u>1,860,000</u>	<u>1,159,000</u>	<u>1,184,000</u>	<u>1,210,000</u>	<u>1,237,000</u>	<u>1,265,000</u>	<u>1,292,000</u>	<u>6,188,000</u>
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & <u>CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 INSTALL OF METERS/REGULATORS FOR NEW CUSTOMERS	404,000	307,000	314,000	321,000	328,000	335,000	342,000	1,640,000
1 52-23-1-02 HIGH PRESSURE CONTROL VALVE ADDITIONS	407,000	-	-	-	-	-	-	-
1 52-23-2-01 EMERGENCY SHUTDOWN VALVES OUT OF COMPLI WITH DOT 192	173,000	615,000	629,000	643,000	657,000	671,000	686,000	3,286,000
1-2 52-23-2-02 REPL OF WORN DAMAGED PRESSURE REGULATING/CORROSION	1,941,000	836,000	854,000	873,000	892,000	912,000	932,000	1,035,900
GROSS TOTAL D-23	<u>2,925,000</u>	<u>1,758,000</u>	<u>1,797,000</u>	<u>1,837,000</u>	<u>1,877,000</u>	<u>1,918,000</u>	<u>1,960,000</u>	<u>5,961,900</u>
TOTAL D-23	<u>2,925,000</u>	<u>1,758,000</u>	<u>1,797,000</u>	<u>1,837,000</u>	<u>1,877,000</u>	<u>1,918,000</u>	<u>1,960,000</u>	<u>9,389,000</u>

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025 COMPLIANCE</u>	<u>2026 PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u>	
	<u>BUDGET</u>	<u>BUDGET</u>						<u>FORECAST</u>	
<u>D-24 SERVICES</u>									
4 52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	7,733,000	6,808,000	6,958,000	7,111,000	7,267,000	7,427,000	7,590,000	36,353,000
4 52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	1,992,000	2,571,000	2,628,000	2,686,000	2,745,000	2,805,000	2,867,000	13,731,000
1 52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF PGW'S MAIN REPL PROG, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	21,949,000	22,821,000	23,323,000	23,836,000	24,360,000	24,896,000	25,444,000	121,859,000
1 52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	1,168,000	1,150,000	1,175,000	1,201,000	1,227,000	1,254,000	1,282,000	6,139,000
	GROSS TOTAL D-24	<u>32,842,000</u>	<u>33,350,000</u>	<u>34,084,000</u>	<u>34,834,000</u>	<u>35,599,000</u>	<u>36,382,000</u>	<u>37,183,000</u>	<u>178,082,000</u>
	TOTAL D-24	<u>32,842,000</u>	<u>33,350,000</u>	<u>34,084,000</u>	<u>34,834,000</u>	<u>35,599,000</u>	<u>36,382,000</u>	<u>37,183,000</u>	<u>178,082,000</u>
<u>D-25 - CONDITIONED FUNDING</u>									
1 52-25-2-01	CONDITIONED FUNDING RESERVED	4,393,000	4,259,000	4,370,000	4,446,000	4,541,000	3,717,000	3,799,000	20,873,000
	TOTAL D-25	<u>4,393,000</u>	<u>4,259,000</u>	<u>4,370,000</u>	<u>4,446,000</u>	<u>4,541,000</u>	<u>3,717,000</u>	<u>3,799,000</u>	<u>20,873,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u> <u>PROPOSED</u> <u>BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,579,000	2,374,000	2,457,000	2,507,000	2,544,000	2,580,000	2,700,000	12,788,000
1 50-30-2-01 REPLACEMENTS	3,130,000	5,452,000	13,443,000	14,234,000	14,445,000	14,649,000	15,332,000	72,103,000
TOTAL C-30	<u>5,709,000</u>	<u>7,826,000</u>	<u>15,900,000</u>	<u>16,741,000</u>	<u>16,989,000</u>	<u>17,229,000</u>	<u>18,032,000</u>	<u>84,891,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	138,000	98,000	54,000	55,000	56,000	57,000	59,000	281,000
2 50-32-2-01 REPLACEMENTS	126,000	105,000	108,000	111,000	112,000	114,000	119,000	564,000
TOTAL C-32	<u>264,000</u>	<u>203,000</u>	<u>162,000</u>	<u>166,000</u>	<u>168,000</u>	<u>171,000</u>	<u>178,000</u>	<u>845,000</u>
<u>C-33 TELEMETERING</u>								
4 50-33-1-01 ADDITIONS AND INSTALLATIONS	62,000	126,000	130,000	132,000	134,000	136,000	143,000	675,000
2 50-33-2-01 REPLACEMENTS	61,000	342,000	352,000	359,000	365,000	370,000	387,000	1,833,000
TOTAL C-33	<u>123,000</u>	<u>468,000</u>	<u>482,000</u>	<u>491,000</u>	<u>499,000</u>	<u>506,000</u>	<u>530,000</u>	<u>2,508,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2026</u> <u>PROPOSED</u> <u>BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>								
2 50-34-2-01 REPLACEMENTS	228,000	202,000	143,000	-	-	-	-	143,000
TOTAL C-34	<u>228,000</u>	<u>202,000</u>	<u>143,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,000</u>
<u>C-35 SERVICE SECTION EQUIPMENT</u>								
5 50-35-1-01 ADVANCED METER INFRASTRUCTURE	-	-	-	-	-	-	-	-
TOTAL C-35	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>C-36 AUTOMATIC METER READING</u>								
4 50-36-1-01 ADDITIONS	238,000	-	-	-	-	-	-	-
5 50-36-2-01 REPLACEMENTS	1,430,000	-	-	-	-	-	-	-
TOTAL C-36	<u>1,668,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 50-99-2-99 <u>C-99 COST OF REMOVAL</u>								
GROSS TOTAL FIELD SERVICES DEPARTMENT	7,992,000	8,699,000	16,687,000	17,398,000	17,656,000	17,906,000	18,740,000	<u>88,387,000</u>
50-98-2-98 LESS: SALVAGE								
50-94-1-94 LESS: CONTRIBUTIONS								
NET TOTAL FIELD SERVICES DEPARTMENT	<u>7,992,000</u>	<u>8,699,000</u>	<u>16,687,000</u>	<u>17,398,000</u>	<u>17,656,000</u>	<u>17,906,000</u>	<u>18,740,000</u>	<u>88,387,000</u>
ACQUIRE ASSETS	7,992,000	8,699,000	16,687,000	17,398,000	17,656,000	17,906,000	18,740,000	88,387,000
LEASE								

FLEET OPERATIONS DEPARTMENT
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2026 PROPOSED</u> <u>BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL FORECAST</u>
1 73-01-1-02 VEHICLE ADDITIONS	-	39,000	-	-	-	-	-	-
1 73-01-1-01 SHOP EQUIPMENT ADDITIONS	-	98,000	-	-	-	-	-	-
2 73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	797,000	1,613,000	2,117,000	1,543,000	1,874,000	871,000	4,317,000	10,722,000
2 73-01-2-03 VEHICLE REPLACEMENTS	5,183,000	8,621,000	10,834,000	13,280,000	10,025,000	3,111,000	4,046,000	41,296,000
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>5,980,000</u>	<u>10,371,000</u>	<u>12,951,000</u>	<u>14,823,000</u>	<u>11,899,000</u>	<u>3,982,000</u>	<u>8,363,000</u>	<u>52,018,000</u>
ACQUIRE ASSETS LEASE	5,980,000	10,371,000	12,951,000	14,823,000	11,899,000	3,982,000	8,363,000	52,018,000

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u> <u>COMPLIANCE</u> <u>BUDGET</u>	<u>2026 PROPOSED</u> <u>BUDGET</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u> <u>FORECAST</u>
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	64,000	84,000	85,000	86,000	87,000	88,000	89,000	435,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	5,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	363,000	368,000	375,000	382,000	389,000	396,000	403,000	1,945,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	12,000	20,000	20,000	20,000	20,000	20,000	20,000	100,000
1 72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	12,000	12,000	12,000	12,000	12,000	12,000	12,000	60,000
1 72-01-2-04 REPLACE CARPETS	-	50,000	50,000	50,000	50,000	50,000	-	200,000
1 72-01-2-05 REPLACE MODULAR FURNITURE	-	50,000	50,000	50,000	50,000	50,000	-	200,000
TOTAL FACILITIES	<u>915,000</u>	<u>589,000</u>	<u>597,000</u>	<u>605,000</u>	<u>613,000</u>	<u>621,000</u>	<u>529,000</u>	<u>2,965,000</u>

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u>	<u>2026 PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u>
	<u>COMPLIANCE</u>	<u>BUDGET</u>						<u>FORECAST</u>
<u>INFORMATION SERVICES</u>								
2 47-01-1-01 MISC ADDITIONS - SERVER, NETWORK AND HARDWARE	1,014,000	2,043,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-1-03 ADDITIONS - SAN STORAGE	302,000	119,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-1-05 ADDITIONS - FIELD DATA COLLECTION SOFTWARE	-	452,000	-	-	-	-	-	-
2 47-01-2-01 MISC REPLACEMENTS - SOFTWARE	600,000	220,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-2-02 MISC REPLACEMENTS - SERVER & NETWORK HARDWARE	685,000	247,000	100,000	103,000	106,000	109,000	112,000	530,000
2 47-01-1-04 ADDITIONS - SECURITY CAMERAS - M&R STATIONS	296,000	296,000	-	-	-	-	-	-
2 47-01-1-02 MISC ADDITIONS - SOFTWARE	300,000	832,000	150,000	154,000	158,000	162,000	166,000	790,000
2 47-01-2-03 AMI IMPLEMENTATION	-	417,000	305,000	313,000	321,000	329,000	337,000	1,605,000
2 47-01-2-04 REPLACEMENT SECURITY CAMERAS	119,000	118,000	-	-	-	-	-	-
TOTAL INFORMATION SERVICES	<u>3,316,000</u>	<u>4,744,000</u>	<u>855,000</u>	<u>879,000</u>	<u>903,000</u>	<u>927,000</u>	<u>951,000</u>	<u>4,515,000</u>

Capital Budget, FY 2026 - Philadelphia Gas Works

January 2, 2025

OTHER DEPARTMENTS
FORECAST - FISCAL YEARS 2027 THROUGH 2031

	<u>2025</u>	<u>2026 PROPOSED</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>TOTAL</u>
	<u>COMPLIANCE</u>	<u>BUDGET</u>						<u>FORECAST</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY							
2 13-01-2-02	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE							
4 13-01-2-03	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH							
	<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>
	TOTAL CHIEF OPERATING OFFICER							
	<u>4,981,000</u>	<u>6,083,000</u>	<u>2,202,000</u>	<u>2,234,000</u>	<u>2,266,000</u>	<u>2,298,000</u>	<u>2,230,000</u>	<u>11,230,000</u>
	TOTAL OTHER DEPARTMENTS							
	ACQUIRE ASSETS							
	LEASE							

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 2026

• Spending from FY 2026 Program	\$ 135,155,000
• Spending Carryover from FY 2025	<u>\$ 81,824,000</u>
• Total FY 2026 Spending	\$ 216,979,000
• Projected Reimbursement	\$ 5,497,000
• Salvage	\$ 215,000
• Construction Contributions	<u>\$ 1,975,000</u>
• Net FY 2026 Capital Spending	\$ 209,292,000

Capital Funding Sources:

• Debt	\$ 104,646,000
• DSIC	\$ 41,000,000
• Internally Generated Funds	<u>\$ 63,646,000</u>
• FY 2026 Capital Funding	\$ 209,292,000

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 2026 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:

- a. \$120,000,000 Note Purchase and Credit agreement with PNC Bank, N.A..
- b. The City requested that PNC Bank, N.A. purchase on August 19, 2024 Capital Project Notes in the principal amount of \$35,000,000. On September 18, 2024, the City issued Gas Works Revenue Bonds, Seventeenth Series A in a par amount of \$314,960,000. The proceeds from the sale of the Seventeenth Series A Bonds were issued to i) finance a portion of PGW's ongoing Capital Improvement Program, ii) pay the cost of issuing the bonds, and iii) repayment of outstanding Capital Project Note payables of \$35,000,0000.
- c. \$134,776.25 or 4.6209%.
- d. The proceeds of the Capital Project Notes may only be used to pay i) the costs of certain capital projects and other project costs included in the capital budget of the Gas Works, as approved by City Council; ii) paying the costs of issuing any series of Bonds or Notes; iii) if determined by the Director of Finance, the provision of capitalized interest on any series of Bonds or Notes that are issued to finance capital projects, during the construction of such capital projects; and (iv) paying any other project costs.
- e. None.

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:

FY	Month	Account 131	Account 135	Account 136	Total
2024	August	\$9,198,506.48	\$55,396.57	\$106,358,272.50	\$115,612,175.55
2024	July	(3,172,730.52)	55,096.57	167,640,147.29	164,522,513.34
2024	June	2,954,856.95	55,096.57	176,522,925.77	179,532,879.29
2024	May	17,283,245.71	59,441.60	164,961,304.59	182,303,991.90
2024	April	7,000,285.70	60,253.41	169,602,509.68	176,663,048.79
2024	March	9,429,403.35	56,865.76	126,256,258.58	135,742,527.69
2024	February	(593,544.85)	56,206.91	106,682,170.06	106,144,832.12
2024	January	620,854.62	56,206.91	108,667,627.37	109,344,688.90
2024	December	(1,131,208.05)	53,606.91	97,593,059.91	96,515,458.77
2024	November	(1,505,142.44)	49,480.78	112,896,678.88	111,441,017.22
2024	October	(1,572,414.02)	56,808.28	128,337,589.75	126,821,984.01
2024	September	(1,861,732.37)	54,579.28	164,019,901.02	162,212,747.93
2023	August	143,056.74	56,803.78	139,102,230.08	139,302,090.60
2023	July	300,745.65	43,425.25	212,095,586.05	212,439,756.95
2023	June	160,134.77	44,536.64	219,830,664.47	220,035,335.88
2023	May	(622,927.50)	51,030.45	216,439,636.98	215,867,739.93
2023	April	34,182,328.18	54,489.54	170,041,893.71	204,278,711.43
2023	March	786,580.55	57,455.81	145,196,458.85	146,040,495.21
2023	February	2,743,400.92	49,578.10	110,396,524.57	113,189,503.59
2023	January	(19,659.20)	51,335.48	101,292,099.57	101,323,775.85
2023	December	188,270.69	55,045.23	88,303,323.97	88,546,639.89
2023	November	1,025,432.09	55,045.23	59,614,413.61	60,694,890.93
2023	October	(406,509.46)	58,335.23	55,242,076.34	54,893,902.11
2023	September	(3,888,742.10)	54,911.25	82,329,356.10	78,495,525.25

The City requested that PNC Bank, N.A. purchase on August 19, 2024 Capital Project Notes in the principal amount of \$35,000,000. On September 18, 2024, the City issued Gas Works Revenue Bonds, Seventeenth Series A in a par amount of \$314,960,000. The proceeds from the sale of the Seventeenth Series A Bonds were issued to i) finance a portion of PGW's ongoing Capital Improvement Program, ii) pay the cost of issuing the bonds, and iii) repayment of outstanding Capital Project Note payables of \$35,000,000.

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 the attached Unaudited statements as of January 2025. This question applies only to PGW, not the City's Statements.

UNAUDITED
PGW
STATEMENT OF INCOME
MONTH OF JANUARY 2025 AND 2024 WITH COMPARISONS
(Thousands of Dollars)

Line No.	FY2024 Actual		FY2025		Increase/(Decrease) Actual FY2025 vs. Budget	
			Actual	Budget	Amount	%
		Operating revenues				
1	\$ 3,123	Non-heating	\$ 3,800	\$ 3,075	\$ 725	24
2	12,632	Gas transport service	14,634	14,578	56	0
3	98,936	Heating	108,308	109,327	(1,019)	(1)
4	11,675	Unbilled gas adjustment	20,606	18,449	2,157	12
5	(8,095)	Appropriation for uncollectible reserve	(7,361)	(7,361)	-	-
6	118,271	Total gas revenues	139,987	138,068	1,919	1
7	379	Appliance & other revenues	390	635	(245)	(39)
8	1,401	Other operating revenues	5,553	3,265	2,288	70
9	120,051	Total operating revenues	145,930	141,968	3,962	3
		Operating expenses				
10	40,451	Natural gas	51,624	39,281	12,343	31
11	10	Other raw material	-	3	(3)	-
12	40,461	Sub-total fuel	51,624	39,284	12,340	31
13	79,590	CONTRIBUTION MARGIN	94,306	102,684	(8,378)	(8)
14	1,963	Gas processing	3,840	2,335	1,505	64
15	8,129	Field operations	10,081	9,153	928	10
16	254	Collection	353	462	(109)	(24)
17	1,270	Customer services	1,466	1,994	(528)	(26)
18	641	Account management	777	941	(164)	(17)
19	294	Marketing	362	429	(67)	(16)
20	6,435	Administrative & general	7,863	8,585	(722)	(8)
21	2,122	Health insurance	2,340	2,166	174	8
22	(913)	Capitalized fringe benefits	(1,077)	(860)	(217)	25
23	(1,216)	Capitalized admin. charges	(1,667)	(1,925)	258	(13)
24	3,663	Pensions	2,287	2,287	-	-
25	(841)	Other post-employment benefits	2,124	2,124	-	-
26	785	Taxes	1,208	1,065	143	13
27	-	Cost savings	-	(97)	97	-
28	22,586	Total operating expenses	29,957	28,659	1,298	5
29	57,004	Operating income before depreciation	64,349	74,025	(9,676)	(13)
30	5,929	Net depreciation	6,115	6,138	(23)	(0)
31	68,976	Total operating expenses	87,696	74,081	13,615	18
32	51,075	Operating income (loss)	58,234	67,887	(9,653)	(14)
33	1,030	Investments gain (loss) and other income	266	1,718	(1,452)	(85)
34	52,105	Income before interest	58,500	69,605	(11,105)	(16)
		Interest				
35	3,608	Long-term debt	4,995	4,853	142	3
36	(249)	Other	(613)	(454)	(159)	35
37	3,359	Net interest expense	4,382	4,399	(17)	(0)
38	\$ 48,746	Net income (loss)	\$ 54,118	\$ 65,206	\$ (11,088)	
39	\$ (1,500)	Distribution to the City	\$ (1,500)	\$ (1,500)		
40	\$ 47,246	Net Earnings (loss) after distribution to the City	\$ 52,618	\$ 63,706		

UNAUDITED
PGW
STATEMENT OF INCOME
FIVE MONTHS ENDED JANUARY 2025 AND 2024 WITH COMPARISONS
(Thousands of Dollars)

Line No.	FY2024 Actual		FY2025		Increase/(Decrease) Actual FY2025 vs. Budget	
			Actual	Budget	Amount	%
<u>Operating revenues</u>						
1	\$ 10,082	Non-heating	\$ 10,223	\$ 9,421	\$ 802	9
2	36,579	Gas transport service	39,648	38,456	1,192	3
3	256,235	Heating	261,489	261,689	(200)	(0)
4	39,891	Unbilled gas adjustment	53,465	45,275	8,190	18
5	(18,384)	Appropriation for uncollectible reserve	(19,019)	(19,019)	-	-
6	324,403	Total gas revenues	345,806	335,822	9,984	3
7	2,710	Appliance & other revenues	2,505	3,184	(679)	(21)
8	5,870	Other operating revenues	9,458	14,481	(5,023)	(35)
9	332,983	Total operating revenues	357,769	353,487	4,282	1
<u>Operating expenses</u>						
10	95,400	Natural gas	110,070	97,724	12,346	13
11	16	Other raw material	11	13	(2)	-
12	95,416	Sub-total fuel	110,081	97,737	12,344	13
13	237,567	CONTRIBUTION MARGIN	247,688	255,750	(8,062)	(3)
14	9,777	Gas processing	11,801	10,168	1,633	16
15	40,183	Field operations	41,436	43,575	(2,139)	(5)
16	1,353	Collection	1,738	2,104	(366)	(17)
17	6,943	Customer services	7,063	9,057	(1,994)	(22)
18	3,188	Account management	3,667	4,555	(888)	(19)
19	1,723	Marketing	1,770	1,953	(183)	(9)
20	31,096	Administrative & general	34,666	40,589	(5,923)	(15)
21	9,272	Health insurance	9,084	10,825	(1,741)	(16)
22	(4,861)	Capitalized fringe benefits	(5,550)	(4,598)	(952)	21
23	(5,173)	Capitalized administrative charges	(6,440)	(8,724)	2,284	(26)
24	18,314	Pensions	11,437	11,437	-	-
25	(4,206)	Other post-employment benefits	10,618	10,618	-	-
26	3,986	Taxes	4,365	4,638	(273)	(6)
27	-	Cost savings	-	(510)	510	-
28	111,595	Total operating expenses	125,655	135,687	(10,032)	(7)
29	125,972	Operating income before depreciation	122,033	120,063	1,970	2
30	32,527	Net depreciation	30,951	30,692	259	1
31	239,538	Total operating expenses	266,687	264,116	2,571	1
32	93,445	Operating income (loss)	91,082	89,371	1,711	2
33	6,417	Investments gain (loss) and other income	6,634	8,876	(2,242)	(25)
34	99,862	Income before interest	97,716	98,247	(531)	(1)
<u>Interest</u>						
35	18,139	Long-term debt	22,931	24,265	(1,334)	(5)
36	(1,584)	Other	121	(2,272)	2,393	-
37	-	Allowance for funds used during construction	-	-	-	-
38	16,555	Net interest expense	23,052	21,993	1,059	5
39	\$ 83,307	Net income (loss)	\$ 74,664	\$ 76,254	\$ (1,590)	
40	\$ (7,500)	Distribution to the City	\$ (7,500)	\$ (7,500)		
41	\$ 75,807	Net earnings (loss) after distribution to the City	\$ 67,164	\$ 68,754		

PGW
BALANCE SHEETS JANUARY 2025 AND 2024
(Thousands of Dollars)

ASSETS

Line No.		FY2025	FY2024
Non-current assets			
Utility plant, at original cost			
1	In service	\$ 3,011,891	\$ 2,923,873
2	In service under capital lease	80,747	80,351
3	In service under software subscription	14,745	8,135
4	Under construction	253,557	184,393
5	Total	3,360,940	3,196,752
6	Less accumulated depreciation	(1,411,772)	(1,354,573)
7	Less accumulated depreciation lease asset	(7,536)	(4,007)
8	Less accumulated depreciation software subscription	(7,777)	(5,824)
9	Utility plant - net	1,933,855	1,832,347
10	Sinking fund - revenue bonds	118,246	112,641
11	Capital improvement funds	207,200	-
12	Unamortized bond issuance cost	838	664
13	Regulatory asset - environmental	27,988	23,610
14	Regulatory asset - pandemic	21,798	28,486
15	Other non-current assets	5,916	3,648
16	Total non-current assets	2,315,841	2,001,397
Current assets			
17	Cash and temporary investments	63,735	109,345
18	Current portion of capital improvement fund	85,395	-
19	Restricted investment workers' compensation	2,986	2,841
Accounts receivable			
20	Customers	246,093	249,343
21	Others	1,063	1,246
22	Accrued gas revenues	62,363	48,477
23	Accumulated provisions for uncollectible accounts	(82,643)	(98,165)
24	Accounts receivable - net	226,876	200,900
25	Materials and supplies	52,603	72,397
26	Other current assets and deferred debits	15,894	14,914
27	Total current assets	447,488	400,397
Deferred outflows of resources			
28	Accumulated fair value of hedging derivatives	-	-
29	Deferred outflows related to loss on bond refunding	12,628	18,369
30	Deferred outflows related to pension	11,113	29,060
31	Deferred outflows related to OPEB	91,583	100,068
32	Total deferred outflows of resources	115,324	147,497
33	Total assets and deferred outflows of resources	<u>\$ 2,878,652</u>	<u>\$ 2,549,291</u>

PGW
BALANCE SHEETS JANUARY 2025 AND 2024
(Thousands of Dollars)

EQUITY AND LIABILITIES

			FY2025	FY2024	Line No.
Long term debt					
City of Philadelphia bonds					
<u>Issued</u>	<u>Original amount</u>	<u>Current portion</u>			
2004	207,820	-	-	30,000	1
2009	313,285	22,820	78,810	101,630	2
2015	261,770	12,620	-	101,225	3
2016	312,425	12,140	150,645	162,785	4
2017	273,140	5,620	229,885	235,505	5
2021	253,925	3,910	236,430	240,340	6
2025	424,250	-	424,250	-	7
	Total issued	57,110	1,120,020	871,485	8
	Unamortized debt discount/premium	12,094	124,258	93,709	9
	Total long-term bond debt	69,204	1,244,278	965,194	10
Current liabilities					
	Current portion of revenue bonds		\$ 69,204	\$ 72,500	11
	Notes payable		-	-	12
	Accounts payable		80,280	68,931	13
	Current portion of long-term liabilities		6,427	8,063	14
	Customers' deposits		2,243	2,515	15
	Deferred credit other lease asset (GASB 87)		1,571	1,360	16
	Deferred credit other software subscription (GASB 96)		1,747	1,269	17
	Other current liabilities and deferred credits		36,328	42,777	18
	Accrued accounts:				
	Interest, taxes and wages		28,311	22,845	19
	Distribution to the City		10,500	10,500	20
	Total current liabilities		236,612	230,760	21
Non-current liabilities					
	Long-term revenue bonds		1,244,278	965,194	22
	Non-current deferred credit other lease assets (GASB 87)		56,773	57,822	23
	Non-current deferred credit other software subscription (GASB 96)		2,938	-	24
	Net pension liabilities		186,671	229,433	25
	Net OPEB liabilities		116,617	196,792	26
	Other non-current liabilities		34,662	24,350	27
	Total non-current liabilities		1,641,939	1,473,591	28
Deferred inflows of resources					
	Deferred inflows related to gain on bond refunding		2,049	152	29
	Deferred inflows related to pension		19,096	5,814	30
	Deferred inflows related to OPEB		71,372	30,273	31
	Deferred inflow related to interest rate swap		2,570	4,613	32
	Total deferred inflows of resources		95,087	40,852	33
	Net position		905,015	804,088	34
	Total liabilities, deferred inflows of resources, and net position		<u>\$ 2,878,652</u>	<u>\$ 2,549,291</u>	35

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, 2024 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, 2024 is \$55,397.

FERC Account 136 - Temporary Cash Investments

The balance of temporary cash investments as of August 31, 2024 is \$106,358,273 and consists primarily of bank deposits, U.S. Treasury and government agency obligations, certificate of deposits, 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.

TEST YEAR 2026

MONTH	LNG	STORAGES
September-25	3,692,139	17,206,249
October-25	3,671,976	18,656,882
November-25	3,825,881	18,323,190
December-25	3,954,953	16,020,777
January-26	3,941,754	11,486,881
February-26	3,988,168	8,139,580
March-26	4,057,351	7,027,685
April-26	4,096,320	7,720,361
May-26	4,043,731	9,933,910
June-26	3,965,736	11,970,736
July-26	3,885,142	13,775,237
August-26	3,804,548	15,423,374

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)

III.A.1

LINE NO.	ACTUAL 2022-23	ACTUAL 2023-24	EST/ACT 2024-25	BUDGET 2025-26	LINE NO.
ASSETS					
1.	1,734,543	1,821,459	1,970,965	2,114,904	1.
2.	77,863	74,793	71,896	68,791	2.
3.					3.
4.	3,063	3,791	4,682	5,498	4.
5.	109,581	116,145	121,820	127,772	5.
6.	43,730	-	223,289	129,700	6.
7.	2,778	2,929	2,973	3,018	7.
8.	139,302	115,612	23,520	54,094	8.
9.					9.
10.	190,746	167,821	171,727	171,703	10.
11.	1,618	2,013	2,063	2,088	11.
12.	8,586	8,898	5,251	5,873	12.
13.	(108,990)	(89,594)	(89,550)	(89,040)	13.
14.	91,960	89,138	89,491	90,624	14.
15.	79,453	67,390	69,756	72,795	15.
16.	8,401	6,272	6,276	6,280	16.
17.	6,984	8,657	8,908	9,082	17.
18.	681	639	808	756	18.
19.	19,763	16,449	13,764	11,684	19.
20.	23,610	28,228	26,686	24,852	20.
21.	29,060	11,113	33,465	6,943	21.
22.	100,068	91,583	59,323	33,462	22.
23.	34,149	31,233	25,418	17,748	23.
24.	2,504,988	2,485,431	2,753,039	2,778,002	24.
EQUITY & LIABILITIES					
25.	728,283	837,851	937,739	1,112,537	25.
26.	943,250	882,995	1,135,890	1,077,445	26.
27.	(44)	(40)	-	-	27.
28.	107,482	97,627	135,510	124,084	28.
29.	1,050,688	980,578	1,271,400	1,201,529	29.
30.	59,971	59,239	58,537	57,696	30.
31.	1,838	1,489	2,203	2,981	31.
32.	-	35,000	-	-	32.
33.	80,633	73,357	80,569	83,285	33.
34.	2,653	2,396	2,296	2,201	34.
35.	5,835	2,669	1,424	1,582	35.
36.	229,433	186,671	181,867	177,701	36.
37.	208,706	113,707	82,050	46,917	37.
38.	55,442	40,523	2,458	2,712	38.
39.	-	145	1,840	1,486	39.
40.	-	20,160	38,143	27,200	40.
41.	40,372	82,154	45,283	19,276	41.
42.	6,807	6,754	5,350	5,769	42.
43.	6,978	5,078	5,457	5,713	43.
44.	3,000	3,000	3,000	3,000	44.
45.	24,350	34,662	33,424	26,413	45.
46.	2,504,988	2,485,431	2,753,039	2,778,002	46.
CAPITALIZATION					
47.	1,778,971	1,818,433	2,209,139	2,314,066	47.
48.	1,050,688	980,582	1,271,400	1,201,529	48.
49.	59.06%	53.92%	57.55%	51.92%	49.
50.	1.44	1.17	1.36	1.08	50.

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, 2024 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, 2024, is \$2,928,638 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, 2024, is \$55,397.

FERC Account 136 - Temporary Cash Investments

The balance of temporary cash investments as of August 31, 2024, is \$106,358,273 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, 2023, are as follows:

FERC Account 128 - Other Special Funds

Zero

III. BALANCE SHEET AND OPERATING STATEMENT

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, 2023, is \$46,507,927 and consists primarily of Treasury and government agency obligations and money market accounts.

FERC Account 135 - Working Funds

The balance of petty cash and other employee advances as of August 31, 2023, is \$56,804.

FERC Account 136 - Temporary Cash Investments

The balance of temporary cash investments as of August 31, 2023, is \$139,102,230 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, 2024 are as follows:

FERC Account 141 - Notes Receivable

There were no notes receivable outstanding as of August 31, 2024.

FERC Account 143 - Other Accounts Receivable Reimbursements for projects on PGW property \$1,956,724
(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, 2023 are as follows:

FERC Account 141 - Notes Receivable

There were no notes receivable outstanding as of August 31, 2023.

FERC Account 143 - Other Accounts Receivable Reimbursements for projects on PGW property \$1,617,944
(1430-1100)

Reimbursements for payments to pension beneficiaries \$ 0
(1430-1102)

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, 2021, 2022, 2023, and 2024 are listed below:

Period	Beginning	Accrual	Write-off	Recoveries & Other	Ending
Ending	Balance	JE #2101	JE #2102	(#3505,3510,3512 ,3516,3550)	Balance
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)
8/31/2023	(108,186,157)	(40,269,519)	42,013,772	(2,547,624)	(108,989,529)
8/31/2024	(108,989,529)	(25,169,321)	49,921,446	(5,356,596)	(89,594,001)

III. BALANCE SHEET AND OPERATING STATEMENT

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

RESPONSE:

Please see the schedule below. Historic test year and one year prior (FY 2024 and FY 2023).

ACCOUNT 165 - PREPAYMENT	AUGUST 31, 2024	AUGUST 31, 2023
Software Prepayment Balance represents software paid in advance for multiple months	\$ 4,438,535	3,893,922
Swap Prepayments Balance represents overpayment of Swap which will be amortized overtime	-	-
Prepaid Postage Balance represents outstanding amount of postage meter	269,325	130,141
Prepaid Insurance Balance represents unamortized portion of insurance premiums which are expensed over the period of insurance coverage	230,136	258,296
Prepayment State Sales Taxes Balance represents sales tax payment made to PA state prior to the month's sales activity	182,000	240,000
Miscellaneous	356,508	3,083,391
TOTAL	\$ 5,476,504	7,605,750

III. BALANCE SHEET AND OPERATING STATEMENT

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

RESPONSE:

Historic test year and one year prior (FY 2024 and FY 2023) within Excel attached.

III.A.07

Current Asset Detail	August 31, 2024	August 31, 2023
Account 142 - Customer Accounts Receivable		
Gas Accounts Receivable	167,777,980	190,685,955
Mechandise Receivable	42,401	57,134
Total Customer Accounts Receivable	<u>167,820,381</u>	<u>190,743,089</u>
Account 154 - Plant Material & Operating Supplies		
General Storeroom	17,203,301	14,048,981
Odorant & Gas Holders	60,470	89,474
Total Plant Material & Operating Supplies	<u>17,263,771</u>	<u>14,138,455</u>
Account 164 - Gas Storage		
Pipeline Storage	32,047,066	46,851,938
LNG Storage	18,079,394	18,463,561
Total Gas Storage	<u>50,126,460</u>	<u>65,315,499</u>
Account 173 - Accrued Utility Revenue	8,897,983	8,585,726

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

8.a

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.

Philadelphia Gas Works' Base Rate Filing

- 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. Account 253 table, historic test year end and one year prior (FY 2024 and FY 2023).

FERC Account 2530/2531

OTHER DEFERRED CREDITS AS OF AUGUST 31

	<u>2024</u>	<u>2023</u>
DESCRIPTION		
Environmental Clean-Up	28,227,948	23,610,495
<i>The amount represents accrued liabilities related to environmental remediation expense to be recovered through base rates.</i>		
Appliance Parts & Labor Plans	718,124	795,075
<i>The amount represents payments received from customers that will be amortized over the one year life of the Plan.</i>		
Unidentified Customer Payments	39,831	48,050
<i>The amount represents payments received from customers that are in the process of being researched to properly be applied to the correct customer's accounts</i>		
Meter Test Deposits	10,556	9,417
<i>The amount represents customer deposits for meters that are being tested.</i>		
Interest Rate Swap	5,680,819	7,101,023
<i>Swap associated with variable rate bonds (Bonds Series 8)</i>		
Deferred Inflows - Pension	20,159,742	-
<i>The amount reflects the recognition of deferred inflows of resources related to Pension. These deferred inflows of resources are related to differences between actual and expected investment returns, assumption changes, demographic factors, etc.</i>		
Net OPEB Liability	113,707,232	208,706,270
<i>The amount is the difference between the OPEB liability and the assets (reported at fair value) set aside and restricted to paying benefits to current employees, retirees, and their beneficiaries.</i>		
Net Pension Liability	186,671,198	229,433,288
<i>The amount is the difference between the Pension liability and the assets (reported at fair value) set aside and restricted to paying benefits to current employees, retirees, and their beneficiaries.</i>		
Deferred Inflows - OPEB	82,154,497	40,372,355
<i>The amount reflects the recognition of deferred inflows of resources related to OPEB. These deferred inflows of resources are related to differences between actual and expected investment returns, assumption changes, demographic factors, etc.</i>		
Deferred GCR	31,399,437	44,560,803
Miscellaneous	6,812,589	5,852,421
GASB 96 Software Subscription	1,488,594	1,837,709
<i>A software subscription is defined as contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.</i>		
Lease Asset GASB 87	59,238,671	59,970,765
<i>A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset, as specified in the contract for a period of time in an exchange or exchange-like transaction. PGW leases nonfinancial assets such as land, buildings, office equipment, vehicles, and machinery.</i>		
Total	\$ 536,309,236	\$ 622,297,672

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, 2026 is as follows:

ACCOUNT 228.2	\$1,984,660
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ACCOUNT 228201 RESERVE FOR SUITS AND CLAIMS	\$1,445,490
--	-------------

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	\$539,170
--	-----------

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:

Please see attached for the table of historic test year and one year prior (FY 2024 and FY 2023).

ACCOUNT 242 Accrued Wages	August 31, 2024	August 31, 2023
<p>Compensated Absences This amount represents unused employee vacation time earned during the period</p>	5,011,000	4,645,000
<p>Workers' Compensation Liability for Workers' Compensation applicable to on-duty employee accidents</p>	2,048,338	859,027
<p>Payment to the City This amount represents the current liability for the City Payment</p>	3,000,000	3,000,000

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:

See attached.

Fiscal Years ended December 31,

	<u>2023</u>	<u>2024</u>
Net Postion, Beginning of Period	624,349	728,282
Transferred to Income	103,933	109,568
Net Postion, End of Period	<u>728,282</u>	<u>837,850</u>

Calendar Years ended December 31,

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net Postion, Beginning of Period	330,455	486,389	666,912
Transferred to Income	155,816	180,659	89,932
Transferred to Balance Sheet, Net	118	(137)	-
Net Postion, End of Period	<u>486,389</u>	<u>666,912</u>	<u>756,843</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. Prepayments: See the response to III.A.6 for a list of prepayments.

14.b – g.: Not applicable

14.h. State sales tax accrued or prepaid:

August 31, 2025 - \$0

August 31, 2026 - \$0

14.i. Payroll taxes accrued or prepaid:

August 31, 2025 - \$0

August 31, 2026 - \$0

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

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

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

Philadelphia Gas Works' Base Rate Filing

RESPONSE:

Please see the attached spreadsheet.

PHILADELPHIA GAS WORKS
STATEMENT OF PROJECTED INCOME AT PRESENT AND PROPOSED RATES
TWELVE MONTHS ENDING AUGUST 31, 2026

	(1) Annualized Twelve Months Ended August 31, 2026	(2) Adjustments Under Annualized Rates	(3) Annualized Twelve Months Ended August 31, 2026	(4) Adjustments Under Proposed Rates	(5) Adjusted Twelve Months Ended August 31, 2026
<u>Operating Revenues</u>					
Gas Service Revenues	542,817,000	-	542,817,000	\$100,590,000 *	\$643,407,000
Transportation Revenues	88,382,000	-	88,382,000	-	88,382,000
Other Operating Revenue	36,160,000	-	36,160,000	1,674,000	37,834,000
Total Operating Revenue	667,359,000	-	667,359,000	102,264,000	769,623,000
<u>Operating & Maintenance Expenses</u>					
Natural Gas Costs	173,163,000	-	173,163,000	-	173,163,000
Other Expenses	329,672,000	-	329,672,000	-	329,672,000
Depreciation	77,424,000	-	77,424,000	-	77,424,000
Total Operating & Maintenance Expenses	580,259,000	-	580,259,000	-	580,259,000
<u>Revenue From Non-Operating Operations</u>					
Interest Gain / (Loss) and Other Income	21,831,000	-	21,831,000	170,000	22,001,000
Federal Grant Revenue (PHMSA)	27,987,000	-	27,987,000	-	27,987,000
<u>Interest Expense</u>					
Long Term Debt	54,108,000	-	54,108,000	-	54,108,000
Other Interest Expense	(9,634,000)	-	(9,634,000)	-	(9,634,000)
AFUDC	-	-	-	-	-
Loss From Extinguishment of Debt	2,080,000	-	2,080,000	-	2,080,000
Total Interest Expense	46,554,000	-	46,554,000	-	46,554,000
Net Earnings	\$90,364,000	\$0	\$90,364,000	\$102,434,000	\$192,798,000

* Net of an increase in bad debt in the amount of \$4.41 million.

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, 2025 and 2026

Account 480.0 – Residential Sales \$136,829,000

The 31.5% increase in residential sales is primarily related to the \$105 million rate increase included in FY2026. Projected volumes are approximately 1.0% lower in FY2026 than FY2025. The GCR factor is approximately \$1.64 or 48.7% higher in projected FY2026 than FY2025.

Account 481.0 – Commercial Sales & Industrial Sales \$11,079,000

The 13.2% increase in Commercial & Industrial Sales is primarily related to an increase in the GCR factor used to create the estimates for commercial & industrial revenues. Sales volume remains relatively unchanged from the prior year.

Account 495.0 – Other Gas Revenues (\$26,865,000)

The decrease in Other Gas Revenues is due to the estimated reversal in FY 2025 of an over-recovery from FY 2024. This reversal amounts to \$31.4 million.

Account 8040-8130 – Other Gas Supply Expenses \$29,034,000

The increase in Other Gas Supply expenses is related to the expected increase in natural gas prices in FY2026 as compared to FY2025.

Account 8400-8439 – Other Gas Storage Expenses \$2,975,000

The increase in Other gas storage expenses is primarily associated with higher expected LNG vaporization in FY 2026 as compared to FY 2025.

III. BALANCE SHEET AND OPERATING STATEMENT

Account 9200-9310 – Administrative & General \$28,125,000

The increase in Administrative & General expenses is primarily due to a projected increase in the cost of Pension & Other Post Employment expenses (Approx \$22.9 million).

Account 4270.0 – Interest on Long Term Debt (\$1,529,000)

The decrease in interest expense is a result of paying long-term debt on normal payment amortization of pre-existing debt.

Account 4210 – Non-Operating Revenue \$12,486,000

PGW has applied for a PHMSA grant to replace distribution infrastructure. Grant revenues are expected to be \$31.3 million in FY2026 as compared to \$18.8 million in FY 2025.

Philadelphia Gas Works' Base Rate Filing

Exh.A - III.A.18

PHILADELPHIA GAS WORKS COMPARATIVE OPERATING STATEMENTS TWELVE MONTHS ENDED AUGUST 31, 2025 & 2026

	PERIOD		Increase/ Decrease
	FY 2025	FY 2026	
OPERATING REVENUES			
SALES OF GAS			
4800 Residential Sales	434,951,000	571,780,000	136,829,000
4810 Commercial Sales & Industrial Sales	84,230,000	95,309,000	11,079,000
4820 Public Authority Sales	12,480,000	14,113,000	1,663,000
4830 Sales for Resale	3,000	4,000	1,000
4893 Gas Transportation Service Sales	88,885,000	88,382,000	(503,000)
4950 Other Gas Revenues	32,898,000	6,033,000	(26,865,000)
Total Gas Revenues	651,207,000	775,621,000	124,414,000
OTHER OPERATING REVENUE			
4870 Forfeited Discounts	9,444,000	11,755,000	2,311,000
4880 Misc. Service Revenue	20,742,000	20,873,000	131,000
Total Other Operating Revenues	30,186,000	32,628,000	2,442,000
TOTAL OPERATING REVENUE	681,393,000	808,249,000	126,856,000
OPERATING & MAINTENANCE EXPENSES			
7000-7100 STEAM PRODUCTION	1,014,000	1,196,000	182,000
7120-7170 MANUFACTURED GAS PRODUCTION	376,000	444,000	68,000
7340-7420 GAS RAW MATERIAL	2,340,000	2,985,000	645,000
8040-8130 OTHER GAS SUPPLY EXPENSES	156,276,000	176,837,000	20,561,000
8400-8439 OTHER STORAGE EXPENSES	12,233,000	15,208,000	2,975,000
8500-8700 TRANSMISSION EXPENSES OPERATION SUPERVISION & ENGINEERING	3,554,000	4,477,000	923,000
8701-8930 DISTRIBUTION EXPENSES	79,142,000	106,538,000	27,396,000
9010-9080 CUSTOMER ACCOUNTS EXPENSES	107,007,000	87,665,000	(19,342,000)
9200-9310 ADMINISTRATIVE & GENERAL	107,102,000	135,227,000	28,125,000
TOTAL OPERATING EXPENSES	469,044,000	530,577,000	61,533,000
OTHER EXPENSES			
4030 DEPRECIATION EXPENSE	78,490,000	77,424,000	(1,066,000)
4081 TAXES OTHER THAN INCOME TAXES, UTILITY OPERATING INCOME	10,432,000	10,884,000	452,000
TOTAL DEPRECIATION & TAXES	88,922,000	88,308,000	(614,000)
OTHER INCOME			
4150 REVENUES FROM MERCHANDISING, JOBBING AND CONTRACT WORK	0	0	0
4170 NON UTILITY REVENUE	456,000	456,000	0
4171 EXPENSE NON-UTILITY OPERATIONS	0	0	0
4180 NON OPERATING RENTAL INCOME	0	0	0
4190 INTEREST & DIVIDEND INCOME	22,963,000	18,068,000	(4,895,000)
4210 MISC. NON-OPERATING INCOME	18,808,000	31,464,000	12,656,000
4263 PENALTIES	0	0	0
TOTAL OTHER INCOME	42,227,000	49,968,000	7,741,000
INTEREST EXPENSES			
4270 INTEREST ON LONG TERM DEBT (DR)	55,637,000	54,108,000	(1,529,000)
4280 AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	52,000	51,000	(1,000)
4281 AMORTIZATION OF LOSS ON REACQUIRED DEBT	1,266,000	660,000	(606,000)
4290 AMORTIZATION OF PREMIUM ON DEBT	(12,421,000)	(11,428,000)	993,000
4291 AMORTIZATION OF EXTRAORDINARY GAIN	(341,000)	(354,000)	(13,000)
4310 OTHER INTERST EXPENSE	3,573,000	3,515,000	(58,000)
4320 ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION (CR)	0	0	0
TOTAL INTEREST EXPENSES	47,766,000	46,554,000	(1,212,000)
NET INCOME	117,888,000	192,798,000	59,388,000

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	100,000
Rate Case Consultant	<u>750,000</u>
Total	\$1,250,000

The aforementioned projected base rate costs are expected to be incurred by PGW in FY 2025 as a result of the upcoming rate case proceeding. These costs are anticipated to be amortized over a five-year period or approximately \$250,000 annually in FY 2025, FY 2026, FY 2027, FY 2028, and FY 2029.

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:

- 21a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
- 21b. Date, percentage increase, and annual amount of each general payroll increase during the test year (twelve months ended August 31, 2024).
- 21c. Dates and annual amounts of merit increases or management salary adjustments.
- 21d. Total annual payroll increases in the test year.
- 21e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
- 21f. Detail list of employee benefits and costs thereof for union and non-union personnel.
- 21g. Support the annualized pension cost figures.
 - (i) State whether these figures included any unfunded pension costs. Explain
 - (ii) Provide latest actuarial study used for determining pension accrual rates.
- 21h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

RESPONSE:

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	\$447,948	\$191,022	\$670,970
Manufactured Gas Production	1,401,260	928,662	2,329,922
Other Gas Supply	1,715,601	0	1,715,601
Other Storage	3,600,870	4,126,499	7,727,369
Transmission	2,378,899	0	2,378,899

Philadelphia Gas Works' Base Rate Filing

Distribution	36,683,166	24,259,650	61,160,290
Customer Accounts	20,390,932	0	20,390,932
Customer Service	4,361,659	0	4,361,659
Administrative & General	26,630,358	0	26,630,358
	<hr/>		
	\$97,642,693	\$29,723,307	\$127,366,000
Total Labor Charged to Stores Expense	\$4,330,000	\$0	\$4,330,000
Total Labor Charged to Clearing Expense	\$13,180,000	0	\$13,180,000
	<hr/>		
	\$17,510,000	\$0	\$17,510,000
Total Labor Charged	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$115,152,693	\$29,723,307	\$144,876,000

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, 2026).

	<u>Date</u> <u>Effective</u>	<u>Percent</u> <u>Increase</u>	<u>Estimated</u> <u>FY 2026</u> <u>Impact</u>
Bargaining Group Local 686, Utility Workers' Union of America	November 15, 2025	2.00%	\$1,052,360
Bargaining Group Local 686, Utility Workers' Union of America	May 15, 2026	4.00%	\$1,143,127

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 Amount</u>
Supervisory/Management	January 1, 2026	5.25%	\$3,066,914

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

	<u>Estimated</u> <u>Annual Amount</u>
Bargaining Group Local 686, Utility Workers' Union of America	\$2,195,487
Supervisory/Management	\$3,066,914

21.e. 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, 2018	\$139,613,599
Salary/Wage Adjustments	<u>5,262,401</u>
Normalized August 31, 2018	<u><u>\$144,876,000</u></u>

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

Twelve Months ending August 31, 2026:

Hospitalization Insurance - Active Employees	29,988,000
401 + 457(K) Plan	3,506,000
Dental Plan - Active Employees	533,000
Legal Services	339,000
Tuition Reimbursement	330,000
OPEB	11,006,000
Pension	<u>41,412,000</u>
Total Benefits	<u><u>\$87,414,000</u></u>

21.g. 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, 2024 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.

Alternative Funding Schedules

Philadelphia Gas Works

Philadelphia Gas Works Pension Plan – GASB Basis

July 1, 2024 - June 30, 2025

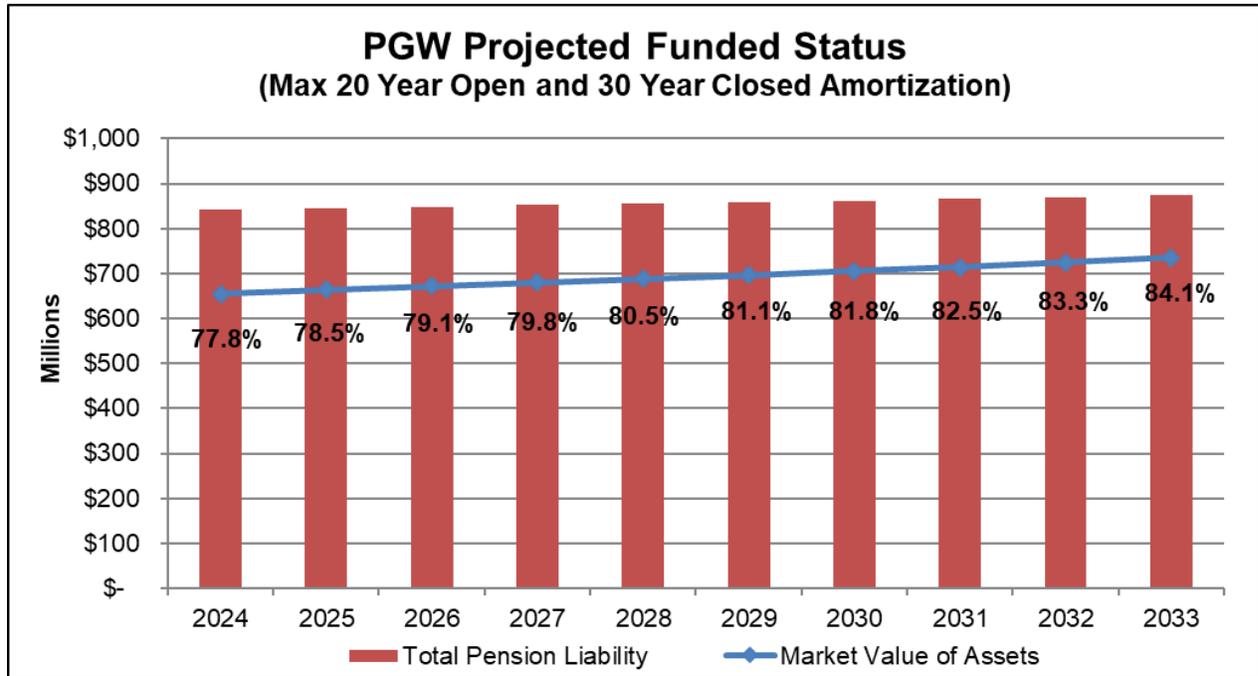


Schedule of Prospective Funded Status

G-1. 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	Calculated Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2024	\$654,984	\$841,655	\$186,671	\$24,841	77.82%	\$107,279	23.16%	174.00%
7/1/2025	664,018	845,546	181,528	23,452	78.53%	107,226	21.87%	169.29%
7/1/2026	671,749	849,115	177,366	24,319	79.11%	107,103	22.71%	165.60%
7/1/2027	680,469	852,311	171,843	23,172	79.84%	107,519	21.55%	159.83%
7/1/2028	688,546	855,526	166,980	22,580	80.48%	108,241	20.86%	154.27%
7/1/2029	696,643	858,959	162,315	22,642	81.10%	109,177	20.74%	148.67%
7/1/2030	705,461	862,614	157,153	22,696	81.78%	109,965	20.64%	142.91%
7/1/2031	714,652	866,139	151,487	22,723	82.51%	110,691	20.53%	136.86%
7/1/2032	724,573	869,905	145,332	22,782	83.29%	111,107	20.50%	130.80%
7/1/2033	735,404	873,978	138,574	22,786	84.14%	111,320	20.47%	124.48%

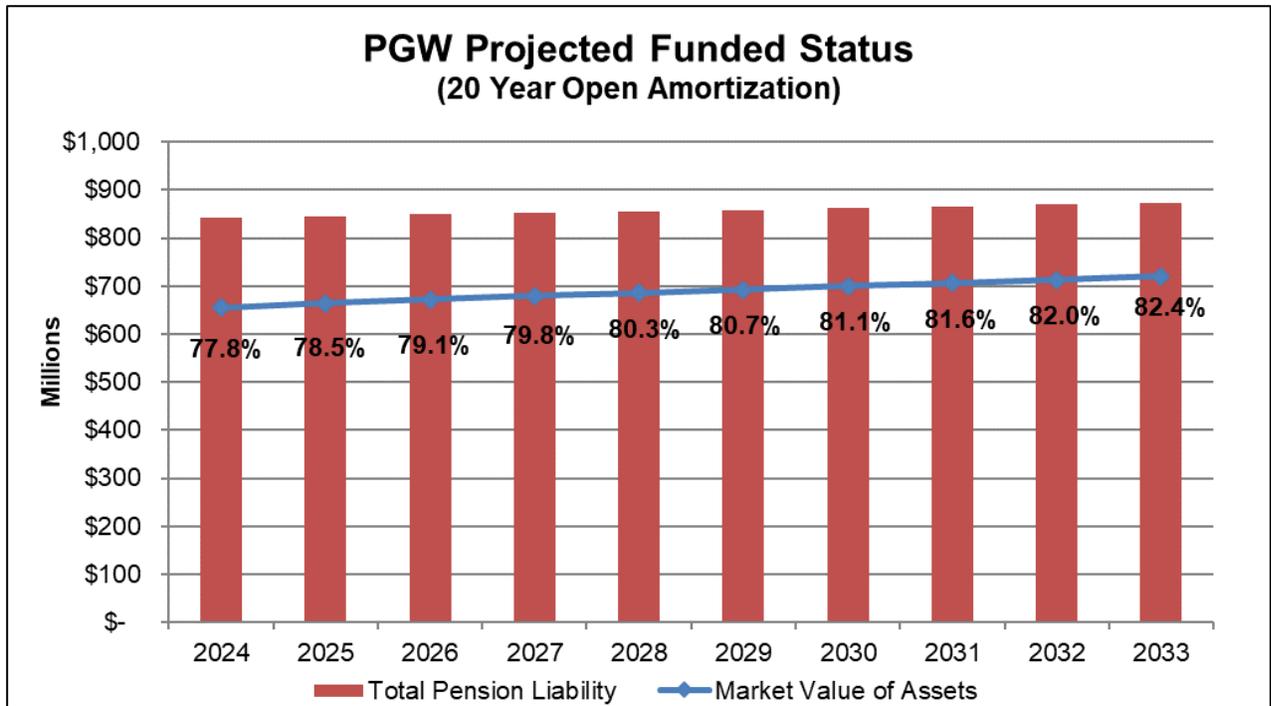


- Investment returns assumed to be 7.00% per year
- Covered payroll projected to increase based on valuation assumptions
- Projections calculated assuming contributions made based on policy stated on this page
- See the Actuarial Valuation Report for the Plan Year July 1, 2024 – June 30, 2025 for more details

Schedule of Prospective Funded Status (cont.)

G-2. Schedule of Prospective Funded Status (20 Year Open Amortization) (\$ thousands)

Actuarial Valuation Date	Market Value of Assets	Total Pension Liability	Net Pension Liability	Calculated Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2024	\$654,984	\$841,655	\$186,671	\$24,841	77.82%	\$107,279	23.16%	174.00%
7/1/2025	664,018	845,546	181,528	23,221	78.53%	107,226	21.66%	169.29%
7/1/2026	671,510	849,115	177,605	23,866	79.08%	107,103	22.28%	165.83%
7/1/2027	679,743	852,311	172,568	22,129	79.75%	107,519	20.58%	160.50%
7/1/2028	686,690	855,526	168,836	21,079	80.27%	108,241	19.47%	155.98%
7/1/2029	693,104	858,959	165,855	20,820	80.69%	109,177	19.07%	151.91%
7/1/2030	699,788	862,614	162,826	20,561	81.12%	109,965	18.70%	148.07%
7/1/2031	706,373	866,139	159,767	20,285	81.55%	110,691	18.33%	144.34%
7/1/2032	713,191	869,905	156,714	20,048	81.98%	111,107	18.04%	141.05%
7/1/2033	720,395	873,978	153,583	19,765	82.43%	111,320	17.76%	137.97%

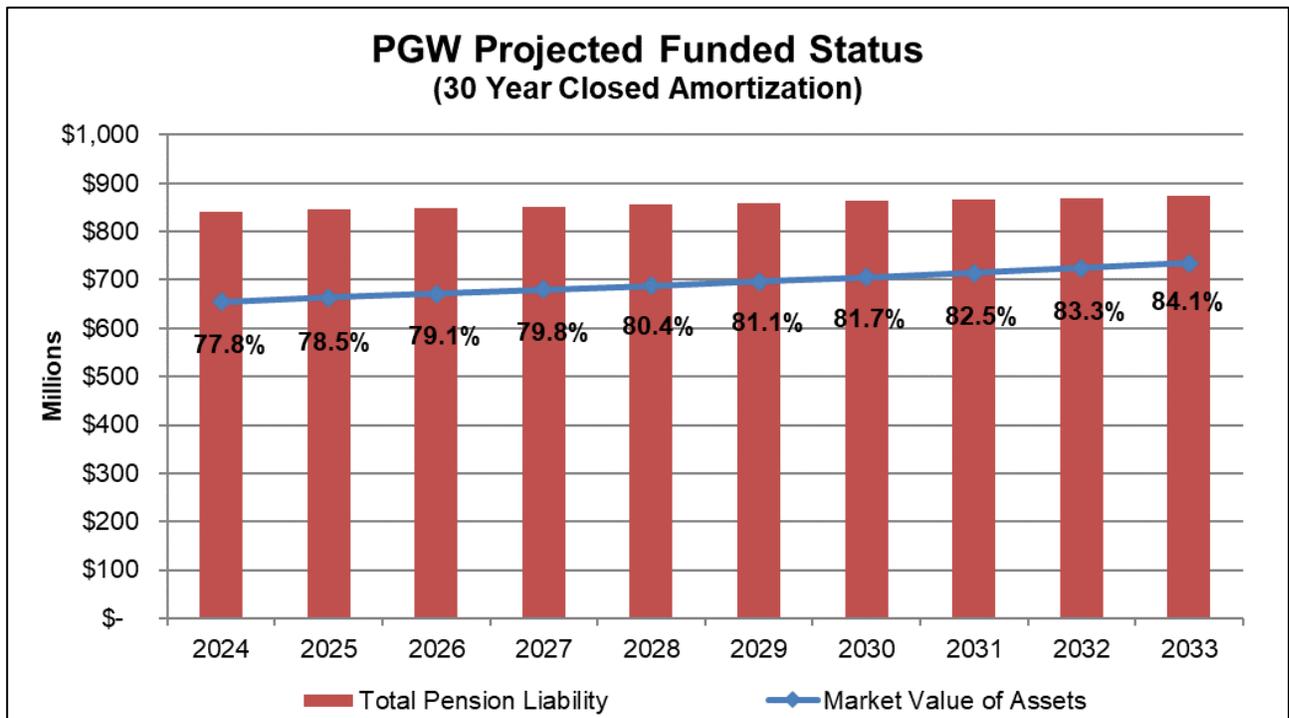


- Investment returns assumed to be 7.00% per year
- Covered payroll projected to increase based on valuation assumptions
- Projections calculated assuming contributions made based on policy stated on this page
- See the Actuarial Valuation Report for the Plan Year July 1, 2024 – June 30, 2025 for more details

Schedule of Prospective Funded Status (cont.)

G-3. Schedule of Prospective Funded Status (30 Year Closed Amortization) (\$ thousands)

Actuarial Valuation Date	Market Value of Assets	Total Pension Liability	Net Pension Liability	Calculated Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2024	\$654,984	\$841,655	\$186,671	\$24,514	77.82%	\$107,279	22.85%	174.00%
7/1/2025	663,679	845,546	181,867	23,479	78.49%	107,226	21.90%	169.61%
7/1/2026	671,414	849,115	177,701	24,346	79.07%	107,103	22.73%	165.92%
7/1/2027	680,137	852,311	172,174	23,199	79.80%	107,519	21.58%	160.13%
7/1/2028	688,219	855,526	167,307	22,606	80.44%	108,241	20.88%	154.57%
7/1/2029	696,320	858,959	162,638	22,668	81.07%	109,177	20.76%	148.97%
7/1/2030	705,143	862,614	157,472	22,722	81.74%	109,965	20.66%	143.20%
7/1/2031	714,339	866,139	151,801	22,749	82.47%	110,691	20.55%	137.14%
7/1/2032	724,265	869,905	145,640	22,809	83.26%	111,107	20.53%	131.08%
7/1/2033	735,101	873,978	138,876	22,813	84.11%	111,320	20.49%	124.75%

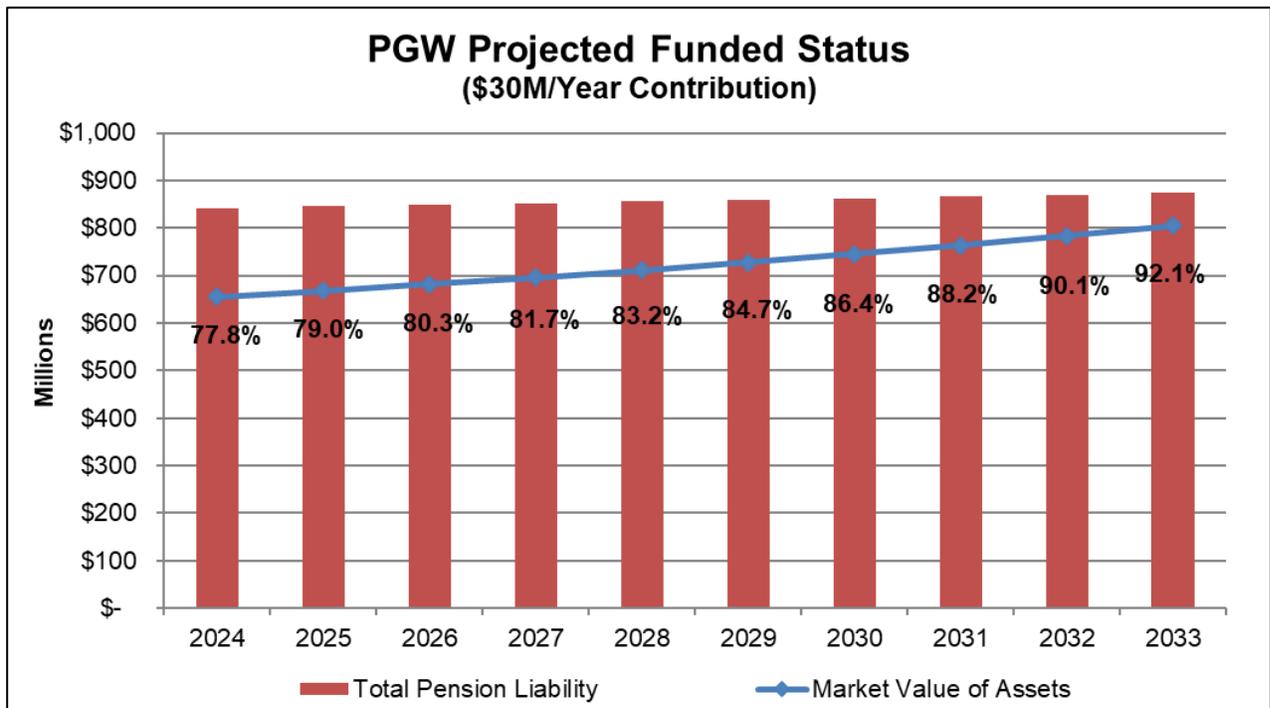


- Investment returns assumed to be 7.00% per year
- Covered payroll projected to increase based on valuation assumptions
- Projections calculated assuming contributions made based on policy stated on this page
- See the Actuarial Valuation Report for the Plan Year July 1, 2024 – June 30, 2025 for more details

Schedule of Prospective Funded Status (cont.)

G-4. Schedule of Prospective Funded Status (\$30M/Year Contribution) (\$ thousands)

Actuarial Valuation Date	Market Value of Assets	Total Pension Liability	Net Pension Liability	Calculated Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2024	\$654,984	\$841,655	\$186,671	\$30,000	77.82%	\$107,279	27.96%	174.00%
7/1/2025	668,307	845,546	177,239	30,000	79.04%	107,226	27.98%	165.29%
7/1/2026	682,066	849,115	167,049	30,000	80.33%	107,103	28.01%	155.97%
7/1/2027	696,337	852,311	155,974	30,000	81.70%	107,519	27.90%	145.07%
7/1/2028	711,542	855,526	143,984	30,000	83.17%	108,241	27.72%	133.02%
7/1/2029	727,879	858,959	131,080	30,000	84.74%	109,177	27.48%	120.06%
7/1/2030	745,449	862,614	117,165	30,000	86.42%	109,965	27.28%	106.55%
7/1/2031	763,949	866,139	102,191	30,000	88.20%	110,691	27.10%	92.32%
7/1/2032	783,802	869,905	86,103	30,000	90.10%	111,107	27.00%	77.50%
7/1/2033	805,199	873,978	68,779	30,000	92.13%	111,320	26.95%	61.79%



- Investment returns assumed to be 7.00% per year
- Covered payroll projected to increase based on valuation assumptions
- Projections calculated assuming contributions made based on policy stated on this page
- See the Actuarial Valuation Report for the Plan Year July 1, 2024 – June 30, 2025 for more details

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.

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

Atlantic Tomorrow's Office/ Everbank, N.A.

\$8,852.24

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

\$8,870.78

Under this agreement, the Philadelphia Gas Works leases an electric walkie/stacker for PGW's stationary storeroom. The original lease schedule had a term of three years and was renewed for one year in FY 2024. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

Canon Financial Services, Inc.

\$2,252.52

Under this agreement, the Philadelphia Gas Works leases Canon office technology equipment. 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.

Dell Financial Services

\$31,052.71

Under this agreement, the Philadelphia Gas Works leases Dell office technology equipment and supplies for use in its operation. The lease schedules have terms of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Department of Public Property

\$27,945.33

Under this agreement, the Philadelphia Gas Works leases office space for the Philadelphia Gas Commission. 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

Eastern Lift Truck Co. \$75,680.00

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 had an original term of two years and was renewed for one additional year in FY 24. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

EH Wachs \$10,896.00

Under this agreement, the Philadelphia Gas Works procures the short-term rental of cutter machines as needed for use in its operations. The rental of each unit typically ranged approximately from one to four weeks. There is no long-term contract. The payments are based on a predetermined rental rate.

Enterprise Rent A Car \$31,087.00

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 two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Equipment Depot Pennsylvania, Inc. \$22,703.17

Under this agreement, the Philadelphia Gas Works procures the short-term rentals of forklifts and lift trucks as needed for use in its operations. The rental of each unit typically are four weeks and the contract has a term of one year. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Fisher Leasing Inc. \$6,495.00

Under this agreement, the Philadelphia Gas Works procures the short-term rentals of flatbed trailers as needed for use in its operations. The rental of each unit can be on a daily, weekly, or monthly basis. The contract had an initial term of one year and was extended for an additional year in FY 2024. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Herc Rental, Inc. \$712,552.30

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. The contract had an original term of two years and was extended for an additional year in FY 2024. 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

Philadelphia Gas Works' Base Rate Filing

J.J. Clark Company \$7,000.00
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 had an initial term of two years and was extended twice for one year periods. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Lenovo Financial Services \$479,649.67
Under this agreement, the Philadelphia Gas Works leases Lenovo technology equipment and supplies for use in its operation. The lease schedules have terms of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Maxim Crane Works \$162,861.48
Under this agreement, the Philadelphia Gas Works procures the short-term rental of equipment, such as cranes, dump trucks, gradalls, backhoes/loaders, etc. on an as needed basis for use in its operation. The rental of each unit can be on a daily, weekly, or monthly basis. The contract had an initial term of two years and was extended for an additional year in FY 2024. The payments are based on a predetermined rental rate which remain constant throughout the term of the lease agreement.

NP Philadelphia Summerdale Industrial, Inc. \$4,251,572.13
Under this agreement, the Philadelphia Gas Works leases office space for the North Operations Center. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Pitney Bowes \$1,094.00
Under this agreement, the Philadelphia Gas Works leases mailing equipment for use by the Philadelphia Gas Commission. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

Quadient Leasing USA, Inc. \$32,817.84
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.

III. BALANCE SHEET AND OPERATING STATEMENT

Russell Reid Waste Hauling and Disposal Service Co., Inc. \$13,046.40
Under this agreement, the Philadelphia Gas Works rents portable restroom services as needed for use in its operation. Each unit can be rented on a daily, weekly, or monthly basis. The contract

Philadelphia Gas Works' Base Rate Filing

was renewed for one year in FY 2024. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Ryder Truck Rental, Inc. \$58,038.64

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. The contract had an initial term of two years and was extended an additional year in FY 2024. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

United Rentals (North America), Inc. \$22,897.50

Under this agreement, the Philadelphia Gas Works procures the short-term rentals of lifts as needed for use in its operations. The rental of each unit typically is typically 4 weeks. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Xerox Corporation \$89,317.49

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 schedules have terms 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:

No costs from storm damage are included in any test year presented (FY 2024, FY 2025 and FY 2026).

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 the attachment.

	Period Ending 8/31/2024	Period Ending 8/31/2025	Period Ending 8/31/2026
PRINT MEDIA			
a. Public Health & Safety	\$ -		
b. Conservation of energy	\$ -	\$ -	\$ -
c. Explanation of Billing, Rates, etc.	\$ 19,000	\$ 25,000	\$ 25,000
d. Provision of factual and objective data programs in Educational Institution	\$ -	\$ -	\$ -
e. Other Advertising Programs	\$ 50,825	\$ 75,000	\$ 75,000
Total Print Expense	\$ 69,825	\$ 100,000	\$ 100,000
TELEVISION			
a. Public Health & Safety	\$ 12,000	\$ 15,000	\$ 15,000
b. Conservation of energy	\$ 127,000	\$ 100,000	\$ 100,000
c. Explanation of Billing, Rates, etc.		\$ -	\$ -
d. Provision of factual and objective data programs in Educational Institution	\$ -	\$ -	\$ -
e. Other Advertising Programs	\$ 389,500	\$ 450,000	\$ 450,000
Total Television Expense	\$ 528,500	\$ 565,000	\$ 565,000
RADIO			
a. Public Health & Safety	\$ 490,000	\$ 350,000	\$ 350,000
b. Conservation of energy	\$ 8,000	\$ 10,000	\$ 10,000
c. Explanation of Billing, Rates, etc.		\$ -	\$ -
d. Provision of factual and objective data programs in Educational Institution	\$ -	\$ -	\$ -
e. Other Advertising Programs	\$ 134,733	\$ 200,000	\$ 200,000
Total Radio Expense	\$ 632,733	\$ 560,000	\$ 560,000
OUT OF HOME (BILLBOARD, BUS SHELTERS, SUBWAY CARDS, ETC.)			
a. Public Health & Safety	\$ 350,000	\$ 350,000	\$ 350,000
b. Conservation of energy	\$ 213,500	\$ 200,000	\$ 200,000
c. Explanation of Billing, Rates, etc.		\$ -	\$ -
d. Provision of factual and objective data programs in Educational Institution	\$ -		
e. Other Advertising Programs	\$ 415,000	\$ 500,000	\$ 500,000
Total Out of Home Expense	\$ 978,500	\$ 1,050,000	\$ 1,050,000
DIGITAL MEDIA			
a. Public Health & Safety		\$ 40,000	\$ 40,000
b. Conservation of energy	\$ 52,000	\$ 50,000	\$ 50,000
c. Explanation of Billing, Rates, etc.		\$ -	\$ -
d. Provision of factual and objective data programs in Educational Institution	\$ -	\$ -	\$ -
e. Other Advertising Programs	\$ 311,066	\$ 400,000	\$ 400,000
Total Digital Expense	\$ 363,066	\$ 490,000	\$ 490,000
SOCIAL MEDIA			
a. Public Health & Safety		\$ 40,000	\$ 40,000
b. Conservation of energy	\$ 32,000	\$ 55,000	\$ 55,000
c. Explanation of Billing, Rates, etc.		\$ -	\$ -
d. Provision of factual and objective date programs in Educational Institution		\$ -	\$ -
e. Other Advertising Programs	\$ 33,500	\$ 40,000	\$ 40,000
Total Social Expense	\$ 65,500	\$ 135,000	\$ 135,000
<i>Total Campaign Development & Design</i>	\$ 400,000	\$ 200,000	\$ 200,000
<i>Total Media Spend</i>	\$ 2,638,124	\$ 2,900,000	\$ 2,900,000
FY Total	\$ 3,038,124	\$ 3,100,000	\$ 3,100,000

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
- Hardship Fund Petition Status Report
- Universal Service Implementation Timelines
- Consumer Education & Outreach Plan Updates

Philadelphia Gas Works' Base Rate Filing

- CRP Energy Burden Review
- Home Comfort Update
- Repair & Renew Update
- Universal Service Working Group Compliance
 - Data Sharing Plan
- Annual federal Infrastructure Investment and Jobs Act Funding Report
- 2023 Rate Case Compliance
 - Call Center Responsiveness Report
 - Initial Decision Review Process
 - Data Sharing and Coordination Plan
- Weather Normalization Adjustment Report
- Rate Comparison Report
- IRP - Integrated Resource Planning Report
- Quarterly Financial Reports
- PUC Management Audit Status update
- Demand Side Management 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 are no social and/or service memberships paid during any of the test years 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:

Exh. A - III.A.28
Page 1 of 2

PHILADELPHIA GAS WORKS
ACCOUNT 923.0 - OUTSIDE SERVICES EMPLOYEED

	BUDGET <u>August 31, 2026</u>	ESTIMATE/ACTUAL <u>August 31, 2025</u>	ACTUAL <u>August 31, 2024</u>
1700 Purchased Services	3,133,000	2,987,000	1,603,903
Total	<u>\$ 3,133,000</u>	<u>\$ 2,987,000</u>	<u>\$ 1,603,903</u>

ACCOUNT 928.0 - REGULATORY COMMISSION EXPENSE

	BUDGET <u>August 31, 2026</u>	ESTIMATE/ACTUAL <u>August 31, 2025</u>	ACTUAL <u>August 31, 2024</u>
0100 Labor	789,000	754,000	730,404
0200 Taxes	60,000	58,000	55,281
0300 Expense of Employees	5,000	5,000	1,825
500 Natural Gas	0	0	0
600 Odorant	0	0	0
0700 Material	3,000	2,000	1,195
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	0	1,000	0
1400 Advertising	20,000	19,000	1,026
1500 Promotion	0	0	0
1600 Dues and Subscriptions	2,628,000	2,576,000	2,570,835
1700 Purchased Services	254,000	254,000	359,456
1800 Insurance	45,000	45,000	2,762
1900 Equipment Rental	10,000	10,000	9,946
2000 Other Rents	48,000	48,000	27,945
2900 IT Allocations	0	0	12,205
Telecommunication			
3100 Allocations	15,000	15,000	3,132
Amort Deferred Oper & Maint			
4020 Expense	435,000	612,000	361,551
Total	<u>\$4,312,000</u>	<u>\$4,399,000</u>	<u>\$4,137,564</u>

Philadelphia Gas Works' Base Rate Filing

Exh. A - III.A.28
Page 2 of 2

ACCOUNT 930.2 - MISCELLANEOUS GENERAL EXPENSES

	BUDGET	ESTIMATE/ACTUAL	ACTUAL
	<u>August 31, 2026</u>	<u>August 31, 2025</u>	<u>August 31, 2024</u>
100 Labor	0	0	0
200 Taxes	0	0	513
300 Expense of Employees	0	0	13,724
700 Material	10,000	10,000	0
1300 Postage	5,000	5,000	0
1600 Dues and Subscriptions	691,000	658,000	633,041
1700 Purchased Services	0	0	40,500
2900 IT Allocations	21,000	21,000	17,086
3802 Management Fee	1,286,000	1,295,000	588,091
4020 Amort Deferred Oper & Maint Expense	25,000	25,000	0
5111 PGW Contribution-457 Plan	3,506,000	3,351,000	1,239,127
5117 Contribution - 401A Deferred Compensation Plan	0	0	2,025,938
5703 Unbilled Gas Adjustment	0	0	0
9001 AFUDC	0	0	0
Total	<u>\$ 5,544,000</u>	<u>\$ 5,365,000</u>	<u>\$ 4,558,019</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 ended August 31, 2024.

There are currently no research and development expenditures expected to be incurred during the fiscal years ending August 31, 2025, and August 31, 2026.

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:

There are no charitable or civic contributions included in any of the test years (FY 2024, FY 2025 or FY 2026).

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:

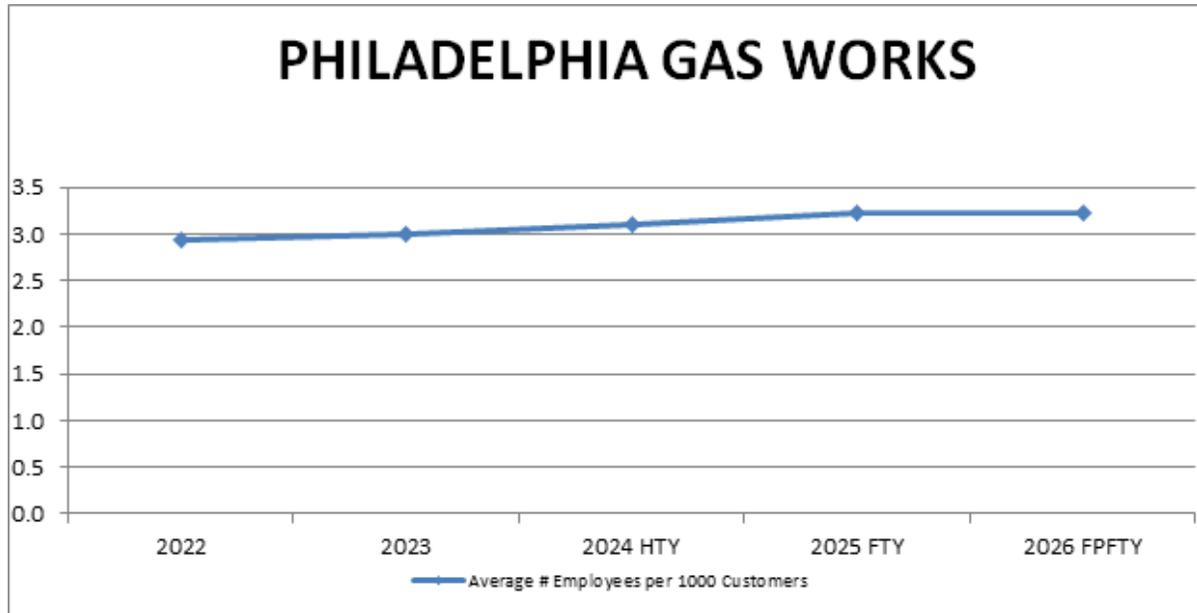
The Philadelphia Gas Works' system of accounts does not include Account number 801 as Miscellaneous General Expense.

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 abnormal 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:

PGW has reflected the adoption of GASB 96 within the financial statements. The requirements of this statement are effective for periods beginning after June 15, 2022 (the Company's fiscal year ending August 31, 2023). PGW's 2022 audited financial statements have been restated to reflect both subscription-based information technology arrangements (SBITAs) assets and SBITA liabilities related to its subscription activities.

GASB 96 establishes that a SBITA results in a right to use subscription asset – an intangible asset – and a corresponding subscription liability.

See note 1(u) in PGW's Financial Statements, attached in response to Exhibit: A – II.A.3., for more information on the implementation of GASB 96.

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:

Response: For PGW' s fiscal year 2026 test year, \$5,879,000 of cost of removal expenses are included. For additional details see PGW's Capital Budget included within the filing.

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.

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, 2024 \$11,458,527
Fiscal Year Ending August 31, 2025 \$12,055,000
Fiscal Year Ending August 31, 2026 \$12,580,000

- b. Unemployment

PGW's employer Pennsylvania Unemployment Tax Reimbursable is as follows:

Fiscal Year Ending August 31, 2024 \$0
Fiscal Year Ending August 31, 2025 \$108,000
Fiscal Year Ending August 31, 2026 \$108,000

- 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, 2024 \$2,568,654
Fiscal Year Ending August 31, 2025 \$2,572,000
Fiscal Year Ending August 31, 2026 \$2,623,000

III. BALANCE SHEET AND OPERATING STATEMENT

- 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.