

Exhibit #1

[Insert separate .pdf document containing the Compliance FY 2017 Capital Budget Proposal, associated Financing Plan, and Revised Five Year Forecast of Capital Budgets for FY 2018 – FY 2022].

PHILADELPHIA GAS WORKS

COMPLIANCE FISCAL 2017 CAPITAL BUDGET AND FORECAST FISCAL 2018 - 2022

WITH FISCAL 2017 FINANCING PLAN

April 26, 2016



PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022

	<u>2017 CAPITAL BUDGET</u>	<u>2018 - 2022 FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	178,000	10,350,000	10,528,000
REPLACEMENTS	<u>5,678,000</u>	<u>16,900,000</u>	<u>22,578,000</u>
TOTAL	<u>5,856,000</u>	<u>27,250,000</u>	<u>33,106,000</u>
<u>DISTRIBUTION</u>			
ADDITIONS	10,394,000	55,672,000	66,066,000
REPLACEMENTS	<u>82,296,000</u>	<u>440,765,000</u>	<u>523,061,000</u>
GROSS TOTAL	92,690,000	496,437,000	589,127,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(2,249,000)</u>	<u>(11,959,000)</u>	<u>(14,208,000)</u>
NET TOTAL	<u>90,441,000</u>	<u>484,478,000</u>	<u>574,919,000</u>
<u>FIELD SERVICES</u>			
ADDITIONS	1,786,000	10,504,000	12,290,000
REPLACEMENTS	<u>5,251,000</u>	<u>30,124,000</u>	<u>35,375,000</u>
GROSS TOTAL	7,037,000	40,628,000	47,665,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>7,037,000</u>	<u>40,628,000</u>	<u>47,665,000</u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	80,000		80,000
REPLACEMENTS	<u>5,803,000</u>	<u>14,078,000</u>	<u>19,881,000</u>
GROSS TOTAL	5,883,000	14,078,000	19,961,000
LESS: SALVAGE			
NET TOTAL	<u>5,883,000</u>	<u>14,078,000</u>	<u>19,961,000</u>

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022

	<u>2017</u> <u>CAPITAL BUDGET</u>	<u>2018 - 2022</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	1,959,000	2,190,000	4,149,000
REPLACEMENTS	<u>4,825,000</u>	<u>8,851,000</u>	<u>13,676,000</u>
TOTAL	<u>6,784,000</u>	<u>11,041,000</u>	<u>17,825,000</u>
<u>TOTAL</u>			
ADDITIONS	14,397,000	78,716,000	93,113,000
REPLACEMENTS	<u>103,853,000</u>	<u>510,718,000</u>	<u>614,571,000</u>
GROSS TOTAL	118,250,000	589,434,000	707,684,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(2,249,000)	(11,959,000)	(14,208,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>116,001,000</u>	<u>577,475,000</u>	<u>693,476,000</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

DEPARTMENT	2016 AMENDED BUDGET	2017 FORECAST	2017 BUDGET	2017 BUDGET vs 2016 AMENDED BUDGET		2017 BUDGET vs 2017 FORECAST	
				AMOUNT DIFFERENCE	PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
<u>GAS PROCESSING</u>							
ADDITIONS	324,000	489,000	178,000	(146,000)	-45.1%	(311,000)	-63.6%
REPLACEMENTS	<u>5,582,000</u>	<u>7,453,000</u>	<u>5,678,000</u>	<u>96,000</u>	<u>1.7%</u>	<u>(1,775,000)</u>	<u>-23.8%</u>
TOTAL GAS PROCESSING	5,906,000	7,942,000	5,856,000	(50,000)	-0.8%	(2,086,000)	-26.3%
<u>DISTRIBUTION</u>							
ADDITIONS	10,300,000	10,429,000	10,394,000	94,000	0.9%	(35,000)	-0.3%
REPLACEMENTS	<u>80,420,000</u>	<u>79,819,000</u>	<u>82,296,000</u>	<u>1,876,000</u>	<u>2.3%</u>	<u>2,477,000</u>	<u>3.1%</u>
GROSS TOTAL DISTRIBUTION	90,720,000	90,248,000	92,690,000	1,970,000	2.2%	2,442,000	2.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(8,299,000)</u>		<u>(2,249,000)</u>	<u>6,050,000</u>	<u>-72.9%</u>	<u>(2,249,000)</u>	<u>N/A</u>
NET TOTAL DISTRIBUTION	82,421,000	90,248,000	90,441,000	8,020,000	9.7%	193,000	0.2%
<u>FIELD SERVICES</u>							
ADDITIONS	1,745,000	1,783,000	1,786,000	41,000	2.3%	3,000	0.2%
REPLACEMENTS	<u>4,960,000</u>	<u>4,999,000</u>	<u>5,251,000</u>	<u>291,000</u>	<u>5.9%</u>	<u>252,000</u>	<u>5.0%</u>
GROSS TOTAL FIELD SERVICES	6,705,000	6,782,000	7,037,000	332,000	5.0%	255,000	3.8%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	6,705,000	6,782,000	7,037,000	332,000	5.0%	255,000	3.8%

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

DEPARTMENT	2016 AMENDED BUDGET	2017 FORECAST	2017 BUDGET	2017 BUDGET vs 2016 AMENDED BUDGET		2017 BUDGET vs 2017 FORECAST	
				AMOUNT DIFFERENCE	PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
FLEET OPERATIONS							
ADDITIONS	750,000		80,000	(670,000)	-89.3%	80,000	N/A
REPLACEMENTS	<u>7,412,000</u>	<u>4,795,000</u>	<u>5,803,000</u>	<u>(1,609,000)</u>	<u>-21.7%</u>	<u>1,008,000</u>	<u>21.0%</u>
GROSS TOTAL FLEET OPERATIONS	8,162,000	4,795,000	5,883,000	(2,279,000)	-27.9%	1,088,000	22.7%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	8,162,000	4,795,000	5,883,000	(2,279,000)	-27.9%	1,088,000	22.7%
OTHER							
ADDITIONS	4,733,000	368,000	1,959,000	(2,774,000)	-58.6%	1,591,000	432.3%
REPLACEMENTS	<u>6,885,000</u>	<u>3,529,000</u>	<u>4,825,000</u>	<u>(2,060,000)</u>	<u>-29.9%</u>	<u>1,295,000</u>	<u>36.7%</u>
TOTAL OTHER	11,618,000	3,897,000	6,784,000	(4,834,000)	-41.6%	2,887,000	74.1%
TOTAL							
ADDITIONS	17,852,000	13,069,000	14,397,000	(3,455,000)	-19.4%	1,328,000	10.2%
REPLACEMENTS	<u>105,259,000</u>	<u>100,595,000</u>	<u>103,853,000</u>	<u>(1,406,000)</u>	<u>-1.3%</u>	<u>3,258,000</u>	<u>3.2%</u>
GROSS TOTAL	123,111,000	113,664,000	118,250,000	(4,861,000)	-3.9%	4,586,000	4.0%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(8,299,000)		(2,249,000)	6,050,000	-72.9%	(2,249,000)	N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>114,812,000</u>	<u>113,664,000</u>	<u>116,001,000</u>	<u>1,189,000</u>	<u>1.0%</u>	<u>2,337,000</u>	<u>2.1%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 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	14,397,000	14,228,000	103,853,000	90,881,000	118,250,000	105,109,000
YEAR 1		169,000		12,222,000		12,391,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	14,397,000	14,397,000	103,853,000	103,103,000	118,250,000	117,500,000

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2017 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				
53-02 SUPPLEMENTAL GAS FACILITIES	54,000	5,313,000		5,367,000
53-03 BUILDING AND GROUNDS				
53-04 MISC CAPITAL REQUIREMENTS	124,000	365,000		489,000
TOTAL GAS PROCESSING	<u>178,000</u>	<u>5,678,000</u>		<u>5,856,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>		<u>2017 BUDGET vs 2016 AMENDED BUDGET</u>				<u>2017 BUDGET vs 2017 FORECAST</u>		
		<u>2016 AMENDED BUDGET</u>	<u>2017 FORECAST</u>	<u>2017 BUDGET</u>	<u>\$ DIFFERENCE</u>	<u>% DIFF.</u>	<u>\$ DIFFERENCE</u>	<u>% DIFF.</u>
53-01	NATURAL GAS							
	ADDITIONS	0	0	0	0		0	N/A
	MEASUREMENT AND REPLACEMENTS	0	0	0	0		0	N/A
	CONTROL FACILITIES							
	TOTAL	0	0	0	0		0	N/A
53-02	SUPPLEMENTAL GAS							
	ADDITIONS	220,000	383,000	54,000	(166,000)	-75.5%	(329,000)	-85.9%
	FACILITIES REPLACEMENTS	3,731,000	7,126,000	5,313,000	1,582,000	42.4%	(1,813,000)	-25.4%
	TOTAL	3,951,000	7,509,000	5,367,000	1,416,000	35.8%	(2,142,000)	-28.5%
53-03	BUILDING AND							
	ADDITIONS	0	0	0	0		0	N/A
	REPLACEMENTS	1,482,000	0	0	(1,482,000)	-100.0%	0	N/A
	TOTAL	1,482,000	0	0	(1,482,000)	-100.0%	0	N/A
53-04	MISC CAPITAL							
	ADDITIONS	104,000	106,000	124,000	20,000	19.2%	18,000	17.0%
	REQUIREMENTS REPLACEMENTS	369,000	327,000	365,000	(4,000)	-1.1%	38,000	11.6%
	TOTAL	473,000	433,000	489,000	16,000	3.4%	56,000	12.9%
	TOTAL GAS PROCESSING	5,906,000	7,942,000	5,856,000	(50,000)	-0.8%	(2,086,000)	-26.3%

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
1	53-02-1-01	INSTALL BLOCK VALVE UPSTREAM OF V-101-RICHMOND	54,000
1	53-02-2-01	REPLACE H-2 HEATER-RICHMOND	1,215,000
1	53-02-2-02	DCS UPGRADES-RICHMOND	876,000
1	53-02-2-03	RELOCATE LNG CONTROL ROOM TRANSFORMERS-PASSYUNK	635,000
1	53-02-2-04	REPLACE FOAM WATER PIPING-PASSYUNK	975,000
1	53-02-2-05	REPAIR LNG TANK DIKE-PASSYUNK	83,000
1	53-02-2-06	UPGRADE OIL RECOVERY AST SYSTEM-PASSYUNK	179,000
1	53-02-2-07	REMOVE & REPLACE ELECTRICAL PANEL 203813-PASSYUNK	105,000
1	53-02-2-08	REPLACE P-106 PUMP-RICHMOND	1,245,000
		TOTAL GP-2	<u>5,367,000</u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	124,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	365,000
		TOTAL GP-4	<u>489,000</u>
		TOTAL GAS PROCESSING DEPARTMENT	<u>5,856,000</u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4+</u>
<u>PRIORITY 1</u>							
1	GP-2 53-02-1-01	INSTALL BLOCK VALVE UPSTREAM OF V-101-RICHMOND	54,000	50,000	4,000		
1	GP-2 53-02-2-01	REPLACE H-2 HEATER-RICHMOND	1,215,000	992,000	223,000		
1	GP-2 53-02-2-02	DCS UPGRADES-RICHMOND	876,000	876,000			
1	GP-2 53-02-2-03	RELOCATE LNG CONTROL ROOM TRANSFORMERS-PASSYUNK	635,000	96,000	539,000		
1	GP-2 53-02-2-04	REPLACE FOAM WATER PIPING-PASSYUNK	975,000	794,000	181,000		
1	GP-2 53-02-2-05	REPAIR LNG TANK DIKE-PASSYUNK	83,000	68,000	15,000		
1	GP-2 53-02-2-06	UPGRADE OIL RECOVERY AST SYSTEM-PASSYUNK	179,000	166,000	13,000		
1	GP-2 53-02-2-07	REMOVE & REPLACE ELECTRICAL PANEL 203813-PASSYUNK	105,000	105,000			
1	GP-2 53-02-2-08	REPLACE P-106 PUMP-RICHMOND	1,245,000	398,000	847,000		
<u>PRIORITY 4</u>							
1	GP-4 53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	124,000	124,000			
1	GP-4 53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	365,000	365,000			
TOTAL GAS PROCESSING DEPARTMENT:			5,856,000	4,034,000	1,822,000		

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 CAPITAL BUDGET
 GAS PROCESSING 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	178,000	174,000	5,678,000	3,860,000	5,856,000	4,034,000
YEAR 1		4,000		1,818,000		1,822,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>178,000</u>	<u>178,000</u>	<u>5,678,000</u>	<u>5,678,000</u>	<u>5,856,000</u>	<u>5,856,000</u>

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>GROSS TOTAL</u>	<u>REIMBURSEMENT**</u>	<u>CONTRIBUTIONS*</u>	<u>SALV.</u>	<u>NET TOTAL</u>
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	1,253,000	20,445,000	21,698,000				21,698,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,124,000	36,063,000	38,187,000	(1,841,000)			36,346,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	23,000	1,813,000	1,836,000	(408,000)			1,428,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	585,000	920,000	1,505,000				1,505,000
52-24 SERVICES	6,157,000	21,714,000	27,871,000				27,871,000
52-29 OTHER DISTRIBUTION FACILITIES	252,000	1,341,000	1,593,000				1,593,000
52-99 COST OF REMOVAL AND ABANDONMENT SALVAGE							
TOTAL DISTRIBUTION	10,394,000	82,296,000	92,690,000	(2,249,000)			90,441,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

CATEGORY	2016 AMENDED BUDGET	2017 FORECAST	2017 BUDGET	2017 BUDGET vs 2016 AMENDED BUDGET		2017 BUDGET vs 2017 FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
52-20 GAS MAINS - HIGH ADDITIONS	1,132,000	1,371,000	1,253,000	121,000	10.7%	(118,000)	-8.6%
PRESSURE (WITH REPLACEMENTS ASSOCIATED VALVES AND REGULATORS) TOTAL	18,972,000	18,852,000	20,445,000	3,473,000	20.5%	1,593,000	8.5%
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER ADDITIONS	2,068,000	2,099,000	2,124,000	56,000	2.7%	25,000	1.2%
REPLACEMENTS TOTAL	29,644,000	33,783,000	36,063,000	6,419,000	21.7%	2,290,000	6.7%
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER ADDITIONS	7,000	6,000	23,000	16,000	228.6%	17,000	283.3%
REPLACEMENTS TOTAL	8,544,000	1,111,000	1,813,000	(6,731,000)	-78.8%	702,000	63.2%
52-23 CUST MTR & REG INST. ADDITIONS	602,000	615,000	585,000	(17,000)	-2.8%	(30,000)	-4.9%
PRESSURE REGULATION AND CORROSION CONTROL FACILITIES REPLACEMENTS TOTAL	1,006,000	1,019,000	920,000	(86,000)	-8.5%	(69,000)	-9.7%
52-24 SERVICES ADDITIONS	6,280,000	6,327,000	6,157,000	(123,000)	-2.0%	(170,000)	-2.7%
REPLACEMENTS TOTAL	21,978,000	24,046,000	21,714,000	(264,000)	-1.2%	(2,332,000)	-9.7%
52-29 OTHER DISTRIBUTION FACILITIES ADDITIONS	211,000	11,000	252,000	41,000	19.4%	241,000	2190.9%
REPLACEMENTS TOTAL	2,276,000	1,008,000	1,341,000	(935,000)	-41.1%	333,000	33.0%
GROSS TOTAL DISTRIBUTION	90,720,000	90,248,000	92,690,000	1,970,000	2.2%	2,442,000	2.7%
52-99 COST OF REMOVAL AND ABANDONMENT	0	0	0	0	N/A	0	N/A
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
LESS: CONTRIBUTIONS*	0	0	0	0	N/A	0	N/A
LESS: REIMBURSEMENT**	(8,299,000)	0	(2,249,000)	6,050,000	-72.8%	(2,249,000)	N/A
NET TOTAL DISTRIBUTION	82,421,000	90,248,000	90,441,000	8,020,000	9.7%	193,000	0.2%

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET

P		AMOUNT	FEET UNITS
	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
D-20			
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,253,000	10,620
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	2,551,000	4,468
1	52-20-2-02 INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN	8,719,000	19,000
1	52-20-2-03 INCREMENTAL REPLACEMENT OF 30" HP CAST IRON	9,175,000	7,340
	GROSS TOTAL D-20	<u>21,698,000</u>	
52-20-2-97	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
	NET TOTAL D-20	<u><u>21,698,000</u></u>	
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
D-21			
4	52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,124,000	8,592
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	6,156,000	29,231
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	14,338,000	70,979
1	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - ACCELERATED CAST IRON	4,628,000	23,408
1	52-21-2-04 LTIIP-INCREMENTAL CAST IRON MAIN REMOVAL	10,941,000	19,312-Small 10,032-Large
	GROSS TOTAL D-21	<u>38,187,000</u>	
52-21-2-97	LESS: REIMBURSEMENT**	<u>(1,841,000)</u>	
	NET TOTAL D-21	<u><u>36,346,000</u></u>	

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET

P		AMOUNT	FEET UNITS
	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER		
	<u>D-22</u>		
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	23,000	92
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,333,000	658
3	52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	480,000	300
	GROSS TOTAL D-22	<u>1,836,000</u>	
	LESS: REIMBURSEMENT**	(408,000)	
	NET TOTAL D-22	<u><u>1,428,000</u></u>	
	CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)		
	<u>D-23</u>		
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	585,000	
1	52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	506,000	
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	414,000	
	GROSS TOTAL D-23	<u>1,505,000</u>	
	LESS: REIMBURSEMENT**	-	
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*	-	
	NET TOTAL D-23	<u><u>1,505,000</u></u>	

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET

P	D-24	<u>SERVICES</u>	AMOUNT	FEET UNITS
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,074,000	1,129
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,083,000	142
1	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	19,274,000	7,832
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	1,098,000	121-Plastic 16-Steel
1	52-24-2-03	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK	1,342,000	799
		GROSS TOTAL D-24	<u>27,871,000</u>	
		LESS: REIMBURSEMENT**		
		NET TOTAL D-24	<u><u>27,871,000</u></u>	
	D-29	<u>OTHER DISTRIBUTION FACILITIES</u>		
2	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	252,000	2
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,341,000	47
		NET TOTAL D-29	<u><u>1,593,000</u></u>	
1	52-99-2-99	REMOVAL AND ABANDONMENTS		
		GROSS TOTAL DISTRIBUTION DEPARTMENT	92,690,000	
		LESS: REIMBURSEMENT**	(2,249,000)	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
		LESS: SALVAGE		
52-98-2-98		NET TOTAL DISTRIBUTION DEPARTMENT	<u><u>90,441,000</u></u>	

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4 +</u>
<u>PRIORITY 1</u>								
1	D-20 52-20-2-02 INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN	8,719,000	19,000	8,719,000				
1	D-20 52-20-2-03 INCREMENTAL REPLACEMENT OF 30" HP CAST IRON	9,175,000	7,340	4,000,000	5,175,000			
1	D-21 52-21-2-02 PRUDENT MAIN REPLACEMENTS	14,338,000	70,979	10,300,000	4,038,000			
	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - ACCELERATED CAST IRON	4,628,000	23,408	3,745,000	883,000			
	D-21 52-21-2-04 LTIP-INCREMENTAL CAST IRON MAIN REMOVAL	10,941,000	19,312-Small Diameter 10,032-Large Diameter	10,941,000				
1	D-23 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	506,000		506,000				
1	D-24 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	19,274,000	7,832	19,274,000				
1	D-24 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,098,000	121-Plastic 16-Steel	1,098,000				
1	D-24 52-24-2-03 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK	1,342,000	799	1,342,000				
<u>PRIORITY 2</u>								
2	D-23 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	414,000		414,000				
	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	252,000	2	252,000				
2	D-29 52-29-2-01 REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,341,000	47	1,341,000				

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2017 CAPITAL BUDGET

P	CATEGORY	AMOUNT	FEET UNITS	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3	YEAR_4 +
<u>PRIORITY 3</u>								
3	D-20 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	2,551,000	4,468	2,551,000				
3	D-21 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	6,156,000	29,231	6,156,000				
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,333,000	658	1,333,000				
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	480,000	300	480,000				
<u>PRIORITY 4</u>								
4	D-20 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,253,000	10,620	1,253,000				
4	D-21 52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,124,000	8,592	2,124,000				
4	D-22 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	23,000	92	23,000				
4	D-23 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	585,000		585,000				
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,074,000	1,129	4,074,000				
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,083,000	142	2,083,000				
TOTAL DISTRIBUTION DEPARTMENT:		92,690,000		82,594,000	10,096,000			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 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	10,394,000	10,394,000	82,296,000	72,200,000	92,690,000	82,594,000
YEAR 1				10,096,000		10,096,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>10,394,000</u>	<u>10,394,000</u>	<u>82,296,000</u>	<u>82,296,000</u>	<u>92,690,000</u>	<u>92,690,000</u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	1,490,000	2,527,000	4,017,000
50-32 SERVICE REGULATORS AND INSTALLATION	41,000	32,000	73,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	115,000	157,000	272,000
50-34 METER SHOP EQUIPMENT		162,000	162,000
50-36 AUTOMATIC METER READING	140,000	2,373,000	2,513,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	1,786,000	5,251,000	7,037,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>1,786,000</u>	<u>5,251,000</u>	<u>7,037,000</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

CATEGORY		2016 AMENDED		2017		2017 BUDGET vs 2016 AMENDED BUDGET		2017 BUDGET vs 2017 FORECAST	
		BUDGET	FORECAST	BUDGET	\$	%	\$	%	
					DIFFERENCE	DIFF.	DIFFERENCE	DIFF.	
50-30 METERS	ADDITIONS	1,431,000	1,456,000	1,490,000	59,000	4.1%	34,000	2.3%	
	REPLACEMENTS	<u>2,374,000</u>	<u>2,359,000</u>	<u>2,527,000</u>	<u>153,000</u>	<u>6.4%</u>	<u>168,000</u>	<u>7.1%</u>	
	TOTAL	3,805,000	3,815,000	4,017,000	212,000	5.6%	202,000	5.3%	
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	56,000	64,000	41,000	(15,000)	-26.8%	(23,000)	-35.9%	
	REPLACEMENTS	<u>23,000</u>	<u>26,000</u>	<u>32,000</u>	<u>9,000</u>	<u>39.1%</u>	<u>6,000</u>	<u>23.1%</u>	
	TOTAL	79,000	90,000	73,000	(6,000)	-7.6%	(17,000)	-18.9%	
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	118,000	121,000	115,000	(3,000)	-2.5%	(6,000)	-5.0%	
	REPLACEMENTS	<u>166,000</u>	<u>169,000</u>	<u>157,000</u>	<u>(9,000)</u>	<u>-5.4%</u>	<u>(12,000)</u>	<u>-7.1%</u>	
	TOTAL	284,000	290,000	272,000	(12,000)	-4.2%	(18,000)	-6.2%	
50-34 METER SHOP EQUIPMENT	ADDITIONS	0	0	0	0	N/A	0	N/A	
	REPLACEMENTS	<u>65,000</u>	<u>66,000</u>	<u>162,000</u>	<u>97,000</u>	<u>149.2%</u>	<u>96,000</u>	<u>145.5%</u>	
	TOTAL	65,000	66,000	162,000	97,000	149.2%	96,000	145.5%	
50-36 AUTOMATIC METER READING	ADDITIONS	140,000	142,000	140,000	0	0.0%	(2,000)	-1.4%	
	REPLACEMENTS	<u>2,332,000</u>	<u>2,379,000</u>	<u>2,373,000</u>	<u>41,000</u>	<u>1.8%</u>	<u>(6,000)</u>	<u>-0.3%</u>	
	TOTAL	2,472,000	2,521,000	2,513,000	41,000	1.7%	(8,000)	-0.3%	
50-99 COST OF REMOVAL		0	0	0	0	N/A	0	N/A	
GROSS TOTAL FIELD SERVICES		6,705,000	6,782,000	7,037,000	332,000	5.0%	255,000	3.8%	
LESS: SALVAGE		0	0	0	0	N/A	0	N/A	
LESS: CONTRIBUTIONS*		0	0	0	0	N/A	0	N/A	
NET TOTAL FIELD SERVICES		<u>6,705,000</u>	<u>6,782,000</u>	<u>7,037,000</u>	<u>332,000</u>	<u>5.0%</u>	<u>255,000</u>	<u>3.8%</u>	

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2017 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	1,490,000
2	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	<u>2,527,000</u>
		TOTAL C-30	<u><u>4,017,000</u></u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	41,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	<u>32,000</u>
		TOTAL C-32	<u><u>73,000</u></u>
	<u>C-33</u>	<u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
5	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	115,000
1	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	<u>157,000</u>
		TOTAL C-33	<u><u>272,000</u></u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
5	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR	162,000
		TOTAL C-34	<u><u>162,000</u></u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	140,000
5	50-36-2-01	REPLACE AMR DEVICES	<u>2,373,000</u>
		TOTAL C-36	<u><u>2,513,000</u></u>
1	50-99-2-99	COST OF REMOVAL	<u> </u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	7,037,000
	50-98-2-98	LESS: ESTIMATED SALVAGE LESS: CONTRIBUTIONS*	<u> </u>
		NET TOTAL FIELD SERVICES DEPARTMENT	<u><u>7,037,000</u></u>

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4+</u>
<u>PRIORITY 1</u>								
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	32,000	32,000			
1	C-33	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	157,000	157,000			
<u>PRIORITY 2</u>								
2	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,527,000	2,527,000			
<u>PRIORITY 4</u>								
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	1,490,000	1,490,000			
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	41,000	41,000			
<u>PRIORITY 5</u>								
5	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	115,000	115,000			
5	C-34	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR	162,000	162,000			
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	140,000	140,000			
5	C-36	50-36-2-01	REPLACE AMR DEVICES	2,373,000	2,373,000			
TOTAL FIELD SERVICES DEPARTMENT:				7,037,000	7,037,000			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 CAPITAL BUDGET
 FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	1,786,000	1,786,000	5,251,000	5,251,000	7,037,000	7,037,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>1,786,000</u>	<u>1,786,000</u>	<u>5,251,000</u>	<u>5,251,000</u>	<u>7,037,000</u>	<u>7,037,000</u>

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

CATEGORY	2016 AMENDED BUDGET	2017 FORECAST	2017 BUDGET vs 2016 AMENDED BUDGET		2017 BUDGET vs 2017 FORECAST		
			2017 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
73-01-1-01 VEHICLE ADDITIONS TO SUPPORT CAST IRON MAIN REPLACEMENT	632,000	0	0	(632,000)	-100.0%	0	N/A
73-01-1-02 MOBILE EQUIPMENT ADDITIONS	118,000	0	80,000	(38,000)	-32.2%	80,000	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	0	0	45,000	45,000	N/A	45,000	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,533,000	646,000	677,000	(856,000)	-55.8%	31,000	4.8%
73-01-2-03 VEHICLE REPLACEMENTS	5,879,000	4,149,000	5,081,000	(798,000)	-13.6%	932,000	22.5%
GROSS TOTAL FLEET OPERATIONS	8,162,000	4,795,000	5,863,000	(2,279,000)	-27.9%	1,088,000	22.7%
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
NET TOTAL FLEET OPERATIONS	<u>8,162,000</u>	<u>4,795,000</u>	<u>5,863,000</u>	<u>(2,279,000)</u>	<u>-27.9%</u>	<u>1,088,000</u>	<u>22.7%</u>

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2017 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
1	73-01-1-02 MOBILE EQUIPMENT ADDITIONS	80,000
1	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	45,000
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	677,000
2	73-01-2-03 VEHICLE REPLACEMENTS	5,081,000
	GROSS TOTAL FLEET OPERATIONS	<u>5,883,000</u>
73-98-2-98	LESS: SALVAGE	
	NET TOTAL FLEET OPERATIONS	<u><u>5,883,000</u></u>

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4 +</u>
<u>PRIORITY 1</u>							
1	73-01-1-02 MOBILE EQUIPMENT ADDITIONS	80,000	80,000				
1	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	45,000	45,000				
<u>PRIORITY 2</u>							
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	677,000	677,000				
2	73-01-2-03 VEHICLE REPLACEMENTS	5,081,000	5,081,000				
TOTAL FLEET OPERATIONS DEPARTMENT:		5,883,000	5,883,000				

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 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	80,000	80,000	5,803,000	5,803,000	5,883,000	5,883,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	80,000	80,000	5,803,000	5,803,000	5,883,000	5,883,000

OTHER DEPARTMENTS
FISCAL YEAR 2017 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	160,000	2,646,000	2,806,000
INFORMATION SERVICES	725,000	1,422,000	2,147,000
CHIEF OPERATING OFFICER		750,000	750,000
VP TECHNICAL COMPLIANCE	88,000		88,000
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS	871,000		871,000
CHEM SERVICES	115,000	7,000	122,000
TOTAL OTHER DEPARTMENTS	1,959,000	4,825,000	6,784,000

OTHER DEPARTMENTS
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

CATEGORY		2016 AMENDED		2017 BUDGET vs 2016 AMENDED BUDGET			2017 BUDGET vs 2017 FORECAST	
		BUDGET	FORECAST	2017 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
FACILITIES	ADDITIONS	134,000	137,000	160,000	26,000	19.4%	23,000	16.8%
	REPLACEMENTS	<u>2,805,000</u>	<u>2,029,000</u>	<u>2,646,000</u>	<u>41,000</u>	1.6%	<u>617,000</u>	<u>30.4%</u>
	TOTAL	2,739,000	2,166,000	2,806,000	67,000	2.4%	640,000	29.5%
INFORMATION SERVICES	ADDITIONS	227,000	231,000	725,000	498,000	219.4%	494,000	213.9%
	REPLACEMENTS	<u>2,737,000</u>	<u>750,000</u>	<u>1,422,000</u>	<u>(1,315,000)</u>	<u>-48.0%</u>	<u>672,000</u>	<u>89.6%</u>
	TOTAL	2,964,000	981,000	2,147,000	(817,000)	-27.6%	1,166,000	118.9%
CHIEF OPERATING OFFICER	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	0	0.0%	0	0.0%
	TOTAL	750,000	750,000	750,000	0	0.0%	0	0.0%
VP TECHNICAL COMPLIANCE	ADDITIONS	3,386,000	0	88,000	(3,298,000)	-97.4%	88,000	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	3,386,000	0	88,000	(3,298,000)	-97.4%	88,000	N/A
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS	ADDITIONS	986,000	0	871,000	(115,000)	-11.7%	871,000	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	986,000	0	871,000	(115,000)	-11.7%	871,000	N/A
CHEM SERVICES	ADDITIONS	0	0	115,000	<u>115,000</u>	N/A	115,000	N/A
	REPLACEMENTS	<u>8,000</u>	0	<u>7,000</u>	<u>(1,000)</u>	<u>-12.5%</u>	<u>7,000</u>	<u>N/A</u>
	TOTAL	8,000	0	122,000	114,000	1425.0%	122,000	N/A
<u>GAS MANAGEMENT, FY 2014 REAUTHORIZATIONS</u>	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	<u>785,000</u>	0	0	<u>(785,000)</u>	<u>-100.0%</u>	0	<u>N/A</u>
	TOTAL	785,000	0	0	(785,000)	-100.0%	0	N/A
TOTAL OTHER DEPARTMENTS		<u>11,618,000</u>	<u>3,897,000</u>	<u>6,784,000</u>	<u>(4,834,000)</u>	<u>-41.6%</u>	<u>2,887,000</u>	<u>74.1%</u>

OTHER DEPARTMENTS
FISCAL YEAR 2017 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>FACILITIES</u>		
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	10,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	366,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	46,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000
1	72-01-2-04	REPLACE CARPETS- ALL LOCATIONS	70,000
1	72-01-2-05	REPLACE MODULAR FURNITURE	80,000
2	72-01-2-06	REPLACE 800 BUILDING MECHANICAL ROOM CIRCULATION PUMPS	354,000
2	72-01-2-07	REPLACE 800 CHW PIPING	108,000
1	72-01-2-08	REPLACE 1849 BUILDING STAIR TOWER STAIR	289,000
2	72-01-2-10	REPLACE 1800 3RD FLOOR DOMESTIC WATER PUMPS & PIPING	268,000
1	72-01-2-11	REPLACE 800 BUILDING ELEVATOR INTERIORS	91,000
1	72-01-2-12	800 BUILDING RESTROOM RENOVATIONS	455,000
2	72-01-2-14	SOUTH PHILADELPHIA DISTRICT OFFICE BUILDING ENVELOPE REPAIR	400,000
1	72-01-2-15	800 BUILDING UPS ROOM CLEAN AGENT FIRE SUPPRESSION SYSTEM	62,000
TOTAL FACILITIES			<u>2,806,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2017 CAPITAL BUDGET

P			AMOUNT
		<u>INFORMATION SERVICES</u>	
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	58,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	190,000
2	47-01-1-03	SUNGARD DISASTER RECOVERY HOTSITE	477,000
2	47-01-2-01	MYSQL REPLACEMENT	941,000
2	47-01-2-03	REPLACEMENT SAN STORAGE	230,000
2	47-01-2-05	MISCELLANEOUS SERVER & NETWORK HARDWARE REPLACEMENTS	201,000
2	47-01-2-07	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000
		TOTAL INFORMATION SERVICES	<u>2,147,000</u>
		<u>CHEMICAL SERVICES</u>	
1	31-01-1-01	LAB EQUIPMENT-XRF ANALYZER	29,000
2	31-01-1-01	LAB EQUIPMENT-NATURAL GAS CHROMATOGRAPH	79,000
5	31-01-1-01	LAB EQUIPMENT-ZERO AIR GENERATOR	7,000
1	31-01-2-01	ULTRARAE 3000 PHOTOIONIZATION DETECTOR	7,000
		TOTAL CHEMICAL SERVICES	<u>122,000</u>
		<u>CHIEF OPERATING OFFICER</u>	
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000
		TOTAL CHIEF OPERATING OFFICER	<u>750,000</u>
		<u>VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS</u>	
5	10-01-1-01	DSM DATABASE ENHANCEMENTS	148,000
5	10-01-1-02	PUC LIURP REPORTING UPDATES	41,000
5	10-01-1-03	PUC RMI PROJECTS	629,000
5	10-01-1-04	SELF-SERVICE ENHANCEMENTS TO PGW'S WEBSITE	53,000
		TOTAL VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS	<u>871,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2017 CAPITAL BUDGET

P		AMOUNT
	<u>VP TECHNICAL COMPLIANCE</u>	
1	38-01-1-01 WASTE STORAGE TRAILER	88,000
	TOTAL VP TECHNICAL COMPLIANCE	<u>88,000</u>
	TOTAL OTHER DEPARTMENTS	<u><u>6,784,000</u></u>

FACILITIES
FISCAL YEAR 2017
BUDGET/FORECAST COMPARISON

CATEGORY	2017 BUDGET vs 2016 AMENDED BUDGET					2017 BUDGET vs 2017 FORECAST	
	2016 AMENDED BUDGET	2017 FORECAST	2017 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	125,000	127,000	150,000	25,000	20.0%	23,000	18.1%
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	9,000	10,000	10,000	1,000	11.1%	0	0.0%
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	376,000	383,000	366,000	(10,000)	-2.7%	(17,000)	-4.4%
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	45,000	46,000	46,000	1,000	2.2%	0	0.0%
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	58,000	57,000	0	0.0%	(1,000)	-1.7%
72-01-2-04 REPLACE CARPETS- ALL LOCATIONS	165,000	159,000	70,000	(95,000)	-57.6%	(89,000)	-56.0%
72-01-2-05 REPLACE MODULAR FURNITURE	195,000	217,000	80,000	(115,000)	-59.0%	(137,000)	-63.1%
72-01-2-06 REPLACE 800 BUILDING MECHANICAL ROOM CIRCULATION PUMPS	0	0	354,000	354,000	N/A	354,000	N/A
72-01-2-07 REPLACE 800 CHW PIPING	0	0	108,000	108,000	N/A	108,000	N/A
72-01-2-08 REPLACE 1849 BUILDING STAIR TOWER STAIR	0	0	289,000	289,000	N/A	289,000	N/A
72-01-2-10 REPLACE 1800 3RD FLOOR DOMESTIC WATER PUMPS & PIPING	0	0	268,000	268,000	N/A	268,000	N/A
72-01-2-11 REPLACE 800 BUILDING ELEVATOR INTERIORS	0	0	91,000	91,000	N/A	91,000	N/A
72-01-2-12 800 BUILDING RESTROOM RENOVATIONS	0	0	455,000	455,000	N/A	455,000	N/A
72-01-2-14 SOUTH PHILADELPHIA DISTRICT OFFICE BUILDING ENVELOPE REPAIR	0	0	400,000	400,000	N/A	400,000	N/A
72-01-2-15 800 BUILDING UPS ROOM CLEAN AGENT FIRE SUPPRESSION SYSTEM	0	0	62,000	62,000	N/A	62,000	N/A
72-01-2-16 **BUILDING CONSOLIDATION	0	0	0	0	N/A	0	N/A
REPLACE HVAC SYSTEM-800	786,000	262,000	0	(786,000)	-100.0%	(262,000)	-100.0%
REPLACE HVAC COMPONENTS-1800	173,000	170,000	0	(173,000)	-100.0%	(170,000)	-100.0%
REPLACE SWITCHGEAR-1800	113,000	100,000	0	(113,000)	-100.0%	(100,000)	-100.0%
REPLACE OBSOLETE LIGHTING-800	352,000	134,000	0	(352,000)	-100.0%	(134,000)	-100.0%
REPLACE 800 CM3 BAS	214,000	500,000	0	(214,000)	-100.0%	(500,000)	-100.0%
REPLACE SPLINE CEILING 800-1	129,000	0	0	(129,000)	-100.0%	0	N/A
TOTAL FACILITIES	2,739,000	2,166,000	2,806,000	1,834,000	67.0%	1,808,000	83.4%

**800 Building, Porter Station Expansion, Call Center Relocation

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4 +</u>
	<u>PRIORITY 1</u>						
1	13-01-2-01 <u>CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY</u>	250,000					
1	31-01-1-01 LAB EQUIPMENT-XRF ANALYZER	29,000	29,000				
1	31-01-2-01 ULTRARAE 3000 PHOTOIONIZATION DETECTOR	7,000	7,000				
1	38-01-1-01 WASTE STORAGE TRAILER	88,000	88,000				
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	150,000	75,000	75,000			
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	10,000	10,000				
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	366,000	183,000	183,000			
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	46,000	46,000				
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	57,000				
1	72-01-2-04 REPLACE CARPETS-ALL LOCATIONS	70,000	70,000				
1	72-01-2-05 REPLACE MODULAR FURNITURE	80,000	80,000				
1	72-01-2-08 REPLACE 1849 BUILDING STAIR TOWER STAIR	289,000	289,000				
1	72-01-2-11 REPLACE 800 BUILDING ELEVATOR INTERIORS	91,000	91,000				
1	72-01-2-12 800 BUILDING RESTROOM RENOVATIONS	455,000	455,000				
1	72-01-2-15 800 BUILDING UPS ROOM CLEAN AGENT FIRE SUPPRESSION SYSTEM	62,000	62,000				

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2017 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>YEAR 4 +</u>
<u>PRIORITY 2</u>							
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000				
2	31-01-1-01	LAB EQUIPMENT-NATURAL GAS CHROMATOGRAPH	79,000	79,000			
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	58,000	58,000			
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	190,000	100,000	90,000		
2	47-01-1-03	SUNGARD DISASTER RECOVERY HOTSITE	477,000	477,000			
2	47-01-2-01	MYSQL REPLACEMENT	941,000	816,000	125,000		
2	47-01-2-03	REPLACEMENT SAN STORAGE	230,000	230,000			
2	47-01-2-05	MISCELLANEOUS SERVER & NETWORK HARDWARE REPLACEMENTS	201,000	201,000			
2	47-01-2-07	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	50,000			
2	72-01-2-08	REPLACE 800 BUILDING MECHANICAL ROOM CIRCULATION PUMPS	354,000	354,000			
2	72-01-2-07	REPLACE 800 CHW PIPING	108,000	108,000			
2	72-01-2-10	REPLACE 1800 3RD FLOOR DOMESTIC WATER PUMPS & PIPING	268,000	268,000			
2	72-01-2-14	SOUTH PHILADELPHIA DISTRICT OFFICE BUILDING ENVELOPE REPAIR	400,000	400,000			
2	72-01-2-16	**BUILDING CONSOLIDATION					
<u>PRIORITY 4</u>							
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000				

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2017 CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4 +
	<u>PRIORITY 5</u>						
5	31-01-1-01 LAB EQUIPMENT-ZERO AIR GENERATOR	7,000	7,000				
5	10-01-1-01 DSM DATABASE ENHANCEMENTS	148,000	148,000				
5	10-01-1-02 PUC LIURP REPORTING UPDATES	41,000	41,000				
5	10-01-1-03 PUC RMI PROJECTS	629,000	629,000				
5	10-01-1-04 SELF-SERVICE ENHANCEMENTS TO PGW'S WEBSITE	53,000	53,000				
TOTAL OTHER DEPARTMENTS:		8,784,000	5,581,000	473,000			

**800 Building, Porter Station Expansion, Call Center Relocation

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2017 CAPITAL BUDGET
 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	1,959,000	1,794,000	4,825,000	3,767,000	6,784,000	5,561,000
YEAR 1		165,000		308,000		473,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>1,959,000</u>	<u>1,959,000</u>	<u>4,825,000</u>	<u>4,075,000</u>	<u>6,784,000</u>	<u>6,034,000</u>

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022

<u>DEPARTMENT</u>	<u>2017 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
<u>GAS PROCESSING</u>							
ADDITIONS	597,000	1,300,000	7,050,000			2,000,000	10,947,000
REPLACEMENTS	<u>5,834,000</u>	<u>7,294,000</u>	<u>1,977,000</u>	<u>2,954,000</u>	<u>2,000,000</u>	<u>2,675,000</u>	<u>22,734,000</u>
TOTAL GAS PROCESSING	6,431,000	8,594,000	9,027,000	2,954,000	2,000,000	4,675,000	<u>33,681,000</u>
ACQUIRE ASSETS LEASE	6,431,000	8,594,000	9,027,000	2,954,000	2,000,000	4,675,000	33,681,000
<u>DISTRIBUTION</u>							
ADDITIONS	10,394,000	10,634,000	10,879,000	11,129,000	11,384,000	11,646,000	<u>66,066,000</u>
REPLACEMENTS	<u>82,296,000</u>	<u>84,191,000</u>	<u>86,127,000</u>	<u>88,106,000</u>	<u>90,133,000</u>	<u>92,208,000</u>	<u>523,061,000</u>
GROSS TOTAL DISTRIBUTION	92,690,000	94,825,000	97,006,000	99,235,000	101,517,000	103,854,000	<u>589,127,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	<u>(2,249,000)</u>	<u>(2,295,000)</u>	<u>(2,343,000)</u>	<u>(2,391,000)</u>	<u>(2,440,000)</u>	<u>(2,490,000)</u>	<u>(14,208,000)</u>
NET TOTAL DISTRIBUTION	90,441,000	92,530,000	94,663,000	96,844,000	99,077,000	101,364,000	<u>574,919,000</u>
ACQUIRE ASSETS LEASE	90,441,000	92,530,000	94,663,000	96,844,000	99,077,000	101,364,000	574,919,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022

<u>DEPARTMENT</u>	2017 CAPITAL BUDGET	<u>FORECAST</u>					TOTAL 6 YEARS
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
<u>FIELD SERVICES</u>							
ADDITIONS	1,786,000	2,006,000	2,049,000	2,098,000	2,151,000	2,200,000	<u>12,290,000</u>
REPLACEMENTS	<u>5,251,000</u>	<u>5,727,000</u>	<u>5,921,000</u>	<u>5,984,000</u>	<u>6,205,000</u>	<u>6,287,000</u>	<u>35,375,000</u>
GROSS TOTAL FIELD SERVICES	7,037,000	7,733,000	7,970,000	8,082,000	8,356,000	8,487,000	<u>47,665,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	7,037,000	7,733,000	7,970,000	8,082,000	8,356,000	8,487,000	<u>47,665,000</u>
ACQUIRE ASSETS LEASE	7,037,000	7,733,000	7,970,000	8,082,000	8,356,000	8,487,000	47,665,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	80,000						<u>80,000</u>
REPLACEMENTS	<u>5,803,000</u>	<u>3,575,000</u>	<u>712,000</u>	<u>443,000</u>	<u>6,899,000</u>	<u>2,449,000</u>	<u>19,881,000</u>
GROSS TOTAL FLEET OPERATIONS	5,883,000	3,575,000	712,000	443,000	6,899,000	2,449,000	<u>19,961,000</u>
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	5,883,000	3,575,000	712,000	443,000	6,899,000	2,449,000	<u>19,961,000</u>
ACQUIRE ASSETS LEASE	5,883,000	3,575,000	712,000	443,000	6,899,000	2,449,000	19,961,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022

<u>DEPARTMENT</u>	<u>2017</u>	<u>FORECAST</u>					<u>TOTAL</u>
	<u>CAPITAL</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
	<u>BUDGET</u>						
<u>OTHER</u>							
<u>ADDITIONS</u>	1,959,000	416,000	428,000	438,000	449,000	459,000	<u>4,149,000</u>
<u>REPLACEMENTS</u>	<u>4,825,000</u>	<u>1,722,000</u>	<u>1,745,000</u>	<u>1,770,000</u>	<u>1,795,000</u>	<u>1,819,000</u>	<u>13,676,000</u>
<u>TOTAL OTHER</u>	6,784,000	2,138,000	2,173,000	2,208,000	2,244,000	2,278,000	<u>17,825,000</u>
<u>ACQUIRE ASSETS</u>	6,784,000	2,138,000	2,173,000	2,208,000	2,244,000	2,278,000	17,825,000
<u>LEASE</u>							
<u>TOTAL</u>							
<u>ADDITIONS</u>	14,816,000	14,356,000	20,406,000	13,665,000	13,984,000	16,305,000	<u>93,532,000</u>
<u>REPLACEMENTS</u>	<u>104,009,000</u>	<u>102,509,000</u>	<u>96,482,000</u>	<u>99,257,000</u>	<u>107,032,000</u>	<u>105,438,000</u>	<u>614,727,000</u>
<u>GROSS TOTAL</u>	118,825,000	116,865,000	116,888,000	112,922,000	121,016,000	121,743,000	<u>708,259,000</u>
<u>LESS: SALVAGE</u>							
<u>LESS: REIMBURSEMENT**</u>	(2,249,000)	(2,295,000)	(2,343,000)	(2,391,000)	(2,440,000)	(2,490,000)	<u>(14,208,000)</u>
<u>LESS: CONTRIBUTIONS*</u>							
<u>NET TOTAL</u>	<u>116,576,000</u>	<u>114,570,000</u>	<u>114,545,000</u>	<u>110,531,000</u>	<u>118,576,000</u>	<u>119,253,000</u>	<u>694,051,000</u>
<u>ACQUIRE ASSETS</u>	116,576,000	114,570,000	114,545,000	110,531,000	118,576,000	119,253,000	<u>694,051,000</u>
<u>LEASE</u>							

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED 2018 - 2022 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2017- 2021 FORECAST</u>	<u>2018 - 2022 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	3,233,000	10,350,000	7,117,000	220.1%
REPLACEMENTS	<u>20,571,000</u>	<u>16,900,000</u>	(3,671,000)	-17.8%
TOTAL GAS PROCESSING	23,804,000	27,250,000	3,446,000	14.5%
<u>DISTRIBUTION</u>				
ADDITIONS	54,378,000	55,672,000	1,294,000	2.4%
REPLACEMENTS	<u>411,436,000</u>	<u>440,765,000</u>	29,329,000	7.1%
GROSS TOTAL DISTRIBUTION	465,814,000	496,437,000	30,623,000	6.6%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
LESS: REIMBURSEMENT**				
NET TOTAL DISTRIBUTION	465,814,000	496,437,000	30,623,000	6.6%
<u>FIELD SERVICES</u>				
ADDITIONS	9,378,000	10,504,000	1,126,000	12.0%
REPLACEMENTS	<u>26,305,000</u>	<u>30,124,000</u>	3,819,000	14.5%
GROSS TOTAL FIELD SERVICES	35,683,000	40,628,000	4,945,000	13.9%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
NET TOTAL FIELD SERVICES	35,683,000	40,628,000	4,945,000	13.9%

PHILADELPHIA GAS WORKS
PROPOSED 2018 - 2022 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2017- 2021 FORECAST</u>	<u>2018 - 2022 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
<u>ADDITIONS</u>				
REPLACEMENTS	<u>16,268,000</u>	<u>14,078,000</u>	(2,190,000)	-13.5%
GROSS TOTAL FLEET OPERATIONS	16,268,000	14,078,000	(2,190,000)	-13.5%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	16,268,000	14,078,000	(2,190,000)	-13.5%
 <u>OTHER</u>				
<u>ADDITIONS</u>	1,910,000	2,190,000	280,000	14.7%
REPLACEMENTS	<u>14,221,000</u>	<u>8,851,000</u>	(5,370,000)	-37.8%
TOTAL OTHER	16,131,000	11,041,000	(5,090,000)	-31.6%
 <u>TOTAL</u>				
<u>ADDITIONS</u>	68,899,000	78,716,000	9,817,000	14.2%
REPLACEMENTS	<u>488,801,000</u>	<u>510,718,000</u>	21,917,000	4.5%
GROSS TOTAL	557,700,000	589,434,000	31,734,000	5.7%
LESS: SALVAGE				
LESS: REIMBURSEMENT**				
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>557,700,000</u>	<u>589,434,000</u>	31,734,000	5.7%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT
FORECAST - FISCAL YEARS 2018 THROUGH 2022

		<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
	<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>								
2	53-01-2-01	REPLACE (1) M&R STATION HEATER	2,474,000		1,800,000	1,800,000		1,800,000	5,400,000
2	53-01-2-02	MODIFY LNG TANK RE-PRESSURIZATION SYSTEMS-RICHMOND & PASSYUNK		150,000					150,000
	53-01-XX-XX	NON-RECURRING ITEMS							
		TOTAL GP-1	<u>2,474,000</u>		<u>1,950,000</u>	<u>1,800,000</u>		<u>1,800,000</u>	<u>5,550,000</u>
	<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2	53-02-1-01	ADD BOILOFF JET COMPRESSORS-RICHMOND & PASSYUNK		300,000					300,000
1	53-02-1-02	EXTEND SECOND LNG FILL LINE TO NORTH TANK-RICHMOND		419,000					419,000
2	53-02-1-03	LIQUEFACTION FEEDGAS CO2 AND ETHANE REMOVAL-RICHMOND						2,000,000	2,000,000
2	53-02-1-04	INSTALL REPORTING HARDWARE/SOFTWARE-RICHMOND & PASSYUNK		1,000,000					1,000,000
1	53-02-1-05	INSTALL BLOCK VALVE UPSTREAM OF V-101-RICHMOND		54,000					54,000
1	53-02-1-06	REPLACE/ADD SHUTOFF VALVE AT LNG TANK-PASSYUNK			5,000,000				5,000,000
1	53-02-2-02	REPLACE H-2 HEATER-RICHMOND		1,216,000					1,216,000
2	53-02-2-03	REPLACE PUBLIC ADDRESS SYSTEM-PASSYUNK			750,000				750,000
1	53-02-2-05	REPLACE LNG SWITCHGEAR-RICHMOND				1,000,000			1,000,000
1	53-02-2-06	REPLACE RIVER WATER PUMP SWITCHGEAR & RIVER WATER PUMPS-RICHMOND			1,500,000				1,500,000
2	53-02-2-07	REPLACE PNEUMATIC COMPANDER ACTUATORS WITH ELECTRONIC ACTUATORS			380,000				380,000
2	53-02-2-08	REPLACE FOAM WATER PIPING ON LNG TANKS-RICHMOND	451,000		500,000				951,000
1	53-02-2-09	REPLACE FIRE & GAS DETECTION SYSTEM-PASSYUNK			1,832,000				1,832,000
1	53-02-2-12	DCS UPGRADE-PASSYUNK				806,000			806,000
1	53-02-2-13	DCS UPGRADE-RICHMOND		876,000				875,000	1,751,000
1	53-02-2-14	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES-RICHMOND					2,000,000		2,000,000
1	53-02-2-15	REPLACE LNG CONTROL ROOM TRANSFORMERS-PASSYUNK		635,000					635,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
2 53-02-2-16 RELOCATE LNG SWITCHGEAR-PASSYUNK			1,132,000					1,132,000
2 53-02-2-17 REMODEL LNG CONTROL ROOM-PASSYUNK				121,000				121,000
1 53-02-2-18 REPLACE FOAM WATER PIPING-PASSYUNK		975,000						
1 53-02-2-19 REPAIR LNG TANK DIKE-PASSYUNK		83,000						
2 53-02-2-20 INSTALL NEW CARD READERS & TURNSTILES AT MAIN GATE AND BOILER AREA-PASSYUNK					154,000			154,000
1 53-02-2-21 UPGRADE OIL RECOVERY AST SYSTEM-PASSYUNK		179,000						
1 53-02-2-22 REMOVE AND REPLACE ELECTRICAL PANEL 203813-PASSYUNK		105,000						
1 53-02-2-23 REPAIR RTD'S IN EXPANDER PLANT COLD BOX-RICHMOND				300,000				300,000
1 53-02-2-24 REPLACE P-106 PUMP-RICHMOND		1,400,000						
53-02-X-XX NON-RECURRING ITEMS	1,026,000							
TOTAL GP-2	<u>1,477,000</u>	<u>5,942,000</u>	<u>6,644,000</u>	<u>6,977,000</u>	<u>1,154,000</u>	<u>2,000,000</u>	<u>2,875,000</u>	<u>19,650,000</u>
<u>GP-3 BUILDING AND GROUNDS</u>								
2 53-03-1-01 INSTALL CANOPY OVER BUS BARS AT MAIN SWITCHGEAR-RICHMOND				50,000				50,000
2 53-03-1-02 RELOCATE TRAINING FACILITY & ADD TRUCK LOADING ACCESS-RICHMOND				2,000,000				2,000,000
53-03-X-XX NON-RECURRING ITEMS	1,482,000							
TOTAL GP-3	<u>1,482,000</u>			<u>2,050,000</u>				<u>2,050,000</u>
<u>GP-4 MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	104,000	124,000						
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	369,000	365,000						
TOTAL GP-4	<u>473,000</u>	<u>489,000</u>						
TOTAL GAS PROCESSING DEPARTMENT	5,906,000	6,431,000	8,594,000	9,027,000	2,954,000	2,000,000	4,675,000	27,250,000
ACQUIRE ASSETS LEASE	5,906,000	6,431,000	8,594,000	9,027,000	2,954,000	2,000,000	4,675,000	27,250,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>D-20 HIGH PRESSURE MAINS</u>								
4 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,132,000	1,253,000	1,282,000	1,311,000	1,341,000	1,372,000	1,404,000	6,710,000
3 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,542,000	2,551,000	2,610,000	2,670,000	2,731,000	2,794,000	2,858,000	13,663,000
1 52-20-2-02 INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN	7,981,000	8,719,000	8,920,000	9,125,000	9,335,000	9,550,000	9,770,000	46,700,000
1 52-20-2-03 INCREMENTAL REPLACEMENT OF 30" HP CAST IRON	7,449,000	9,175,000	9,386,000	9,602,000	9,823,000	10,049,000	10,280,000	49,140,000
52-XX-X-XX NON-RECURRING ITEMS								
GROSS TOTAL D-20	18,104,000	21,698,000	22,198,000	22,708,000	23,230,000	23,765,000	24,312,000	116,213,000
52-20-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
NET TOTAL D-20	<u>18,104,000</u>	<u>21,698,000</u>	<u>22,198,000</u>	<u>22,708,000</u>	<u>23,230,000</u>	<u>23,765,000</u>	<u>24,312,000</u>	<u>116,213,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>	
<u>D-21 8 INCH AND SMALLER I. P. AND L. P. MAIN</u>									
4 52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,068,000	2,124,000	2,173,000	2,223,000	2,274,000	2,326,000	2,379,000	11,375,000	
3 52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	5,294,000	6,156,000	6,298,000	6,443,000	6,591,000	6,743,000	6,896,000	32,973,000	
1 52-21-2-02 PRUDENT MAIN REPLACEMENTS	14,454,000	14,338,000	14,668,000	15,005,000	15,350,000	15,703,000	16,064,000	76,790,000	
1 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - ACCELERATED CAST IRON	4,396,000	4,628,000	4,734,000	4,843,000	4,954,000	5,068,000	5,185,000	24,784,000	
1 52-21-2-04 LTIP-INCREMENTAL CAST IRON MAIN REMOVAL	<u>5,500,000</u>	<u>10,941,000</u>	<u>11,193,000</u>	<u>11,450,000</u>	<u>11,713,000</u>	<u>11,982,000</u>	<u>12,258,000</u>	<u>59,596,000</u>	
52-XX-X-XX NON-RECURRING ITEMS									
	GROSS TOTAL D-21	31,712,000	38,187,000	39,066,000	39,964,000	40,882,000	41,822,000	42,784,000	204,518,000
52-21-2-97 LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	(1,967,000)	(1,841,000)	(1,878,000)	(1,916,000)	(1,954,000)	(1,993,000)	(2,033,000)	(9,774,000)	
	NET TOTAL D-21	<u>29,745,000</u>	<u>36,346,000</u>	<u>37,188,000</u>	<u>38,048,000</u>	<u>38,928,000</u>	<u>39,829,000</u>	<u>40,751,000</u>	<u>194,744,000</u>
<u>D-22 12 INCH AND LARGER I. P. AND L. P. MAIN</u>									
4 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	7,000	23,000	24,000	25,000	26,000	27,000	28,000	130,000	
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,094,000	1,333,000	1,364,000	1,395,000	1,427,000	1,460,000	1,494,000	7,140,000	
3 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	7,450,000	480,000	491,000	502,000	514,000	526,000	538,000	2,571,000	
	GROSS TOTAL D-22	8,551,000	1,836,000	1,879,000	1,922,000	1,967,000	2,013,000	2,060,000	9,841,000
52-22-2-97 LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	(6,332,000)	(408,000)	(417,000)	(427,000)	(437,000)	(447,000)	(457,000)	(2,185,000)	
	NET TOTAL D-22	<u>2,219,000</u>	<u>1,428,000</u>	<u>1,462,000</u>	<u>1,495,000</u>	<u>1,530,000</u>	<u>1,566,000</u>	<u>1,603,000</u>	<u>7,656,000</u>

DISTRIBUTION DEPARTMENT
FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	602,000	585,000	598,000	612,000	628,000	640,000	655,000	3,131,000
1 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	620,000	508,000	518,000	530,000	542,000	554,000	567,000	2,711,000
2 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	<u>388,000</u>	<u>414,000</u>	<u>424,000</u>	<u>434,000</u>	<u>444,000</u>	<u>454,000</u>	<u>464,000</u>	<u>2,220,000</u>
GROSS TOTAL D-23	1,608,000	1,505,000	1,540,000	1,576,000	1,612,000	1,648,000	1,688,000	8,062,000
LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
TOTAL D-23	<u>1,608,000</u>	<u>1,505,000</u>	<u>1,540,000</u>	<u>1,576,000</u>	<u>1,612,000</u>	<u>1,648,000</u>	<u>1,688,000</u>	<u>8,062,000</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	4,019,000	4,074,000	4,168,000	4,264,000	4,362,000	4,462,000	4,565,000	21,821,000
4 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,261,000	2,083,000	2,131,000	2,180,000	2,230,000	2,281,000	2,333,000	11,155,000
1 52-24-2-01 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	19,110,000	19,274,000	19,717,000	20,170,000	20,634,000	21,109,000	21,595,000	103,225,000
1 52-24-2-02 RENEWAL OF 2" AND LARGER SERVICES	1,033,000	1,098,000	1,123,000	1,149,000	1,175,000	1,202,000	1,230,000	5,879,000
1 52-24-2-03 RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK	<u>1,635,000</u>	<u>1,342,000</u>	<u>1,373,000</u>	<u>1,405,000</u>	<u>1,437,000</u>	<u>1,470,000</u>	<u>1,504,000</u>	<u>7,189,000</u>
GROSS TOTAL D-24	28,258,000	27,871,000	28,512,000	29,168,000	29,838,000	30,524,000	31,227,000	149,289,000
52-24-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
TOTAL D-24	<u>28,258,000</u>	<u>27,871,000</u>	<u>28,512,000</u>	<u>29,168,000</u>	<u>29,838,000</u>	<u>30,524,000</u>	<u>31,227,000</u>	<u>149,289,000</u>
<u>D-29 OTHER DISTRIBUTION FACILITIES</u>								
2 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	11,000	252,000	258,000	264,000	270,000	276,000	282,000	1,350,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

		<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>	
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,479,000	1,341,000	1,372,000	1,404,000	1,436,000	1,469,000	1,503,000	7,184,000
	52-XX-X-XX	NON-RECURRING ITEMS	997,000							
		TOTAL D-29	<u>2,487,000</u>	<u>1,593,000</u>	<u>1,630,000</u>	<u>1,668,000</u>	<u>1,706,000</u>	<u>1,745,000</u>	<u>1,785,000</u>	<u>8,534,000</u>
1	52-99-2-99	<u>D-99 REMOVAL AND ABANDONMENTS</u>								
		GROSS TOTAL DISTRIBUTION DEPARTMENT	90,720,000	92,690,000	94,825,000	97,008,000	99,235,000	101,517,000	103,854,000	498,437,000
	52-98-2-98	LESS: SALVAGE								
		LESS: CONTRIBUTIONS*								
		LESS: REIMBURSEMENT**	(8,299,000)	(2,249,000)	(2,285,000)	(2,343,000)	(2,391,000)	(2,440,000)	(2,490,000)	(11,959,000)
		NET TOTAL DISTRIBUTION DEPARTMENT	<u>82,421,000</u>	<u>90,441,000</u>	<u>92,530,000</u>	<u>94,663,000</u>	<u>96,844,000</u>	<u>99,077,000</u>	<u>101,364,000</u>	<u>484,478,000</u>
		ACQUIRE ASSETS	82,421,000	90,441,000	92,530,000	94,663,000	96,844,000	99,077,000	101,364,000	484,478,000
		LEASE								

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

FIELD SERVICES DEPARTMENT
FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	1,431,000	1,490,000	1,660,000	1,696,000	1,736,000	1,780,000	1,821,000	<u>8,893,000</u>
2 50-30-2-01 REPLACEMENTS	<u>2,374,000</u>	<u>2,527,000</u>	<u>3,062,000</u>	<u>3,129,000</u>	<u>3,204,000</u>	<u>3,285,000</u>	<u>3,359,000</u>	<u>16,039,000</u>
TOTAL C-30	<u>3,805,000</u>	<u>4,017,000</u>	<u>4,722,000</u>	<u>4,825,000</u>	<u>4,940,000</u>	<u>5,065,000</u>	<u>5,180,000</u>	<u>24,732,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	56,000	41,000	57,000	58,000	60,000	61,000	62,000	<u>298,000</u>
1 50-32-2-01 REPLACEMENTS	<u>23,000</u>	<u>32,000</u>	<u>33,000</u>	<u>34,000</u>	<u>34,000</u>	<u>35,000</u>	<u>36,000</u>	<u>172,000</u>
TOTAL C-32	<u>79,000</u>	<u>73,000</u>	<u>90,000</u>	<u>92,000</u>	<u>94,000</u>	<u>96,000</u>	<u>98,000</u>	<u>470,000</u>
<u>C-33 TELEMETERING</u>								
5 50-33-1-01 ADDITIONS AND INSTALLATIONS	118,000	115,000	122,000	125,000	128,000	131,000	134,000	<u>640,000</u>
1 50-33-2-01 REPLACEMENTS	<u>166,000</u>	<u>157,000</u>	<u>161,000</u>	<u>164,000</u>	<u>168,000</u>	<u>173,000</u>	<u>177,000</u>	<u>843,000</u>
TOTAL C-33	<u>284,000</u>	<u>272,000</u>	<u>283,000</u>	<u>289,000</u>	<u>296,000</u>	<u>304,000</u>	<u>311,000</u>	<u>1,483,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>								
5 50-34-2-01 REPLACEMENTS	<u>65,000</u>	<u>162,000</u>	<u>22,000</u>	<u>90,000</u>	<u>24,000</u>	<u>93,000</u>	<u>26,000</u>	<u>255,000</u>
TOTAL C-34	<u>65,000</u>	<u>162,000</u>	<u>22,000</u>	<u>90,000</u>	<u>24,000</u>	<u>93,000</u>	<u>26,000</u>	<u>255,000</u>
<u>C-35 SERVICE SECTION EQUIPMENT</u>								
5 50-35-2-01 REPLACEMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>	<u>20,000</u>
TOTAL C-35	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>	<u>20,000</u>
<u>C-36 AUTOMATIC METER READING</u>								
5 50-36-1-01 ADDITIONS	140,000	140,000	167,000	170,000	174,000	179,000	183,000	<u>873,000</u>
5 50-36-2-01 REPLACEMENTS	<u>2,332,000</u>	<u>2,373,000</u>	<u>2,449,000</u>	<u>2,495,000</u>	<u>2,554,000</u>	<u>2,619,000</u>	<u>2,678,000</u>	<u>12,795,000</u>
TOTAL C-36	<u>2,472,000</u>	<u>2,513,000</u>	<u>2,616,000</u>	<u>2,665,000</u>	<u>2,728,000</u>	<u>2,798,000</u>	<u>2,861,000</u>	<u>13,668,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
1 50-99-2-99 <u>C-99 COST OF REMOVAL</u>								
GROSS TOTAL FIELD SERVICES DEPARTMENT	6,705,000	7,037,000	7,733,000	7,970,000	8,082,000	8,356,000	8,487,000	<u>40,628,000</u>
50-98-2-98 LESS: SALVAGE								0
50-94-1-94 LESS: CONTRIBUTIONS								0
NET TOTAL FIELD SERVICES DEPARTMENT	<u>6,705,000</u>	<u>7,037,000</u>	<u>7,733,000</u>	<u>7,970,000</u>	<u>8,082,000</u>	<u>8,356,000</u>	<u>8,487,000</u>	<u>40,628,000</u>
ACQUIRE ASSETS LEASE	6,705,000	7,037,000	7,733,000	7,970,000	8,082,000	8,356,000	8,487,000	40,628,000

FLEET OPERATIONS DEPARTMENT

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
2 73-01-1-01 ACQUIRE ADD'TL VEHICLES TO SUPPORT INCREMENTAL CAST IRON MAIN REPLACEMENT	118,000							0
1 73-01-1-02 MOBILE EQUIPMENT ADDITIONS	632,000	80,000						0
1 73-01-2-01 SHOP EQUIPMENT REPLACEMENTS		45,000						0
2 73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,533,000	677,000	880,000	133,000	364,000	515,000	290,000	2,182,000
2 73-01-2-03 VEHICLE REPLACEMENTS	5,879,000	5,081,000	2,695,000	579,000	79,000	6,384,000	2,159,000	11,896,000
GROSS TOTAL FLEET OPERATIONS DEPARTMENT	8,162,000	5,883,000	3,575,000	712,000	443,000	6,899,000	2,449,000	14,078,000
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>8,162,000</u>	<u>5,883,000</u>	<u>3,575,000</u>	<u>712,000</u>	<u>443,000</u>	<u>6,899,000</u>	<u>2,449,000</u>	<u>14,078,000</u>
ACQUIRE ASSETS	8,162,000	5,883,000	3,575,000	712,000	443,000	6,899,000	2,449,000	14,078,000
LEASE								

OTHER DEPARTMENTSFORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	125,000	150,000	153,000	157,000	161,000	165,000	169,000	805,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	9,000	10,000	10,000	11,000	11,000	11,000	11,000	54,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	376,000	366,000	374,000	383,000	393,000	402,000	412,000	1,964,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	45,000	46,000	47,000	48,000	49,000	51,000	52,000	247,000
1 72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	57,000	59,000	60,000	61,000	63,000	64,000	307,000
1 72-01-2-04 REPLACE CARPETS- ALL LOCATIONS	165,000	70,000						
1 72-01-2-05 REPLACE MODULAR FURNITURE	195,000	80,000						
2 72-01-2-06 REPLACE 800 BUILDING MECHANICAL ROOM CIRCULATION PUMPS		354,000						
2 72-01-2-07 REPLACE 800 CHW PIPING		108,000						
1 72-01-2-08 REPLACE 1849 BUILDING STAIR TOWER STAIR		289,000						
2 72-01-2-10 REPLACE 1800 3RD FLOOR DOMESTIC WATER PUMPS & PIPING		268,000						
1 72-01-2-11 REPLACE 800 BUILDING ELEVATOR INTERIORS		91,000						
1 72-01-2-12 800 BUILDING RESTROOM RENOVATIONS		455,000						
2 72-01-2-14 SOUTH PHILADELPHIA DISTRICT OFFICE BUILDING ENVELOPE REPAIR		400,000						
1 72-01-2-15 800 BUILDING UPS ROOM CLEAN AGENT FIRE SUPPRESSION SYSTEM		62,000						
2 72-01-2-16 **BULDING CONSOLIDATION								
72-01-XX-XX NON-RECURRING ITEMS	1,767,000							
TOTAL FACILITIES	<u>2,739,000</u>	<u>2,808,000</u>	<u>643,000</u>	<u>658,000</u>	<u>675,000</u>	<u>692,000</u>	<u>708,000</u>	<u>3,377,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2018 THROUGH 2022

	<u>2016 AMENDED BUDGET</u>	<u>2017 BUDGET</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>TOTAL FORECAST</u>
<u>INFORMATION SERVICES</u>								
2 47-01-1-01 MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	57,000	58,000	59,000	61,000	62,000	64,000	65,000	311,000
2 47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	170,000	190,000	194,000	199,000	204,000	209,000	214,000	1,020,000
2 47-01-1-03 SUNGARD DISASTER RECOVERY HOTSITE		477,000						
2 47-01-2-01 SYSQL REPLACEMENT		941,000						
2 47-01-2-03 REPLACEMENT SAN STORAGE	227,000	230,000	235,000	241,000	247,000	253,000	259,000	1,235,000
2 47-01-2-05 MISCELLANEOUS SERVER & NETWORK HARDWARE REPLACEMENTS	177,000	201,000	206,000	211,000	216,000	221,000	226,000	1,080,000
2 47-01-2-07 MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	50,000	51,000	52,000	54,000	55,000	56,000	268,000
47-01-XX-XX NON-RECURRING ITEMS	2,283,000							
TOTAL INFORMATION SERVICES	<u>2,964,000</u>	<u>2,147,000</u>	<u>745,000</u>	<u>764,000</u>	<u>783,000</u>	<u>802,000</u>	<u>820,000</u>	<u>3,914,000</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
2 13-01-2-02 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
4 13-01-2-03 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
TOTAL CHIEF OPERATING OFFICER	<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>

FISCAL 2017 FINANCING PLAN

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 2017

• Spending from FY 2017 Program	\$ 105,109,000
• Spending Carryover from FY 2016	\$ 32,300,000
• Total FY 2017 Spending	\$ 137,409,000
• Projected Reimbursement	\$ 1,841,000
• Salvage	\$ 187,000
• Construction Contributions	\$ 1,661,000
• Net FY 2017 Capital Spending	\$ 133,720,000

Capital Funding Sources:

• Capital Bond Proceeds	\$ 66,060,000
• DSIC	\$ 32,660,000
• Internally Generated Funds	\$ 35,000,000
• FY 2017 Capital Funding	\$ 133,720,000

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 2017 Capital Program.

Exhibit #2
Capital Program Protocols
For The Philadelphia Gas Works
[Insert separate .pdf document containing the Capitol Program Protocols]

CAPITAL PROGRAM PROTOCOLS
(Proposed FY 2017 Capital Budget)

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PART 1 - GENERAL PROVISIONS

SUBPART A - DEFINITIONS

1. ***“Budget Year”***: The fiscal year assigned to a capital budget.
2. ***“Fiscal Year”***: The 12-month period that begins on the first day in September and ends on the last day in August.
3. ***“Line Item Lifespan”***: The fiscal year(s) during which a line item may be available for the purpose of spending and/or commitment.
4. ***“Immediate Funding”***: The spending authority in an approved capital budget that is available for expenditure and/or commitment on the first day of the budget year subject to the limitations stated in the budget ordinance.
5. ***“Conditional Funding”***: The spending authority in an approved capital budget that is available for expenditure and/or commitment if released by the Gas Commission after PGW has provided supplemental disclosure/substantiation in accordance with the budget ordinance.

SUBPART B - NOMENCLATURE

1. The terms ***“budget category”*** and ***“line item category”*** shall be synonymous with the term ***“line item”***.
2. The term ***“budget ordinance”*** shall refer to the ordinance approving a capital budget or an amended capital budget.
3. Line items shall be styled as ***“miscellaneous additions”*** or ***“miscellaneous replacements”*** as applicable if total line item spending authority reflects one or more specific allocations for discrete projects having a capital cost of less than \$50,000 per project and/or a contingent allocation for miscellaneous capital projects. If a discrete project budgeted in this manner is later cancelled/curtailed or if actual costs for a discrete project are less than originally projected, the placeholder allocation shall expand accordingly within the limits of line item spending authority.
4. The term ***“conditional funding reserve”*** shall refer to the three (3) line items allocating conditional funding to the Office of the Chief Operating Officer for unbudgeted/ unanticipated capital needs as may arise during the budget year related to safety, reliability of service, and load growth.

SUBPART C - LINE ITEMS (OVERVIEW)

1. Spending authority shall be linked to the line items in an approved capital budget.
2. A line item shall reflect any and all components related to capital work identified thereby, the purpose of such work as identified by priority status, and the applicable projected cost.

3. A line item shall match expenditures and/or commitments to spend with its approved lifespan.
4. A line item shall lapse and its related spending authority shall expire:
 - A. when the spending authority is depleted as a result of actual spending (as confirmed by PGW's practice of "one-time true-up"); or
 - B. to the extent that PGW elects to utilize all or part of the spending authority for the same or equivalent purpose and/or project in a subsequent operating budget approved by the Gas Commission and notifies the Gas Commission accordingly; or
 - C. when the spending authority is depleted as a result of line item transfers; or
 - D. if no work order has been opened for the line item by the close of business on the last day of the budget year; or
 - E. if the line item lifespan has expired; or
 - F. if the capital work justifying the line item approval is completed or cancelled unless the balance of spending authority in the line item is to be transferred.
5. A line item shall have a lifespan no greater than twenty-four (24) months commencing on the first day of the budget year except where the line item is part of the conditional funding reserve.
6. A line item in the conditional funding reserve shall have a lifespan no greater than fifteen (15) months commencing on the first day of the budget year.

SUBPART D - LINE ITEMS (SAFETY)

1. A line item shall be assigned a priority status of "1" when budgeted to fund capital investment critical to ensuring public safety, the integrity of PGW's facilities, and/or the safety of PGW's employees. Such line item:
 - A. may be eligible for approval as conditional funding for discrete projects identified by PGW under appropriate circumstances; and
 - B. is eligible for approval as conditional funding for unbudgeted and/or unanticipated capital needs as part of the conditional funding reserve.

SUBPART E - LINE ITEMS (RELIABILITY OF SERVICE)

1. A line item shall be assigned a priority status of "2" when budgeted to fund capital investment:
 - A. to preserve the dependability and proper working condition of PGW's energy-related infrastructure based on accepted/applicable engineering practices; and/or
 - B. to keep PGW's general facilities in a state suitable for occupancy and/or the conduct of

business; and/or

- C. to keep equipment, information systems and/or other infrastructure in a continuing state of readiness for responding to PGW's operational needs.
2. A line item assigned a priority status of "2":
- A. may be eligible for approval as conditional funding for discrete projects identified by PGW under appropriate circumstances; and
 - B. is eligible for approval as conditional funding for unbudgeted and/or unanticipated capital needs as part of the conditional funding reserve.

SUBPART F - LINE ITEMS (ENFORCED RELOCATIONS)

1. A line item shall be assigned a priority status of "3" when budgeted to fund the replacement/relocation of gas mains and/or services as a result of anticipated or actual capital/construction work attributable to third parties which directly impacts PGW's facilities. Such line item is not eligible for approval as conditional funding.

SUBPART G - LINE ITEMS (LOAD GROWTH)

1. A line item shall be assigned a priority status of "4" when budgeted to fund capital investment enhancing revenue generation by providing new and/or additional gas-related service(s) to end users. Such line item:
- A. may be eligible for approval as conditional funding for discrete projects identified by PGW under appropriate circumstances; and
 - B. is eligible for approval as conditional funding for unbudgeted and/or unanticipated capital needs as part of the conditional funding reserve.

SUBPART H - LINE ITEMS (BUSINESS IMPROVEMENT)

1. A line item shall be assigned a priority status of "5" when budgeted to fund capital investment that will improve one or more business process(es) in order to increase productivity and/or enhance the efficiency of operations and/or service delivery, and will yield reduced or avoided operating and/or capital costs. Such line item is not eligible for approval as conditional funding.

SUBPART I - UNBUDGETED CAPITAL INVESTMENT

1. GENERAL PROHIBITION

Capital work that is not funded by line item spending authority in an approved budget is prohibited unless it is in accordance with the work/cost preapprovals in *Part 1 - Subparts I.2. through I.3.*

2. ADVANCE ENGINEERING

Upon enactment of an annual Capital Budget Ordinance and related Capital Program Protocols providing

such preapproval, PGW may undertake such advance engineering work and incur and/or commit to such costs as may be necessary to develop capital budget proposals. Such costs shall subsequently be allocated to the capital budget line item approved by City Council or to the appropriate operating account if the applicable budget proposal is withdrawn by PGW or rejected by City Council.

3. EMERGENCY CIRCUMSTANCES

Upon enactment of an annual Capital Budget Ordinance and related Capital Program Protocols providing such preapproval, PGW may incur and/or commit to such costs as may be necessary to perform extraordinary work to (1) address an imminent threat to human life and/or property; (2) preserve the safety and/or security of PGW's energy services system; and /or (3) avoid violation of a legal mandate, when it is impracticable to secure in advance the requisite budget authorization, release approval of conditional funding, and/or approval of line item transfer/s. The aforesaid emergency preapproval shall be subject to the following requirements:

- A. PGW shall first endeavor to cover the costs of such extraordinary, emergency work with the conditional spending reserve and, if needed, by transferring thereto unused spending authorization from line items in the approved Budget;
- B. PGW shall, within ten (10) days, notify the Gas Commission of the emergency circumstance (including documentation thereof) and its plans for covering the costs of the extraordinary, emergency work including explanation whether the conditional spending reserve and line item transfers will be sufficient; and
- C. PGW shall, within thirty (30) days, take all necessary actions to request, as applicable, any necessary supplemental budget authorization from City Council and/or the Gas Commission's post-approval of conditional funding release and/or line item transfers.

PART 2 - BUDGET ADMINISTRATION

SUBPART A - IN GENERAL

1. A work order opened for a line item shall be traceable to said line item. The numerical code identifying a line item in an approved budget shall remain unchanged throughout its lifespan.
2. A work order opened for a miscellaneous additions/ replacements line item shall be for such discrete projects:
 - A. as were identified in Supporting Documentation on the basis of which the line item was approved; or
 - B. as may in PGW's judgment be required to address an unforeseen or unbudgeted capital need through the contingency component of the line item.

SUBPART B - PLANNED WORK

1. PGW shall monitor capital work to affirm:
 - A. that the components applicable to an approved line item have not changed materially;
 - B. that the applicable project(s) continue(s) to be necessary; and
 - C. that available resources are sufficient for accomplishing said project(s) during the applicable lifespan period.
2. A "material change" to a project shall be deemed to occur when the planned work for a project differs from a reasonable interpretation of the Supporting Documentation that formed the basis of budget approval. In such cases, a material change will require a proposal for inserting a new (i.e., appropriately descriptive and/or properly funded) line item in the approved budget or a proposal for supplemental authorization in a later budget.

SUBPART C - LINE ITEM OVERSPENDING

1. The approved spending authorization for a line item shall not be exceeded.
2. If PGW anticipates that a line item spending authorization could be exceeded, PGW shall notify the Gas Commission of this possibility as soon as possible with an explanation/justification for the potential overrun and a proposal for a remedial solution (e.g., budget amendment, line item transfer, deferral/ cancellation of planned projects, resubmission in whole or part in a subsequent budget proposal).
3. If PGW anticipates that a line item spending authorization will be exceeded because of a material change to the project(s) originally contemplated in Supporting Documentation when the line item was proposed, the notice referenced in *Part 2 - Subpart C.2.* shall explain why PGW failed to

propose beforehand an amendment to the given budget or a supplemental authorization in a future budget.

SUBPART D - BUDGETARY "BOTTOM-LINE" SHORTFALLS

1. The total spending authority for all line items in an approved budget shall not be exceeded.
2. If PGW anticipates that total spending authority in approved budget could be exceeded, PGW shall notify the Gas Commission as soon as possible with an explanation/justification. Said notice shall be accompanied by a proposal for a budget amendment. If a budget amendment is barred by *Part 3 - Subpart A.2.*, said notice shall be accompanied by an alternative remediation plan. If no remediation is possible, the notice will indicate accordingly and explain why.

SUBPART E - LINE ITEM SURPLUS

1. If the actual cost of capital work for a line item is anticipated to be materially lower than the cost reflected in the approved spending authorization, PGW shall provide the Gas Commission with an appropriate explanation. Said explanation shall be filed with the next monthly update of capital spending required by *Part 2 - Subpart H.1.* or the next capital spending forecast required by *Part 2 - Subpart H.3.*, whichever falls due sooner. Said explanation shall distinguish between the following:
 - A. underruns of a windfall nature stemming from unanticipated cost reductions and/or other circumstance; and
 - B. underruns stemming from doing less work or because line item components are done or otherwise accomplished by work different from what was cited by PGW in Supporting Documentation when the applicable budget was under proposal.
2. For purposes of *Part 2 - Subpart E.1.*, a "materially lower" cost shall be the larger of \$10,000 or 10% of the approved authorization.

SUBPART F - INTRADEPARTMENTAL TRANSFERS

1. **MANAGERIAL DISCRETION**
Upon enactment of an annual Capital Budget Ordinance and related Capital Program Protocols providing such authorization, PGW may implement intradepartmental transfers of spending authority at its discretion subject to the limitations in *Part 2 - Subparts F.2. through F.7.*
2. **DURATION**
PGW discretion to implement transfers shall end on the last day of the October that follows the close of the budget year.
3. **EXCLUDED LINE ITEMS**
Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:

- A. any line item approved as conditional funding with a priority status of “1” or “2”;
 - B. any line item approved with a priority status of “4” unless the intended recipient line item was also approved with a priority status of “4” ; and
 - C. such other line item(s) as City Council shall designate in the annual Capital Budget Ordinance.
4. **NEW PROJECTS**
PGW discretion shall not apply to a new project unless said project properly falls within the scope of the recipient line item in a transfer transaction.
5. **BUSINESS UNIT INTEGRITY**
Each department included in the approved budget shall retain its identity for purposes of line item transfers notwithstanding whether said department is/was part of a larger business unit in PGW’s organizational structure.
6. **CROSS-BUDGET TRANSFERS**
The transfer of spending authority from one Budget to another Budget is forbidden.
7. **CONDITIONAL FUNDING**
- A. **RELEASE ANTECEDENT:** PGW shall have no discretion to implement a transfer transaction involving a conditional funding line item unless the Gas Commission has released such funding.
 - B. **TRANSFER ADVISORY:** If a transfer transaction involves a conditional funding line item, PGW shall file with the Gas Commission a Transfer Advisory coupled with a Request for Release of Conditional Funding. The Transfer Advisory shall communicate PGW’s intent to exercise transfer discretion with respect to any such line item if the Gas Commission approves the Request for Release of Conditional Funding. The Request for Release of Conditional Funding shall be premised on and limited solely to the purpose(s) stated and the transfer transaction(s) described in the Transfer Advisory.
 - C. **DEVIATION FROM RELEASE APPROVAL:** The release of conditional funding shall be null and void if PGW abandons or modifies the transactions identified in the Transfer Advisory or if PGW wishes or attempts to apply released funding to other purposes.

SUBPART G - OTHER TRANSFERS

1. **APPROVAL/OVERSIGHT AUTHORITY**
Upon enactment of an annual Capital Budget Ordinance and related Capital Program Protocols vesting such responsibility, the Gas Commission:
- A. may approve transfers of spending authority beyond PGW’s discretion if good cause has been shown after appropriate review subject to the limitations in *Part 2 - Subparts G.2. through G.5.*; and

- B. shall be responsible for monitoring line item transfer activity in the approved Budget and making appropriate recommendations to City Council with respect to line item transfers in connection with the next ensuing budget proposal.
2. DURATION
Gas Commission authority to approve transfers shall end on the last day of the December that follows the close of the budget year.
 3. EXCLUDED LINE ITEMS
Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:
 - A. any line item approved as conditional funding with a priority status of “1” or “2”;
 - B. any line item approved with a priority status of “4” unless the intended recipient line item was also approved with a priority status of “4” ; and
 - C. such other line item(s) as City Council shall designate by ordinance in conjunction with the annual Capital Budget Ordinance.
 4. CROSS-BUDGET TRANSFERS
The transfer of spending authority from one Budget to another Budget is forbidden.
 5. TRANSFER APPROVAL REQUESTS
A request that the Gas Commission approve a proposed transfer of spending authority must satisfy the following criteria:
 - A. the circumstances that the transfer transaction would address are clearly defined and not subject to reasonable dispute;
 - B. the transfer transaction does not rely on a source of spending authority that has been excluded by the approving Budget Ordinance;
 - C. a transfer source has sufficient spending authority to support the transfer transaction; and
 - D. no circumstance or consideration warrants that a proposed transfer be rejected for the sake of prudence.

SUBPART H - BUDGET REPORTING

1. MONTHLY UPDATES
PGW shall file monthly updates of actual/estimated spending styled as the “Capital Budget Authorization/Spending Review” in an electronic format acceptable to the Gas Commission as well as in hard copy. Said updates shall be due on the 15th day of each month or the next ensuing business day. Separate columns shall reflect:
 - A. whether a line item is open or closed;

- B. the lifespan expiration date applicable to each line item;
- C. any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.

2. **QUARTERLY UPDATES**

PGW shall file a quarterly report disclosing PGW's actual spending related to Disadvantaged Business Enterprise participation as compared to its projected spending broken down into operating and capital spending.

3. **PERIODIC FORECASTS**

PGW shall file spending forecasts of actual/estimated spending organized on a "line-by-line/budget-by-budget" basis in both hard copy and electronic formats as part of the Capital Budget Authorization/Spending Review. Said forecasts shall be due as follows:

- A. on the first business day in October, January, April and July as Quarterly Forecasts; and
- B. on the first business day in November as an Unaudited End-of-Year Forecast.

Said forecasts shall reflect any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.

4. **FINAL REPORTS**

PGW shall file a "Final Report" of actual spending for an approved Budget when all work orders and line items are closed as part of the Capital Budget Authorization/ Spending Review. Said report shall reflect any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.

PART 3 - BUDGET PROPOSALS/ REQUESTS - IN GENERAL

SUBPART A - FILING DEADLINES

1. PROPOSED ANNUAL BUDGET

A capital budget proposal for the next ensuing budget year shall be filed with the Gas Commission by no later than the first business day in January.

2. PROPOSED AMENDMENT TO APPROVED ANNUAL BUDGET

A proposal to amend an approved Budget shall be filed with the Gas Commission by no later than the first business day in March of the budget year.

3. REQUEST FOR RELEASE OF CONDITIONAL FUNDING

A request that the Gas Commission release conditional funding in an approved Budget shall be filed with the Gas Commission by no later than:

A. the first business day in September that follows the budget year for a line item in the conditional funding reserve; and

B. the first business day in April of the budget year for all other line items.

4. REQUEST FOR APPROVAL OF LINE ITEM TRANSFER

A request that the Gas Commission approve a line item transfer transaction shall be due as follows:

A. on the same day that a request for release of conditional funding is due under *Part 3 - Subpart A.3.* if a transfer transaction involves a conditional funding line item; and

B. by no later than the first business day of the November that next follows the budget year if any other transfer transaction is involved.

SUBPART B - SUBSTANTIATION

1. SAFETY

In addition to the content requirements of *Part 4*, a proposed line item assigned a priority status of "1" shall be substantiated by a showing that the capital work at issue is necessary based on a confirmed risk assessment. If a Miscellaneous Funding line item is proposed, the allocation for unbudgeted/unanticipated capital projects included therein shall be reasonable.

If no risk assessment is yet confirmed or if the project scope and/or costs is/are not yet finalized, the line item may be considered for conditional funding of a discrete project only if there is a reasonable expectation that the risk assessment will be confirmed and/or that the project scope and/or costs will be finalized during the budget year.

2. RELIABILITY OF SERVICE

In addition to the content requirements of *Part 4*, a proposed line item assigned a priority status of "2" shall be substantiated by a showing that the capital work at issue is necessary based on a

confirmed risk assessment and/or cost-benefit analysis. If a Miscellaneous Funding line item is proposed, the allocation for unbudgeted/unanticipated capital projects included therein shall be reasonable.

If no risk assessment and/or cost-benefit is yet confirmed or if the project scope and/or costs is/are not yet finalized, the line item may be considered for conditional funding of a discrete project only if there is a reasonable expectation that the risk assessment and/or cost-benefit will be confirmed or that the project scope and/or costs will be finalized during the budget year.

3. ENFORCED RELOCATIONS

A proposed line item assigned a priority status of “3” shall be substantiated in accordance with the content requirements of *Part 4* as applicable.

4. LOAD GROWTH

In addition to the content requirements of *Part 4*, a proposed line item assigned a priority status of “4” shall be substantiated by a showing that a contractual commitment has been or is reasonably certain to be secured during the budget year and that such commitment promises an acceptable return on investment. If a Miscellaneous Funding line item is proposed, the allocation for unbudgeted/unanticipated capital projects included therein shall be reasonable.

If no contractual commitment and/or analysis of investment return is yet available, the line item may be considered for conditional funding of a discrete project if there is a reasonable likelihood that a contractual commitment indicating an acceptable return on investment will be secured during the budget year.

5. BUSINESS IMPROVEMENT

In addition to the content requirements of *Part 4*, a proposed line item assigned a priority status of “5” shall be substantiated by an acceptable analysis that specifically identifies cost-beneficial productivity/efficiency improvements and/or cost reductions in future operating and/or capital budgets and/or other specific benefit to PGW and its customers directly resulting from such capital investment. Said analysis shall include the identification of consequences from delaying such project. If a Miscellaneous Funding line item is proposed, the allocation for unbudgeted/unanticipated capital projects included therein shall be reasonable.

6. REGULATORY OR OTHER MANDATES

In addition to the content requirements of *Part 4*, a proposed line item with any priority status whose business justification in whole or in part involves a regulatory, legislative, or judicial mandate shall be substantiated by a citation to the applicable regulation, law, or other published directive or by a copy of the applicable order.

PART 4 - BUDGET PROPOSALS/ REQUESTS - CONTENT REQUIREMENTS

SUBPART A - IN GENERAL

A capital budget proposal/request shall be accompanied by supporting documentation that fully and meaningfully describes the matter at issue in accordance with *Part 3 - Subpart B*. For each line item identified therein, a budget proposal/request shall provide the following information:

- the business need(s) and projected cost(s) of the capital work at issue; and
- a showing that spending will begin or a that commitment to spend will be made during the budget year.

Questions and/or doubts as to whether items of information should be included in supporting documentation shall be resolved in favor of inclusion.

SUBPART B - NARRATIVE

The annual capital budget proposal shall be accompanied by prepared written testimony and budget narrative indexed to persons who are available for questioning and such other information as necessary to develop an informed recommendation from the Gas Commission. Any other budget proposal/request shall be accompanied by such testimony/ narrative as shall be warranted by the subject matter at issue.

SUBPART C - AUTHORIZING BOARD RESOLUTION

A capital budget proposal/request shall be accompanied by a Philadelphia Facilities Management Corporation Board Resolution authorizing such proposal/request.

SUBPART D - COST COMPONENT BREAKOUT

Supporting documentation for a proposed line item shall include a breakout of cost components that reflects the following as applicable:

1. Labor
2. Purchased Services
3. Materials
4. Information System Hardware/Software
5. Other Cost
6. Project Cost comprising *Part 4 - Subparts D.1. through D.5.*
7. Administrative & General Expense
8. Allowance for Funds Used During Construction
9. Total Capital Cost comprising *Part 4 - Subparts D.6. through D.8.*

SUBPART E - COST DERIVATION

1. Supporting documentation for a proposed line item budgeted on the basis of unit costs shall include an explanation or analysis that justifies the use of an averaging method that deviates from 5-year averaging.
2. Supporting documentation for a proposed line item in the Distribution Department shall include unit costs derived on a line-by-line basis by comparing cost data obtained via arithmetic mean, weighted arithmetic mean, median and correlation coefficient.

SUBPART F - LOAD GROWTH

The annual capital budget proposal shall be accompanied by the most recent Marketing Sales Forecast available. The same shall apply to a proposal to amend a proposed or approved budget by modifying or inserting a line item assigned a priority status of "4".

SUBPART G - CAPITAL FINANCING

The annual capital budget proposal shall be accompanied by a financing plan for capital spending during the budget year indexed to illustrate the relationship of all active budgets and the following financing sources:

- Capital Improvement Fund
- Internally-Generated Funds From Operations
- Reimbursements
- Customer Contributions
- Other sources as applicable.

A proposal to amend a proposed or approved budget shall be accompanied by a revised financing plan.

SUBPART H - DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION

The annual capital budget proposal shall include pertinent data on Disadvantaged Business Enterprise ("DBE") participation:

- as projected for the budget year; and
- as estimated for the prior fiscal year.

This data shall include a report regarding any changes to participation goals, contract compliance procedures, or any other aspect(s) of the DBE vendor program. A proposal to amend a proposed or approved Budget shall include updated DBE participation data.

SUBPART I - APPROVED BUDGETS (CASH RECAPTURE)

The annual capital budget proposal shall include information on the amount of money PGW has received to date by way of reimbursements, customer contributions, salvage or any other project-related cash recapture applicable to approved budgets for which no final spending report has been filed. A proposal to amend a proposed or approved budget shall include updated recapture data as appropriate.

SUBPART J - APPROVED BUDGETS (LEASES)

The annual capital budget proposal shall include a capital leasing report which identifies all line items in approved budgets for which no final spending report has been filed. For each line item, PGW will provide the following information:

- names and addresses of all lessors;
- the lease term; and
- the annual lease payment.

SUBPART K - APPROVED BUDGETS (GAINS/REDUCTIONS)

The annual capital budget proposal shall include narrative which identifies the productivity/efficiency gains and/or cost reductions and/or other specific benefit secured via line items with a priority status of "5" in approved Budgets for which no final spending report has been filed.