

City of Philadelphia



(Bill No. 190383)

AN ORDINANCE

Approving the amendment of the Fiscal Year 2019 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions, and acknowledging the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2020 through 2024, as amended.

WHEREAS, Section IV.2.b of the Agreement Between the City of Philadelphia and the Philadelphia Facilities Management Corporation for the Management and Operation of the Philadelphia Gas Works (“Management Agreement”) requires the Philadelphia Facilities Management Corporation (“PFMC”) to prepare annually for the Philadelphia Gas Works (“PGW”) a proposed capital budget for the ensuing year and a forecast for the six (6) years next following comprising the ensuing budget year and the five (5) years next following; and

WHEREAS, Section IV.2.b of the Management Agreement also requires that the proposed capital budget and forecast be submitted to the Director of Finance and the Gas Commission for their review and for submission of said budget and forecast, together with their recommendations thereon, to the Council of the City of Philadelphia (“City Council”) for its approval; and

WHEREAS, Section IV.2.b of the Management Agreement further requires that the proposed capital budget and forecast include a showing of the amounts needed and how the funds required are to be supplied as between funds generated within the business through charges to customers or otherwise and funds to be obtained through capital loans (“Financing Plan”); and

WHEREAS, Section IV.2.c of the Management Agreement requires that all PGW expenditures be made pursuant to approved budgets; and

WHEREAS, PGW filed with the Philadelphia Gas Commission (“Gas Commission”) on January 3, 2018 a proposed Fiscal Year (“FY”) 2019 Capital Budget of one hundred fifty-five million-eight hundred fifty-eight thousand dollars (\$155,858,000) (“FY 2019 Capital Budget” or “Budget”) and a Five Year Forecast of Capital Budgets (FY 2020 - FY 2024) (“Forecast”); and

WHEREAS, the Gas Commission’s review of the Budget in its FY 2019 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 24, 2018 at which the Gas Commission endorsed a proposed FY 2019 Capital Budget in an amount not to exceed one hundred thirty-four million five hundred forty-one thousand dollars (\$134,541,000) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto; and

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WHEREAS, on May 4, 2018, PGW filed with the Gas Commission a FY 2019 Compliance Capital Budget of one hundred thirty-four million five hundred forty-one thousand dollars (\$134,541,000) including its revised Financing Plan and revised Forecast; and

WHEREAS, on June 21, 2018, the Mayor approved Bill No. 180458, wherein City Council approved the foregoing FY2019 Compliance Capital Budget; and

WHEREAS, on November 1, 2018, PGW submitted a proposed amendment that would increase the FY 2018 Capital Budget by nine million three hundred thirty-three thousand three hundred dollars (\$9,333,300) (the “Amendment”) for certain capital purposes, including vehicle replacement, facilities, gas processing and main replacement/addition projects; and

WHEREAS, on December 7, 2018, PGW revised the proposed Amendment to request additional funding in the Budget in the lesser amount of four million six hundred eighty-three thousand three hundred dollars (\$4,683,300) for Fleet Operations, Facilities and Gas Processing projects; and

WHEREAS, the Gas Commission’s review of the proposed Amendment culminated in deliberations taken at a public meeting held on December 18, 2018, whereupon the Gas Commission endorsed amendments to the FY 2019 Capital Budget adding four million six hundred eighty-three thousand three hundred dollars (\$4,683,300), thereby increasing the total Budget to an amount not-to-exceed one hundred thirty-nine million two hundred twenty-four thousand three hundred dollars (\$139,224,300) with related constraints and conditions; and

WHEREAS, on December 18, 2018 PGW filed with the Gas Commission an Amended FY 2019 Compliance Capital Budget of one hundred thirty-nine million two hundred twenty-four thousand three hundred dollars (\$139,224,300) (“Amended Compliance Budget”), a revised Financing Plan and a revised Forecast; and

WHEREAS, City Council seeks to provide for evolving capital needs and related expenditures of PGW by incorporating the Gas Commission endorsed amendment to the FY 2019 Capital Budget reflected in Exhibit 1 hereto; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA ORDAINS:

SECTION 1. Approval and Acknowledgment

Pursuant to the provisions of Section IV.2.b and IV.2.c of the Management Agreement, the Council:

- A. does hereby approve the Fiscal Year (“FY”) 2019 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding one hundred thirty-nine million two hundred twenty-four thousand three hundred dollars (\$139,224,300) as reflected

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in the Amended FY 2019 Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Sections 3-5 of this Ordinance; and

- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2020 - FY 2024.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended FY 2019 Compliance Capital Budget (“Amended Compliance Budget”) are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2019 defined as September 1, 2018 through August 31, 2019 in an aggregate amount not to exceed one hundred thirty-nine million two hundred twenty-four thousand three hundred dollars (\$139,224,300) as reflected in the Amended FY 2019 Compliance Capital Budget and subject to the provisions of Sections 3-5 of this Ordinance. The Amended Compliance Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Constraints and Conditions – Capital Program Protocols

During the lifespan of the line items in the approved FY 2019 Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” adopted by the Gas Commission on April 24, 2018. Said Protocols are incorporated herein by reference.

SECTION 4. Constraints and Conditions – Conditional Spending Authorization

Except as necessitated by Emergency Circumstances as set forth in the Capital Program Protocols at Part 1 – Subpart I.3, no spending authority will attach to the following line items until the Gas Commission releases such spending authority, in writing, after appropriate review and good cause shown:

- A. the line item styled “Conditional Funding for Capital Needs Related to Safety (Project #13-01-2-01) (\$250,000);”
- B. the line item styled “Conditional Funding for Capital Needs Related to Reliability of Service (Project #13-01-2-02) (\$250,000);” and
- C. the line item styled “Conditional Funding for Capital Needs Related to Cost-Justified Load Growth (Project #13-01-2-03) (\$250,000);”

SECTION 5. Constraints and Conditions – Line Item Transfer Exclusions

Except as necessitated by Emergency Circumstances as set forth in the Capital Program Protocols at Part 1 – Subpart I.3, the following line items shall be unavailable as a source of spending authority in transfer transactions:

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- A. the line item styled “Conditional Funding for Capital Needs Related to Safety (Project #13-01-2-01) (\$250,000);” and
- B. the line item styled “Conditional Funding for Capital Needs Related to Reliability of Service (Project #13-01-2-02) (\$250,000).”

SECTION 6. Exhibit

Exhibit 1 referenced in this Ordinance and incorporated herein shall be kept on file by the Chief Clerk of City Council and shall be available to the public for inspection, reading or copying at reasonable times.

[Note: Exhibits to this Bill are on file in the Office of the Chief Clerk.]

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 20, 2019. The Bill was Signed by the Mayor on July 24, 2019.



Michael A. Decker
Chief Clerk of the City Council