

Exhibit #1

[Insert separate .pdf document containing the Compliance FY 2019 Capital Budget Proposal, associated Financing Plan, and Revised Five Year Forecast of Capital Budgets for FY 2020 – FY 2024].



May 4, 2018

Gemela McClendon
Executive Director
PHILADELPHIA GAS COMMISSION
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Re: PGW's Fiscal Year 2019 Compliance Capital Budget and Forecast

Dear Ms. McClendon:

Enclosed is an original along with five (5) copies of PGW's Fiscal Year 2019 Compliance Capital Budget and Forecast.

Sincerely,

A handwritten signature in blue ink that reads "William J. Gallagher".

William J. Gallagher
VP Budget and Strategic Development

WJG/mlo'b
Enclosures

cc: Service List

PHILADELPHIA GAS WORKS

**COMPLIANCE
FISCAL 2019 CAPITAL BUDGET
AND
FORECAST FISCAL 2020 - 2024

WITH
FISCAL 2019 FINANCING PLAN**

April 24, 2018



PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2019 AND FORECAST 2020 THROUGH 2024

	2019 <u>CAPITAL BUDGET</u>	2020 - 2024 <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	598,000	2,475,000	3,073,000
REPLACEMENTS	<u>5,695,000</u>	<u>38,287,000</u>	<u>43,982,000</u>
TOTAL	<u>6,293,000</u>	<u>40,762,000</u>	<u>47,055,000</u>
<u>DISTRIBUTION</u>			
ADDITIONS	13,177,000	70,431,000	83,608,000
REPLACEMENTS	<u>80,826,000</u>	<u>420,403,000</u>	<u>501,229,000</u>
GROSS TOTAL	94,003,000	490,834,000	584,837,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(1,882,767)</u>	<u>(9,990,000)</u>	<u>(11,872,767)</u>
NET TOTAL	<u>92,120,233</u>	<u>480,844,000</u>	<u>572,964,233</u>
<u>FIELD SERVICES</u>			
ADDITIONS	7,812,000	17,390,000	25,202,000
REPLACEMENTS	<u>5,554,000</u>	<u>29,669,000</u>	<u>35,223,000</u>
GROSS TOTAL	13,366,000	47,059,000	60,425,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>13,366,000</u>	<u>47,059,000</u>	<u>60,425,000</u>
<u>FLEET OPERATIONS</u>			
ADDITIONS			
REPLACEMENTS	<u>2,035,000</u>	<u>19,399,000</u>	<u>21,434,000</u>
GROSS TOTAL	2,035,000	19,399,000	21,434,000
LESS: SALVAGE			
NET TOTAL	<u>2,035,000</u>	<u>19,399,000</u>	<u>21,434,000</u>

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2019 AND FORECAST 2020 THROUGH 2024

	<u>2019</u> <u>CAPITAL BUDGET</u>	<u>2020 - 2024</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	732,000	3,281,050	4,013,050
REPLACEMENTS	<u>18,112,000</u>	<u>94,552,950</u>	<u>112,664,950</u>
TOTAL	<u>18,844,000</u>	<u>97,834,000</u>	<u>116,678,000</u>
<u>TOTAL</u>			
ADDITIONS	22,319,000	93,577,050	115,896,050
REPLACEMENTS	<u>112,222,000</u>	<u>602,310,950</u>	<u>714,532,950</u>
GROSS TOTAL	134,541,000	695,888,000	830,429,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(1,882,767)	(9,990,000)	(11,872,767)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>132,658,233</u>	<u>685,898,000</u>	<u>818,556,233</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	2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2018		2019 BUDGET vs 2019 FORECAST	
				2019 BUDGET vs AMOUNT DIFFERENCE	COMPL BUDGET PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
GAS PROCESSING							
ADDITIONS	1,923,000	564,000	598,000	(1,325,000)	-68.9%	34,000	6.0%
REPLACEMENTS	<u>3,985,000</u>	<u>9,225,000</u>	<u>5,695,000</u>	<u>1,710,000</u>	<u>42.9%</u>	<u>(3,530,000)</u>	<u>-38.3%</u>
TOTAL GAS PROCESSING	5,908,000	9,789,000	6,293,000	385,000	6.5%	(3,496,000)	-35.7%
DISTRIBUTION							
ADDITIONS	12,245,000	11,725,000	13,177,000	932,000	7.6%	1,452,000	12.4%
REPLACEMENTS	<u>79,969,000</u>	<u>81,053,000</u>	<u>80,826,000</u>	<u>857,000</u>	<u>1.1%</u>	<u>(227,000)</u>	<u>-0.3%</u>
GROSS TOTAL DISTRIBUTION	92,214,000	92,778,000	94,003,000	1,789,000	1.9%	1,225,000	1.3%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(1,881,000)</u>	<u>(1,920,000)</u>	<u>(1,882,767)</u>	<u>(1,767)</u>	<u>0.1%</u>	<u>37,233</u>	<u>-1.9%</u>
NET TOTAL DISTRIBUTION	90,333,000	90,858,000	92,120,233	1,787,233	2.0%	1,262,233	1.4%
FIELD SERVICES							
ADDITIONS	2,040,000	2,140,000	7,812,000	5,772,000	282.9%	5,672,000	265.0%
REPLACEMENTS	<u>5,288,000</u>	<u>5,423,000</u>	<u>5,554,000</u>	<u>265,000</u>	<u>5.0%</u>	<u>131,000</u>	<u>2.4%</u>
GROSS TOTAL FIELD SERVICES	7,328,000	7,563,000	13,366,000	6,038,000	82.4%	5,803,000	76.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	7,328,000	7,563,000	13,366,000	6,038,000	82.4%	5,803,000	76.7%

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

DEPARTMENT	2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2018		2019 BUDGET vs 2019 FORECAST	
				2019 BUDGET vs COMPL BUDGET AMOUNT DIFFERENCE	COMPL BUDGET PERCENT DIFFERENCE	2019 BUDGET vs 2019 FORECAST AMOUNT DIFFERENCE	PERCENT DIFFERENCE
FLEET OPERATIONS							
ADDITIONS	289,000			(289,000)	-100.0%		N/A
REPLACEMENTS	<u>4,250,000</u>	<u>3,105,000</u>	<u>2,035,000</u>	<u>(2,215,000)</u>	<u>-52.1%</u>	<u>(1,070,000)</u>	<u>-34.5%</u>
GROSS TOTAL FLEET OPERATIONS	4,539,000	3,105,000	2,035,000	(2,504,000)	-55.2%	(1,070,000)	-34.5%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	4,539,000	3,105,000	2,035,000	(2,504,000)	-55.2%	(1,070,000)	-34.5%
OTHER							
ADDITIONS	1,209,000	3,240,000	732,000	(477,000)	-39.5%	(2,508,000)	-77.4%
REPLACEMENTS	<u>3,211,000</u>	<u>14,052,000</u>	<u>18,112,000</u>	<u>14,901,000</u>	<u>464.1%</u>	<u>4,060,000</u>	<u>28.9%</u>
TOTAL OTHER	4,420,000	17,292,000	18,844,000	14,424,000	326.3%	1,552,000	9.0%
TOTAL							
ADDITIONS	17,706,000	17,669,000	22,319,000	4,613,000	26.1%	4,650,000	26.3%
REPLACEMENTS	<u>96,703,000</u>	<u>112,858,000</u>	<u>112,222,000</u>	<u>15,519,000</u>	<u>16.0%</u>	<u>(636,000)</u>	<u>-0.6%</u>
GROSS TOTAL	114,409,000	130,527,000	134,541,000	20,132,000	17.6%	4,014,000	3.1%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(1,881,000)	(1,920,000)	(1,882,767)	(1,767)	0.1%	37,233	-1.9%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>112,528,000</u>	<u>128,607,000</u>	<u>132,658,233</u>	<u>20,130,233</u>	<u>17.9%</u>	<u>4,051,233</u>	<u>3.2%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 CAPITAL BUDGET
 SUMMARY ESTIMATE OF ENCUMBRANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	22,319,000	21,724,000	112,222,000	76,821,000	134,541,000	98,545,000
YEAR 1		595,000		35,401,000		35,996,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	22,319,000	22,319,000	112,222,000	112,222,000	134,541,000	134,541,000

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2019 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		996,000		996,000
53-02 SUPPLEMENTAL GAS FACILITIES	411,000	3,125,000		3,536,000
53-03 BUILDING AND GROUNDS	98,000	721,000		819,000
53-04 MISC CAPITAL REQUIREMENTS	89,000	309,000		398,000
2017 REAUTHORIZATION		544,000		544,000
TOTAL GAS PROCESSING	598,000	5,695,000		6,293,000

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2019 BUDGET vs 2018 COMPL BUDGET		2019 BUDGET vs 2019 FORECAST	
					\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
53-01	NATURAL GAS							
	ADDITIONS	100,000	0	0	(100,000)	-100.0%	0	N/A
	MEASUREMENT AND CONTROL FACILITIES							
	REPLACEMENTS	189,000	927,000	996,000	607,000	427.0%	69,000	7.4%
	TOTAL	289,000	927,000	996,000	707,000	244.6%	69,000	7.4%
53-02	SUPPLEMENTAL GAS FACILITIES							
	ADDITIONS	1,714,000	454,000	411,000	(1,303,000)	-76.0%	(43,000)	-9.5%
	REPLACEMENTS	3,442,000	7,937,000	3,125,000	(317,000)	-9.2%	(4,812,000)	-60.6%
	TOTAL	5,156,000	8,391,000	3,536,000	(1,620,000)	-31.4%	(4,855,000)	-57.9%
53-03	BUILDING AND GROUNDS							
	ADDITIONS	0	0	98,000	98,000	N/A	98,000	N/A
	REPLACEMENTS	0	0	721,000	721,000	N/A	721,000	N/A
	TOTAL	0	0	819,000	819,000	N/A	819,000	N/A
53-04	MISC CAPITAL REQUIREMENTS							
	ADDITIONS	109,000	110,000	89,000	(20,000)	-18.3%	(21,000)	-19.1%
	REPLACEMENTS	354,000	361,000	309,000	(45,000)	-12.7%	(52,000)	-14.4%
	TOTAL	463,000	471,000	398,000	(65,000)	-14.0%	(73,000)	-15.5%
	2017 REAUTHORIZATION							
	REPLACEMENTS			544,000				
	TOTAL GAS PROCESSING	5,908,000	9,788,000	6,293,000	(159,000)	-2.7%	(4,040,000)	-41.3%

GAS PROCESSING DEPARTMENT
FISCAL 2019 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	996,000
		TOTAL GP-1	<u>996,000</u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE -RICHMOND AND PASSYUNK PLAN1	292,000
1	53-02-1-05	INSTALL BOLLARDS AND BARRIERS AROUND EXPANDER PLANT - RICHMOND	119,000
1	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	2,976,000
2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	149,000
		TOTAL GP-2	<u>3,536,000</u>
	<u>GP-3</u>	<u>BUILDING & GROUNDS</u>	
1	53-03-2-02	INSTALL CANOPY OVER TRANSFORMERS AT MAIN SWITCHGEAR BUILDING - RICHMOND	98,000
1	53-03-2-03	REPLACE SHOP BOILERS IN FRONT OFFICE - RICHMOND PLANT	227,000
1	53-03-2-05	REMODEL SECURITY FRONT OFFICE AND CCTV BUILDING- RICHMOND PLANT	494,000
		TOTAL GP-3	<u>819,000</u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	89,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	309,000
		TOTAL GP-4	398,000
		<u>2017 REAUTHORIZATION</u>	
1	53-02-2-08	REPLACE P-106 PUMP - RICHMOND	544,000
		TOTAL REAUTHORIZATION	
		TOTAL GAS PROCESSING DEPARTMENT	<u>6,293,000</u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL 2019 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>PRIORITY 1</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>
1	GP-2	53-02-1-05	INSTALL BOLLARDS AND BARRIERS AROUND EXPANDER PLANT - RICHMOND	119,000	115,000	4,000		
1	GP-2	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	996,000	280,000	736,000		
1	GP-2	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	2,976,000	2,098,000	878,000		
1	GP-3	53-03-2-02	INSTALL CANOPY OVER TRANSFORMERS AT MAIN SWITCHGEAR BUILDING - R	98,000	91,000	7,000		
1	GP-3	53-03-2-03	REPLACE SHOP BOILERS IN FRONT OFFICE - RICHMOND PLANT	227,000	209,000	18,000		
1	GP-3	53-03-2-05	REMODEL SECURITY FRONT OFFICE AND CCTV BUILDING- RICHMOND PLANT	484,000	236,000	258,000		
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	88,000	89,000			
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	308,000	309,000			
2017 REAUTHORIZATION								
1	53-02-2-08		REPLACE P-108 PUMP - RICHMOND	544,000	544,000			
<u>PRIORITY 2</u>								
2	GP-2	53-02-1-03	LIQUIFACTION FEEDGAS CO2 AND ETHANE REMOVAL - RICHMOND					
2	GP-2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE -RICHMOND AND PASSYUN	292,000	268,000	24,000		
2	GP-2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	149,000	139,000	10,000		

TOTAL GAS PROCESSING DEPARTMENT: 6,293,000 4,358,000 1,935,000

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 CAPITAL BUDGET
 GAS PROCESSING DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	598,000	563,000	5,695,000	3,795,000	6,293,000	4,358,000
YEAR 1		35,000		1,900,000		1,935,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	598,000	598,000	5,695,000	5,695,000	6,293,000	6,293,000

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2019 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)	1,216,000	1,771,000	2,987,000				2,987,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,548,000	57,061,000	59,609,000	(1,882,767)			57,726,233
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	129,000	487,000	616,000				616,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	479,000	1,005,000	1,484,000				1,484,000
52-24 SERVICES	8,655,000	19,135,000	27,790,000				27,790,000
52-29 OTHER DISTRIBUTION FACILITIES	150,000	1,367,000	1,517,000				1,517,000
52-99 COST OF REMOVAL AND ABANDONMENT SALVAGE							
TOTAL DISTRIBUTION	13,177,000	80,826,000	94,003,000	(1,882,767)			92,120,233

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY	2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2019		2019	
				\$	%	\$	%
				2019 BUDGET vs DIFFERENCE	2019 BUDGET vs DIFF.	2019 BUDGET vs DIFFERENCE	2019 BUDGET vs DIFF.
52-20 GAS MAINS - HIGH							
ADDITIONS	2,005,000	1,260,000	1,216,000	(789,000)	-39.4%	(44,000)	-3.5%
PRESSURE (WITH							
ASSOCIATED VALVES	1,831,000	1,671,000	1,771,000	(60,000)	-3.3%	(100,000)	-5.3%
AND REGULATORS)							
TOTAL	3,836,000	3,131,000	2,987,000	(849,000)	-22.1%	(144,000)	-4.6%
52-21 GAS MAINS - LOW							
ADDITIONS	2,466,000	2,520,000	2,548,000	82,000	3.3%	28,000	1.1%
AND INTERMEDIATE							
PRESSURE - 8 INCH	55,153,000	55,640,000	57,061,000	1,908,000	3.5%	1,421,000	2.6%
AND SMALLER							
TOTAL	57,619,000	58,160,000	59,609,000	1,990,000	3.5%	1,449,000	2.5%
52-22 GAS MAINS - LOW							
ADDITIONS	115,000	118,000	129,000	14,000	12.2%	11,000	9.3%
AND INTERMEDIATE							
PRESSURE - 12 INCH	850,000	879,000	487,000	(373,000)	-43.4%	(392,000)	-44.6%
AND LARGER							
TOTAL	975,000	997,000	616,000	(359,000)	-36.8%	(381,000)	-38.2%
52-23 CUST MTR & REG INST							
ADDITIONS	595,000	608,000	479,000	(116,000)	-19.5%	(129,000)	-21.2%
PRESSURE REGULA-							
TION AND CORROSION	974,000	996,000	1,005,000	31,000	3.2%	9,000	0.9%
CONTROL FACILITIES							
TOTAL	1,569,000	1,604,000	1,484,000	(85,000)	-5.4%	(120,000)	-7.5%
52-24 SERVICES							
ADDITIONS	6,903,000	7,054,000	8,655,000	1,752,000	25.4%	1,601,000	22.7%
REPLACEMENTS	19,960,000	20,450,000	19,135,000	(825,000)	-4.1%	(1,315,000)	-6.4%
TOTAL	26,863,000	27,504,000	27,790,000	927,000	3.5%	286,000	1.0%
52-29 OTHER DISTRIBUTION							
FACILITIES							
ADDITIONS	161,000	165,000	150,000	(11,000)	-6.8%	(15,000)	-9.1%
REPLACEMENTS	1,191,000	1,217,000	1,367,000	176,000	14.8%	150,000	12.3%
TOTAL	1,352,000	1,382,000	1,517,000	165,000	12.2%	135,000	9.8%
GROSS TOTAL DISTRIBUTION	92,214,000	92,778,000	94,003,000	1,789,000	1.9%	1,225,000	1.3%
52-99 COST OF REMOVAL AND ABANDONMENT			0	0	N/A	0	N/A
LESS: SALVAGE			0	0	N/A	0	N/A
LESS: CONTRIBUTIONS*			0	0	N/A	0	N/A
LESS: REIMBURSEMENT**	(1,881,000)	(1,920,000)	(1,692,787)	(1,767)	0.1%	37,233	-1.9%
NET TOTAL DISTRIBUTION	90,333,000	90,858,000	92,120,233	1,787,233	2.0%	1,262,233	1.4%

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL 2019 CAPITAL BUDGET

P		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-20</u>		
	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,216,000	5,603
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,771,000	768
		<u>2,987,000</u>	
52-20-2-97	GROSS TOTAL D-20	2,987,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
	NET TOTAL D-20	<u><u>2,987,000</u></u>	
	<u>D-21</u>		
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
4	52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,548,000	9,283
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	6,946,000	29,892
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	17,115,000	74,693
1	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	33,000,000	
		<u>59,609,000</u>	
52-21-2-97	GROSS TOTAL D-21	59,609,000	
	LESS: REIMBURSEMENT**	(1,882,767)	
	NET TOTAL D-21	<u><u>57,726,233</u></u>	

DISTRIBUTION DEPARTMENT
FISCAL 2019 CAPITAL BUDGET

P		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-22</u> <u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER</u>		
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	129,000	186
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	487,000	149
	GROSS TOTAL D-22	616,000	
	LESS: REIMBURSEMENT**		
	NET TOTAL D-22	616,000	
	<u>D-23</u> <u>CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	479,000	
1	52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	531,000	
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	474,000	
	GROSS TOTAL D-23	1,484,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	1,484,000	

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2019 CAPITAL BUDGET

P	CATEGORY	AMOUNT	UNITS	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3	YEAR_4+
<u>PRIORITY 1</u>								
1	D-21 52-21-2-02	17,115,000	74,693	11,810,000	5,305,000			
	PRUDENT MAIN REPLACEMENTS							
1	D-21 52-21-2-03	33,000,000		17,325,000	15,675,000			
	LONG TERM INFRASTRUCTURE PLAN - DSC							
1	D-23 52-23-2-01	531,000		531,000				
	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES							
1	D-24 52-24-2-02	1,043,000	114	1,043,000				
	RENEWAL OF 2" AND LARGER SERVICES							
1	D-24 52-24-2-01	18,092,000	8,432	15,555,000	2,537,000			
	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT							
<u>PRIORITY 2</u>								
2	D-23 52-23-2-02	474,000		474,000				
	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND							
2	D-29 52-29-1-01	150,000		150,000				
	ADDITIONAL TOOLS AND WORK EQUIPMENT							
2	D-29 52-29-2-01	1,367,000		1,367,000				
	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK							
<u>PRIORITY 3</u>								
3	D-20 52-20-2-01	1,771,000	768	1,771,000				
	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK							
3	D-21 52-21-2-01	6,948,000	29,892	5,863,000	1,083,000			
	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER							
3	D-22 52-22-2-01	487,000	149	487,000				
	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER							
<u>PRIORITY 4</u>								
4	D-20 52-20-1-01	1,216,000	5,603	1,216,000				
	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND							
4	D-21 52-21-1-01	2,548,000	9,283	2,548,000				
	MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR							
4	D-23 52-23-1-01	479,000		479,000				
	CUSTOMER METERING AND REGULATOR INSTALLATION							
4	D-22 52-22-1-01	129,000	186	129,000				
	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR							
4	D-24 52-24-1-01	6,365,000	1,849	6,365,000				
	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,							
4	D-24 52-24-1-02	2,290,000	181	2,290,000				
	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,							
TOTAL DISTRIBUTION DEPARTMENT				84,003,000	69,403,000	24,600,000		

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 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	13,177,000	13,177,000	80,826,000	56,226,000	94,003,000	69,403,000
YEAR 1				24,600,000		24,600,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	13,177,000	13,177,000	80,826,000	80,826,000	94,003,000	94,003,000

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2019 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	2,008,000	2,706,000	4,714,000
50-32 SERVICE REGULATORS AND INSTALLATION	68,000	42,000	110,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	146,000	126,000	272,000
50-34 METER SHOP EQUIPMENT		23,000	23,000
50-35 SERVICE SECTION EQUIPMENT	5,400,000		5,400,000
50-36 AUTOMATIC METER READING	190,000	2,657,000	2,847,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	7,812,000	5,554,000	13,366,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>7,812,000</u>	<u>5,554,000</u>	<u>13,366,000</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2018		2019 BUDGET vs 2019 FORECAST	
					2019 BUDGET vs COMPL BUDGET	COMPL BUDGET	2019 BUDGET vs DIFFERENCE	2019 FORECAST
					\$	%	\$	%
					DIFFERENCE	DIFF.	DIFFERENCE	DIFF.
50-30 METERS	ADDITIONS	1,728,000	1,810,000	2,008,000	280,000	16.2%	198,000	10.9%
	REPLACEMENTS	2,676,000	2,744,000	2,706,000	30,000	1.1%	(38,000)	-1.4%
	TOTAL	4,404,000	4,554,000	4,714,000	310,000	7.0%	160,000	3.5%
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	58,000	74,000	68,000	10,000	17.2%	(6,000)	-8.1%
	REPLACEMENTS	37,000	38,000	42,000	5,000	13.5%	4,000	10.5%
	TOTAL	95,000	112,000	110,000	15,000	15.8%	(2,000)	-1.8%
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	84,000	82,000	146,000	62,000	73.8%	64,000	78.0%
	REPLACEMENTS	159,000	163,000	126,000	(33,000)	-20.8%	(37,000)	-22.7%
	TOTAL	243,000	245,000	272,000	29,000	11.9%	27,000	11.0%
50-34 METER SHOP EQUIPMENT	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	39,000	40,000	23,000	(16,000)	-41.0%	(17,000)	-42.5%
	TOTAL	39,000	40,000	23,000	(16,000)	-41.0%	(17,000)	-42.5%
50-35 SERVICE SECTION EQUIPMENT	ADDITIONS	0	0	5,400,000	5,400,000	N/A	5,400,000	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	0	0	5,400,000	5,400,000	N/A	5,400,000	N/A
50-36 AUTOMATIC METER READING	ADDITIONS	170,000	174,000	190,000	20,000	11.8%	16,000	9.2%
	REPLACEMENTS	2,377,000	2,438,000	2,657,000	280,000	11.8%	219,000	9.0%
	TOTAL	2,547,000	2,612,000	2,847,000	300,000	11.8%	235,000	9.0%
50-99 COST OF REMOVAL		0	0	0	0	N/A	0	N/A
	GROSS TOTAL FIELD SERVICES	7,328,000	7,563,000	13,366,000	6,038,000	82.4%	5,803,000	76.7%
	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	7,328,000	7,563,000	13,366,000	6,038,000	82.4%	5,803,000	76.7%

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL 2019 CAPITAL BUDGET

P			<u>AMOUNT</u>
	<u>C-30</u>	<u>METERS</u>	
4	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	2,008,000
1	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,706,000
		TOTAL C-30	<u>4,714,000</u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	68,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	42,000
		TOTAL C-32	<u>110,000</u>
	<u>C-33</u>	<u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
1	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	146,000
1	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	126,000
		TOTAL C-33	<u>272,000</u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
2	50-34-1-01	ADVANCED METER INFRASTRUCTURE INSTALLATION	5,400,000
1	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR	23,000
		TOTAL C-34	<u>5,423,000</u>
		<u>SERVICE SECTION EQUIPMENT</u>	
		TOTAL C-35	<u> </u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	190,000
5	50-36-2-01	REPLACE AMR DEVICES	2,657,000
		TOTAL C-36	<u>2,847,000</u>
1	50-99-2-99	COST OF REMOVAL	<u> </u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	13,366,000
	50-98-2-98	LESS: ESTIMATED SALVAGE LESS: CONTRIBUTIONS*	<u> </u>
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>13,366,000</u>

FIELD SERVICES DEPARTMENT

LISTING BY PRIORITY

FISCAL 2019 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	50-32-2-01	42,000	42,000				
	<u>PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS</u>						
1	50-33-2-01	126,000	126,000				
	<u>REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION</u>						
1	50-33-1-01	146,000	146,000				
	<u>PURCHASE AND INSTALLATION OF EQUIPMENT AND</u>						
1	50-34-2-01	23,000	23,000				
	<u>REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR</u>						
1	50-30-2-01	2,706,000	2,706,000				
	<u>PURCHASE METERS TO SUPPORT AUTOMATIC METER READING</u>						
	<u>PRIORITY 4</u>						
4	50-30-1-01	2,008,000	2,008,000				
	<u>PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR</u>						
4	50-32-1-01	68,000	68,000				
	<u>PURCHASE AND INSTALLATION OF SERVICE REGULATORS</u>						
	<u>PRIORITY 5</u>						
2	50-34-1-01	5,400,000	4,945,000	455,000			
	<u>ADVANCED METER INFRASTRUCTURE INSTALLATION</u>						
5	50-36-1-01	190,000	190,000				
	<u>PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR</u>						
5	50-36-2-01	2,657,000	2,657,000				
	<u>REPLACE AMR DEVICES</u>						
TOTAL FIELD SERVICES DEPARTMENT:			13,366,000	12,911,000	455,000		

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 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	7,812,000	7,357,000	5,554,000	5,554,000	13,366,000	12,911,000
YEAR 1		455,000				455,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	7,812,000	7,812,000	5,554,000	5,554,000	13,366,000	13,366,000

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY	2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	2019 BUDGET vs 2018 COMPL BUDGET		2019 BUDGET vs 2019 FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
73-01-1-01 VEHICLE ADDITIONS TO SUPPORT CAST IRON MAIN REPLACEMENT				0	N/A	0	N/A
73-01-1-02 MOBILE EQUIPMENT ADDITIONS				0	N/A	0	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	538,000	0	12,000	(526,000)	-97.8%	12,000	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	561,000	643,000	415,000	(146,000)	-26.0%	(228,000)	-35.5%
73-01-2-03 VEHICLE REPLACEMENTS	1,415,000	2,462,000	1,608,000	193,000	13.6%	(854,000)	-34.7%
FY 2016 REAUTHORIZATION							
73-01-1-01 VEHICLE ADDITIONS	289,000			(289,000)	-100.0%	0	N/A
73-01-2-03 VEHICLE REPLACEMENTS	1,736,000			(1,736,000)	-100.0%	0	N/A
GROSS TOTAL FLEET OPERATIONS	4,539,000	3,105,000	2,035,000	(2,504,000)	-55.2%	(1,070,000)	-34.5%
LESS: SALVAGE			0	0	N/A	0	N/A
NET TOTAL FLEET OPERATIONS	<u>4,539,000</u>	<u>3,105,000</u>	<u>2,035,000</u>	<u>(2,504,000)</u>	<u>-55.2%</u>	<u>(1,070,000)</u>	<u>-34.5%</u>

FLEET OPERATIONS DEPARTMENT
FISCAL 2019 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
2	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	12,000
1	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	415,000
2	73-01-2-03 VEHICLE REPLACEMENTS	1,608,000
	GROSS TOTAL FLEET OPERATIONS	<u>2,035,000</u>
73-98-2-98	LESS: SALVAGE	
	NET TOTAL FLEET OPERATIONS	<u><u>2,035,000</u></u>

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL 2019 CAPITAL BUDGET

<u>P.</u>	<u>CATEGORY</u>	<u>PRIORITY 1</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>YEAR 5</u>
		<u>PRIORITY 1</u>							
1	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	415,000	415,000					
		<u>PRIORITY 2</u>							
2	73-01-2-01	SHOP EQUIPMENT REPLACEMENTS	12,000	12,000					
2	73-01-2-03	VEHICLE REPLACEMENTS	1,608,000	1,608,000					
TOTAL FLEET OPERATIONS DEPARTMENT:			2,035,000	2,035,000					

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 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			2,035,000	2,035,000	2,035,000	2,035,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL			2,035,000	2,035,000	2,035,000	2,035,000

FACILITIES
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY	2018		2019 BUDGET vs 2018 COMPL BUDGET		2019 BUDGET vs 2018 FORECAST		
	2018 COMPL BUDGET	2019 FORECAST	2019 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	150,000	0	0.0%	0	0.0%
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	11,000	12,000	8,000	(3,000)	-27.3%	(4,000)	-33.3%
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000	418,000	418,000	0	0.0%	0	0.0%
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	38,000	39,000	24,000	(14,000)	-36.8%	(15,000)	-38.5%
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	50,000	51,000	34,000	(16,000)	-32.0%	(17,000)	-33.3%
72-01-2-04 REPLACE CARPETS - ALL LOCATIONS	61,000	61,000	61,000	0	0.0%	0	0.0%
72-01-2-05 REPLACE MODULAR FURNITURE	67,000	67,000	67,000	0	0.0%	0	0.0%
72-01-2-06 REPLACE AND REPAIR 1800 BUILDING EXTERIOR CONCRETE	904,000	0	1,040,000	136,000	15.0%	1,040,000	N/A
72-01-2-07 REPLACE 20+ YEAR OLD HEATING AND COOLING EQUIP INSIDE & ON ROOF - WEST PHIL DO	356,000	0	0	(356,000)	-100.0%	0	N/A
72-01-2-08 800 BUILDING	0	450,000	0	0	N/A	(450,000)	-100.0%
72-01-2-09 1800 BUILDING	0	8,101,000	0	0	N/A	(8,101,000)	-100.0%
72-01-2-10 1849 BUILDING AND PARKING GARAGE	0	2,157,000	0	0	N/A	(2,157,000)	-100.0%
72-01-2-11 METER SHOP	0	641,000	0	0	N/A	(641,000)	-100.0%
72-01-2-12 BELFIELD STATION	0	116,000	0	0	N/A	(116,000)	-100.0%
72-01-2-13 CASTOR STATION	0	179,000	0	0	N/A	(179,000)	-100.0%
72-01-2-14 PORTER STATION	0	127,000	0	0	N/A	(127,000)	-100.0%
72-01-2-15 TIOGA STATION	0	160,000	0	0	N/A	(160,000)	-100.0%
			0	0	N/A	0	N/A
TOTAL FACILITIES	2,055,000	12,749,000	1,802,000	(253,000)	-12.3%	(10,947,000)	-85.9%

OTHER DEPARTMENTS
FISCAL YEAR 2019 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	158,000	1,644,000	1,802,000
INFORMATION SERVICES	574,000	15,391,000	15,965,000
CHIEF OPERATING OFFICER		750,000	750,000
VP TECHNICAL COMPLIANCE			
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS			
CHEM SERVICES			
SECURITY & LOST PREVENTION		327,000	327,000
TOTAL OTHER DEPARTMENTS	732,000	18,112,000	18,844,000

OTHER DEPARTMENTS
FISCAL YEAR 2019 CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

CATEGORY		2018		2019		2018		2019	
		COMPL	FORECAST	BUDGET	BUDGET	BUDGET vs	COMPL BUDGET	BUDGET vs	2019 FORECAST
		BUDGET				\$	%	\$	%
FACILITIES	ADDITIONS	161,000	162,000	158,000	(3,000)	-1.9%	(4,000)	-2.5%	
	REPLACEMENTS	<u>1,894,000</u>	12,587,000	1,644,000	<u>(250,000)</u>	<u>-13.2%</u>	<u>(10,943,000)</u>	<u>-86.9%</u>	
	TOTAL	<u>2,055,000</u>	<u>12,749,000</u>	<u>1,802,000</u>	<u>(253,000)</u>	<u>-12.3%</u>	<u>(10,947,000)</u>	<u>-85.9%</u>	
INFORMATION SERVICES	ADDITIONS	1,048,000	339,000	574,000	(474,000)	-45.2%	235,000	89.3%	
	REPLACEMENTS	<u>567,000</u>	<u>713,000</u>	<u>15,391,000</u>	<u>14,624,000</u>	<u>2614.5%</u>	<u>14,678,000</u>	<u>2052.8%</u>	
	TOTAL	1,615,000	1,054,000	15,965,000	14,350,000	888.5%	14,911,000	1414.7%	
CHIEF OPERATING OFFICER	ADDITIONS	0		0	0	N/A	0	N/A	
	REPLACEMENTS	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>	
	TOTAL	750,000	750,000	750,000	0	0.0%	0	0.0%	
VP TECHNICAL COMPLIANCE	ADDITIONS		2,739,000	0	0	N/A	(2,739,000)	-100.0%	
	REPLACEMENTS			0	0	N/A	0	N/A	
	TOTAL	0	2,739,000	0	0	N/A	(2,739,000)	-100.0%	
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS	ADDITIONS			0	0	N/A	0	N/A	
	REPLACEMENTS			0	0	N/A	0	N/A	
	TOTAL	0	0	0	0	N/A	0	N/A	
CHEM SERVICES	ADDITIONS			0	0	N/A	0	N/A	
	REPLACEMENTS			0	0	N/A	0	N/A	
	TOTAL	0	0	0	0	N/A	0	N/A	
SECURITY & LOST PREVENTION	ADDITIONS	0	0	0	0	N/A	0	N/A	
	REPLACEMENTS	0	0	<u>327,000</u>	<u>327,000</u>	<u>N/A</u>	<u>327,000</u>	<u>N/A</u>	
	TOTAL	0	0	327,000	327,000	N/A	327,000	N/A	
TOTAL OTHER DEPARTMENTS		<u>4,420,000</u>	<u>17,292,000</u>	<u>18,644,000</u>	<u>14,424,000</u>	<u>326.3%</u>	<u>1,532,000</u>	<u>9.0%</u>	

OTHER DEPARTMENTS
FISCAL 2019 CAPITAL BUDGET

P		<u>FACILITIES</u>	AMOUNT
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	8,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	24,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	34,000
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	61,000
1	72-01-2-05	REPLACE MODULAR FURNITURE	67,000
1	72-01-2-06	REPLACE AND REPAIR 1800 BUILDING EXTERIOR CONCRETE	1,040,000
		TOTAL FACILITIES	<u><u>1,802,000</u></u>

INFORMATION SERVICES

2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	62,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	205,000
2	47-01-1-03	SYSTEM & NETWORK MONITORING APPLIANCE ADDITIONS	185,000
2	47-01-1-04	SAN STORAGE REPLACEMENTS	230,000
2	47-01-1-05	AIMS CORROSION	400,000
2	47-01-1-06	GIS IMPLEMENTATION	1,225,000
2	47-01-2-01	SERVER AND NETWORK HARDWARE REPLACEMENT	484,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000
2	47-01-2-03	PRI to SIP CONVERSION REPLACEMENTS	310,000
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	12,692,000

2017 REAUTHORIZATION

5	10-01-1-01	DSM DATABASE	87,000
5	10-01-1-02	PUC LIURP	35,000

TOTAL INFORMATION SERVICES 15,965,000

OTHER DEPARTMENTS
FISCAL 2019 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</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>SECURITY & LOST PREVENTION</u>	
1	65-01-2-01	VIDEO AND RECORDING DEVICE REPLACEMENT	327,000
		TOTAL SECURITY & LOST PREVENTION	<u>327,000</u>
		TOTAL OTHER DEPARTMENTS	<u>18,844,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL 2019 CAPITAL BUDGET

P	CATEGORY	PRIORITY 1	AMOUNT	BUDGET_YR	YEAR 1	YEAR 2	YEAR 3
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000			
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	8,000	8,000			
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000	418,000			
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	24,000	24,000			
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	34,000	34,000			
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	81,000	81,000			
1	72-01-2-05	REPLACE MODULAR FURNITURE	67,000	67,000			
1	72-01-2-06	REPLACE AND REPAIR 1800 BUILDING EXTERIOR CONCRETE	1,040,000	1,040,000			
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	250,000			
1	65-01-2-01	VIDEO AND RECORDING DEVICE REPLACEMENT	327,000	327,000			
PRIORITY 2							
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	62,000	62,000			
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	205,000	100,000	105,000		
2	47-01-1-03	SYSTEM & NETWORK MONITORING APPLIANCE ADDITIONS	185,000	185,000			
2	47-01-1-04	SAN STORAGE REPLACEMENTS	230,000	230,000			
2	47-01-1-05	AIMS CORROSION	400,000	400,000			
2	47-01-1-06	GIS IMPLEMENTATION	1,225,000	960,000	365,000		
2	47-01-2-01	SERVER AND NETWORK HARDWARE REPLACEMENT	484,000	484,000			
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	30,000	20,000		
2	47-01-2-03	PRI to SIP CONVERSION REPLACEMENTS	310,000	310,000			
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	12,692,000	4,176,000	8,516,000		
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000	250,000			
PRIORITY 4							
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000	250,000			
PRIORITY 5							
5	10-01-1-01	DSM DATABASE	87,000	87,000			
5	10-01-1-02	PUC LUJRP	35,000	35,000			
TOTAL OTHER DEPARTMENTS:			18,644,000	9,638,000	8,008,000		

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2019 CAPITAL BUDGET
 OTHER DEPARTMENTS ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	732,000	627,000	18,112,000	9,211,000	18,844,000	9,838,000
YEAR 1		105,000		8,901,000		9,006,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	732,000	732,000	18,112,000	18,112,000	18,844,000	18,844,000

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2019 AND FORECAST 2020 THROUGH 2024

<u>DEPARTMENT</u>	2019 CAPITAL BUDGET	FORECAST				TOTAL 6 YEARS
		2020	2021	2022	2023	
<u>GAS PROCESSING</u>						
ADDITIONS	598,000	91,000	93,000	95,000	97,000	3,073,000
REPLACEMENTS	<u>5,695,000</u>	<u>9,154,000</u>	<u>7,411,000</u>	<u>7,852,000</u>	<u>9,394,000</u>	<u>43,982,000</u>
TOTAL GAS PROCESSING	6,293,000	9,245,000	7,504,000	7,947,000	9,491,000	<u>47,055,000</u>
ACQUIRE ASSETS LEASE	6,293,000	9,245,000	7,504,000	7,947,000	9,491,000	47,055,000
<u>DISTRIBUTION</u>						
ADDITIONS	13,177,000	13,479,000	13,775,000	14,078,000	14,396,000	83,608,000
REPLACEMENTS	<u>80,826,000</u>	<u>81,882,000</u>	<u>82,956,000</u>	<u>84,056,000</u>	<u>85,181,000</u>	<u>501,229,000</u>
GROSS TOTAL DISTRIBUTION	94,003,000	95,361,000	96,731,000	98,134,000	99,577,000	<u>584,837,000</u>
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
LESS: REIMBURSEMENT**	<u>(1,882,767)</u>	<u>(1,920,000)</u>	<u>(1,958,000)</u>	<u>(1,997,000)</u>	<u>(2,037,000)</u>	<u>(11,872,767)</u>
NET TOTAL DISTRIBUTION	92,120,233	93,441,000	94,773,000	96,137,000	97,540,000	<u>572,964,233</u>
ACQUIRE ASSETS LEASE	92,120,233	93,441,000	94,773,000	96,137,000	97,540,000	572,964,233

PHILADELPHIA GAS WORKS

FISCAL YEAR 2019 AND FORECAST 2020 THROUGH 2024

<u>DEPARTMENT</u>	<u>2019 CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
<u>FIELD SERVICES</u>						
ADDITIONS	7,812,000	4,968,000	3,022,000	3,076,000	3,134,000	3,190,000
REPLACEMENTS	<u>5,554,000</u>	<u>5,677,000</u>	<u>5,904,000</u>	<u>5,931,000</u>	<u>6,062,000</u>	<u>6,195,000</u>
GROSS TOTAL FIELD SERVICES	13,366,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
NET TOTAL FIELD SERVICES	13,366,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000
ACQUIRE ASSETS LEASE	13,366,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000
<u>FLEET OPERATIONS</u>						
ADDITIONS						
REPLACEMENTS	<u>2,035,000</u>	<u>4,608,000</u>	<u>3,053,000</u>	<u>3,780,000</u>	<u>3,995,000</u>	<u>3,963,000</u>
GROSS TOTAL FLEET OPERATIONS	2,035,000	4,608,000	3,053,000	3,780,000	3,995,000	3,963,000
LESS: SALVAGE						
NET TOTAL FLEET OPERATIONS	2,035,000	4,608,000	3,053,000	3,780,000	3,995,000	3,963,000
ACQUIRE ASSETS LEASE	2,035,000	4,608,000	3,053,000	3,780,000	3,995,000	3,963,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2019 AND FORECAST 2020 THROUGH 2024

<u>DEPARTMENT</u>	2019 CAPITAL BUDGET	FORECAST				TOTAL 6 YEARS
		2020	2021	2022	2023	
<u>OTHER</u>						
ADDITIONS	732,000	623,000	634,000	645,000	684,000	4,013,050
REPLACEMENTS	<u>18,112,000</u>	<u>30,364,590</u>	<u>22,986,590</u>	<u>13,725,590</u>	<u>13,734,590</u>	<u>112,664,950</u>
TOTAL OTHER	18,844,000	30,987,590	23,620,590	14,370,590	14,418,590	<u>116,678,000</u>
ACQUIRE ASSETS LEASE	18,844,000	30,987,590	23,620,590	14,370,590	14,418,590	116,678,000
<u>TOTAL</u>						
ADDITIONS	22,319,000	19,161,000	17,524,000	17,894,000	18,311,000	115,896,050
REPLACEMENTS	<u>112,222,000</u>	<u>131,685,590</u>	<u>122,210,590</u>	<u>115,344,590</u>	<u>118,366,590</u>	<u>714,532,950</u>
GROSS TOTAL	134,541,000	150,846,590	139,734,590	133,238,590	136,677,590	<u>830,429,000</u>
LESS: SALVAGE						
LESS: REIMBURSEMENT**	(1,882,767)	(1,920,000)	(1,958,000)	(1,997,000)	(2,037,000)	<u>(11,872,767)</u>
LESS: CONTRIBUTIONS*						
NET TOTAL	<u>132,658,233</u>	<u>148,926,590</u>	<u>137,776,590</u>	<u>131,241,590</u>	<u>133,640,590</u>	<u>818,556,233</u>
ACQUIRE ASSETS LEASE	132,658,233	148,926,590	137,776,590	131,241,590	133,640,590	<u>818,556,233</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED 2020 - 2024 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2019- 2023 FORECAST</u>	<u>2020 - 2024 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	3,028,000	2,475,000	(553,000)	-18.3%
REPLACEMENTS	24,889,000	38,287,000	13,398,000	53.8%
TOTAL GAS PROCESSING	27,917,000	40,762,000	12,845,000	46.0%
<u>DISTRIBUTION</u>				
ADDITIONS	61,231,000	70,431,000	9,200,000	15.0%
REPLACEMENTS	416,007,000	<u>420,403,000</u>	4,396,000	1.1%
GROSS TOTAL DISTRIBUTION	477,238,000	490,834,000	13,596,000	2.8%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
LESS: REIMBURSEMENT**	<u>(9,999,000)</u>	(9,990,000)	9,000	-0.1%
NET TOTAL DISTRIBUTION	477,238,000	480,844,000	3,606,000	0.8%
<u>FIELD SERVICES</u>				
ADDITIONS	11,138,000	17,390,000	6,252,000	56.1%
REPLACEMENTS	28,332,000	<u>29,669,000</u>	1,337,000	4.7%
GROSS TOTAL FIELD SERVICES	39,470,000	47,059,000	7,589,000	19.2%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
NET TOTAL FIELD SERVICES	39,470,000	47,059,000	7,589,000	19.2%

PHILADELPHIA GAS WORKS
PROPOSED 2020 - 2024 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2019- 2023 FORECAST</u>	<u>2020 - 2024 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS				
REPLACEMENTS	16,530,000	19,399,000	2,869,000	17.4%
GROSS TOTAL FLEET OPERATIONS	16,530,000	19,399,000	2,869,000	17.4%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	16,530,000	19,399,000	2,869,000	17.4%
 <u>OTHER</u>				
ADDITIONS	5,314,000	3,281,050	(2,032,950)	-38.3%
REPLACEMENTS	68,098,000	94,552,950	26,454,950	38.8%
TOTAL OTHER	73,412,000	97,834,000	24,422,000	33.3%
 <u>TOTAL</u>				
ADDITIONS	80,711,000	93,577,050	12,866,050	15.9%
REPLACEMENTS	<u>553,856,000</u>	<u>602,310,950</u>	48,454,950	8.7%
GROSS TOTAL	634,567,000	695,888,000	61,321,000	9.7%
LESS: SALVAGE				
LESS: REIMBURSEMENT**	(9,999,000)	(9,990,000)	9,000	-0.1%
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>634,567,000</u>	<u>685,898,000</u>	<u>51,331,000</u>	8.1%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2020 THROUGH 2024

		2018 COMPLIANCE BUDGET	2019 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>									
1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	898,000		1,800,000		1,800,000		3,600,000
	53-01-X-XX	NON-RECURRING ITEMS	289,000						
		TOTAL GP-1	<u>898,000</u>		<u>1,800,000</u>		<u>1,800,000</u>		<u>3,600,000</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>									
2	53-02-1-03	LIQUIFACTION FEEDGAS CO2 AND ETHANE REMOVAL - RICHMOND						2,000,000	2,000,000
2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE - RICHMOND AND PASSYUNK PLANTS	292,000						
2	53-02-1-05	INSTALL BOLLARDS AND BARRIERS AROUND EXPANDER PLANT - RICHMOND	119,000						
2	53-02-2-05	REPLACE FIBER OPTIC - PASSYUNK PLANT						1,299,000	1,299,000
2	53-02-2-06	REPLACE FIBER OPTIC - RICHMOND PLANT						2,472,000	2,472,000
2	53-02-2-07	REPLACE PUBLIC ADDRESS SYSTEM - PASSYUNK			750,000				750,000
1	53-02-2-08	REPLACE LNG SWITCHGEAR-RICHMOND			6,500,000				6,500,000
1	53-02-2-09	REPLACE RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS -RICHMOND			5,000,000				5,000,000
2	53-02-2-10	REPLACE PNEUMATIC COMPANDER ACTUATORS WITH ELECTRONIC ACTUATORS					380,000		380,000
1	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK		2,976,000	1,194,000				1,194,000
1	53-02-2-12	DCS UPGRADES - RICHMOND					875,000		875,000
1	53-02-2-13	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES - RICHMOND				2,000,000			2,000,000
2	53-02-2-14	REMODEL CENTRAL CONTROL ROOM - PASSYUNK					521,000		521,000
2	53-02-2-15	INSTALL NEW CARD READERS & TURNSTILES AT MAIN GATE AND BOILER AREA - PASSYUNK						154,000	154,000
2	53-02-2-17	RELOCATE STEAM SILENCER - PASSYUNK		112,000					112,000
2	53-02-2-18	ISOLATE NATURAL GAS HEATERS - PASSYUNK		168,000					168,000
2	53-02-2-19	REPLACE H2O ANALYZER - RICHMOND PLANT						204,000	204,000
2	53-02-2-20	UPGRADE H-1 HEATER CONTROLS - RICHMOND		114,000					114,000
2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	149,000						

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2020 THROUGH 2024

	2018 COMPLIANCE BUDGET	2019 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
2 53-02-2-22 ISOLATE PIPING IN #77 HOUSE BASEMENT - RICHMOND			8,838,000	5,288,000	2,521,000	1,255,000	6,129,000	288,000
53-02-X-XX NON-RECURRING ITEMS	5,158,000							288,000
TOTAL GP-2	5,158,000	3,538,000	8,838,000	5,288,000	2,521,000	1,255,000	6,129,000	24,031,000
GP-3 BUILDING AND GROUNDS								
2 53-03-2-01 RELOCATE TRAINING FACILITY - RICHMOND					5,000,000			5,000,000
2 53-03-2-02 INSTALL CANOPY OVER TRANSFORMERS AT MAIN SWITCHGEAR BUILDING - RICHMOND		98,000						
2 53-03-2-03 REPLACE SHOP BOILERS IN FRONT OFFICE - RICHMOND PLANT		227,000						
2 53-03-2-04 CONSOLIDATE ALL MAINTENANCE SHOPS AND CONSTRUCT NEW SHOP AREA - PASSYUNK						6,000,000		6,000,000
2 53-03-2-05 REMODEL SECURITY FRONT OFFICE AND CCTV BUILDING- RICHMOND PLANT		484,000						
TOTAL GP-3		819,000			5,000,000	6,000,000		11,000,000
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	109,000	89,000	91,000	93,000	95,000	97,000	99,000	475,000
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	354,000	309,000	316,000	323,000	331,000	339,000	347,000	1,656,000
TOTAL GP-4	463,000	398,000	407,000	416,000	426,000	436,000	446,000	2,131,000
2017 REALTHORIZATION								
1 53-02-2-08 REPLACE P-108 PUMP - RICHMOND		544,000						
TOTAL GAS PROCESSING DEPARTMENT	5,908,000	6,293,000	9,245,000	7,504,000	7,947,000	9,491,000	6,575,000	40,762,000
ACQUIRE ASSETS LEASE	5,908,000	6,293,000	9,245,000	7,504,000	7,947,000	9,491,000	6,575,000	40,762,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2020 THROUGH 2024

	2018 COMPLIANCE BUDGET	2018 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
D-22 12 INCH AND LARGER I. P. AND L.P. MAIN								
4 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	115,000	129,000	132,000	135,000	138,000	141,000	144,000	890,000
3 52-22-2-01 MAIN FOR MAJOR ENFORCED RELOCATION	560,000	487,000	498,000	509,000	520,000	532,000	543,000	2,802,000
52-2X-X-XX NON-RECURRING ITEMS	300,000							
GROSS TOTAL D-22	975,000	616,000	630,000	644,000	658,000	673,000	687,000	3,292,000
52-22-2-87 LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*	(255,000)							
NET TOTAL D-22	720,000	616,000	630,000	644,000	658,000	673,000	687,000	3,292,000
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	595,000	479,000	498,000	509,000	520,000	532,000	543,000	2,802,000
1 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	542,000	531,000	543,000	555,000	567,000	580,000	593,000	2,838,000
2 52-23-3-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	432,000	474,000	485,000	496,000	506,000	518,000	529,000	2,524,000
GROSS TOTAL D-23	1,569,000	1,484,000	1,526,000	1,560,000	1,593,000	1,630,000	1,665,000	7,974,000
LESS: REIMBURSEMENT** LESS: CONTRIBUTIONS*								
TOTAL D-23	1,569,000	1,484,000	1,526,000	1,560,000	1,593,000	1,630,000	1,665,000	7,974,000

DISTRIBUTION DEPARTMENT
FORECAST-FISCAL YEARS 2020 THROUGH 2024

	2018 COMPLIANCE BUDGET	2019 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
D-24 SERVICES								
4 52-24-1-01	4,655,000	8,365,000	6,506,000	6,649,000	6,795,000	6,944,000	7,097,000	33,991,000
INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								
4 52-24-1-02	2,248,000	2,290,000	2,341,000	2,392,000	2,445,000	2,496,000	2,554,000	12,230,000
INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								
1 52-24-2-01	18,727,000	18,092,000	18,481,000	18,658,000	19,313,000	19,730,000	20,172,000	96,610,000
RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK								
1 52-24-2-02	1,233,000	1,043,000	1,066,000	1,090,000	1,114,000	1,138,000	1,163,000	5,571,000
RENEWAL OF 2" AND LARGER SERVICES								
GROSS TOTAL D-24								
	26,863,000	27,790,000	28,404,000	29,027,000	29,667,000	30,318,000	30,996,000	149,402,000
52-24-2-07								
LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
TOTAL D-24								
	26,863,000	27,790,000	28,404,000	29,027,000	29,667,000	30,318,000	30,996,000	149,402,000
D-28 OTHER DISTRIBUTION FACILITIES								
2 52-28-1-01	161,000	150,000	154,000	157,000	161,000	164,000	168,000	804,000
ADDITIONAL TOOLS AND WORK EQUIPMENT								
2 52-28-2-01	1,191,000	1,367,000	1,398,000	1,428,000	1,460,000	1,492,000	1,525,000	7,303,000
REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT								
52-28-2-01								
TOTAL D-28								
	1,352,000	1,517,000	1,552,000	1,585,000	1,621,000	1,656,000	1,693,000	8,107,000
1 52-08-2-99								
D-99 REMOVAL AND ABANDONMENTS								
	92,214,000	94,003,000	95,361,000	96,731,000	98,134,000	99,577,000	101,031,000	490,634,000
GROSS TOTAL DISTRIBUTION DEPARTMENT								
LESS: SALVAGE								
LESS: CONTRIBUTIONS*								
LESS: REIMBURSEMENT**								
NET TOTAL DISTRIBUTION DEPARTMENT								
	90,333,000	92,120,233	93,441,000	94,773,000	96,137,000	97,540,000	98,953,000	480,644,000
ACQUIRE ASSETS								
	90,333,000	92,120,233	93,441,000	94,773,000	96,137,000	97,540,000	98,953,000	480,644,000
LEASE								

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

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2020 THROUGH 2024

	<u>2018 COMPLIANCE BUDGET</u>	<u>2019 BUDGET</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	1,728,000	2,008,000	2,053,000	2,088,000	2,144,000	2,191,000	2,239,000	<u>10,725,000</u>
1 50-30-2-01 REPLACEMENTS	2,876,000	2,706,000	2,766,000	2,827,000	2,889,000	2,953,000	3,018,000	<u>14,453,000</u>
TOTAL C-30	<u>4,404,000</u>	<u>4,714,000</u>	<u>4,819,000</u>	<u>4,925,000</u>	<u>5,033,000</u>	<u>5,144,000</u>	<u>5,257,000</u>	<u>25,178,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	58,000	68,000	70,000	72,000	73,000	75,000	76,000	<u>368,000</u>
1 50-32-2-01 REPLACEMENTS	37,000	42,000	43,000	44,000	45,000	46,000	47,000	<u>225,000</u>
TOTAL C-32	<u>95,000</u>	<u>110,000</u>	<u>113,000</u>	<u>116,000</u>	<u>118,000</u>	<u>121,000</u>	<u>123,000</u>	<u>591,000</u>
<u>C-33 TELEMETERING</u>								
1 50-33-1-01 ADDITIONS AND INSTALLATIONS	84,000	146,000	150,000	153,000	156,000	160,000	163,000	<u>782,000</u>
1 50-33-2-01 REPLACEMENTS	159,000	126,000	128,000	132,000	135,000	138,000	141,000	<u>674,000</u>
TOTAL C-33	<u>243,000</u>	<u>272,000</u>	<u>278,000</u>	<u>285,000</u>	<u>291,000</u>	<u>298,000</u>	<u>304,000</u>	<u>1,456,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2020 THROUGH 2024

	<u>2018 COMPLIANCE BUDGET</u>		<u>2019 BUDGET</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>TOTAL FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>									
<u>2 50-34-1-01 ADDITIONS AND INSTALLATIONS</u>									
			5,400,000	2,500,000	500,000	500,000	500,000	500,000	4,500,000
<u>1 50-34-2-01 REPLACEMENTS</u>									
		39,000	23,000	24,000	25,000	25,000	25,000	26,000	126,000
		<u>39,000</u>	<u>5,423,000</u>	<u>2,524,000</u>	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>526,000</u>	<u>4,626,000</u>
<u>C-36 AUTOMATIC METER READING</u>									
<u>5 50-36-1-01 ADDITIONS</u>									
		170,000	190,000	195,000	199,000	203,000	208,000	212,000	1,017,000
<u>5 50-36-2-01 REPLACEMENTS</u>									
		2,377,000	2,657,000	2,716,000	2,776,000	2,837,000	2,899,000	2,963,000	14,191,000
		<u>2,547,000</u>	<u>2,847,000</u>	<u>2,911,000</u>	<u>2,975,000</u>	<u>3,040,000</u>	<u>3,107,000</u>	<u>3,175,000</u>	<u>15,208,000</u>
<u>1 50-99-2-99 C-99 COST OF REMOVAL</u>									
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
									0
									0
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,000	9,196,000	9,385,000	47,059,000
			7,328,000	10,645,000	8,826,000	9,007,00			

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2020 THROUGH 2024

	2018 COMPLIANCE BUDGET	2018 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
FACILITIES								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	150,000	150,000	150,000	150,000	150,000	750,000
1 72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	11,000	8,000	12,000	13,000	14,000	15,000	15,000	69,000
1 72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS-STRUCTURAL REPAIRS	418,000	418,000	397,000	404,000	411,000	411,000	411,000	2,034,000
1 72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	38,000	24,000	48,000	49,000	50,000	51,000	51,000	249,000
1 72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	50,000	34,000	60,000	61,000	62,000	63,000	63,000	309,000
1 72-01-2-04 REPLACE CARPETS - ALL LOCATIONS	61,000	61,000	61,000	75,000	75,000	75,000	75,000	361,000
1 72-01-2-05 REPLACE MODULAR FURNITURE	67,000	67,000	67,000	75,000	75,000	75,000	75,000	367,000
1 72-01-2-06 REPLACE AND REPAIR 1600 BUILDING EXTERIOR CONCRETE	904,000	1,040,000						
1 72-01-2-08 800 BUILDING			450,575	450,575	450,575	450,575	450,575	2,252,875
2 72-01-2-09 1600 BUILDING			8,100,430	8,100,430	8,100,430	8,100,430	8,100,430	40,502,150
1 72-01-2-10 1849 BUILDING AND PARKING GARAGE			2,157,067	2,157,067	2,157,067	2,157,067	2,157,067	10,785,335
1 72-01-2-11 METER SHOP			641,428	641,429	641,428	641,428	641,428	3,207,145
2 72-01-2-12 BELFIELD STATION			116,043	116,043	116,043	116,043	116,043	580,215
1 72-01-2-13 CASTOR STATION			179,188	179,188	179,188	179,188	179,188	895,940
2 72-01-2-14 PORTER STATION			126,588	126,588	126,588	126,588	126,588	632,940
2 72-01-2-15 TOGA STATION			180,270	180,270	180,270	180,270	180,270	901,350
72-01-XX-XX NON-RECURRING ITEMS	356,000							
TOTAL FACILITIES	2,055,000	1,802,000	12,746,590	12,778,590	12,780,590	12,791,590	12,791,590	65,886,950

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2020 THROUGH 2024

		2018 COMPLIANCE BUDGET	2019 BUDGET	2020	2021	2022	2023	2024	TOTAL FORECAST
<u>INFORMATION SERVICES</u>									
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	58,000	62,000	63,000	64,000	65,000	67,000	325,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	275,000	205,000	209,000	214,000	219,000	229,050	1,095,050
2	47-01-1-03	SYSTEM & NETWORK MONITORING APPLIANCE ADDITIONS	241,000	185,000	189,000	183,000	197,000	234,000	1,042,000
1	47-01-1-04	ENVIRONMENTAL MANAGEMENT SYSTEM	200,000	230,000	235,000	240,000	245,000	255,000	1,225,000
2	47-01-1-05	AIMS CORROSION		400,000					
2	47-01-1-06	GIS IMPLEMENTATION		1,225,000					
2	47-01-2-01	SERVER AND NETWORK HARDWARE REPLACEMENT	230,000	484,000	51,000	52,000	53,000	55,000	265,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	50,000	51,000	52,000	53,000	55,000	265,000
2	47-01-2-03	PRI to SIP CONVERSION REPLACEMENTS	87,000	310,000					
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	12,692,000		10,693,000	9,277,000			19,970,000
2	47-01-2-05	UPGRADE ORACLE FIS		2,000,000					2,000,000
72	47-01-XX-X3	NON-RECURRING ITEMS	474,000						
<u>2017 REAUTHORIZATION</u>									
5	10-01-1-01	DSM DATABASE		87,000					
5	10-01-1-02	PUC LIURP		35,000					
<u>2018 REAUTHORIZATION</u>									
			<u>1,615,000</u>	<u>15,985,000</u>	<u>13,491,000</u>	<u>10,092,000</u>	<u>932,000</u>	<u>877,000</u>	<u>26,187,050</u>
<u>TOTAL INFORMATION SERVICES</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	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	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	1,250,000
			<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>3,750,000</u>
<u>TOTAL CHIEF OPERATING OFFICER</u>									

FISCAL 2019 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 2019

• Spending from FY 2019 Program	\$ 98,545,000
• Spending Carryover from FY 2018	\$ 27,521,000
• Total FY 2019 Spending	\$ 126,066,000
• Projected Reimbursement	\$ 1,882,767
• Salvage	\$ 294,607
• Construction Contributions	\$ 1,003,393
• Net FY 2019 Capital Spending	\$ 122,885,233

Capital Funding Sources:

• Capital Debt	\$ 61,442,617
• DSIC	\$ 33,000,000
• Internally Generated Funds	\$ 28,442,616
• FY 2019 Capital Funding	\$ 122,885,233

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 2019 Capital Program.

Exhibit #2
Capital Program Protocols
For The Philadelphia Gas Works

[Insert separate .pdf document containing the Capital Program Protocols]

CAPITAL PROGRAM PROTOCOLS
(Proposed FY 2019 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 "I" 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.