

City of Philadelphia



(Bill No. 070368)

AN ORDINANCE

An Ordinance Approving the Fiscal Year 2008 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 receipt of the Forecast of Capital Budgets for Fiscal Years 2009 through 2013.

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 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 City Council for its approval; 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 Gas Commission on January 2, 2007 a proposed Fiscal Year ("FY") 2008 Capital Budget of one hundred eighteen million two hundred forty three thousand dollars (\$118,243,000) and a Five Year Forecast of Capital Budgets (FY 2009 - FY 2013); and

WHEREAS, on February 12, 2007 PGW amended the FY 2008 Capital Budget proposal by withdrawing two line items totaling forty seven million three hundred thousand dollars (\$47,300,000) and deferring them to the FY 2009 Forecast; and

WHEREAS, the Gas Commission's review of said Budget proposal in its FY 2008 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 25, 2007 whereby the Gas Commission endorsed a proposed FY 2008 Capital Budget in an amount not to exceed seventy million six hundred forty eight thousand dollars (\$70,648,000) with related constraints and conditions for said Budget; and

WHEREAS, on April 26, 2007 PGW filed with the Gas Commission a Compliance FY 2008 Capital Budget Proposal of seventy million six hundred forty eight thousand dollars (\$70,648,000) together with its Revised Forecast of Capital Budgets for FY 2009 through FY 2013.

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THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY 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") 2008 Capital Budget for the Philadelphia Gas Works ("PGW") in an amount not exceeding seventy million six hundred forty eight thousand dollars (\$70,648,000) as reflected in the Compliance FY 2008 Capital Budget Proposal which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 8 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW's Revised Forecast of Capital Budgets for FY 2009 through FY 2013.

SECTION 2. Spending Authorization.

The amounts shown in the approved FY 2008 Capital Budget are hereby authorized for the purposes shown and shall be available for expenditure upon the effective date of this Ordinance during FY 2008, defined as September 1, 2007 through August 31, 2008, in an amount not exceeding seventy million six hundred forty eight thousand dollars (\$70,648,000) as reflected in the Compliance FY 2008 Capital Budget Proposal which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 8 of this Ordinance.

SECTION 3. Constraints And Conditions - Conditional Spending Authorizations

- A. No spending authority will attach to the line item styled "Conditional Funding for Capital Needs Related to Safety (#13-01-2-01) (\$250,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review.
 - (i). This line item provides spending authority only for safety-related (i.e., Priority 1) capital projects which cannot be addressed by proposing a line item in the FY 2009 Capital Budget.
 - (ii). Said line item is not a reserve for reconciling cost overruns in other line items.
- B. No spending authority will attach to the line item styled "Conditional Funding for Capital Needs Related to Reliability of Service (#13-01-2-02) (\$250,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review.

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- (i). This line item provides spending authority only for reliability-related (i.e., Priority 2) capital projects which cannot be addressed by proposing a line item in the FY 2009 Capital Budget.
 - (ii). Said line item is not a reserve for reconciling cost overruns in other line items.
- C. No spending authority will attach to the line item styled "Conditional Funding for Cost-Justified Load Growth (#13-01-2-03) (\$500,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review.
 - (i). This line item provides spending authority only for load growth-related (i.e., Priority 4) capital projects which cannot be addressed by proposing a line item in the FY 2009 Capital Budget.
 - (ii). Said line item is not a reserve for reconciling cost overruns in other line items.
- D. No spending authority will attach to the line item styled "Conditional Funding - Cast Iron Main Replacement Program (#52-21-2-04) (\$792,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review of Cast Iron Main Replacement ("CIMR") Program activity and a determination of reasonable necessity in light of an annual cast iron elimination goal of eighteen (18) miles to be accomplished through main replacements and abandonments. Said line item is not a reserve for reconciling cost overruns in other line items and is not available for transfer to or from any other line item.
- E. No spending authority will attach to the line item styled "Conditional Funding – Reconfigure Cubicles at South & North Philadelphia District Offices (#72-01-2-06) (\$124,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review of a cost-benefit analysis and a determination of reasonable necessity in light of the impacts on improving customer service and reducing operating expenses. Said line item is not a reserve for reconciling cost overruns in other line items and is not available for transfer to or from any other line item.
- F. No spending authority will attach to the line item styled "Conditional Funding – Business Process Automation (#47-01-1-04) (\$426,000)" until the Gas Commission approves in writing such spending authority as the Gas Commission may make available after appropriate review of cost-benefit analyses and a determination of reasonable necessity in light of the impact on reducing labor expense. Said line item is not a reserve for reconciling cost overruns in other line items and is not available for transfer to or from any other line item.

SECTION 4. Constraints And Conditions - Line Item Lifespans.

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- A. The following line items will expire and such spending authority as the Gas Commission may approve with respect to said line items shall end by the close of business on November 30, 2008:
- (i). the line item styled "Conditional Funding for Capital Needs Related to Safety (#13-01-2-01) (\$250,000)";
 - (ii). the line item styled "Conditional Funding for Capital Needs Related to Reliability of Service (#13-01-2-02) (\$250,000)"; and
 - (iii). the line item styled "Conditional Funding for Cost-Justified Load Growth (#13-01-2-03) (\$500,000)".

The Gas Commission shall have the authority to extend the lifespan of said line items as necessary after appropriate review for such period(s) as shall end by no later than the close of business on August 31, 2009.

- B. All other line items will expire and any available spending authority with respect to such line items shall end by the close of business on August 31, 2009. The Gas Commission shall have the authority to extend the lifespan of such line items as necessary after appropriate review for such period(s) as shall end by no later than the close of business on August 31, 2010.

SECTION 5. Constraints And Conditions - Line Item Lapse.

Line items shall automatically lapse on August 31, 2008 if no work order has been opened for any such line item by the close of business that day with the exception of the following:

- A. the line item styled "Conditional Funding for Capital Needs Related to Safety (#13-01-2-01) (\$250,000)";
- B. the line item styled "Conditional Funding for Capital Needs Related to Reliability of Service (#13-01-2-02) (\$250,000)";
- C. the line item styled "Conditional Funding for Cost-Justified Load Growth (#13-01-2-03) (\$500,000)";
- D. the line item styled "Conditional Funding - Cast Iron Main Replacement Program (#52-21-2-04) (\$799,000)";
- E. the line item styled "Conditional Funding - Reconfigure Cubicles at South & North Philadelphia District Offices (#72-01-2-06) (\$124,000)"; and
- F. the line item styled "Conditional Funding – Business Process Automation (#47-01-1-04) (\$426,000)".

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SECTION 6. Constraints And Conditions - Line Item Transfers.

- A. PGW shall have discretion on a trial basis to implement intradepartmental transfers of line item spending authority in the approved FY 2008 Capital Budget subject to Sections 6.B. and 6.C.

- B. PGW discretion to implement intradepartmental transfers pursuant to Section 6.A. shall be subject to the following constraints, conditions and reporting requirements.
 - (i). PGW discretion shall end at the close of business on October 31, 2008.
 - (ii). Each department included in the approved FY 2008 Capital Budget must retain its identity for purposes of line item transfers, notwithstanding whether it is or was part of a larger business unit in PGW's organizational structure.
 - (iv). PGW shall report all transfers in the monthly Capital Budget Authorization/Spending Review reports and the Capital Spending Forecasts filed with the Gas Commission. PGW shall reflect the dollar impact of such transfers on all affected line items and disclose the justification for each transfer.
 - (v). PGW discretion does not apply to a new project not identified in the approved FY 2008 Capital Budget unless said project properly falls within the scope of the recipient line item in a transfer transaction.
 - (vi). Transfer of spending authority from one capital budget to another capital budget is forbidden.
 - (vii). PGW discretion shall apply to the conditional funding line items for capital needs related to Safety, Reliability of Service and Cost-Justified Load Growth referenced in Sections 3.A., 3.B. and 3.C. only if PGW has first filed with the Gas Commission a Transfer Advisory to communicate its intent to exercise said discretion followed by a Request for Release of Conditional Funding. Such Request must be premised on and solely for the purpose(s) stated and the transfer transaction(s) described in the Transfer Advisory. Any such release of conditional funding will be null and void if PGW subsequently abandons or modifies such transactions or attempts to apply the released funding to other purposes.

- C. PGW discretion to implement intradepartmental transfers of line item spending authority pursuant to Section 6.A. shall not apply to the following line items:
 - (i). the line item styled "Conditional Funding - Cast Iron Main Replacement Program (#52-21-2-04) (\$799,000)";
 - (ii). the line item styled "Conditional Funding - Reconfigure Cubicles at South & North Philadelphia District Offices (#72-01-2-06) (\$124,000)"; and

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- (iii). the line item styled "Conditional Funding – Business Process Automation (#47-01-1-04) (\$426,000)".
- D. The Gas Commission shall have authority to review and approve for good cause shown interdepartmental line item transfers in the approved FY 2008 Capital Budget subject to the following constraints, conditions and exclusions.
- (i). PGW shall file with the Gas Commission any requests for approval of line item transfers together with the supporting PFMC Board Resolution(s) authorizing such request(s) by no later than the close of business on September 5, 2008 for line items expiring on November 30, 2008 and by no later than the close of business on November 2, 2008 for line items expiring on August 31, 2009.
 - (ii). Gas Commission approval authority shall end at the close of business on December 31, 2008.
 - (iii). PGW shall report all transfers in the monthly Capital Budget Authorization/Spending Review reports and the Capital Spending Forecasts filed with the Gas Commission. PGW shall reflect the dollar impact of such transfers on all affected line items.
 - (iv). Transfer of spending authority from one capital budget to another capital budget is forbidden.
 - (v). Gas Commission authority to implement interdepartmental transfers of line item spending authority shall not apply to the following line items:
 - (a) the line item styled "Conditional Funding - Cast Iron Main Replacement Program (#52-21-2-04) (\$799,000)";
 - (b) the line item styled "Conditional Funding - Reconfigure Cubicles at South & North Philadelphia District Offices (#72-01-2-06) (\$124,000)"; and
 - (c) the line item styled "Conditional Funding – Business Process Automation (#47-01-1-04) (\$426,000)".
- E. The Gas Commission is hereby requested to monitor line item transfer activity in the FY 2008 Capital Budget and make appropriate recommendations to City Council with respect to transfers of line item spending authority in the FY 2009 Capital Budget proposal.

SECTION 7. Constraints And Conditions – Gas Commission Principles.

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- A. During the lifespan of the line items in the approved FY 2008 Capital Budget, PGW shall adhere to the "Philadelphia Gas Works Capital Budgets - Principles" promulgated by the Gas Commission. A copy of said Principles as revised by the Gas Commission on September 20, 2004 is attached as Exhibit #2 to this Ordinance and is incorporated herein.

- B. For purposes of Capital Budget Principle 2.4., if PGW is in danger of exceeding a spending authorization, PGW shall notify the Gas Commission of this possibility as soon as possible with justification for the potential overrun and a proposal for an appropriate remedial solution.

SECTION 8. Exhibits.

Exhibits #1 and #2 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.

PHILADELPHIA GAS WORKS

COMPLIANCE FISCAL 2008 CAPITAL BUDGET AND FORECAST FISCAL 2009 - 2013

April 25, 2007



PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2008 AND FORECAST 2009 THROUGH 2013

	<u>2008 CAPITAL BUDGET</u>	<u>2009 - 2013 FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	83,000	4,364,000	4,447,000
REPLACEMENTS	<u>1,639,000</u>	<u>40,942,000</u>	<u>42,581,000</u>
TOTAL	<u>1,722,000</u>	<u>45,306,000</u>	<u>47,028,000</u>
<u>DISTRIBUTION</u>			
ADDITIONS	11,109,000	49,252,000	60,361,000
REPLACEMENTS	<u>37,459,000</u>	<u>205,871,000</u>	<u>243,330,000</u>
GROSS TOTAL	48,568,000	255,123,000	303,691,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(2,200,000)</u>	<u>(12,063,000)</u>	<u>(14,263,000)</u>
NET TOTAL	<u>46,368,000</u>	<u>243,060,000</u>	<u>289,428,000</u>
<u>FIELD SERVICES</u>			
ADDITIONS	2,221,000	11,172,000	13,393,000
REPLACEMENTS	<u>6,146,000</u>	<u>23,239,000</u>	<u>29,385,000</u>
GROSS TOTAL	8,367,000	34,411,000	42,778,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>8,367,000</u>	<u>34,411,000</u>	<u>42,778,000</u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	21,000	129,000	150,000
REPLACEMENTS	<u>4,548,000</u>	<u>14,513,000</u>	<u>19,061,000</u>
GROSS TOTAL	4,569,000	14,642,000	19,211,000
LESS: SALVAGE			
NET TOTAL	<u>4,569,000</u>	<u>14,642,000</u>	<u>19,211,000</u>

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2008 AND FORECAST 2009 THROUGH 2013

	<u>2008</u> <u>CAPITAL BUDGET</u>	<u>2009 - 2013</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	1,918,000	2,853,000	4,771,000
REPLACEMENTS	<u>5,504,000</u>	<u>38,623,000</u>	<u>44,127,000</u>
TOTAL	<u>7,422,000</u>	<u>41,476,000</u>	<u>48,898,000</u>
<u>TOTAL</u>			
ADDITIONS	15,352,000	67,770,000	83,122,000
REPLACEMENTS	<u>55,296,000</u>	<u>323,188,000</u>	<u>378,484,000</u>
GROSS TOTAL	70,648,000	390,958,000	461,606,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(2,200,000)	(12,063,000)	(14,263,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>68,448,000</u>	<u>378,895,000</u>	<u>447,343,000</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2007 BUDGET</u>	<u>2008 FORECAST</u>	<u>2008 BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	771,000	906,000	83,000	(688,000)	-89.2%	(823,000)	-90.8%
REPLACEMENTS	<u>3,640,000</u>	<u>4,526,000</u>	<u>1,639,000</u>	<u>(2,001,000)</u>	<u>-55.0%</u>	<u>(2,887,000)</u>	<u>-63.8%</u>
TOTAL GAS PROCESSING	4,411,000	5,432,000	1,722,000	(2,689,000)	-61.0%	(3,710,000)	-68.3%
<u>DISTRIBUTION</u>							
ADDITIONS	10,357,000	7,580,000	11,109,000	752,000	7.3%	3,529,000	46.6%
REPLACEMENTS	<u>36,791,000</u>	<u>39,092,000</u>	<u>37,459,000</u>	<u>668,000</u>	<u>1.8%</u>	<u>(1,633,000)</u>	<u>-4.2%</u>
GROSS TOTAL DISTRIBUTION	47,148,000	46,672,000	48,568,000	1,420,000	3.0%	1,896,000	4.1%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*	(1,990,000)			1,990,000	-100.0%		N/A
LESS: REIMBURSEMENT**	<u>(2,200,000)</u>	<u>(2,263,000)</u>	<u>(2,200,000)</u>			<u>63,000</u>	<u>-2.8%</u>
NET TOTAL DISTRIBUTION	42,958,000	44,409,000	46,368,000	3,410,000	7.9%	1,959,000	4.4%
<u>FIELD SERVICES</u>							
ADDITIONS	2,623,000	2,625,000	2,221,000	(402,000)	-15.3%	(404,000)	-15.4%
REPLACEMENTS	<u>6,775,000</u>	<u>7,328,000</u>	<u>6,146,000</u>	<u>(629,000)</u>	<u>-9.3%</u>	<u>(1,182,000)</u>	<u>-16.1%</u>
GROSS TOTAL FIELD SERVICES	9,398,000	9,953,000	8,367,000	(1,031,000)	-11.0%	(1,586,000)	-15.9%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*	<u>(105,000)</u>			<u>105,000</u>	<u>-100.0%</u>		<u>N/A</u>
NET TOTAL FIELD SERVICES	9,293,000	9,953,000	8,367,000	(926,000)	-10.0%	(1,586,000)	-15.9%

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2007 BUDGET</u>	<u>2008 FORECAST</u>	<u>2008 BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>							
ADDITIONS	24,000	32,000	21,000	(3,000)	-12.5%	(11,000)	-34.4%
REPLACEMENTS	<u>4,456,000</u>	<u>4,338,000</u>	<u>4,548,000</u>	<u>92,000</u>	<u>2.1%</u>	<u>210,000</u>	<u>4.8%</u>
GROSS TOTAL FLEET OPERATIONS	4,480,000	4,370,000	4,569,000	89,000	2.0%	199,000	4.6%
LESS: SALVAGE					<u>N/A</u>		<u>N/A</u>
NET TOTAL TRANSPORTATION	4,480,000	4,370,000	4,569,000	89,000	2.0%	199,000	4.6%
<u>OTHER</u>							
ADDITIONS	1,544,000	1,303,000	1,918,000	374,000	24.2%	615,000	47.2%
REPLACEMENTS	<u>5,805,000</u>	<u>4,615,000</u>	<u>5,504,000</u>	<u>(301,000)</u>	<u>-5.2%</u>	<u>889,000</u>	<u>19.3%</u>
TOTAL OTHER	7,349,000	5,918,000	7,422,000	73,000	1.0%	1,504,000	25.4%
<u>TOTAL</u>							
ADDITIONS	15,319,000	12,446,000	15,352,000	33,000	0.2%	2,906,000	23.3%
REPLACEMENTS	<u>57,467,000</u>	<u>59,899,000</u>	<u>55,296,000</u>	<u>(2,171,000)</u>	<u>-3.8%</u>	<u>(4,603,000)</u>	<u>-7.7%</u>
GROSS TOTAL	72,786,000	72,345,000	70,648,000	(2,138,000)	-2.9%	(1,697,000)	-2.3%
LESS: SALVAGE					<u>N/A</u>		<u>N/A</u>
LESS: REIMBURSEMENT**	(2,200,000)	(2,263,000)	(2,200,000)			63,000	-2.8%
LESS: CONTRIBUTIONS*	<u>(2,095,000)</u>			<u>2,095,000</u>	<u>-100.0%</u>		<u>N/A</u>
NET TOTAL	<u>68,491,000</u>	<u>70,082,000</u>	<u>68,448,000</u>	<u>(43,000)</u>	<u>-0.1%</u>	<u>(1,634,000)</u>	<u>-2.3%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 CAPITAL BUDGET
 SUMMARY ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	15,352,000	14,883,000	55,296,000	52,381,000	70,648,000	67,264,000
YEAR 1		469,000		1,915,000		2,384,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>15,352,000</u>	<u>15,352,000</u>	<u>55,296,000</u>	<u>54,296,000</u>	<u>70,648,000</u>	<u>69,648,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2008 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		288,000		288,000
53-02 SUPPLEMENTAL GAS FACILITIES		773,000		773,000
53-03 BUILDING AND GROUNDS		288,000		288,000
53-04 MISC CAPITAL REQUIREMENTS	83,000	290,000		373,000
TOTAL GAS PROCESSING	<u>83,000</u>	<u>1,639,000</u>		<u>1,722,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

CATEGORY	2007 BUDGET	2008 FORECAST	2008 BUDGET	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
53-01 NATURAL GAS ADDITIONS	110,000	0	0	(110,000)	-100.0%	0	N/A
MEASUREMENT AND CONTROL FACILITIES REPLACEMENTS	<u>399,000</u>	<u>1,509,000</u>	<u>288,000</u>	<u>(111,000)</u>	<u>-27.8%</u>	<u>(1,221,000)</u>	<u>-80.9%</u>
TOTAL	509,000	1,509,000	288,000	(221,000)	-43.4%	(1,221,000)	-80.9%
53-02 SUPPLEMENTAL GAS ADDITIONS	535,000	806,000	0	(535,000)	-100.0%	(806,000)	-100.0%
FACILITIES REPLACEMENTS	<u>2,763,000</u>	<u>2,661,000</u>	<u>773,000</u>	<u>(1,990,000)</u>	<u>-72.0%</u>	<u>(1,888,000)</u>	<u>-71.0%</u>
TOTAL	3,298,000	3,467,000	773,000	(2,525,000)	-76.6%	(2,694,000)	-77.7%
53-03 BUILDING AND ADDITIONS	0	0	0	0	N/A	0	N/A
GROUNDS REPLACEMENTS	<u>163,000</u>	<u>0</u>	<u>288,000</u>	<u>125,000</u>	<u>76.7%</u>	<u>288,000</u>	<u>N/A</u>
TOTAL	163,000	0	288,000	125,000	76.7%	288,000	N/A
53-04 MISC CAPITAL ADDITIONS	126,000	100,000	83,000	(43,000)	-34.1%	(17,000)	-17.0%
REQUIREMENTS REPLACEMENTS	<u>315,000</u>	<u>356,000</u>	<u>290,000</u>	<u>(25,000)</u>	<u>-7.9%</u>	<u>(66,000)</u>	<u>-18.5%</u>
TOTAL	441,000	456,000	373,000	(68,000)	-15.4%	(83,000)	-18.2%
TOTAL GAS PROCESSING	<u>4,411,000</u>	<u>5,432,000</u>	<u>1,722,000</u>	<u>(2,689,000)</u>	<u>-61.0%</u>	<u>(3,710,000)</u>	<u>-68.3%</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-2-01	REPLACE REMOTE TRANSMITTING UNITS - M&R STATIONS	288,000
		TOTAL GP-1	<u>288,000</u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
2	53-02-2-01	INSTALL EMERGENCY GENERATOR NAT GAS FACILITY UPS - PASSY	180,000
2	53-02-2-02	REPLACE CONTROL VALVES IN NATURAL GAS FACILITY FOR NOISE REDUCTION - PASSYUNK	361,000
2	53-02-2-03	REPLACE LEVEL GAUGE ON LNG TANK - PASSYUNK	<u>232,000</u>
		TOTAL GP-2	<u>773,000</u>
	<u>GP-3</u>	<u>BUILDING AND GROUNDS</u>	
1	53-03-2-01	PAGING & EMERGENCY RESPONSE TONE SYSTEMS - RICHMOND	<u>288,000</u>
		TOTAL GP-3	288,000
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	83,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	<u>290,000</u>
		TOTAL GP-4	373,000
		TOTAL GAS PROCESSING DEPARTMENT	<u>1,722,000</u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>			<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
<u>PRIORITY 1</u>									
1	GP-1	53-01-2-01	REPLACE REMOTE TRANSMITTING UNITS - M&R STATIONS	288,000	200,000	88,000			
1	GP-3	53-03-2-01	PAGING & EMERGENCY RESPONSE TONE SYSTEMS - RICHMOND	288,000	288,000				
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	83,000	83,000				
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	290,000	200,000	90,000			
<u>PRIORITY 2</u>									
2	GP-2	53-02-2-01	INSTALL EMERGENCY GENERATOR NAT GAS FACILITY UPS - PASSY	180,000	150,000	30,000			
2	GP-2	53-02-2-02	REPLACE CONTROL VALVES IN NATURAL GAS FACILITY FOR NOISE REDUCTION - PASSYUNK	361,000	300,000	61,000			
2	GP-2	53-02-2-03	REPLACE LEVEL GAUGE ON LNG TANK - PASSYUNK	232,000	200,000	32,000			
TOTAL GAS PROCESSING DEPARTMENT:				<u>1,722,000</u>	<u>1,421,000</u>	<u>301,000</u>			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 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	83,000	83,000	1,639,000	1,338,000	1,722,000	1,421,000
YEAR 1				301,000		301,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>83,000</u>	<u>83,000</u>	<u>1,639,000</u>	<u>1,639,000</u>	<u>1,722,000</u>	<u>1,722,000</u>

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2008 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)	3,310,000	1,415,000	4,725,000				4,725,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	1,795,000	16,507,000	18,302,000	(2,200,000)			16,102,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	50,000	1,845,000	1,895,000				1,895,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	60,000	214,000	274,000				274,000
52-24 SERVICES	5,737,000	17,307,000	23,044,000				23,044,000
52-29 OTHER DISTRIBUTION FACILITIES	157,000	171,000	328,000				328,000
52-99 COST OF REMOVAL AND ABANDONMENT							
SALVAGE							
TOTAL DISTRIBUTION	11,109,000	37,459,000	48,568,000	(2,200,000)			46,368,000

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

CATEGORY	2007 BUDGET	2008 FORECAST	2008 BUDGET	2008 vs 2007 BUDGET		2008 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
52-20 GAS MAINS - HIGH ADDITIONS	2,729,000	83,000	3,310,000	581,000	21.3%	3,227,000	3888.0%
PRESSURE (WITH REPLACEMENTS	<u>1,448,000</u>	<u>1,564,000</u>	<u>1,415,000</u>	<u>(33,000)</u>	<u>-2.3%</u>	<u>(149,000)</u>	<u>-9.5%</u>
ASSOCIATED VALVES AND REGULATORS) TOTAL	4,177,000	1,647,000	4,725,000	548,000	13.1%	3,078,000	186.9%
52-21 GAS MAINS - LOW ADDITIONS	1,986,000	2,043,000	1,795,000	(191,000)	-9.6%	(248,000)	-12.1%
AND INTERMEDIATE REPLACEMENTS	<u>15,849,000</u>	<u>16,455,000</u>	<u>16,507,000</u>	<u>658,000</u>	<u>4.2%</u>	<u>52,000</u>	<u>0.3%</u>
PRESSURE - 8 INCH AND SMALLER TOTAL	17,835,000	18,498,000	18,302,000	467,000	2.6%	(196,000)	-1.1%
52-22 GAS MAINS - LOW ADDITIONS	88,000	91,000	50,000	(38,000)	-43.2%	(41,000)	-45.1%
AND INTERMEDIATE REPLACEMENTS	<u>1,787,000</u>	<u>1,838,000</u>	<u>1,845,000</u>	<u>58,000</u>	<u>3.2%</u>	<u>7,000</u>	<u>0.4%</u>
PRESSURE - 12 INCH AND LARGER TOTAL	1,875,000	1,929,000	1,895,000	20,000	1.1%	(34,000)	-1.8%
52-23 CUST MTR & REG INST ADDITIONS	195,000	62,000	60,000	(135,000)	-69.2%	(2,000)	-3.2%
PRESSURE REGULA- REPLACEMENTS	<u>167,000</u>	<u>295,000</u>	<u>214,000</u>	<u>47,000</u>	<u>28.1%</u>	<u>(81,000)</u>	<u>-27.5%</u>
TION AND CORROSION CONTROL FACILITIES TOTAL	362,000	357,000	274,000	(88,000)	-24.3%	(83,000)	-23.2%
52-24 SERVICES ADDITIONS	5,176,000	5,113,000	5,737,000	561,000	10.8%	624,000	12.2%
REPLACEMENTS	<u>17,360,000</u>	<u>18,755,000</u>	<u>17,307,000</u>	<u>(53,000)</u>	<u>-0.3%</u>	<u>(1,448,000)</u>	<u>-7.7%</u>
TOTAL	22,536,000	23,868,000	23,044,000	508,000	2.3%	(824,000)	-3.5%
52-29 OTHER DISTRIBUTION ADDITIONS	183,000	188,000	157,000	(26,000)	-14.2%	(31,000)	-16.5%
FACILITIES REPLACEMENTS	<u>180,000</u>	<u>185,000</u>	<u>171,000</u>	<u>(9,000)</u>	<u>-5.0%</u>	<u>(14,000)</u>	<u>-7.6%</u>
TOTAL	363,000	373,000	328,000	(35,000)	-9.6%	(45,000)	-12.1%
GROSS TOTAL DISTRIBUTION	47,148,000	46,672,000	48,568,000	1,420,000	3.0%	1,896,000	4.1%
52-99 COST OF REMOVAL AND ABANDONMENT	0	0	0	0	N/A	0	N/A
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
LESS: CONTRIBUTIONS*	(1,990,000)	0	0	1,990,000	-100.0%	0	N/A
LESS: REIMBURSEMENT**	<u>(2,200,000)</u>	<u>(2,263,000)</u>	<u>(2,200,000)</u>	<u>0</u>	<u>0.0%</u>	<u>63,000</u>	<u>-2.8%</u>
NET TOTAL DISTRIBUTION	<u>42,958,000</u>	<u>44,409,000</u>	<u>46,368,000</u>	<u>3,410,000</u>	<u>7.9%</u>	<u>1,959,000</u>	<u>4.4%</u>

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>D-20</u>	<u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>	<u>AMOUNT</u>
4	52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	3,310,000
3	52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	526,000
1	52-20-2-02	JOINT CLAMPING AND ENCAPSULATION	889,000
		GROSS TOTAL D-20	4,725,000
	52-20-2-97	LESS: REIMBURSEMENT	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		NET TOTAL D-20	4,725,000
<p style="text-align: center;"><u>D-21</u></p> <p style="text-align: center;"><u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u></p>			
4	52-21-1-01	LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	1,795,000
3	52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK AND ENLARGEMENTS THAT MAY BE REQUIRED TO MAINTAIN SYSTEM PRESSURE	4,605,000
1	52-21-2-02	PRUDENT MAIN REPLACEMENTS	8,861,000
1	52-21-2-03	JOINT CLAMPING AND ENCAPSULATION	2,242,000
1	52-21-2-04	CONDITIONAL FUNDING - CAST IRON MAIN REPLACEMENT PROGRAM	799,000
		GROSS TOTAL D-21	18,302,000
	52-21-2-97	LESS: REIMBURSEMENT	(2,200,000)
		NET TOTAL D-21	16,102,000

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>AMOUNT</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 50,000
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK, AND NECESSARY REPLACEMENTS 232,000
1	52-22-2-02 JOINT CLAMPING AND ENCAPSULATION 1,613,000
	<u>GROSS TOTAL D-22 1,895,000</u> LESS: REIMBURSEMENT
	NET TOTAL D-22 <u><u>1,895,000</u></u>
<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 60,000
1	52-23-2-01 REPLACEMENT OF HIGH PRESSURE MAIN VALVES 66,000
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES 148,000
	<u>GROSS TOTAL D-23 274,000</u>
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS
	NET TOTAL D-23 <u><u>274,000</u></u>

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>		<u>SERVICES</u>	<u>AMOUNT</u>
	<u>D-24</u>		
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,255,000
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	1,482,000
1	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	16,110,000
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES RESULTING FROM LEAKS OR OTHER REASONS	1,197,000
		GROSS TOTAL D-24	<u>23,044,000</u>
		LESS: REIMBURSEMENT	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		NET TOTAL D-24	<u><u>23,044,000</u></u>
	<u>D-29</u>	<u>OTHER DISTRIBUTION FACILITIES</u>	
5	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	157,000
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	171,000
		NET TOTAL D-29	<u><u>328,000</u></u>
1	52-99-2-99	REMOVAL AND ABANDONMENTS	
		GROSS TOTAL DISTRIBUTION DEPARTMENT	48,568,000
		LESS: REIMBURSEMENTS	(2,200,000)
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		LESS: SALVAGE	
52-98-2-98		NET TOTAL DISTRIBUTION DEPARTMENT	<u><u>46,368,000</u></u>

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2008 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	D-20 52-20-2-02	JOINT CLAMPING AND ENCAPSULATION	889,000	889,000			
1	D-21 52-21-2-02	PRUDENT MAIN REPLACEMENTS	8,861,000	8,861,000			
1	D-21 52-21-2-03	JOINT CLAMPING AND ENCAPSULATION	2,242,000	2,242,000			
1	D-21 52-21-2-04	CONDITIONAL FUNDING - CAST IRON MAIN REPLACEMENT PROGRAM	799,000	799,000			
1	D-22 52-22-2-02	JOINT CLAMPING AND ENCAPSULATION	1,613,000	1,613,000			
1	D-23 52-23-2-01	REPLACEMENT OF HIGH PRESSURE MAIN VALVES	66,000	66,000			
1	D-24 52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	16,110,000	16,110,000			
1	D-24 52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES RESULTING FROM LEAKS OR OTHER REASONS	1,197,000	1,197,000			
<u>PRIORITY 2</u>							
2	D-23 52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	148,000	148,000			
2	D-29 52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	171,000	171,000			
<u>PRIORITY 3</u>							
3	D-20 52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	526,000	526,000			
3	D-21 52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK AND ENLARGEMENTS THAT MAY BE REQUIRED TO MAINTAIN SYSTEM PRESSURE	4,605,000	4,605,000			
3	D-22 52-22-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK, AND NECESSARY REPLACEMENTS	232,000	232,000			

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2008 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 4</u>							
4	D-20 52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	3,310,000	3,310,000			
4	D-21 52-21-1-01	LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	1,795,000	1,795,000			
4	D-22 52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	50,000	50,000			
4	D-23 52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	60,000	60,000			
4	D-24 52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,255,000	4,255,000			
4	D-24 52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	1,482,000	1,482,000			
<u>PRIORITY 5</u>							
5	D-29 52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	157,000	157,000			
TOTAL DISTRIBUTION DEPARTMENT:			<u>48,568,000</u>	<u>48,568,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 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	11,109,000	11,109,000	37,459,000	37,459,000	48,568,000	48,568,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>11,109,000</u>	<u>11,109,000</u>	<u>37,459,000</u>	<u>37,459,000</u>	<u>48,568,000</u>	<u>48,568,000</u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	1,952,000	1,749,000	3,701,000
50-32 SERVICE REGULATORS AND INSTALLATION	23,000	41,000	64,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	158,000	83,000	241,000
50-34 METER SHOP EQUIPMENT		85,000	85,000
50-35 SERVICE SECTION EQUIPMENT		105,000	105,000
50-36 AUTOMATIC METER READING	88,000	4,083,000	4,171,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	2,221,000	6,146,000	8,367,000
LESS: SALVAGE LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>2,221,000</u>	<u>6,146,000</u>	<u>8,367,000</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

CATEGORY		2007 BUDGET	2008 FORECAST	2008 BUDGET	2008 vs 2007 BUDGET		2008 vs FORECAST	
					\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
50-30	METERS							
	ADDITIONS	2,206,000	2,187,000	1,952,000	(254,000)	-11.5%	(235,000)	-10.7%
	REPLACEMENTS	<u>1,702,000</u>	<u>2,742,000</u>	<u>1,749,000</u>	<u>47,000</u>	<u>2.8%</u>	<u>(993,000)</u>	<u>-36.2%</u>
	TOTAL	3,908,000	4,929,000	3,701,000	(207,000)	-5.3%	(1,228,000)	-24.9%
50-32	SERVICE REGULATORS AND INSTALLATIONS							
	ADDITIONS	21,000	15,000	23,000	2,000	9.5%	8,000	53.3%
	REPLACEMENTS	<u>59,000</u>	<u>42,000</u>	<u>41,000</u>	<u>(18,000)</u>	<u>-30.5%</u>	<u>(1,000)</u>	<u>-2.4%</u>
	TOTAL	80,000	57,000	64,000	(16,000)	-20.0%	7,000	12.3%
50-33	TELEMETERING AND INSTALLATIONS							
	ADDITIONS	278,000	258,000	158,000	(120,000)	-43.2%	(100,000)	-38.8%
	REPLACEMENTS	<u>252,000</u>	<u>81,000</u>	<u>83,000</u>	<u>(169,000)</u>	<u>-67.1%</u>	<u>2,000</u>	<u>2.5%</u>
	TOTAL	530,000	339,000	241,000	(289,000)	-54.5%	(98,000)	-28.9%
50-34	METER SHOP EQUIPMENT							
	ADDITIONS	49,000	75,000	0	(49,000)	-100.0%	(75,000)	-100.0%
	REPLACEMENTS	<u>155,000</u>	<u>150,000</u>	<u>85,000</u>	<u>(70,000)</u>	<u>-45.2%</u>	<u>(65,000)</u>	<u>-43.3%</u>
	TOTAL	204,000	225,000	85,000	(119,000)	-58.3%	(140,000)	-62.2%
50-35	SERVICE SECTION EQUIPMENT							
	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	<u>88,000</u>	<u>125,000</u>	<u>105,000</u>	<u>17,000</u>	<u>19.3%</u>	<u>(20,000)</u>	<u>-16.0%</u>
	TOTAL	88,000	125,000	105,000	17,000	19.3%	(20,000)	-16.0%
50-36	AUTOMATIC METER READING							
	ADDITIONS	69,000	90,000	88,000	19,000	27.5%	(2,000)	-2.2%
	REPLACEMENTS	<u>4,519,000</u>	<u>4,188,000</u>	<u>4,083,000</u>	<u>(436,000)</u>	<u>-9.6%</u>	<u>(105,000)</u>	<u>-2.5%</u>
	TOTAL	4,588,000	4,278,000	4,171,000	(417,000)	-9.1%	(107,000)	-2.5%
50-99	COST OF REMOVAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>
	GROSS TOTAL FIELD SERVICES	9,398,000	9,953,000	8,367,000	(1,031,000)	-11.0%	(1,586,000)	-15.9%
	LESS: SALVAGE	0	0	0	0	N/A	0	N/A
	LESS: CONTRIBUTIONS*	<u>(105,000)</u>	<u>0</u>	<u>0</u>	<u>105,000</u>	<u>-100.0%</u>	<u>0</u>	<u>N/A</u>
	NET TOTAL FIELD SERVICES	<u>9,293,000</u>	<u>9,953,000</u>	<u>8,367,000</u>	<u>(926,000)</u>	<u>-10.0%</u>	<u>(1,586,000)</u>	<u>-15.9%</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>			<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	1,952,000
1	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	<u>1,749,000</u>
		TOTAL C-30	<u><u>3,701,000</u></u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	23,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS	<u>41,000</u>
		TOTAL C-32	<u><u>64,000</u></u>
	<u>C-33</u>	<u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
5	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	158,000
1	50-33-2-01	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION	<u>83,000</u>
		TOTAL C-33	<u><u>241,000</u></u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
5	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR	85,000
		TOTAL C-34	<u><u>85,000</u></u>
	<u>C-35</u>	<u>SERVICE SECTION EQUIPMENT</u>	
2	50-35-2-01	REPLACE EQUIPMENT UTILIZED BY THE TRAINING, CLERICAL AND SERVICE SECTIONS	105,000
		TOTAL C-35	<u><u>105,000</u></u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	88,000
5	50-36-2-01	REPLACE AMR DEVICES WHERE BATTERIES FAILED	4,083,000
		TOTAL C-36	<u>4,171,000</u>
1	50-99-2-99	COST OF REMOVAL	<u> </u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	8,367,000
50-98-2-98		LESS: ESTIMATED SALVAGE	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>8,367,000</u>

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>		<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>	
<u>PRIORITY 1</u>									
1	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	1,749,000	1,499,000	250,000			
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS	41,000	41,000				
1	C-33	50-33-2-01	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION	83,000	58,000	25,000			
<u>PRIORITY 2</u>									
2	C-35	50-35-2-01	REPLACE EQUIPMENT UTILIZED BY THE TRAINING, CLERICAL AND SERVICE SECTIONS	105,000	105,000				
<u>PRIORITY 4</u>									
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	1,952,000	1,952,000				
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	23,000	23,000				
<u>PRIORITY 5</u>									
5	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	158,000	158,000				
5	C-34	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR	85,000	85,000				
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	88,000	88,000				
5	C-36	50-36-2-01	REPLACE AMR DEVICES WHERE BATTERIES FAILED	4,083,000	3,833,000	250,000			
TOTAL FIELD SERVICES DEPARTMENT:				<u>8,367,000</u>	<u>7,842,000</u>	<u>525,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 CAPITAL BUDGET
 FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	2,221,000	2,221,000	6,146,000	5,621,000	8,367,000	7,842,000
YEAR 1				525,000		525,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>2,221,000</u>	<u>2,221,000</u>	<u>6,146,000</u>	<u>6,146,000</u>	<u>8,367,000</u>	<u>8,367,000</u>

FLEET OPERATIONS DEPARTMENT

FISCAL YEAR 2008

BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2007 <u>BUDGET</u>	2008 <u>FORECAST</u>	2008 <u>BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>	<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>
73-01-1-01 SHOP EQUIPMENT ADDITIONS	24,000	32,000	21,000	(3,000)	-12.5%	(11,000)	-34.4%
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	38,000	44,000	171,000	133,000	350.0%	127,000	288.6%
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	209,000	212,000	239,000	30,000	14.4%	27,000	12.7%
73-01-2-03 VEHICLE REPLACEMENTS	4,059,000	3,930,000	3,838,000	(221,000)	-5.4%	(92,000)	-2.3%
73-01-2-04 MOBILE RADIO EQUIPMENT REPLACE	<u>150,000</u>	<u>152,000</u>	<u>300,000</u>	<u>150,000</u>	<u>100.0%</u>	<u>148,000</u>	<u>97.4%</u>
GROSS TOTAL FLEET OPERATIONS	4,480,000	4,370,000	4,569,000	89,000	2.0%	199,000	4.6%
LESS: SALVAGE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>
NET TOTAL FLEET OPERATIONS	<u>4,480,000</u>	<u>4,370,000</u>	<u>4,569,000</u>	<u>89,000</u>	<u>2.0%</u>	<u>199,000</u>	<u>4.6%</u>

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
2	73-01-1-01 SHOP EQUIPMENT ADDITIONS	21,000
2	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	171,000
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	239,000
2	73-01-2-03 VEHICLE REPLACEMENTS	3,838,000
2	73-01-2-04 MOBILE RADIO EQUIPMENT REPLACEMENTS	<u>300,000</u>
	GROSS TOTAL FLEET OPERATIONS	4,569,000
	73-98-2-98 LESS: SALVAGE	
	NET TOTAL FLEET OPERATIONS	<u><u>4,569,000</u></u>

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
	<u>PRIORITY 2</u>						
2	73-01-1-01 SHOP EQUIPMENT ADDITIONS	21,000	21,000				
2	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	171,000	171,000				
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	239,000	239,000				
2	73-01-2-03 VEHICLE REPLACEMENTS	3,838,000	3,365,000	473,000			
2	73-01-2-04 MOBILE RADIO EQUIPMENT REPLACEMENTS	300,000	300,000				
	TOTAL FLEET OPERATIONS DEPARTMENT:	<u>4,569,000</u>	<u>4,096,000</u>	<u>473,000</u>			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 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	21,000	21,000	4,548,000	4,075,000	4,569,000	4,096,000
YEAR 1				473,000		473,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>21,000</u>	<u>21,000</u>	<u>4,548,000</u>	<u>4,548,000</u>	<u>4,569,000</u>	<u>4,569,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2008 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	619,000	3,499,000	4,118,000
INFORMATION TECHNOLOGY	1,153,000	834,000	1,987,000
CHIEF OPERATING OFFICER		1,000,000	1,000,000
COLLECTION		66,000	66,000
CORPORATE PREPAREDNESS	96,000	105,000	201,000
POLICIES & COMPLIANCE	50,000		50,000
TOTAL OTHER DEPARTMENTS	<u>1,918,000</u>	<u>5,504,000</u>	<u>7,422,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

CATEGORY		2007 BUDGET	2008 FORECAST	2008 BUDGET	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
					\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
FACILITIES	ADDITIONS	134,000	564,000	619,000	485,000	361.9%	55,000	9.8%
	REPLACEMENTS	<u>2,212,000</u>	<u>3,141,000</u>	<u>3,499,000</u>	<u>1,287,000</u>	<u>58.2%</u>	<u>358,000</u>	<u>11.4%</u>
	TOTAL	2,346,000	3,705,000	4,118,000	1,772,000	75.5%	413,000	11.1%
INFORMATION TECHNOLOGY	ADDITIONS	617,000	724,000	1,153,000	536,000	86.9%	429,000	59.3%
	REPLACEMENTS	<u>491,000</u>	<u>474,000</u>	<u>834,000</u>	<u>343,000</u>	<u>69.9%</u>	<u>360,000</u>	<u>75.9%</u>
	TOTAL	1,108,000	1,198,000	1,987,000	879,000	79.3%	789,000	65.9%
CHEMICAL SERVICES	ADDITIONS	0	15,000	0	0	N/A	(15,000)	-100.0%
	REPLACEMENTS	<u>102,000</u>	<u>0</u>	<u>0</u>	<u>(102,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>N/A</u>
	TOTAL	102,000	15,000	0	(102,000)	-100.0%	(15,000)	-100.0%
CHIEF OPERATING OFFICER	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>
	TOTAL	1,000,000	1,000,000	1,000,000	0	0.0%	0	0.0%
COLLECTION	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	<u>0</u>	<u>0</u>	<u>66,000</u>	<u>66,000</u>	<u>N/A</u>	<u>66,000</u>	<u>N/A</u>
	TOTAL	0	0	66,000	66,000	N/A	66,000	N/A
CORPORATE PREPAREDNESS	ADDITIONS	0	0	96,000	96,000	N/A	96,000	N/A
	REPLACEMENTS	<u>0</u>	<u>0</u>	<u>105,000</u>	<u>105,000</u>	<u>N/A</u>	<u>105,000</u>	<u>N/A</u>
	TOTAL	0	0	201,000	201,000	N/A	201,000	N/A
POLICIES & COMPLIANCE	ADDITIONS	0	0	50,000	50,000	N/A	50,000	N/A
	REPLACEMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>
	TOTAL	0	0	50,000	50,000	N/A	50,000	N/A
PROJECT MANAGEMENT OFFICE	ADDITIONS	303,000	0	0	(303,000)	-100.0%	0	N/A
	REPLACEMENTS	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>(2,000,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>N/A</u>
	TOTAL	2,303,000	0	0	(2,303,000)	-100.0%	0	N/A

OTHER DEPARTMENTS
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2007 <u>BUDGET</u>	2008 <u>FORECAST</u>	2008 <u>BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>	<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>
SVP OPERATIONS ADDITIONS	490,000	0	0	(490,000)	-100.0%	0	N/A
REPLACEMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>
TOTAL	490,000	0	0	(490,000)	-100.0%	0	N/A
TOTAL OTHER DEPARTMENTS	<u>7,349,000</u>	<u>5,918,000</u>	<u>7,422,000</u>	<u>73,000</u>	<u>1.0%</u>	<u>1,504,000</u>	<u>25.4%</u>

FACILITIES
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2007 BUDGET</u>	<u>2008 FORECAST</u>	<u>2008 BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>\$ DIFFERENCE</u>	<u>% DIFF.</u>	<u>\$ DIFFERENCE</u>	<u>% DIFF.</u>
72-01-1-01 MISC CAPITAL ADDITIONS	120,000	75,000	75,000	(45,000)	-37.5%	0	0.0%
72-01-1-02 MISC CAPITAL ADDITIONS-GAS PROC	14,000	14,000	15,000	1,000	7.1%	1,000	7.1%
72-01-1-03 NATURAL GAS GENERATOR		475,000	529,000	529,000	N/A	54,000	11.4%
72-01-2-01 MISC CAPITAL REPL & STRUCTURAL	453,000		489,000	36,000	7.9%	489,000	N/A
72-01-2-02 MISC CAPITAL REPL - GAS PROC	182,000	250,000	29,000	(153,000)	-84.1%	(221,000)	-88.4%
72-01-2-03 MISC CAPITAL REPLACEMENTS - STRUCTURAL - GAS PROCESSING	39,000	158,000	100,000	61,000	156.4%	(58,000)	-36.7%
72-01-2-04 REPL GAS ENGINE CHILLER - 1800			175,000	175,000	N/A	175,000	N/A
72-01-2-05 REPLACE WINDOWS - 1800	234,000	240,000	310,000	76,000	32.5%	70,000	29.2%
72-01-2-06 COND FUND - RECONFIG CUBICLES			124,000	124,000	N/A	124,000	N/A
72-01-2-07 REPL 28TH & PORTER PARKING-PH 1			232,000	232,000	N/A	232,000	N/A
72-01-2-08 REPLACE ROOF - 800			1,208,000	1,208,000	N/A	1,208,000	N/A
72-01-2-09 REPLACE ROOF - WEST PHILA DO			193,000	193,000	N/A	193,000	N/A
72-01-2-10 REPLACE ROOF - BELFIELD STATION			207,000	207,000	N/A	207,000	N/A
72-01-2-11 UPGRADE SUBSTATIONS - 1800		90,000	267,000	267,000	N/A	177,000	196.7%
72-01-2-12 REPL MAIN OFF BLDG ROOF - RICHM			165,000	165,000	N/A	165,000	N/A
72-01-2-13 REPLACE HVAC SYSTEM - 800	162,000	156,000			0.0%	(156,000)	-100.0%
72-01-2-14 REPL AIR CONDITIONING - VARIOUS		136,000			N/A	(136,000)	-100.0%
72-01-2-15 DISTRIBUTION RENOVATIONS 1800-2		343,000			N/A	(343,000)	-100.0%
72-01-2-16 TRAINING ROOM RENOVATION 1800-4		337,000			N/A	(337,000)	-100.0%
72-01-2-17 TRAINING ROOM RENOVATION 1800-7		295,000			N/A	(295,000)	-100.0%
72-01-2-18 INFORMATION SYS RENOVATE 1800-5		600,000			N/A	(600,000)	-100.0%

FACILITIES
FISCAL YEAR 2008
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2007</u> <u>BUDGET</u>	<u>2008</u> <u>FORECAST</u>	<u>2008</u> <u>BUDGET</u>	<u>2008 vs 2007 BUDGET</u>		<u>2008 vs FORECAST</u>	
				<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>	<u>\$</u> <u>DIFFERENCE</u>	<u>%</u> <u>DIFF.</u>
72-01-2-19 RENOVATE DISTRICT OFFICES		436,000		0	N/A	(436,000)	-100.0%
72-01-2-20 ELECTRIC CNTL FROM PECO - TIOGA		100,000		0	N/A	(100,000)	-100.0%
72-01-2-21 UPGR CHILLER REFRIGERANT - 1800	144,000			(144,000)	-100.0%	0	N/A
72-01-2-22 REPLACE CHILLER - 800	462,000			(462,000)	-100.0%	0	N/A
72-01-2-23 FIRE DETECT SYSTEM (PHASE II & III)	301,000			(301,000)	-100.0%	0	N/A
72-01-2-24 TRANSP SHOP LIGHTING (PHASE III)	160,000			(160,000)	-100.0%	0	N/A
72-01-2-25 REPLACE GRAHAM DRIVES - 800	75,000			(75,000)	-100.0%	0	N/A
TOTAL FACILITIES	<u>2,346,000</u>	<u>3,705,000</u>	<u>4,118,000</u>	<u>1,934,000</u>	<u>82.4%</u>	<u>413,000</u>	<u>11.1%</u>

OTHER DEPARTMENTS
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>		<u>FACILITIES</u>	<u>AMOUNT</u>
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	75,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	15,000
1	72-01-1-03	NATURAL GAS GENERATOR	529,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	489,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	29,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	100,000
1	72-01-2-04	REPLACE GAS ENGINE CHILLER - 1800	175,000
1	72-01-2-05	REPLACE WINDOWS (PHASE II) - 1800	310,000
5	72-01-2-06	COND FUND - RECONFIGURE CUBICLES @ SOUTH & NORTH DIST OFF	124,000
1	72-01-2-07	REPLACE 28TH & PORTER PARKING LOT - PHASE 1	232,000
1	72-01-2-08	REPLACE ROOF - 800	1,208,000
1	72-01-2-09	REPLACE ROOF - WEST PHILA DISTRICT OFFICE	193,000
1	72-01-2-10	REPLACE ROOF - BELFIELD STATION	207,000
2	72-01-2-11	UPGRADE SUBSTATIONS - 1800	267,000
1	72-01-2-12	REPLACE MAIN OFFICE BLDG ROOF - GAS PROCESSING RICHMOND	<u>165,000</u>
		TOTAL FACILITIES	<u><u>4,118,000</u></u>

OTHER DEPARTMENTS
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
	<u>INFORMATION TECHNOLOGY</u>	
5	47-01-1-01 MISCELLANEOUS SERVER & NETWORK ADDITIONS	57,000
5	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	45,000
5	47-01-1-03 TIMEKEEPING & LABOR	625,000
5	47-01-1-04 COND FUNDING - BUSINESS PROCESS AUTOMATION	426,000
5	47-01-2-01 DESKTOPS, LAPTOPS, PRINTERS & PERIPHERALS	287,000
5	47-01-2-02 MISCELLANEOUS SOFTWARE REPLACEMENTS	99,000
5	47-01-2-03 SERVER & NETWORK HARDWARE REPLACEMENTS	219,000
5	47-01-2-04 STORAGE REPLACEMENTS	<u>229,000</u>
	TOTAL INFORMATION TECHNOLOGY	<u><u>1,987,000</u></u>
	<u>CHIEF OPERATING OFFICER</u>	
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02 COND FUND FOR CAPITAL NEEDS - RELIABILITY OF SERVICE	250,000
4	13-01-2-03 COND FUND FOR CAPITAL NEEDS - COST-JUSTIFIED LOAD GROWTH	<u>500,000</u>
	TOTAL CHIEF OPERATING OFFICER	<u><u>1,000,000</u></u>
	<u>COLLECTION</u>	
2	49-01-2-01 REPLACE GDI UNITS	<u>66,000</u>
	TOTAL COLLECTION	<u><u>66,000</u></u>

OTHER DEPARTMENTS
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
		<u>CORPORATE PREPAREDNESS</u>	
5	65-01-1-01	CASTOR STATION MONITORING	64,000
1	65-01-1-02	AUTOMATIC EXTERNAL DEFIBRILLATORS FOR (14) PGW FACILITIES	32,000
5	65-01-2-01	DIGITAL RECORDING FOR MONITORED ACTIVITY	105,000
		TOTAL CORPORATE PREPAREDNESS	<u>201,000</u>
		<u>POLICIES & COMPLIANCE</u>	
2	39-01-1-01	BUSINESS CONTINUITY PLAN - (5) ADDITIONAL LICENSES	50,000
		TOTAL POLICIES & COMPLIANCE	<u>50,000</u>
		TOTAL OTHER DEPARTMENTS	<u>7,422,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2008 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	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	75,000	50,000	25,000			
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	15,000	15,000				
1	72-01-1-03 NATURAL GAS GENERATOR	529,000	500,000	29,000			
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	489,000	346,000	143,000			
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	29,000	29,000				
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	100,000	100,000				
1	72-01-2-04 REPLACE GAS ENGINE CHILLER - 1800	175,000	125,000	50,000			
1	72-01-2-05 REPLACE WINDOWS (PHASE II) - 1800	310,000	275,000	35,000			
1	72-01-2-07 REPLACE 28TH & PORTER PARKING LOT - PHASE 1	232,000	232,000				
1	72-01-2-08 REPLACE ROOF - 800	1,208,000	1,000,000	208,000			
1	72-01-2-09 REPLACE ROOF - WEST PHILA DISTRICT OFFICE	193,000	193,000				
1	72-01-2-10 REPLACE ROOF - BELFIELD STATION	207,000	207,000				
1	72-01-2-12 REPLACE MAIN OFFICE BLDG ROOF - GAS PROCESSING RICHMOND	165,000	100,000	65,000			
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000					
1	65-01-1-02 AUTOMATIC EXTERNAL DEFIBRILLATORS FOR (14) PGW FACILITIES	32,000	32,000				

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2008 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
<u>PRIORITY 2</u>							
2	72-01-2-11 UPGRADE SUBSTATIONS - 1800	267,000	200,000	67,000			
2	13-01-2-02 COND FUND FOR CAPITAL NEEDS - RELIABILITY OF SERVICE	250,000					
2	49-01-2-01 REPLACE GDI UNITS	66,000	66,000				
2	39-01-1-01 BUSINESS CONTINUITY PLAN - (5) ADDITIONAL LICENSES	50,000	50,000				
<u>PRIORITY 4</u>							
4	13-01-2-03 COND FUND FOR CAPITAL NEEDS - COST-JUSTIFIED LOAD GROWTH	500,000					
<u>PRIORITY 5</u>							
5	72-01-2-06 COND FUND -RECONFIGURE CUBICLES @ SOUTH & NORTH DIST OFF	124,000	124,000				
5	47-01-1-01 MISCELLANEOUS SERVER & NETWORK ADDITIONS	57,000	57,000				
5	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	45,000	45,000				
5	47-01-1-03 TIMEKEEPING & LABOR	625,000	336,000	289,000			
5	47-01-1-04 COND FUNDING - BUSINESS PROCESS AUTOMATION	426,000	300,000	126,000			
5	47-01-2-01 DESKTOPS, LAPTOPS, PRINTERS & PERIPHERALS	287,000	287,000				
5	47-01-2-02 MISCELLANEOUS SOFTWARE REPLACEMENTS	99,000	99,000				
5	47-01-2-03 SERVER & NETWORK HARDWARE REPLACEMENTS	219,000	200,000	19,000			
5	47-01-2-04 STORAGE REPLACEMENTS	229,000	200,000	29,000			
5	65-01-1-01 CASTOR STATION MONITORING	64,000	64,000				
5	65-01-2-01 DIGITAL RECORDING FOR MONITORED ACTIVITY	105,000	105,000				
TOTAL OTHER DEPARTMENTS:		<u>7,422,000</u>	<u>5,337,000</u>	<u>1,085,000</u>			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2008 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	1,918,000	1,449,000	5,504,000	3,888,000	7,422,000	5,337,000
YEAR 1		469,000		616,000		1,085,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>1,918,000</u>	<u>1,918,000</u>	<u>5,504,000</u>	<u>4,504,000</u>	<u>7,422,000</u>	<u>6,422,000</u>

PHILADELPHIA GAS WORKS

FISCAL YEAR 2008 AND FORECAST 2009 THROUGH 2013

<u>DEPARTMENT</u>	2008	FORECAST					<u>TOTAL 6 YEARS</u>
	<u>CAPITAL BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
<u>GAS PROCESSING</u>							
ADDITIONS	83,000	1,656,000	1,481,000	559,000	70,000	598,000	4,447,000
REPLACEMENTS	<u>1,639,000</u>	<u>29,638,000</u>	<u>3,673,000</u>	<u>4,240,000</u>	<u>1,972,000</u>	<u>1,419,000</u>	<u>42,581,000</u>
TOTAL GAS PROCESSING	1,722,000	31,294,000	5,154,000	4,799,000	2,042,000	2,017,000	47,028,000
ACQUIRE ASSETS LEASE	1,722,000	31,294,000	5,154,000	4,799,000	2,042,000	2,017,000	47,028,000
<u>DISTRIBUTION</u>							
ADDITIONS	11,109,000	9,258,000	9,544,000	9,841,000	10,147,000	10,462,000	60,361,000
REPLACEMENTS	<u>37,459,000</u>	<u>38,700,000</u>	<u>39,899,000</u>	<u>41,136,000</u>	<u>42,411,000</u>	<u>43,725,000</u>	<u>243,330,000</u>
GROSS TOTAL DISTRIBUTION	48,568,000	47,958,000	49,443,000	50,977,000	52,558,000	54,187,000	303,691,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	<u>(2,200,000)</u>	<u>(2,268,000)</u>	<u>(2,338,000)</u>	<u>(2,410,000)</u>	<u>(2,485,000)</u>	<u>(2,562,000)</u>	<u>(14,263,000)</u>
NET TOTAL DISTRIBUTION	46,368,000	45,690,000	47,105,000	48,567,000	50,073,000	51,625,000	289,428,000
ACQUIRE ASSETS LEASE	46,368,000	45,690,000	47,105,000	48,567,000	50,073,000	51,625,000	289,428,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2008 AND FORECAST 2009 THROUGH 2013

<u>DEPARTMENT</u>	2008	FORECAST					TOTAL
	<u>CAPITAL BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>6 YEARS</u>
<u>FIELD SERVICES</u>							
ADDITIONS	2,221,000	2,263,000	2,240,000	2,234,000	2,224,000	2,211,000	13,393,000
REPLACEMENTS	<u>6,146,000</u>	<u>6,311,000</u>	<u>6,493,000</u>	<u>6,107,000</u>	<u>2,496,000</u>	<u>1,832,000</u>	<u>29,385,000</u>
GROSS TOTAL FIELD SERVICES	8,367,000	8,574,000	8,733,000	8,341,000	4,720,000	4,043,000	42,778,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	8,367,000	8,574,000	8,733,000	8,341,000	4,720,000	4,043,000	42,778,000
ACQUIRE ASSETS LEASE	8,367,000	8,574,000	8,733,000	8,341,000	4,720,000	4,043,000	42,778,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	21,000	24,000	24,000	28,000	26,000	27,000	150,000
REPLACEMENTS	<u>4,548,000</u>	<u>4,045,000</u>	<u>2,465,000</u>	<u>2,180,000</u>	<u>2,196,000</u>	<u>3,627,000</u>	<u>19,061,000</u>
GROSS TOTAL FLEET OPERATIONS	4,569,000	4,069,000	2,489,000	2,208,000	2,222,000	3,654,000	19,211,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	4,569,000	4,069,000	2,489,000	2,208,000	2,222,000	3,654,000	19,211,000
ACQUIRE ASSETS LEASE	4,569,000	4,069,000	2,489,000	2,208,000	2,222,000	3,654,000	19,211,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2008 AND FORECAST 2009 THROUGH 2013

<u>DEPARTMENT</u>	2008	FORECAST					<u>TOTAL 6 YEARS</u>
	<u>CAPITAL BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
<u>OTHER</u>							
ADDITIONS	1,918,000	1,725,000	282,000	282,000	282,000	282,000	4,771,000
REPLACEMENTS	<u>5,504,000</u>	<u>25,009,000</u>	<u>3,452,000</u>	<u>3,035,000</u>	<u>3,656,000</u>	<u>3,471,000</u>	44,127,000
TOTAL OTHER	7,422,000	26,734,000	3,734,000	3,317,000	3,938,000	3,753,000	48,898,000
ACQUIRE ASSETS LEASE	7,422,000	26,734,000	3,734,000	3,317,000	3,938,000	3,753,000	48,898,000
<u>TOTAL</u>							
ADDITIONS	15,352,000	14,926,000	13,571,000	12,944,000	12,749,000	13,580,000	83,122,000
REPLACEMENTS	<u>55,296,000</u>	<u>103,703,000</u>	<u>55,982,000</u>	<u>56,698,000</u>	<u>52,731,000</u>	<u>54,074,000</u>	<u>378,484,000</u>
GROSS TOTAL	70,648,000	118,629,000	69,553,000	69,642,000	65,480,000	67,654,000	461,606,000
LESS: SALVAGE							
LESS: REIMBURSEMENT**	(2,200,000)	(2,268,000)	(2,338,000)	(2,410,000)	(2,485,000)	(2,562,000)	(14,263,000)
LESS: CONTRIBUTIONS*							
NET TOTAL	<u>68,448,000</u>	<u>116,361,000</u>	<u>67,215,000</u>	<u>67,232,000</u>	<u>62,995,000</u>	<u>65,092,000</u>	<u>447,343,000</u>
ACQUIRE ASSETS LEASE	68,448,000	116,361,000	67,215,000	67,232,000	62,995,000	65,092,000	447,343,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

PHILADELPHIA GAS WORKS
PROPOSED 2009 - 2013 FORECAST
(COMPARIISON)

<u>DEPARTMENT</u>	<u>2008 - 2012 FORECAST</u>	<u>2009 - 2013 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	2,834,000	4,364,000	1,530,000	54.0%
REPLACEMENTS	<u>14,852,000</u>	<u>40,942,000</u>	<u>26,090,000</u>	175.7%
TOTAL GAS PROCESSING	17,686,000	45,306,000	27,620,000	156.2%
<u>DISTRIBUTION</u>				
ADDITIONS	40,080,000	49,252,000	9,172,000	22.9%
REPLACEMENTS	<u>197,311,000</u>	<u>205,871,000</u>	<u>8,560,000</u>	4.3%
GROSS TOTAL DISTRIBUTION	237,391,000	255,123,000	17,732,000	7.5%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
LESS: REIMBURSEMENT**	<u>(11,965,000)</u>	<u>(12,063,000)</u>	<u>(98,000)</u>	0.8%
NET TOTAL DISTRIBUTION	225,426,000	243,060,000	17,634,000	7.8%
<u>FIELD SERVICES</u>				
ADDITIONS	13,007,000	11,172,000	(1,835,000)	-14.1%
REPLACEMENTS	<u>29,883,000</u>	<u>23,239,000</u>	<u>(6,644,000)</u>	-22.2%
GROSS TOTAL FIELD SERVICES	42,890,000	34,411,000	(8,479,000)	-19.8%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
NET TOTAL FIELD SERVICES	42,890,000	34,411,000	(8,479,000)	-19.8%

PHILADELPHIA GAS WORKS
PROPOSED 2009 - 2013 FORECAST
(Comparison)

<u>DEPARTMENT</u>	<u>2008 - 2012 FORECAST</u>	<u>2009 - 2013 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	170,000	129,000	(41,000)	-24.1%
REPLACEMENTS	<u>14,727,000</u>	<u>14,513,000</u>	<u>(214,000)</u>	-1.5%
GROSS TOTAL FLEET OPERATIONS	14,897,000	14,642,000	(255,000)	-1.7%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	14,897,000	14,642,000	(255,000)	-1.7%
<u>OTHER</u>				
ADDITIONS	5,385,000	2,853,000	(2,532,000)	-47.0%
REPLACEMENTS	<u>16,754,000</u>	<u>38,623,000</u>	<u>21,869,000</u>	130.5%
TOTAL OTHER	22,139,000	41,476,000	19,337,000	87.3%
<u>TOTAL</u>				
ADDITIONS	61,476,000	67,770,000	6,294,000	10.2%
REPLACEMENTS	<u>273,527,000</u>	<u>323,188,000</u>	<u>49,661,000</u>	18.2%
GROSS TOTAL	335,003,000	390,958,000	55,955,000	16.7%
LESS: SALVAGE				
LESS: REIMBURSEMENT**	(11,965,000)	(12,063,000)	(98,000)	0.8%
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>323,038,000</u>	<u>378,895,000</u>	<u>55,857,000</u>	17.3%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
GP-1 NATURAL GAS MEASUREMENT <u>AND CONTROL FACILITIES</u>								
1 53-01-1-01	110,000							
INSTALL BACKUP EMERGENCY GENERATOR AT 0-34 M&R STATION								
1 53-01-2-01	284,000	288,000						
REMOTE TRANSMITTING UNITS								
1 53-01-2-02	115,000							
REPLACE P-60 CONTROL VALVES - PASSY								
1 53-01-2-03			308,000	269,000	214,000	214,000		1,005,000
REPLACE OVERHEAD NATURAL GAS PIPE LEAVING NAT GAS FACILITY - PASSYUNK								
2 53-01-2-04				767,000		767,000		1,534,000
REPLACE (1) M&R STATION HEATER								
2 53-01-2-05				750,000	750,000			1,500,000
REPL (1) EMER GENERATOR - RICHMOND								
2 53-01-2-06					589,000			589,000
EMER GENERATOR IMPROVEMENTS - PASSY								
2 53-01-2-07							107,000	107,000
MODIFY LNG TANK RE-PRESSURIZATION SYSTEM - RICHMOND & PASSYUNK PLANTS								
TOTAL GP-1	<u>509,000</u>	<u>288,000</u>	<u>308,000</u>	<u>1,786,000</u>	<u>1,553,000</u>	<u>981,000</u>	<u>107,000</u>	<u>4,735,000</u>

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2 53-02-1-01			168,000					168,000
2 53-02-1-02			268,000					268,000
2 53-02-1-03				600,000				600,000
2 53-02-1-04			500,000					500,000
2 53-02-1-05					300,000			300,000
2 53-02-1-06			450,000	500,000				950,000
2 53-02-1-07			200,000					200,000
2 53-02-1-08				311,000				311,000
2 53-02-1-09					189,000			189,000
2 53-02-1-10							528,000	528,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2 53-02-2-01		180,000						
	INSTALL EMERGENCY GENERATOR NATURAL GAS FACILITY UPS - PASSYUNK							
2 53-02-2-02		361,000						
	REPLACE CONTROL VALVES IN NAT GAS FACILITY FOR NOISE REDUCTION - PASSY							
2 53-02-2-03		232,000						
	REPLACE LEVEL GAUGE ON LNG TANK-PASSY							
2 53-02-2-04			27,300,000					27,300,000
	LIQUEFACTION FACILITY (PHASE 2) - RICHM							
2 53-02-2-05			1,400,000		1,400,000			2,800,000
	REPLACE H1 HEATER - RICHMOND							
2 53-02-2-06				300,000				300,000
	REPLACE H2 BOILOFF HEATER - RICHMOND							
2 53-02-2-07				1,000,000	1,000,000			2,000,000
	REPLACE LNG SWITCHGEAR - RICHMOND							
2 53-02-2-08								
	REPLACE UPS SYSTEMS:							
			48,000					48,000
	PASSYUNK PLANT							
			168,000					168,000
	RICHMOND PLANT							

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2 53-02-2-09							500,000	500,000
2 53-02-2-10						104,000		104,000
2 53-02-2-11			127,000					127,000
2 53-02-2-12						200,000		200,000
2 53-02-2-13						400,000		400,000
53-02-X-XX								
		<u>3,298,000</u>						
TOTAL GP-2		<u>3,298,000</u>	<u>773,000</u>	<u>30,629,000</u>	<u>2,711,000</u>	<u>2,889,000</u>	<u>704,000</u>	<u>37,961,000</u>

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>GP-3 BUILDING AND GROUNDS</u>								
1 53-03-2-01 REPLACE PAGING & EMERGENCY RESPONSE TONE SYSTEMS - RICHMOND		288,000						
2 53-03-2-02 RENOVATE LNG CONTROL BUILDING - RICHMOND				300,000				300,000
2 53-03-2-03 REPLACE LNG TANK ELEVATOR - RICHMOND							525,000	525,000
53-03-X-XX NON-RECURRING ITEMS	<u>163,000</u>							
TOTAL GP-3	<u>163,000</u>	<u>288,000</u>		<u>300,000</u>			<u>525,000</u>	<u>825,000</u>
<u>GP-4 MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	126,000	83,000	70,000	70,000	70,000	70,000	70,000	350,000
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	315,000	290,000	287,000	287,000	287,000	287,000	287,000	1,435,000
TOTAL GP-4	<u>441,000</u>	<u>373,000</u>	<u>357,000</u>	<u>357,000</u>	<u>357,000</u>	<u>357,000</u>	<u>357,000</u>	<u>1,785,000</u>
TOTAL GAS PROCESSING DEPARTMENT	4,411,000	1,722,000	31,294,000	5,154,000	4,799,000	2,042,000	2,017,000	45,306,000
ACQUIRE ASSETS LEASE	4,411,000	1,722,000	31,294,000	5,154,000	4,799,000	2,042,000	2,017,000	45,306,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>D-20 HIGH PRESSURE MAINS</u>								
4 52-20-1-01 UNSPECIFIED	305,000	3,310,000	1,205,000	1,242,000	1,281,000	1,321,000	1,362,000	6,411,000
4 52-20-1-02 MAIN ADD: CIVIC CENTER BLVD PROJECT	2,424,000							
3 52-20-2-01 CITY AND STATE WORK	548,000	526,000	542,000	559,000	576,000	594,000	612,000	2,883,000
1 52-20-2-02 JOINT CLAMPING AND ENCAPSULATION	<u>900,000</u>	<u>889,000</u>	<u>917,000</u>	<u>945,000</u>	<u>974,000</u>	<u>1,004,000</u>	<u>1,035,000</u>	<u>4,875,000</u>
GROSS TOTAL D-20	4,177,000	4,725,000	2,664,000	2,746,000	2,831,000	2,919,000	3,009,000	14,169,000
52-20-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>(1,744,000)</u>							
NET TOTAL D-20	<u>2,433,000</u>	<u>4,725,000</u>	<u>2,664,000</u>	<u>2,746,000</u>	<u>2,831,000</u>	<u>2,919,000</u>	<u>3,009,000</u>	<u>14,169,000</u>
<u>D-21 8 INCH AND SMALLER I. P. AND L. P. MAIN</u>								
4 52-21-1-01 ADDITIONS	1,986,000	1,795,000	1,851,000	1,908,000	1,967,000	2,028,000	2,091,000	9,845,000
3 52-21-2-01 CITY AND STATE WORK	4,294,000	4,605,000	4,748,000	4,895,000	5,047,000	5,203,000	5,364,000	25,257,000
1 52-21-2-02 PRUDENT	8,608,000	8,861,000	9,959,000	10,268,000	10,586,000	10,914,000	11,252,000	52,979,000
1 52-21-2-03 JOINT CLAMPING AND ENCAPSULATION	2,155,000	2,242,000	2,312,000	2,384,000	2,458,000	2,534,000	2,613,000	12,301,000
1 52-21-2-04 COND FUND - CAST IRON MAIN REPL PROG	<u>792,000</u>	<u>799,000</u>						
GROSS TOTAL D-21	17,835,000	18,302,000	18,870,000	19,455,000	20,058,000	20,679,000	21,320,000	100,382,000
52-21-2-97 LESS: REIMBURSEMENT**	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,268,000)</u>	<u>(2,338,000)</u>	<u>(2,410,000)</u>	<u>(2,485,000)</u>	<u>(2,562,000)</u>	<u>(12,063,000)</u>
NET TOTAL D-21	<u>15,635,000</u>	<u>16,102,000</u>	<u>16,602,000</u>	<u>17,117,000</u>	<u>17,648,000</u>	<u>18,194,000</u>	<u>18,758,000</u>	<u>88,319,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
D-22 12 INCH AND LARGER I. P. <u>AND L. P. MAIN</u>								
4 52-22-1-01 ADDITIONS	88,000	50,000	52,000	54,000	56,000	58,000	60,000	280,000
3 52-22-2-01 CITY AND STATE WORK	275,000	232,000	239,000	246,000	254,000	262,000	270,000	1,271,000
1 52-22-2-02 JOINT CLAMPING AND ENCAPSULATION	<u>1,512,000</u>	<u>1,613,000</u>	<u>1,663,000</u>	<u>1,715,000</u>	<u>1,768,000</u>	<u>1,823,000</u>	<u>1,880,000</u>	<u>8,849,000</u>
GROSS TOTAL D-22	1,875,000	1,895,000	1,954,000	2,015,000	2,078,000	2,143,000	2,210,000	10,400,000
52-22-2-97 LESS: REIMBURSEMENT**								
NET TOTAL D-22	<u>1,875,000</u>	<u>1,895,000</u>	<u>1,954,000</u>	<u>2,015,000</u>	<u>2,078,000</u>	<u>2,143,000</u>	<u>2,210,000</u>	<u>10,400,000</u>
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE CONTROL & <u>CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 CUSTOMER METER & REGULATOR INSTALL	60,000	60,000	62,000	64,000	66,000	68,000	70,000	330,000
4 52-23-1-02 CUSTOMER REGULATOR-CIVIC CTR BLVD PF	135,000							
1 52-23-2-01 REPLACEMENTS - H. P. MAIN VALVES	55,000	66,000	68,000	70,000	72,000	74,000	76,000	360,000
2 52-23-2-02 REPL - PRESSURE CNTL & CORR CNTL FACIL	<u>112,000</u>	<u>148,000</u>	<u>235,000</u>	<u>242,000</u>	<u>250,000</u>	<u>258,000</u>	<u>266,000</u>	<u>1,251,000</u>
GROSS TOTAL D-23	362,000	274,000	365,000	376,000	388,000	400,000	412,000	1,941,000
LESS: CONTRIBUTIONS*	<u>(98,000)</u>							
TOTAL D-23	<u>264,000</u>	<u>274,000</u>	<u>365,000</u>	<u>376,000</u>	<u>388,000</u>	<u>400,000</u>	<u>412,000</u>	<u>1,941,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>D-24 SERVICES</u>								
4 52-24-1-01 1 1/4" AND SMALLER	3,778,000	4,255,000	4,387,000	4,523,000	4,663,000	4,808,000	4,957,000	23,338,000
4 52-24-1-02 2" AND LARGER	1,193,000	1,482,000	1,528,000	1,575,000	1,624,000	1,674,000	1,726,000	8,127,000
4 52-24-1-03 SERVICES FOR CIVIC CENTER BLVD PROJEC	205,000							
1 52-24-2-01 1 1/4" AND SMALLER	16,179,000	16,110,000	16,609,000	17,124,000	17,655,000	18,202,000	18,766,000	88,356,000
1 52-24-2-02 2" AND LARGER	<u>1,181,000</u>	<u>1,197,000</u>	<u>1,234,000</u>	<u>1,272,000</u>	<u>1,311,000</u>	<u>1,352,000</u>	<u>1,394,000</u>	<u>6,563,000</u>
GROSS TOTAL D-24	22,536,000	23,044,000	23,758,000	24,494,000	25,253,000	26,036,000	26,843,000	126,384,000
52-24-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>(148,000)</u>							
TOTAL D-24	<u>22,388,000</u>	<u>23,044,000</u>	<u>23,758,000</u>	<u>24,494,000</u>	<u>25,253,000</u>	<u>26,036,000</u>	<u>26,843,000</u>	<u>126,384,000</u>
<u>D-29 OTHER DISTRIBUTION FACILITIES</u>								
5 52-29-1-01 ADDITIONS	183,000	157,000	173,000	178,000	184,000	190,000	196,000	921,000
2 52-29-2-01 REPLACEMENTS	<u>180,000</u>	<u>171,000</u>	<u>174,000</u>	<u>179,000</u>	<u>185,000</u>	<u>191,000</u>	<u>197,000</u>	<u>926,000</u>
TOTAL D-29	<u>363,000</u>	<u>328,000</u>	<u>347,000</u>	<u>357,000</u>	<u>369,000</u>	<u>381,000</u>	<u>393,000</u>	<u>1,847,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
1 52-99-2-99 <u>D-99 REMOVAL AND ABANDONMENTS</u>								
GROSS TOTAL DISTRIBUTION DEPARTMENT	47,148,000	48,568,000	47,958,000	49,443,000	50,977,000	52,558,000	54,187,000	255,123,000
52-98-2-98 LESS: SALVAGE								
LESS: CONTRIBUTIONS*	(1,990,000)							
LESS: REIMBURSEMENT**	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,268,000)</u>	<u>(2,338,000)</u>	<u>(2,410,000)</u>	<u>(2,485,000)</u>	<u>(2,562,000)</u>	<u>(12,063,000)</u>
NET TOTAL DISTRIBUTION DEPARTMENT	<u>42,958,000</u>	<u>46,368,000</u>	<u>45,690,000</u>	<u>47,105,000</u>	<u>48,567,000</u>	<u>50,073,000</u>	<u>51,625,000</u>	<u>243,060,000</u>
ACQUIRE ASSETS	42,958,000	46,368,000	45,690,000	47,105,000	48,567,000	50,073,000	51,625,000	243,060,000
LEASE								

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES AND EQUIPMENT

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,206,000	1,952,000	1,975,000	1,965,000	1,952,000	1,937,000	1,919,000	9,748,000
2 50-30-2-01 REPLACEMENTS	<u>1,702,000</u>	<u>1,749,000</u>	<u>1,766,000</u>	<u>1,808,000</u>	<u>1,858,000</u>	<u>1,910,000</u>	<u>1,227,000</u>	<u>8,569,000</u>
TOTAL C-30	<u>3,908,000</u>	<u>3,701,000</u>	<u>3,741,000</u>	<u>3,773,000</u>	<u>3,810,000</u>	<u>3,847,000</u>	<u>3,146,000</u>	<u>18,317,000</u>
 <u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	21,000	23,000	11,000	11,000	11,000	11,000	11,000	55,000
1 50-32-2-01 REPLACEMENTS	<u>59,000</u>	<u>41,000</u>	<u>43,000</u>	<u>43,000</u>	<u>24,000</u>	<u>25,000</u>	<u>26,000</u>	<u>161,000</u>
TOTAL C-32	<u>80,000</u>	<u>64,000</u>	<u>54,000</u>	<u>54,000</u>	<u>35,000</u>	<u>36,000</u>	<u>37,000</u>	<u>216,000</u>
 <u>C-33 TELEMETERING</u>								
5 50-33-1-01 ADDITIONS AND INSTALLATIONS	278,000	158,000	201,000	188,000	194,000	200,000	206,000	989,000
2 50-33-2-01 REPLACEMENTS	<u>252,000</u>	<u>83,000</u>	<u>86,000</u>	<u>89,000</u>	<u>91,000</u>	<u>94,000</u>	<u>97,000</u>	<u>457,000</u>
TOTAL C-33	<u>530,000</u>	<u>241,000</u>	<u>287,000</u>	<u>277,000</u>	<u>285,000</u>	<u>294,000</u>	<u>303,000</u>	<u>1,446,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>								
5 50-34-1-01 ADDITIONS	49,000							0
2 50-34-2-01 REPLACEMENTS	<u>155,000</u>	<u>85,000</u>	<u>87,000</u>	<u>90,000</u>	<u>93,000</u>	<u>96,000</u>	<u>99,000</u>	<u>465,000</u>
TOTAL C-34	<u>204,000</u>	<u>85,000</u>	<u>87,000</u>	<u>90,000</u>	<u>93,000</u>	<u>96,000</u>	<u>99,000</u>	<u>465,000</u>
 <u>C-35 SERVICE SECTION EQUIPMENT</u>								
2 50-35-2-01 REPLACEMENTS	<u>88,000</u>	<u>105,000</u>	<u>108,000</u>	<u>111,000</u>	<u>115,000</u>	<u>118,000</u>	<u>122,000</u>	<u>574,000</u>
TOTAL C-35	<u>88,000</u>	<u>105,000</u>	<u>108,000</u>	<u>111,000</u>	<u>115,000</u>	<u>118,000</u>	<u>122,000</u>	<u>574,000</u>
 <u>C-36 AUTOMATIC METER READING</u>								
2 50-36-1-01 ADDITIONS	69,000	88,000	76,000	76,000	77,000	76,000	75,000	380,000
2 50-36-2-01 REPLACEMENTS	<u>4,519,000</u>	<u>4,083,000</u>	<u>4,221,000</u>	<u>4,352,000</u>	<u>3,926,000</u>	<u>253,000</u>	<u>261,000</u>	<u>13,013,000</u>
TOTAL C-36	<u>4,588,000</u>	<u>4,171,000</u>	<u>4,297,000</u>	<u>4,428,000</u>	<u>4,003,000</u>	<u>329,000</u>	<u>336,000</u>	<u>13,393,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
1 50-99-2-99 <u>C-99 COST OF REMOVAL</u>								
GROSS TOTAL FIELD SERVICES DEPARTMENT	9,398,000	8,367,000	8,574,000	8,733,000	8,341,000	4,720,000	4,043,000	34,411,000
50-98-2-98 LESS: SALVAGE								0
50-94-1-94 LESS: CONTRIBUTIONS*	<u>(105,000)</u>							0
NET TOTAL FIELD SERVICES DEPARTMENT	<u>9,293,000</u>	<u>8,367,000</u>	<u>8,574,000</u>	<u>8,733,000</u>	<u>8,341,000</u>	<u>4,720,000</u>	<u>4,043,000</u>	<u>34,411,000</u>
ACQUIRE ASSETS	9,293,000	8,367,000	8,574,000	8,733,000	8,341,000	4,720,000	4,043,000	34,411,000
LEASE								

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	120,000	75,000	75,000	75,000	75,000	75,000	75,000	375,000
1 72-01-1-02 MISC CAPITAL ADDITIONS- GAS PROCESSING	14,000	15,000	12,000	12,000	12,000	12,000	12,000	60,000
1 72-01-1-03 NATURAL GAS GENERATOR		529,000						
1 72-01-1-04 EMERGENCY OPERATIONS GENERATOR - 800			522,000					522,000
1 72-01-2-01 MISC CAPITAL REPL & STRUCTURAL REPAIRS	453,000	489,000						
1 72-01-2-02 MISC CAPITAL REPL - GAS PROCESSING	182,000	29,000	20,000	20,000	20,000	20,000	20,000	100,000
1 72-01-2-03 MISC CAP REPL- STRUCT REPAIRS-GAS PROC	39,000	100,000	61,000	61,000	61,000	61,000	61,000	305,000
1 72-01-2-04 REPLACE GAS ENGINE CHILLER - 1800		175,000						
1 72-01-2-05 REPLACE WINDOWS - 1800	234,000	310,000	340,000	380,000	410,000	410,000	410,000	1,950,000
5 72-01-2-06 COND FUND-RECONFIG CUBICLES - SPDO & NPDO		124,000						
1 72-01-2-07 REPLACE 28TH & PORTER PARKING LOT		232,000	232,000					232,000
1 72-01-2-08 REPLACE ROOF - 800		1,208,000						
1 72-01-2-09 REPLACE ROOF - WEST PHILA DISTRICT OFF		193,000						

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-2-10 REPLACE ROOF - BELFIELD STATION		207,000						
2 72-01-2-11 UPGRADE SUBSTATIONS - 1800		267,000						
1 72-01-2-12 REPL MAIN OFFICE BLDG ROOF - GP RICHMOND		165,000						
1 72-01-2-13 REPLACE HVAC SYSTEM COMPONENTS	162,000		149,000	163,000	179,000	196,000	216,000	903,000
2 72-01-2-14 REPLACE AIR CONDITIONING - VARIOUS			149,000	149,000	113,000	113,000	113,000	637,000
1 72-01-2-15 DISTRIBUTION RENOVATIONS - 1800-2			343,000					343,000
1 72-01-2-16 TRAINING ROOM RENOVATIONS - 1800-4			363,000					363,000
1 72-01-2-17 TRAINING ROOM RENOVATIONS - 1800-7			313,000					313,000
1 72-01-2-18 INFORMATION SYS RENOVATIONS - 1800-5				600,000				600,000
1 72-01-2-19 RENOVATIONS OF DISTRICT OFFICES			528,000	455,000	533,000	697,000	492,000	2,705,000
1 72-01-2-20 UPGR TRANSPORTATION DISPATCH OFF - 1849			165,000					165,000
1 72-01-2-21 REPL RIVER WATER PUMP HOUSE ROOF-RICHM			60,000					60,000
1 72-01-2-22 REPLACE LOBBY CONSOLE - 800						685,000	685,000	1,370,000

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-2-23 REPL AUDITORIUM CHAIRS & CARPET - 800-1			81,000					81,000
2 72-01-2-24 REPLACE ROOF - 28TH & PORTER STATION			201,000					201,000
2 72-01-2-25 REPLACE ROOF - 9TH & DIAMOND					245,000			245,000
2 72-01-2-26 REPLACE ROOF - SOUTH PHILA DISTRICT OFF				150,000				150,000
2 72-01-2-27 REPLACE ROOF - CASTOR STATION			199,000					199,000
2 72-01-2-28 REPLACE ROOF - 1800 WEST GARAGE			202,000					202,000
72-01-X-XX NON-RECURRING ITEMS	1,142,000							
TOTAL FACILITIES	<u>2,346,000</u>	<u>4,118,000</u>	<u>4,015,000</u>	<u>2,065,000</u>	<u>1,648,000</u>	<u>2,269,000</u>	<u>2,084,000</u>	<u>12,081,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>COLLECTION</u>								
2 49-01-2-01 REPLACE GDI UNITS		<u>66,000</u>						
TOTAL COLLECTION		<u>66,000</u>						
<u>CORPORATE PREPAREDNESS</u>								
5 65-01-1-01 CASTOR STATION MONITORING		64,000						
1 65-01-1-02 AUTOMATIC EXTERNAL DEFIBRILLATORS		32,000						
1 65-01-1-03 CRASH BEAM BARRIER - GATE 6 - RICHMOND			215,000					215,000
5 65-01-1-04 TWO (2) MOBILE GUARD STATIONS			36,000					36,000
5 65-01-2-01 DIGITAL RECORDING OF MONITORED ACTIVITY		105,000						
5 65-01-2-02 TURNSTILES & VISITOR MANAGEMENT SYS			<u>129,000</u>					129,000
TOTAL CORPORATE PREPAREDNESS		<u>201,000</u>	<u>380,000</u>					<u>380,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>POLICIES & COMPLIANCE</u>								
2 39-01-1-01 BUSINESS CONTINUITY PLAN - (5) LICENSES		<u>50,000</u>						
TOTAL POLICIES & COMPLIANCE		<u>50,000</u>						
<u>PROJECT MANAGEMENT OFFICE</u>								
5 29-01-1-01 WRITE-OFF REACTIVATION PROGRAM	270,000							
5 29-01-1-02 HARDWARE FOR CUST SEGMENTATION INIT	33,000							
2 29-01-2-01 BCCS UPGRADE	<u>2,000,000</u>							
TOTAL PROJECT MANAGEMENT OFFICE	<u>2,303,000</u>							

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2009 THROUGH 2013

	<u>2007 BUDGET</u>	<u>2008 BUDGET</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL FORECAST</u>
<u>SVP FINANCE</u>								
5 17-01-1-01 NOETIX DASHBOARD			136,000					136,000
TOTAL SVP FINANCE			<u>136,000</u>					<u>136,000</u>
<u>SVP OPERATIONS</u>								
5 56-01-1-01 MOBILE 3	490,000							
TOTAL SVP OPERATIONS	<u>490,000</u>							
<u>VP CUSTOMER AFFAIRS</u>								
2 10-01-2-01 BCCS UPGRADE			20,000,000					20,000,000
TOTAL VP CUSTOMER AFFAIRS			<u>20,000,000</u>					20,000,000
TOTAL OTHER DEPARTMENTS	<u>7,349,000</u>	<u>7,422,000</u>	<u>26,734,000</u>	<u>3,734,000</u>	<u>3,317,000</u>	<u>3,938,000</u>	<u>3,753,000</u>	<u>41,476,000</u>
ACQUIRE ASSETS LEASE	7,349,000	7,422,000	26,734,000	3,734,000	3,317,000	3,938,000	3,753,000	41,476,000

Exhibit #2
Philadelphia Gas Works
Capital Budgets - Principles

Principle #1

- 1.1. These principles of capital budgeting shall apply to the Philadelphia Gas Works. Adherence to these principles is required unless strict compliance would cause detriment to PGW ratepayers. Any non-compliance with these principles must be approved by the Philadelphia Gas Commission or its designee.
- 1.2. The Philadelphia Gas Works capital budget is a line item financial budget. The term "line item" includes any and all components related to identifying a program within the capital budget as well as the derivation of total projected capital cost for such program. The term "capital budget category" shall be synonymous with the term "line item".

Principle #2

- 2.1. A line item will have a definite lifespan indicated by spending years referenced in spending authorizations approved by the City Council.
- 2.2. The numerical code used to identify line items in approved capital budgets (e.g., "#52-20-1-01, Distribution Department, High Pressure Load Addition") shall remain unchanged throughout the life of the capital budget to which the line item belongs and shall be traceable to its assigned work order(s).
- 2.3. Line items of a "miscellaneous" or "contingency" denomination or nature shall be work ordered only for an identified project. Further, the specific project shall be work ordered in a manner that traces such project to the "miscellaneous" or "contingency" line item in an approved capital budget.
- 2.4. The total capital budget spending authorization approved by City Council for a specific line item shall not be exceeded. Further, the total capital budget spending authorization approved by the City Council for all line items in the aggregate shall not be exceeded, without further authorization by City Council. If PGW is in danger of exceeding a spending authorization for a line item, a departmental capital budget or for a PGW-wide capital budget, PGW must notify the Gas Commission of this possibility as soon as possible with justification for the potential overrun prior to the spending authorization's being exceeded.
- 2.5. PGW shall propose an amendment to the Capital Budget for which any overspending on a capital budget spending authorization is anticipated; provided, however, that the proposed amended Capital Budget shall be transmitted to the Gas Commission and the Finance Director for their recommendations thereon, and the Gas Commission shall transmit such proposed amended Capital Budget together with both recommendations thereon to City Council for final action.

Principle #3

- 3.1. Capital budget line items are to be developed so that the projected timing of the expenditures realistically matches the budget year.

- 3.2. Multi-year capital projects will be divided into phases. Each phase shall be submitted as a line item for the capital budget applicable to the fiscal year when funds will be required.
- 3.3. Where spending is expected to occur across multiple fiscal years and the indivisible nature of the capital project defining a line item necessitates the approval of the total program authorization proposed, spending approval will be granted on an individual fiscal year to fiscal year basis.

Principle #4

- 4.1. Where capital work related to an approved line item has not adequately progressed, such line item must be reviewed as to whether or not it is still necessary and shall be closed if it is determined that the line item is not necessary. If a closed line item is determined to be necessary at a later date, a line item shall be resubmitted as part of a future capital budget proposal.

Principle #5

- 5.1. If the nature or cost of capital work for an approved line item has changed significantly, the line item shall be resubmitted to the Gas Commission as part of a future capital budget proposal or as a modification to a proposed or approved capital budget.
- 5.2. A “significant change” to an approved line item shall include instances where the scope and requirements of a project have changed materially.
- 5.3. Principles 5.1. and 5.2. shall not apply where the total projected cost of a line item is lower than approved.

Principle #6

[RESERVED]

Principle #7

- 7.1. Capital budget line items when proposed to the Gas Commission shall be accompanied by explanatory project detail whereby such line items are fully and meaningfully described and explained. Project Detail shall substantiate line items by incorporating applicable documentation, calculations, and any other related derivational parameters so as to leave the reader reasonably informed as to the justification for the project.
- 7.2. Questions as to whether items of information should logically be included in Project Detail shall be resolved in favor of inclusion. PGW is encouraged to work with the Gas Commission's staff and the Public Advocate to minimize redundancy or arguable irrelevance in Project Detail disclosure.

Principle #8

- 8.1. Priority 1 Projects (Safety)
 - 8.1.1. Such projects will reflect capital investment critical to ensuring public safety, the integrity of PGW's facilities, and/or the safety of PGW's employees.
 - 8.1.2. No cost/benefit analysis is required to satisfy any safety consideration associated with such projects. However, a cost/benefit justification is required for that part of a project which exceeds minimum requirements to achieve an acceptable level of risk.
- 8.2. Priority 2 Projects (Reliability)
 - 8.2.1. Such projects will reflect capital investment essential to maintaining the reliability of PGW's facilities in proper working condition as defined by accepted engineering practices. Included in this priority category is the replacement of facilities approaching the end of their useful life (and which need to be upgraded or replaced for reliability considerations).
 - 8.2.2. Such projects require cost/benefit or risk assessment of potential impact.
- 8.3. Priority 3 Projects (Enforced Relocations)
 - 8.3.1. Such projects reflect capital investment that is based upon forecasted city, state, or federal mandated projects as well as those of other agencies or utilities that have a direct impact on PGW facilities. Such projects include the replacement of facilities resulting from enforced relocations.
 - 8.3.2. Such projects require documentation (obtained through a due diligence effort) of the reason(s) for relocation.
- 8.4. Priority 4 Projects (Load Growth)

- 8.4.1.** Such projects reflect capital investment required to provide new or additional facilities to customers.
 - 8.4.2.** Such projects require a payback-oriented cost/benefit analysis.
 - 8.5.** Priority 5 Projects (Improved Efficiency and Discretionary)
 - 8.5.1.** Such projects reflect capital investment that offers opportunity to improve efficiency of operations and subsequent reduction in future operating costs.
 - 8.5.2.** Such projects require cost/benefit analysis and the identification of consequences from delaying such project.

City of Philadelphia

BILL NO. 070368 continued

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City of Philadelphia

BILL NO. 070368 continued

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 14, 2007. The Bill was Signed by the Mayor on September 20, 2007.



Patricia Rafferty
Chief Clerk of the City Council