



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 260512

Introduced May 14, 2026

Councilmember Gilmore Richardson for Council President Johnson

**Referred to the
Committee on Finance**

AN ORDINANCE

Approving the amendment of the Fiscal Year 2026 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions and acknowledging the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2027 through 2031, as amended.

WHEREAS, Section IV.2.b of the Agreement Between the City of Philadelphia and the Philadelphia Facilities Management Corporation for the Management and Operation of the Philadelphia Gas Works ("Management Agreement") requires the Philadelphia Facilities Management Corporation ("PFMC") to prepare annually for the Philadelphia Gas Works ("PGW") a proposed capital budget for the ensuing year and a forecast for the six (6) years 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 Philadelphia Gas Commission ("Gas Commission") for their review and for submission of said budget and forecast, together with their recommendations thereon, to the Council of the City of Philadelphia ("City Council") for its approval; and

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

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

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WHEREAS, PGW filed with the Gas Commission on January 2, 2025 a proposed Fiscal Year (“FY”) 2026 Capital Budget of One Hundred Eighty-Five Million Nine Hundred Sixty-Two Thousand Dollars (\$185,962,000) (“FY 2026 Capital Budget” or “Budget”) and a Five Year Forecast of Capital Budgets (FY 2027 - FY 2031) (“Forecast”); and

WHEREAS, the Gas Commission’s review of the Budget in its FY 2026 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 15, 2025 at which the Gas Commission endorsed a proposed FY 2026 Capital Budget in an amount not to exceed One Hundred Eighty-Five Million Two Hundred Twelve Thousand Dollars (\$185,212,000) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto; and

WHEREAS, on June 13, 2025, the Mayor approved Bill No. 250528, wherein City Council approved the foregoing FY2026 Compliance Capital Budget; and

WHEREAS, PGW requested an amendment of its FY 2026 Capital Budget in the amount of Forty-Four Million Seven Hundred Seventy-Three Thousand Dollars (\$44,773,000), which was authorized pursuant to an Ordinance of City Council, approved December 17, 2025 (Bill No. 251018). This Amendment resulted in an Amended FY 2026 Compliance Capital Budget in the amount of Two Hundred Twenty-Nine Million Nine Hundred Eighty-Five Thousand Dollars (\$229,985,000); and

WHEREAS, on December 12, 2025, PGW filed an additional request to reauthorize and amend its FY2026 Capital Budget (hereinafter referred to as “FY 2026 Second Capital Budget Amendment Request”) by a total of Eleven Million Eight Hundred Seventy Thousand Dollars (\$11,870,000); and

WHEREAS, the Gas Commission’s review of the proposed FY 2026 Second Capital Budget Amendment Request culminated in deliberations taken at its public meeting held on March 10, 2026 and whereupon the Gas Commission endorsed reauthorizations and amendments to the FY 2026 Capital Budget adding a total of Eleven Million Eight Hundred Seventy Thousand Dollars (\$11,870,000), thereby increasing the total Budget to an amount not to exceed Two Hundred Forty-One Million Eight Hundred Fifty-Five Thousand Dollars (\$241,855,000) with related constraints and conditions; and

WHEREAS, on May 8, 2026, PGW filed with the Gas Commission an Amended FY 2026 Compliance Capital Budget in the amount of Two Hundred Forty-One Million Eight Hundred Fifty-Five Thousand Dollars (\$241,855,000) (“Third Amended Compliance Budget”), a revised Financing Plan and a revised Forecast; and

WHEREAS, City Council seeks to provide for evolving capital needs and related expenditures of PGW by incorporating the Gas Commission’s endorsed amendments to the FY 2026 Capital Budget reflected in Exhibit 1 hereto; now, therefore,

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THE COUNCIL OF THE CITY OF PHILADELPHIA ORDAINS:

SECTION 1. Approval and Acknowledgment

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

- A. does hereby approve the Second Amended FY 2026 Capital Budget for the Philadelphia Gas Works (“PGW”) in a total amount not to exceed Two Hundred Forty-One Million Eight Hundred Fifty-Five Thousand Dollars (\$241,855,000) as reflected in the Third Amended Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Sections 4-7 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2027 - FY 2031.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended Compliance Budget are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2026, defined as September 1, 2025 through August 31, 2026, in an aggregate amount not to exceed Two Hundred Forty-One Million Eight Hundred Fifty-Five Thousand Dollars (\$241,855,000) as reflected in the Third Amended Compliance Budget and subject to the provisions of Sections 4-7 of this Ordinance. The Third Amended Compliance Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Reauthorized Line Items

- A. The following line items from the FY 2021 Capital Budget, as reauthorized by amendment to the FY 2024 and FY 2025 Capital Budget is hereby reauthorized, with the amended amounts consisting of unspent funds carried over from FY 2021, FY 2024, and FY 2025 authorizations into the FY 2026 Capital Budget:
 - 1. South Operations Center (“SOC”) (#72-01-2-08) (\$11,670,000).
- B. The following line item from the FY 2024 Capital Budget is hereby reauthorized, with the amended amount consisting of unspent funds carried over from FY 2024 authorization:
 - 1. Replace 800 Building Main Electrical Switchgear (#72-01-2-04) (\$200,000).

SECTION 4. Constraints and Conditions – Capital Program Protocols

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During the lifespan of the line items in the approved Second Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 15, 2025. Said Protocols are incorporated herein by reference.

SECTION 5. Constraints and Conditions – Line Item Transfer Exclusions

Except as necessitated by Emergency Circumstances as set forth in the Protocols at Part 1 – Subpart I.3, no line item referenced herein shall be available as a source of spending authority in transfer transactions.

SECTION 6. Constraints and Conditions – Line Item Lifespan

Spending authority for these line items shall expire as of August 31, 2027.

SECTION 7. Constraints and Conditions – Line Item Spending Authorization

A. The total combined spending for the following line item from the FY 2021, as amended by the FY 2024 and FY 2025 Capital Budgets shall not exceed the spending authorization for each project as approved by the aforementioned amendments:

1. South Operations Center (“SOC”) (#72-01-2-08) (\$11,670,000).

B. The total combined spending for the following line items from the FY 2024 Capital Budget shall not exceed the spending authorization for each project as approved in the FY 2024 Capital Budget:

1. Replace 800 Building Main Electrical Switchgear (#72-01-2-04) (\$200,000).

SECTION 10. Exhibit

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