

Exhibit #1-A

[Insert separate .pdf document containing the Amended Compliance FY 2016 Capital Budget Proposal, associated Amended Financing Plan, and Amended Five Year Forecast of Capital Budgets for FY 2017 – FY 2021].

PHILADELPHIA GAS WORKS

**AMENDED
FISCAL 2016 CAPITAL BUDGET
AND
FORECAST FISCAL 2017 - 2021**

**WITH
FISCAL 2016 FINANCING PLAN**

May 11, 2015



PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2016 AND FORECAST 2017 THROUGH 2021

	<u>2016</u> <u>CAPITAL BUDGET</u>	<u>2017 - 2021</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	324,000	3,233,000	3,557,000
REPLACEMENTS	<u>5,582,000</u>	<u>20,571,000</u>	<u>26,153,000</u>
TOTAL	<u>5,906,000</u>	<u>23,804,000</u>	<u>29,710,000</u>
<u>DISTRIBUTION</u>			
ADDITIONS	10,300,000	54,378,000	64,678,000
REPLACEMENTS	<u>80,420,000</u>	<u>411,436,000</u>	<u>491,856,000</u>
GROSS TOTAL	90,720,000	465,814,000	556,534,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(8,299,000)</u>		<u>(8,299,000)</u>
NET TOTAL	<u>82,421,000</u>	<u>465,814,000</u>	<u>548,235,000</u>
<u>FIELD SERVICES</u>			
ADDITIONS	1,745,000	9,378,000	11,123,000
REPLACEMENTS	<u>4,960,000</u>	<u>26,305,000</u>	<u>31,265,000</u>
GROSS TOTAL	6,705,000	35,683,000	42,388,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>6,705,000</u>	<u>35,683,000</u>	<u>42,388,000</u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	750,000		750,000
REPLACEMENTS	<u>7,412,000</u>	<u>16,268,000</u>	<u>23,680,000</u>
GROSS TOTAL	8,162,000	16,268,000	24,430,000
LESS: SALVAGE			
NET TOTAL	<u>8,162,000</u>	<u>16,268,000</u>	<u>24,430,000</u>

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2015 BUDGET</u>	<u>2016 FORECAST</u>	<u>2016 BUDGET</u>	<u>2016 vs 2015 BUDGET</u>		<u>2016 vs FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	495,000	52,823,000	324,000	(171,000)	-34.5%	(52,499,000)	-99.4%
REPLACEMENTS	<u>3,226,000</u>	<u>6,298,000</u>	<u>5,582,000</u>	<u>2,356,000</u>	<u>73.0%</u>	<u>(716,000)</u>	<u>-11.4%</u>
TOTAL GAS PROCESSING	3,721,000	59,121,000	5,906,000	2,185,000	58.7%	(53,215,000)	-90.0%
<u>DISTRIBUTION</u>							
ADDITIONS	10,796,000	11,060,000	10,300,000	(496,000)	-4.6%	(760,000)	-6.9%
REPLACEMENTS	<u>60,941,000</u>	<u>68,700,000</u>	<u>80,420,000</u>	<u>19,479,000</u>	<u>32.0%</u>	<u>11,720,000</u>	<u>17.1%</u>
GROSS TOTAL DISTRIBUTION	71,737,000	79,760,000	90,720,000	18,983,000	26.5%	10,960,000	13.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(1,022,000)</u>	<u>(2,287,000)</u>	<u>(8,299,000)</u>	<u>(7,277,000)</u>	<u>712.0%</u>	<u>(6,012,000)</u>	<u>262.9%</u>
NET TOTAL DISTRIBUTION	70,715,000	77,473,000	82,421,000	11,706,000	16.6%	4,948,000	6.4%
<u>FIELD SERVICES</u>							
ADDITIONS	1,854,000	1,932,000	1,745,000	(109,000)	-5.9%	(187,000)	-9.7%
REPLACEMENTS	<u>4,724,700</u>	<u>5,031,000</u>	<u>4,960,000</u>	<u>235,300</u>	<u>5.0%</u>	<u>(71,000)</u>	<u>-1.4%</u>
GROSS TOTAL FIELD SERVICES	6,578,700	6,963,000	6,705,000	126,300	1.9%	(258,000)	-3.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	6,578,700	6,963,000	6,705,000	126,300	1.9%	(258,000)	-3.7%

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2016 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	17,852,000	17,217,000	105,259,000	88,706,000	123,111,000	105,923,000
YEAR 1		635,000		15,803,000		16,438,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>17,852,000</u>	<u>17,852,000</u>	<u>105,259,000</u>	<u>104,509,000</u>	<u>123,111,000</u>	<u>122,361,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2016
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>		2015 <u>BUDGET</u>	2016 <u>FORECAST</u>	2016 <u>BUDGET</u>	<u>2016 vs 2015 BUDGET</u>		<u>2016 vs FORECAST</u>	
					<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
					<u>DIFFERENCE</u>	<u>DIFF</u>	<u>DIFFERENCE</u>	<u>DIFF</u>
53-01	NATURAL GAS		0	0	0	N/A	0	N/A
	MEASUREMENT AND CONTROL FACILITIES	<u>1,784,000</u>	<u>0</u>	<u>0</u>	<u>(1,784,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>N/A</u>
	TOTAL	1,784,000	0	0	(1,784,000)	-100.0%	0	N/A
53-02	SUPPLEMENTAL GAS	332,000	52,698,000	220,000	(112,000)	-33.7%	(52,478,000)	-99.6%
	FACILITIES	<u>1,093,000</u>	<u>4,826,000</u>	<u>3,731,000</u>	<u>2,638,000</u>	<u>241.4%</u>	<u>(1,095,000)</u>	<u>-22.7%</u>
	TOTAL	1,425,000	57,524,000	3,951,000	2,526,000	177.3%	(53,573,000)	-93.1%
53-03	BUILDING AND	0	0	0	0	N/A	0	N/A
	GROUPS	<u>0</u>	<u>1,114,000</u>	<u>1,482,000</u>	<u>1,482,000</u>	<u>N/A</u>	<u>368,000</u>	<u>33.0%</u>
	TOTAL	0	1,114,000	1,482,000	1,482,000	N/A	368,000	33.0%
53-04	MISC CAPITAL	163,000	125,000	104,000	(59,000)	-36.2%	(21,000)	-16.8%
	REQUIREMENTS	<u>349,000</u>	<u>358,000</u>	<u>369,000</u>	<u>20,000</u>	<u>5.7%</u>	<u>11,000</u>	<u>3.1%</u>
	TOTAL	512,000	483,000	473,000	(39,000)	-7.6%	(10,000)	-2.1%
	TOTAL GAS PROCESSING	<u>3,721,000</u>	<u>59,121,000</u>	<u>5,906,000</u>	<u>2,185,000</u>	<u>58.7%</u>	<u>(53,215,000)</u>	<u>-90.0%</u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
	<u>PRIORITY 1</u>						
1	GP-2 53-02-1-01	INSTALL DUPLEX STRAINOR FOR GLYCOLBOILOFF SYSTEM	163,000	26,000	137,000		
1	GP-2 53-02-1-02	INSTALL AIR COMPRESSORS OUTSIDE MACHINE SHOP	57,000	57,000			
1	GP-2 53-02-2-1	REPLACE H-1 HEATER - RICHMOND	2,474,000	594,000	1,880,000		
1	GP-2 53-02-2-2	REPLACE FOAM WATER PIPING ON LNG TANKS	451,000	338,000	113,000		
1	GP-2 53-02-2-3	REPLACE FIRE SYSTEM ON C-5RB BOILOFF COMPRESSOR	806,000	363,000	443,000		
1	GP-3 53-03-2-01	REPLACE LNG TANK ELEVATOR	1,482,000	741,000	741,000		
1	GP-4 53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	104,000	104,000			
1	GP-4 53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	369,000	369,000			
TOTAL GAS PROCESSING DEPARTMENT:			<u>5,906,000</u>	<u>2,592,000</u>	<u>3,314,000</u>		

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2016 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>GROSS TOTAL</u>	<u>REIMBURSEMENT**</u>	<u>CONTRIBUTIONS*</u>	<u>SALV.</u>	<u>NET TOTAL</u>
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	1,132,000	16,972,000	18,104,000				18,104,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,068,000	29,644,000	31,712,000	(1,967,000)			29,745,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	7,000	8,544,000	8,551,000	(6,332,000)			2,219,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	602,000	1,006,000	1,608,000				1,608,000
52-24 SERVICES	6,280,000	21,978,000	28,258,000				28,258,000
52-29 OTHER DISTRIBUTION FACILITIES	211,000	2,276,000	2,487,000				2,487,000
52-99 COST OF REMOVAL AND ABANDONMENT SALVAGE							
TOTAL DISTRIBUTION	10,300,000	80,420,000	90,720,000	(8,299,000)			82,421,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2016 CAPITAL BUDGET

P		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-20</u> <u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,132,000	
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,542,000	2,850
1	52-20-2-02 INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN	7,981,000	17,424
1	52-20-2-03 INCREMENTAL REPLACEMENT OF 30" HP CAST IRON AND OTHER LARGE DIAMETER MAIN	7,449,000	7,566
	GROSS TOTAL D-20	18,104,000	
52-20-2-97	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
	NET TOTAL D-20	18,104,000	
	 <u>D-21</u> <u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
4	52-21-1-01 LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	2,068,000	
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK AND ENLARGEMENTS THAT MAY BE REQUIRED TO MAINTAIN SYSTEM PRESSURE	5,294,000	24,345
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	14,454,000	75,037
5	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - ACCELERATED CAST IRON	4,396,000	22,810
1	52-21-2-04 LONG TERM INFRASTRUCTURE PLAN - INCREMENTAL CAST IRON	5,500,000	
	GROSS TOTAL D-21	31,712,000	
52-21-2-97	LESS: REIMBURSEMENT**	(1,967,000)	
	NET TOTAL D-21	29,745,000	

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>	<u>D-24</u>	<u>SERVICES</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,019,000	
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	2,261,000	
1	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	19,110,000	7,885
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES RESULTING FROM LEAKS OR OTHER REASONS	1,033,000	135
1	52-24-2-03	RENEWAL OF 1-1/4" AND SMALLER INCREMENTAL CAST IRON MAIN	1,835,000	
		GROSS TOTAL D-24	28,258,000	
		LESS: REIMBURSEMENT**		
		NET TOTAL D-24	28,258,000	
	<u>D-29</u>	<u>OTHER DISTRIBUTION FACILITIES</u>		
5	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	11,000	
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,479,000	
1	52-29-2-02	ENTERPRISE ASSET MANAGEMENT SOLUTION	200,000	
5	52-29-2-03	PRESSURE FORCE PAPER CHART UPGRADE PROJECT	797,000	
		NET TOTAL D-29	2,487,000	
1	52-99-2-99	REMOVAL AND ABANDONMENTS		
		GROSS TOTAL DISTRIBUTION DEPARTMENT	90,720,000	
		LESS: REIMBURSEMENT**	(8,299,000)	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	52-98-2-98	LESS: SALVAGE		
		NET TOTAL DISTRIBUTION DEPARTMENT	82,421,000	

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>	<u>BUDGET_YR</u>	<u>YEAR_1</u>	<u>YEAR_2</u>	<u>YEAR_3</u>	<u>YEAR_4+</u>
<u>PRIORITY 3</u>								
3	D-20 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,542,000	2,850	1,291,000	251,000			
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	5,294,000	24,345	4,044,000	1,250,000			
3	D-22 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATIONS: I-95 RECONSTRUCTION	7,450,000		6,200,000	1,250,000			
3	D-22 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK, AND NECESSARY REPLACEMENTS	1,094,000	394	1,094,000				
<u>PRIORITY 4</u>								
4	D-20 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,132,000		1,132,000				
4	D-21 52-21-1-01 LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	2,068,000		2,068,000				
4	D-22 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	7,000		7,000				
4	D-23 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	602,000		602,000				
4	D-24 52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,019,000		4,019,000				
4	D-24 52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	2,261,000		2,261,000				
<u>PRIORITY 5</u>								
5	D-21 52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - ACCELERATED CAST IRON	4,396,000	22,810	4,396,000				
5	D-29 52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	11,000		11,000				
5	D-29 52-29-2-03 PRESSURE FORCE PAPER CHART UPGRADE PROJECT	797,000		412,000	385,000			
<u>TOTAL DISTRIBUTION DEPARTMENT:</u>		<u>90,720,000</u>		<u>80,385,000</u>	<u>10,335,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2016 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	1,431,000	2,374,000	3,805,000
50-32 SERVICE REGULATORS AND INSTALLATION	56,000	23,000	79,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	118,000	166,000	284,000
50-34 METER SHOP EQUIPMENT		65,000	65,000
50-35 SERVICE SECTION EQUIPMENT			
50-36 AUTOMATIC METER READING	140,000	2,332,000	2,472,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	1,745,000	4,960,000	6,705,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>1,745,000</u>	<u>4,960,000</u>	<u>6,705,000</u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>	<u>C-30</u>	<u>METERS</u>	<u>AMOUNT</u>
4	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	1,431,000
2	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	<u>2,374,000</u>
		TOTAL C-30	<u><u>3,805,000</u></u>
	 <u>C-32</u>	 <u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	56,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS	<u>23,000</u>
		TOTAL C-32	<u><u>79,000</u></u>
	 <u>C-33</u>	 <u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
5	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	118,000
1	50-33-2-01	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION	<u>166,000</u>
		TOTAL C-33	<u><u>284,000</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	65,000
		TOTAL C-34	<u><u>65,000</u></u>

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2016 CAPITAL BUDGET

P	CATEGORY		AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4 +	
<u>PRIORITY 1</u>									
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS	23,000	23,000				
1	C-33	50-33-2-01	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION	166,000	166,000				
<u>PRIORITY 2</u>									
1	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,374,000	2,374,000				
<u>PRIORITY 4</u>									
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	1,431,000	1,431,000				
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	56,000	56,000				
<u>PRIORITY 5</u>									
5	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	118,000	118,000				
5	C-34	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR	65,000	65,000				
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	140,000	140,000				
5	C-36	50-36-2-01	REPLACE AMR DEVICES WHERE BATTERIES FAILED	2,332,000	2,332,000				
TOTAL FIELD SERVICES DEPARTMENT:				<u>6,705,000</u>	<u>6,705,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2016
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	<u>2015 BUDGET</u>	<u>2016 FORECAST</u>	<u>2016 BUDGET</u>	<u>2016 vs 2015 BUDGET</u>		<u>2016 vs FORECAST</u>	
				<u>\$ DIFFERENCE</u>	<u>% DIFF.</u>	<u>\$ DIFFERENCE</u>	<u>% DIFE.</u>
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	17,000	0	0	(17,000)	-100.0%	0	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	487,000	211,000	1,533,000	1,046,000	214.8%	1,322,000	626.5%
73-01-1-01 VEHICLE ADDITIONS TO SUPPORT CAST IRON MAIN REPLACEMENT			632,000				
73-01-1-02 MOBILE EQUIPMENT RELACEMENTS TO SUPPORT CAST IRON MAIN REPLACEMENT			118,000				
73-01-1-03 VEHICLE ADDITIONS	0	0	0	0	N/A	0	N/A
73-01-2-03 VEHICLE REPLACEMENTS	2,637,000	4,060,000	5,879,000	3,242,000	122.9%	1,819,000	44.8%
GROSS TOTAL FLEET OPERATIONS	3,141,000	4,271,000	8,162,000	5,021,000	159.9%	3,891,000	91.1%
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
NET TOTAL FLEET OPERATIONS	<u>3,141,000</u>	<u>4,271,000</u>	<u>8,162,000</u>	<u>5,021,000</u>	<u>159.9%</u>	<u>3,891,000</u>	<u>91.1%</u>

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2016 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	73-01-2-01 ACQUIRE ADD'TL VEHICLES TO SUPPORT CAST IRON MAIN REPL	5,879,000	3,588,000	2,291,000			
<u>2</u>	73-01-1-02 ACQUIRE ADD'TL MOBILE EQUIP TO SUPPORT CAST IRON MAIN REPL	<u>118,000</u>	<u>118,000</u>				
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,533,000	1,533,000				
2	73-01-2-01 ACQUIRE ADD'TL VEHICLES TO SUPPORT CAST IRON MAIN REPL	<u>632,000</u>	134,000	498,000			
	TOTAL FLEET OPERATIONS DEPARTMENT:	<u>8,162,000</u>	<u>5,373,000</u>	<u>2,789,000</u>			

OTHER DEPARTMENTS
FISCAL YEAR 2016 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	134,000	2,605,000	2,739,000
INFORMATION SERVICES	227,000	2,737,000	2,964,000
CHIEF OPERATING OFFICER		750,000	750,000
VP TECHNICAL COMPLIANCE	3,407,000		3,407,000
CHEM SERVICES		8,000	8,000
VP REGULATORY COMPLIANCE & CUST PROGRAMS	965,000		965,000
GAS MANAGEMENT FY 2014 REAUTHORIZATIONS		785,000	785,000
 TOTAL OTHER DEPARTMENTS	 <u>4,733,000</u>	 <u>6,885,000</u>	 <u>11,618,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>		<u>FACILITIES</u>	<u>AMOUNT</u>
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	125,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	9,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	376,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	45,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000
2	72-01-2-04	REPLACE HVAC SYSTEM COMPONENTS - 800	786,000
1	72-01-2-05	REPLACE CARPETS - ALL LOCATIONS	165,000
2	72-01-2-06	REPLACE MODULAR FURNITURE - 800	195,000
2	72-01-2-07	REPLACE HVAC COMPONENTS - 1800	173,000
2	72-01-2-08	REPLACE SWITCHGEAR - 1800	113,000
2	72-01-2-09	REPLACE OBSOLETE INTERIOR LIGHTING - 800	352,000
2	72-01-2-10	REPLACE 800 CM3 BAS	214,000
2	72-01-2-11	REPLACE SPLINE CEILING 800-1	129,000
		TOTAL FACILITIES	<u><u>2,739,000</u></u>

OTHER DEPARTMENTS
FISCAL YEAR 2016 CAPITAL BUDGET

		<u>AMOUNT</u>
<u>VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS</u>		
10-01-1-01	AUTOMATION OF CRP PROCESS	607,000
10-01-1-02	STREAMLINE CREDIT DENIAL PROCESS	60,000
10-01-1-04	KIOSK FOR CUSTOMER SERVICE CENTERS	156,000
10-01-1-03	EXPANSION OF BILL ANALYZER	42,000
10-01-1-05	CONTINUED DEVELOPMENT OF ENERGYSENSE DATABASE	100,000
<u>FY 2014 REAUTHORIZATION</u>		
10-01-1-01	CONSOLIDATED BILLING & PURCHASE OF RECEIVABLES	21,000
TOTAL VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS		<u>986,000</u>
<u>VP TECHNICAL COMPLIANCE</u>		
38-01-1-01	BIOSPARGE AND SOIL VAPOR EXTRACTION SYSTEM	2,739,000
38-01-1-01	SPARGE CURTAIN & SOIL VAPOR EXTRACTION PASSYUNK/PORTER	647,000
TOTAL VP TECHNICAL COMPLIANCE		3,386,000
<u>GAS MANAGEMENT</u>		
<u>FY 2014 REAUTHORIZATION</u>		
09-01-2-01	SCADA Upgrade with Control Room & Alarm Management	267,000
57-01-2-01	Replace Gas Management System & Supplier Choice Software	518,000
TOTAL GAS MANAGEMENT		<u>785,000</u>
TOTAL OTHER DEPARTMENTS		<u>11,618,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2016 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
	<u>PRIORITY 1</u>						
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000				
1	38-01-1-01	CHEM LAB INSTRUMENTATION & SUPPORT	2,739,000	2,739,000			
1	31-01-2-01	CHEM LAB INSTRUMENTATION REPLACEMENT	8,000	8,000			
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	125,000	125,000			
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	9,000	9,000			
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	376,000	376,000			
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	45,000	45,000			
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	57,000			
1	72-01-2-05	REPLACE CARPETS - ALL LOCATIONS	165,000	165,000			
		<u>FY 2014 REAUTHORIZATION</u>					
1	38-01-1-01	SPARGE CURTAIN & SOIL VAPOR EXTRACTION PASSYUNK/PORTER	647,000	647,000			

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2016 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 5</u>						
5	10-01-1-01 AUTOMATION OF CRP PROCESS	607,000	607,000				
5	10-01-1-02 STREAMLINE CREDIT DENIAL PROCESS	60,000	60,000				
5	10-01-1-03 BILL ANALYZER PRODUCT	42,000	42,000				
5	10-01-1-04 KIOSK FOR CUSTOMER SERVICE CENTERS	156,000	156,000				
5	10-01-1-05 ENERGYSENSE REPORTS	100,000	100,000				
	<u>FY 2014 REAUTHORIZATION</u>						
5	47-01-2-04 REPLACE 'PBX W/VOICE OVER IP PHONE SYSTEM	1,800,000	1,800,000				
5	09-01-2-01 SCADA UPGRADE W/CONTROL ROOM & ALARM MANAGEMENT	267,000	267,000				
5	57-01-2-01 REPLACE GAS MGMT SYSTEM & SUPPLIER CHOICE SOFTWARE	518,000	518,000				
	10-01-1-01 CONSOLIDATED BILLING & PURCHASE OF RECEIVABLES	21,000	21,000				
	TOTAL OTHER DEPARTMENTS:	11,618,000	10,868,000				

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2016 AND FORECAST 2017 THROUGH 2021

<u>DEPARTMENT</u>	<u>2016 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
<u>GAS PROCESSING</u>							
ADDITIONS	324,000	489,000	2,408,000	110,000	112,000	114,000	3,557,000
REPLACEMENTS	<u>5,582,000</u>	<u>7,453,000</u>	<u>5,033,000</u>	<u>3,589,000</u>	<u>2,145,000</u>	<u>2,351,000</u>	<u>26,153,000</u>
TOTAL GAS PROCESSING	5,906,000	7,942,000	7,441,000	3,699,000	2,257,000	2,465,000	<u>29,710,000</u>
ACQUIRE ASSETS LEASE	5,906,000	7,942,000	7,441,000	3,699,000	2,257,000	2,465,000	29,710,000
<u>DISTRIBUTION</u>							
ADDITIONS	10,300,000	10,429,000	10,648,000	10,871,000	11,098,000	11,332,000	<u>64,678,000</u>
REPLACEMENTS	<u>80,420,000</u>	<u>79,819,000</u>	<u>84,108,000</u>	<u>82,514,000</u>	<u>81,968,000</u>	<u>83,027,000</u>	<u>491,856,000</u>
GROSS TOTAL DISTRIBUTION	90,720,000	90,248,000	94,756,000	93,385,000	93,066,000	94,359,000	<u>556,534,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**							
NET TOTAL DISTRIBUTION	90,720,000	90,248,000	94,756,000	93,385,000	93,066,000	94,359,000	<u>556,534,000</u>
ACQUIRE ASSETS LEASE	90,720,000	90,248,000	94,756,000	93,385,000	93,066,000	94,359,000	556,534,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2016 AND FORECAST 2017 THROUGH 2021

<u>DEPARTMENT</u>	<u>2016 CAPITAL BUDGET</u>	<u>FORECAST</u>					<u>TOTAL 6 YEARS</u>
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
<u>OTHER</u>							
ADDITIONS	4,733,000	368,000	375,000	382,000	389,000	396,000	<u>6,643,000</u>
REPLACEMENTS	<u>6,885,000</u>	<u>3,529,000</u>	<u>2,800,000</u>	<u>2,701,000</u>	<u>2,741,000</u>	<u>2,450,000</u>	<u>21,106,000</u>
TOTAL OTHER	11,618,000	3,897,000	3,175,000	3,083,000	3,130,000	2,846,000	<u>27,749,000</u>
ACQUIRE ASSETS LEASE	11,618,000	3,897,000	3,175,000	3,083,000	3,130,000	2,846,000	27,749,000
<u>TOTAL</u>							
ADDITIONS	17,220,000	13,069,000	15,254,000	13,245,000	13,523,000	13,808,000	<u>86,119,000</u>
REPLACEMENTS	<u>105,891,000</u>	<u>100,595,000</u>	<u>99,334,000</u>	<u>95,957,000</u>	<u>92,914,000</u>	<u>100,001,000</u>	<u>594,692,000</u>
GROSS TOTAL	123,111,000	113,664,000	114,588,000	109,202,000	106,437,000	113,809,000	<u>680,811,000</u>
LESS: SALVAGE							
LESS: REIMBURSEMENT**							
LESS: CONTRIBUTIONS*							
NET TOTAL	<u>123,111,000</u>	<u>113,664,000</u>	<u>114,588,000</u>	<u>109,202,000</u>	<u>106,437,000</u>	<u>113,809,000</u>	<u>680,811,000</u>
ACQUIRE ASSETS LEASE	123,111,000	113,664,000	114,588,000	109,202,000	106,437,000	113,809,000	<u>680,811,000</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED 2017 - 2021 FORECAST
(COMPARIISON)

<u>DEPARTMENT</u>	<u>2016- 2020 FORECAST</u>	<u>2017 - 2021 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	0		(0)	-100.0%
REPLACEMENTS	<u>14,938,000</u>	<u>16,268,000</u>	1,330,000	8.9%
GROSS TOTAL FLEET OPERATIONS	14,938,000	16,268,000	1,330,000	8.9%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	14,938,000	16,268,000	1,330,000	8.9%
 <u>OTHER</u>				
ADDITIONS	1,442,000	1,910,000	468,000	32.5%
REPLACEMENTS	<u>25,156,000</u>	<u>14,221,000</u>	(10,935,000)	-43.5%
TOTAL OTHER	26,598,000	16,131,000	(10,467,000)	-39.4%
 <u>TOTAL</u>				
ADDITIONS	122,270,000	68,899,000	(53,371,000)	-43.7%
REPLACEMENTS	<u>419,132,000</u>	<u>488,801,000</u>	69,669,000	16.6%
GROSS TOTAL	541,402,000	557,700,000	16,298,000	3.0%
LESS: SALVAGE				
LESS: REIMBURSEMENT**	(5,761,000)		5,761,000	-100.0%
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>541,402,000</u>	<u>557,700,000</u>	16,298,000	3.0%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
53-02-2-03 REPLACE LNG SWITCHGEAR - RICHMOND				1,000,000				1,000,000
53-02-2-04 REPLACE RIVER WATER PUMP SWITCHGEAR			1,500,000					1,500,000
53-02-2-05 REPLACE PNEUMATIC COMPANDER ACTUATORS			180,000					180,000
53-02-2-06 REPLACE FOAM WATER PIPING				500,000				500,000
53-02-2-07 REPLACE FIRE AND GAS DETECTION SYSTEM - PASSYUNK			1,140,000					1,140,000
53-02-2-09 REPLACE FIRE SYSTEM ON C-5RA BOILOFF COMPRESSOR			806,000					806,000
53-02-2-10 DCS CONTROL SYSTEMS UPGRADES - RICHMOND			1,000,000	250,000				1,250,000
53-02-2-11 EXPANDER LIQUEFIER TSA SYSTEM UPGRADES							2,000,000	2,000,000
53-02-2-12 RELOCATE LNG CONTROL ROOM MCC - PASYUNK				1,000,000				1,000,000
53-01-X-XX NON-RECURRING ITEMS	1,425,000							
TOTAL GP-2	<u>1,425,000</u>	<u>3,951,000</u>	<u>7,509,000</u>	<u>5,050,000</u>	<u>3,250,000</u>		<u>2,000,000</u>	<u>17,809,000</u>
<u>GP-3 BUILDING AND GROUNDS</u>								
2 53-03-2-01 REPLACE LNG TANK ELEVATOR-RICHMOND		1,482,000						
TOTAL GP-3		<u>1,482,000</u>						
<u>GP-4 MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	163,000	104,000	106,000	108,000	110,000	112,000	114,000	550,000
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	349,000	369,000	327,000	333,000	339,000	345,000	351,000	1,695,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
<u>D-20 HIGH PRESSURE MAINS</u>								
4 52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,133,000	1,132,000	1,371,000	1,400,000	1,429,000	1,459,000	1,490,000	7,149,000
3 52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,378,000	1,542,000	1,565,000	1,598,000	1,632,000	1,666,000	1,701,000	8,162,000
1 52-20-2-02 INCRE REPL OF 12" HP CAST IRON MAIN	5,034,000	7,981,000	5,287,000	6,637,000	7,340,000	4,710,000	4,710,000	28,684,000
1 52-20-2-03 INCRE REPL - 30" HP CAST IRON AND OTHER LARGE DIAMETER MAIN	9,045,000	7,449,000	12,000,000	14,010,000	10,755,000	11,815,000	11,825,000	60,405,000
GROSS TOTAL D-20	16,590,000	18,104,000	20,223,000	23,645,000	21,156,000	19,650,000	19,726,000	104,400,000
52-20-2-97 LESS: REIMBURSEMENT**								
NET TOTAL D-20	<u>16,590,000</u>	<u>18,104,000</u>	<u>20,223,000</u>	<u>23,645,000</u>	<u>21,156,000</u>	<u>19,650,000</u>	<u>19,726,000</u>	<u>104,400,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
<u>D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE CONTROL & CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 CUSTOMER METER & REGULATOR INSTALL	562,000	602,000	615,000	628,000	641,000	654,000	668,000	3,206,000
1 52-23-2-01 REPLACE/REHABILITATION-HP MAIN VALVES	730,000	620,000	633,000	646,000	660,000	674,000	688,000	3,301,000
2 52-23-2-02 REPL - PRESSURE CNTL & CORR CNTL FACIL	<u>579,000</u>	<u>386,000</u>	<u>386,000</u>	<u>394,000</u>	<u>402,000</u>	<u>410,000</u>	<u>419,000</u>	<u>2,011,000</u>
GROSS TOTAL D-23	1,871,000	1,608,000	1,634,000	1,668,000	1,703,000	1,738,000	1,775,000	8,518,000
LESS: REIMBURSEMENT**								
TOTAL D-23	<u>1,871,000</u>	<u>1,608,000</u>	<u>1,634,000</u>	<u>1,668,000</u>	<u>1,703,000</u>	<u>1,738,000</u>	<u>1,775,000</u>	<u>8,518,000</u>
<u>D-24 SERVICES</u>								
4 52-24-1-01 1 1/4" AND SMALLER	4,225,000	4,019,000	4,080,000	4,166,000	4,253,000	4,342,000	4,433,000	21,274,000
4 52-24-1-02 2" AND LARGER	2,622,000	2,261,000	2,247,000	2,294,000	2,342,000	2,391,000	2,441,000	11,715,000
1 52-24-2-01 1 1/4" AND SMALLER	17,950,000	19,110,000	22,998,000	23,405,000	23,821,000	24,245,000	24,679,000	119,148,000
1 52-24-2-02 2" AND LARGER	<u>936,000</u>	<u>1,033,000</u>	<u>1,048,000</u>	<u>1,070,000</u>	<u>1,092,000</u>	<u>1,115,000</u>	<u>1,138,000</u>	<u>5,463,000</u>
1 52-24-2-03 RENEWAL OF 1-1/4" AND SMALLER SERVICES INCREMENTAL CAST IRON MAIN		1,835,000						
GROSS TOTAL D-24	25,733,000	28,258,000	30,373,000	30,935,000	31,508,000	32,093,000	32,691,000	157,600,000
52-24-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*								
TOTAL D-24	<u>25,733,000</u>	<u>28,258,000</u>	<u>30,373,000</u>	<u>30,935,000</u>	<u>31,508,000</u>	<u>32,093,000</u>	<u>32,691,000</u>	<u>157,600,000</u>

FIELD SERVICES DEPARTMENT
FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	1,562,000	1,431,000	1,456,000	1,488,000	1,538,000	1,572,000	1,607,000	<u>7,661,000</u>
1 50-30-2-01 REPLACEMENTS	<u>2,093,000</u>	<u>2,374,000</u>	<u>2,359,000</u>	<u>2,412,000</u>	<u>2,493,000</u>	<u>2,548,000</u>	<u>2,605,000</u>	<u>12,417,000</u>
TOTAL C-30	<u>3,655,000</u>	<u>3,805,000</u>	<u>3,815,000</u>	<u>3,900,000</u>	<u>4,031,000</u>	<u>4,120,000</u>	<u>4,212,000</u>	<u>20,078,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	65,000	56,000	64,000	66,000	67,000	69,000	70,000	<u>336,000</u>
1 50-32-2-01 REPLACEMENTS	<u>56,000</u>	<u>23,000</u>	<u>26,000</u>	<u>26,000</u>	<u>27,000</u>	<u>28,000</u>	<u>28,000</u>	<u>135,000</u>
TOTAL C-32	<u>121,000</u>	<u>79,000</u>	<u>90,000</u>	<u>92,000</u>	<u>94,000</u>	<u>97,000</u>	<u>98,000</u>	<u>471,000</u>
<u>C-33 TELEMETERING</u>								
5 50-33-1-01 ADDITIONS AND INSTALLATIONS	92,000	118,000	121,000	123,000	127,000	130,000	133,000	<u>634,000</u>
1 50-33-2-01 REPLACEMENTS	<u>132,000</u>	<u>166,000</u>	<u>169,000</u>	<u>173,000</u>	<u>179,000</u>	<u>183,000</u>	<u>187,000</u>	<u>891,000</u>
TOTAL C-33	<u>224,000</u>	<u>284,000</u>	<u>290,000</u>	<u>296,000</u>	<u>306,000</u>	<u>313,000</u>	<u>320,000</u>	<u>1,525,000</u>

FLEET OPERATIONS DEPARTMENT
FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
2 73-01-1-01 ACQUIRE ADD'TL VEHICLES TO SUPPORT INCREMENTAL CAST IRON MAIN REPLACEMENT		118,000						
1 73-01-1-02 MOBILE EQUIPMENT ADDITIONS TO SUPPORT CAST IRON MAIN REPLACEMENT		632,000						
2 73-01-1-03 VEHICLE ADDITIONS	0	0	0	0	0	0	0	0
2 73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	17,000	0	0	0	0	0	0	0
2 73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	487,000	1,533,000	646,000	540,000	388,000	178,000	480,000	2,232,000
1 73-01-2-03 VEHICLE REPLACEMENTS	2,637,000	5,879,000	4,149,000	1,743,000	1,484,000	484,000	6,176,000	14,036,000
								0
								0
GROSS TOTAL FLEET OPERATIONS DEPARTMENT	3,141,000	8,162,000	4,795,000	2,283,000	1,872,000	662,000	6,656,000	16,268,000
73-98-2-98 LESS: SALVAGE								0
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>3,141,000</u>	<u>8,162,000</u>	<u>4,795,000</u>	<u>2,283,000</u>	<u>1,872,000</u>	<u>662,000</u>	<u>6,656,000</u>	16,268,000
								0
ACQUIRE ASSETS LEASE	3,141,000	8,162,000	4,795,000	2,283,000	1,872,000	662,000	6,656,000	16,268,000

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
2 72-01-2-10 REPLACE 800 CM3 BAS		214,000						
2 72-01-2-13 REPLACE 800 BAS			500,000					500,000
2 72-01-2-11 REPLACE SPLINE CEILING 800-1		129,000						
2 72-01-2-14 REPLACE HVAC OUTLYING STATION	125,000							
2 72-01-2-15 REPLACE/UPGRADE 800 BUILDING AUTOMATION SYSTEM	270,000							
2 72-01-2-16 REPLACE 800 COOLING TOWER	330,000							
2 72-01-2-17 REPLACE SPLINE CEILING 800-1	80,000							
2 73-01-2-18 404210 BUILDING ROOF - RICHMOND PLANT	120,000							
72-01-X-XX NON-RECURRING ITEMS	342,000							
TOTAL FACILITIES	<u>2,616,000</u>	<u>2,739,000</u>	<u>2,166,000</u>	<u>1,427,000</u>	<u>1,318,000</u>	<u>1,348,000</u>	<u>1,047,000</u>	<u>7,306,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
<u>INFORMATION SERVICES</u>								
2 47-01-1-01 MISC SERVER & NETWORK ADDITIONS	58,000	57,000	58,000	59,000	60,000	61,000	62,000	300,000
2 47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	75,000	170,000	173,000	176,000	179,000	182,000	185,000	895,000
2 47-01-2-04 DESKTOP VIRTUALIZATION - PHASE 2		283,000	288,000	293,000	298,000	303,000	308,000	1,490,000
2 47-01-2-07 MISCELLANEOUS SOFTWARE REPLACEMENTS	150,000	50,000	51,000	52,000	53,000	54,000	55,000	265,000
2 47-01-2-05 SERVER & NETWORK HARDWARE REPLACE	180,000	177,000	180,000	183,000	186,000	189,000	192,000	930,000
2 47-01-2-06 UPGRADE TIPPING POINT		200,000						
2 47-01-2-03 SAN STORAGE	231,000	227,000	231,000	235,000	239,000	243,000	247,000	1,195,000
<u>FY 2014 REAUTHORIZATION</u>								
47-01-2-04 Replace PBX w/Voice Over IP Phone System		1,800,000						
TOTAL INFORMATION SERVICES	<u>694,000</u>	<u>2,964,000</u>	<u>981,000</u>	<u>998,000</u>	<u>1,015,000</u>	<u>1,032,000</u>	<u>1,049,000</u>	<u>5,075,000</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
2 13-01-2-02 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
4 13-01-2-03 CONDITIONAL FUNDING FOR CAPITAL NEEDS FOR COST-JUSTIFIED LOAD GROWTH	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
TOTAL CHIEF OPERATING OFFICER	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>3,750,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2017 THROUGH 2021

	<u>2015 BUDGET</u>	<u>2016 BUDGET</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL FORECAST</u>
09-01-2-01 SCADA Upgrade with Control Room & Alarm Management		267,000						
57-01-2-01 Replace Gas Management System & Supplier Choice Software		518,000						
TOTAL GAS MANAGEMENT		<u>785,000</u>						
TOTAL OTHER DEPARTMENTS	<u>4,275,000</u>	<u>11,618,000</u>	<u>3,897,000</u>	<u>3,175,000</u>	<u>3,083,000</u>	<u>3,130,000</u>	<u>2,846,000</u>	<u>16,131,000</u>
ACQUIRE ASSETS								
LEASE								

FY 2016 AMENDED FINANCING PLAN

PHILADELPHIA GAS WORKS
FY 2016 CAPITAL FUNDING PLAN
ALTERNATIVE SCENARIO

	<u>FY 2016</u> <u>Finance Plan</u> <u>Compliance Budget</u>	<u>FY 2016</u> <u>Finance Plan</u> <u>Amendment</u>
<u>FY 2016 Net Capital Spending</u>		
Spending from FY 2016 Program	\$98,336,000	\$98,336,000
FY 2016 Amendment Spending	\$0	\$7,587,000
Carryover Spending from FY 2015	\$20,021,000	\$20,021,000
Total FY 2016 Capital Spending	\$118,357,000	\$125,944,000
Projected Reimbursement	\$1,967,000	\$1,967,000
I-95 Reimbursement*	\$6,632,000	\$6,632,000
Salvage	\$105,000	\$105,000
Construction Contribution	\$2,467,000	\$2,467,000
<u>Net FY 2016 Capital Spending</u>	<u>\$107,186,000</u>	<u>\$114,773,000</u>
Capital Funding Sources		
TXCP - Capital	\$52,779,000	\$54,866,000
DSIC	\$19,407,000	\$24,907,000
Internally Generated Funds	\$35,000,000	\$35,000,000
<u>FY 2016 Capital Funding</u>	<u>\$107,186,000</u>	<u>\$114,773,000</u>

* This reimbursement reflects the amount identified in the FY 2016 Compliance Capital Budget for this initiative.

Exhibit #2
Capital Program Protocols
For The Philadelphia Gas Works

CAPITAL PROGRAM PROTOCOLS
(Proposed FY 2016 Capital Budget)

TABLE OF CONTENTS

PART 1 - GENERAL PROVISIONS.	A-1
SUBPART A - DEFINITIONS.	A-1
SUBPART B - NOMENCLATURE.	A-1
SUBPART C - LINE ITEMS (OVERVIEW).	A-1
SUBPART D - LINE ITEMS (SAFETY).	A-2
SUBPART E - LINE ITEMS (RELIABILITY OF SERVICE).	A-2
SUBPART F - LINE ITEMS (ENFORCED RELOCATIONS).	A-3
SUBPART G - LINE ITEMS (LOAD GROWTH).	A-3
SUBPART H - LINE ITEMS (BUSINESS IMPROVEMENT).	A-3
SUBPART I - UNBUDGETED CAPITAL INVESTMENT.	A-3
1. GENERAL PROHIBITION.	A-3
2. ADVANCE ENGINEERING.	A-4
3. EMERGENCY CIRCUMSTANCES.	A-4
 PART 2 - BUDGET ADMINISTRATION.	 A-5
SUBPART A - IN GENERAL.	A-5
SUBPART B - PLANNED WORK.	A-5
SUBPART C - LINE ITEM OVERSPENDING.	A-5
SUBPART D - BUDGETARY "BOTTOM-LINE" SHORTFALLS.	A-6
SUBPART E - LINE ITEM SURPLUS.	A-6
SUBPART F - INTRADEPARTMENTAL TRANSFERS.	A-6
1. MANAGERIAL DISCRETION.	A-6
2. DURATION.	A-6
3. EXCLUDED LINE ITEMS.	A-6
4. NEW PROJECTS.	A-7
5. BUSINESS UNIT INTEGRITY.	A-7
6. CROSS-BUDGET TRANSFERS.	A-7
7. CONDITIONAL FUNDING.	A-7
A. RELEASE ANTECEDENT.	A-7
B. TRANSFER ADVISORY.	A-7
C. DEVIATION FROM RELEASE APPROVAL.	A-7
SUBPART G - OTHER TRANSFERS.	A-7
1. APPROVAL/OVERSIGHT AUTHORITY.	A-7
2. DURATION.	A-8
3. EXCLUDED LINE ITEMS.	A-8
4. CROSS-BUDGET TRANSFERS.	A-8
5. TRANSFER APPROVAL REQUESTS.	A-8
SUBPART H - BUDGET REPORTING.	A-8
1. MONTHLY UPDATES.	A-8
2. QUARTERLY UPDATES.	A-9

3.	PERIODIC FORECASTS.....	A-9
4.	FINAL REPORTS.....	A-9
PART 3 - BUDGET PROPOSALS/ REQUESTS - IN GENERAL..... A-10		
SUBPART A - FILING DEADLINES..... A-10		
1.	PROPOSED ANNUAL BUDGET.....	A-10
2.	PROPOSED AMENDMENT TO APPROVED ANNUAL BUDGET.....	A-10
3.	REQUEST FOR RELEASE OF CONDITIONAL FUNDING.....	A-10
4.	REQUEST FOR APPROVAL OF LINE ITEM TRANSFER.....	A-10
SUBPART B - SUBSTANTIATION..... A-10		
1.	SAFETY.....	A-10
2.	RELIABILITY OF SERVICE.....	A-10
3.	ENFORCED RELOCATIONS.....	A-11
4.	LOAD GROWTH.....	A-11
5.	BUSINESS IMPROVEMENT.....	A-11
6.	REGULATORY OR OTHER MANDATES.....	A-11
PART 4 - BUDGET PROPOSALS/ REQUESTS - CONTENT REQUIREMENTS..... A-12		
SUBPART A - IN GENERAL..... A-12		
SUBPART B - NARRATIVE..... A-12		
SUBPART C - AUTHORIZING BOARD RESOLUTION..... A-12		
SUBPART D - COST COMPONENT BREAKOUT..... A-12		
SUBPART E - COST DERIVATION..... A-13		
SUBPART F - LOAD GROWTH..... A-13		
SUBPART G - CAPITAL FINANCING..... A-13		
SUBPART H - DISADVANTAGED BUSINESS PARTICIPATION..... A-13		
SUBPART I - APPROVED BUDGETS (CASH RECAPTURE)..... A-14		
SUBPART J - APPROVED BUDGETS (LEASES)..... A-14		
SUBPART K - APPROVED BUDGETS (GAINS/REDUCTIONS)..... A-14		

PART 1 - GENERAL PROVISIONS

SUBPART A - DEFINITIONS

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

SUBPART B - NOMENCLATURE

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

SUBPART C - LINE ITEMS (OVERVIEW)

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

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

SUBPART D - LINE ITEMS (SAFETY)

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

SUBPART E - LINE ITEMS (RELIABILITY OF SERVICE)

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

business; and/or

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

SUBPART F - LINE ITEMS (ENFORCED RELOCATIONS)

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

SUBPART G - LINE ITEMS (LOAD GROWTH)

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

SUBPART H - LINE ITEMS (BUSINESS IMPROVEMENT)

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

SUBPART I - UNBUDGETED CAPITAL INVESTMENT

1. GENERAL PROHIBITION

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

2. ADVANCE ENGINEERING

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

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

3. EMERGENCY CIRCUMSTANCES

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

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

PART 2 - BUDGET ADMINISTRATION

SUBPART A - IN GENERAL

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

SUBPART B - PLANNED WORK

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

SUBPART C - LINE ITEM OVERSPENDING

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

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

SUBPART D - BUDGETARY "BOTTOM-LINE" SHORTFALLS

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

SUBPART E - LINE ITEM SURPLUS

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

SUBPART F - INTRADEPARTMENTAL TRANSFERS

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

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

SUBPART G - OTHER TRANSFERS

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

B. shall be responsible for monitoring line item transfer activity in the approved Budget and making appropriate recommendations to City Council with respect to line item transfers in connection with the next ensuing budget proposal.

2. DURATION

Gas Commission authority to approve transfers shall end on the last day of the December that follows the close of the budget year.

3. EXCLUDED LINE ITEMS

Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:

A. any line item approved as conditional funding with a priority status of "1" or "2";

B. any line item approved with a priority status of "4" unless the intended recipient line item was also approved with a priority status of "4"; and

C. such other line item(s) as City Council shall designate by ordinance in conjunction with the annual Capital Budget Ordinance.

4. CROSS-BUDGET TRANSFERS

The transfer of spending authority from one Budget to another Budget is forbidden.

5. TRANSFER APPROVAL REQUESTS

A request that the Gas Commission approve a proposed transfer of spending authority must satisfy the following criteria:

A. the circumstances that the transfer transaction would address are clearly defined and not subject to reasonable dispute;

B. the transfer transaction does not rely on a source of spending authority that has been excluded by the approving Budget Ordinance;

C. a transfer source has sufficient spending authority to support the transfer transaction; and

D. no circumstance or consideration warrants that a proposed transfer be rejected for the sake of prudence.

SUBPART H - BUDGET REPORTING

1. MONTHLY UPDATES

PGW shall file monthly updates of actual/estimated spending styled as the "Capital Budget Authorization/Spending Review" in an electronic format acceptable to the Gas Commission as well as in hard copy. Said updates shall be due on the 15th day of each month or the next ensuing business day. Separate columns shall reflect:

A. whether a line item is open or closed;

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

2. QUARTERLY UPDATES

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

3. PERIODIC FORECASTS

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

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

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

4. FINAL REPORTS

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

PART 3 - BUDGET PROPOSALS/ REQUESTS - IN GENERAL

SUBPART A - FILING DEADLINES

1. **PROPOSED ANNUAL BUDGET**
A capital budget proposal for the next ensuing budget year shall be filed with the Gas Commission by no later than the first business day in January.
2. **PROPOSED AMENDMENT TO APPROVED ANNUAL BUDGET**
A proposal to amend an approved Budget shall be filed with the Gas Commission by no later than the first business day in March of the budget year.
3. **REQUEST FOR RELEASE OF CONDITIONAL FUNDING**
A request that the Gas Commission release conditional funding in an approved Budget shall be filed with the Gas Commission by no later than:
 - A. the first business day in September that follows the budget year for a line item in the conditional funding reserve; and
 - B. the first business day in April of the budget year for all other line items.
4. **REQUEST FOR APPROVAL OF LINE ITEM TRANSFER**
A request that the Gas Commission approve a line item transfer transaction shall be due as follows:
 - A. on the same day that a request for release of conditional funding is due under *Part 3 - Subpart A.3.* if a transfer transaction involves a conditional funding line item; and
 - B. by no later than the first business day of the November that next follows the budget year if any other transfer transaction is involved.

SUBPART B - SUBSTANTIATION

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

If no risk assessment is yet confirmed or if the project scope and/or costs is/are not yet finalized, the line item may be considered for conditional funding of a discrete project only if there is a reasonable expectation that the risk assessment will be confirmed and/or that the project scope and/or costs will be finalized during the budget year.
2. **RELIABILITY OF SERVICE**
In addition to the content requirements of *Part 4*, a proposed line item assigned a priority status of “2” shall be substantiated by a showing that the capital work at issue is necessary based on a

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

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

3. ENFORCED RELOCATIONS

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

4. LOAD GROWTH

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

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

5. BUSINESS IMPROVEMENT

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

6. REGULATORY OR OTHER MANDATES

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

PART 4 - BUDGET PROPOSALS/ REQUESTS - CONTENT REQUIREMENTS

SUBPART A - IN GENERAL

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

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

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

SUBPART B - NARRATIVE

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

SUBPART C - AUTHORIZING BOARD RESOLUTION

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

SUBPART D - COST COMPONENT BREAKOUT

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

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

SUBPART E - COST DERIVATION

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

SUBPART F - LOAD GROWTH

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

SUBPART G - CAPITAL FINANCING

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

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

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

SUBPART H - DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION

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

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

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

SUBPART I - APPROVED BUDGETS (CASH RECAPTURE)

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

SUBPART J - APPROVED BUDGETS (LEASES)

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

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

SUBPART K - APPROVED BUDGETS (GAINS/REDUCTIONS)

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