
CAPITAL PROGRAM PROTOCOLS
(Proposed FY 2025 Capital Budget)

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PART 1 - GENERAL PROVISIONS

SUBPART A - DEFINITIONS

1. **“Budget Year”**: The fiscal year assigned to a capital budget.
2. **“Fiscal Year”**: The 12-month period that begins on the first day in September and ends on the last day in August.
3. **“Line Item Lifespan”**: The fiscal year(s) during which a line item may be available for the purpose of spending and/or commitment.
4. **“Immediate Funding”**: The spending authority in an approved capital budget that is available for expenditure and/or commitment on the first day of the budget year subject to the limitations stated in the budget ordinance.
5. **“Conditional Funding”**: The spending authority in an approved capital budget that is available for expenditure and/or commitment if released by the Gas Commission after PGW has provided supplemental disclosure/substantiation in accordance with the budget ordinance.
6. **“Conditioned Funding”**: The spending authority in an approved Capital Budget that is immediately available upon the fulfillment of designated conditions established by the Commission and approved by City Council. No expenditure of Conditioned Funding shall be permissible unless and until PGW files with the Commission: (a) confirmation that amounts available for inter-departmental or intra-departmental transfers have been utilized to the extent available and/or sufficient; (b) confirmation that amounts available for conditional funding have been utilized to the extent available and/or sufficient; (c) detailed explanation of the circumstances necessitating expenditure of conditioned funding.
7. **“Program Year”**: The fiscal year in which a Distribution department project is originated and an associated work order is opened. The program year is utilized in the administration of capital spending for the Distribution department and is linked to the timeline for project completion. The program year methodologically presents a spending profile detailing the complete cost of Distribution projects with the corresponding capital work accomplished (e.g. footage replaced).
8. **“Emergency Circumstances”**: A compelling need, due to extraordinary, infrequent and unforeseen circumstances, to perform capital work during a budget year that is not included in an annual Capital Budget Ordinance which (1) addresses an imminent threat to human life and/or property; (2) preserves the safety and/or security of PGW’s energy services system; (3) preserves the integrity of PGW’s information services system; and/or (4) avoids violation of a legal mandate.

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 proportionately allocating conditional funding to the Office of the Chief Operating Officer for unbudgeted/unanticipated capital needs that may arise during the budget year related to safety, reliability of service and load growth based upon the approved budget for a given year.
5. The term “conditioned funding reserve” shall refer to conditioned funding amounts in a given capital budget for Distribution projects that exceed otherwise authorized spending for main and service additions/replacements due to cost overruns during the budget year. Subject to specific limitations/conditions recommended by the Gas Commission and approved by City Council, spending related to the aforesaid Distribution projects will be made immediately available. The amount of the conditioned funding reserve will be determined based upon the record presented taking into consideration indices of inflation identified by the parties and historical spending for Distribution contingency amounts.

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 as set forth in Part 1-Subpart C.6. or C.7.
 6. The Commission may recommend and City Council may approve a budget line item lifespan of thirty-six (36) or forty-eight (48) months provided that PGW makes sufficient showing that: (i) the project timeline exceeds twenty-four (24) months, as known upon budget submission (Form 6410); (ii) the project cannot be reasonably phased-in over multiple budgets; and (iii) the expenditures related to such project will be off-limits as a source for budget transfers.
 7. 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.
 8. The Commission may approve a capital budget line item lifespan extension of up to 12 months without further City Council authorization subject to the following:
 - A. PGW must substantiate that the need for a lifespan extension is based on circumstances outside of PGW's ability to anticipate, mitigate, or control arising after approval of expenditure but prior to the expiration of the original lifespan.
 - B. No line item lifespan extension pursuant to this section shall increase the spending authority originally approved for the line item.
 - C. The Commission's authorization is limited to a single lifespan extension for any affected line item.
 - D. Upon approval of a line item lifespan extension, the Commission shall give notice to City Council of the extension and supporting reasons therefor.
 - E. Line items with a priority status of "4" are ineligible for a lifespan extension pursuant to this section.
 - F. Line items with lifespans in excess of 24 months, approved pursuant to

Subpart C.6 hereof, are ineligible for a lifespan extension pursuant to this section.

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

Following 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 respond to emergency circumstances 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 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 circumstances (including documentation thereof) and its plans for covering the costs of the emergency work including explanation whether the conditional spending reserve and lien item transfers will be sufficient; and
- C. PGW shall, within thirty (30) days, take all necessary actions to requires, 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**
 - A. Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:

- i. any line item approved as conditional funding with a priority status of “1” or “2;”
 - ii. 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
 - iii. such other line item(s) as City Council shall designate in the annual Capital Budget Ordinance.
 - B. Any line item with a lifespan in excess of twenty-four (24) months shall be unavailable for use as a source of spending authority.
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

- A. Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:
 - i. any line item approved as conditional funding with a priority status of "1" or "2";
 - ii. 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
 - iii. such other line item(s) as City Council shall designate by ordinance in conjunction with the annual Capital Budget Ordinance.
- B. Any line item with a lifespan in excess of twenty-four (24) months shall be unavailable for use as a source of spending authority.

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 as and 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 – FILING CONTENTS

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*. The supporting documentation described in *Part 4 - Subparts A through K* shall be required components of each PGW capital budget proposal/request (including any requested amendment), and shall be filed together with, and at the same time as such capital budget proposal/request.

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 utilizes fewer than four years of cost data.

2. Supporting documentation for main replacement and addition line items in the Distribution Department for a given Program Year shall include the underlying information utilized to develop proposed unit costs broken down separately for each size classification, type, pressure classification and program (e.g. prudent, enforced relocation, load growth and long-term infrastructure plan) and, with respect to each size classification, type, pressure classification and program, shall provide the breakdown of cost components as set forth in Part 4 - Subpart D.
3. Supporting documentation for service replacement and addition line items in the Distribution Department for a given Program Year shall include the underlying information utilized to develop proposed unit costs broken down separately by each size classification of service replacement and addition, and with respect to each such size classification for service replacements and service additions, shall provide the breakdown of cost components set forth in Part 4 - Subpart D.

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 file