

City of Philadelphia



(Bill No. 030244)

AN ORDINANCE

Approving the Fiscal Year 2003 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works, including the supplying of funds to be obtained in connection therewith, and acknowledging receipt of the Forecast of Capital Budgets for Fiscal Years 2004 through 2008.

WHEREAS, Section IV (2)(b) of the Agreement Between The City Of Philadelphia And The Philadelphia Facilities Management Corporation For The Management And Operation Of The Philadelphia Gas Works (“the Management Agreement”) requires the Philadelphia Gas Works (“PGW”) to prepare annually a proposed capital budget for the ensuing year and a forecast for the six (6) years comprising the ensuing budget year and the five (5) years next following; and

WHEREAS, Section IV (2)(b) of the Management Agreement also requires that the proposed capital budget and forecast be submitted to the Director of Finance and the Gas Commission in sufficient time for their review and submission of said budget and forecast, together with their recommendations thereon, to City Council no later than the middle of the fourth month preceding the September 1 beginning of the Gas Works’ fiscal year so that City Council may act on these filings; and

WHEREAS, Section IV (2)(c) of the Management Agreement provides that all PGW expenditures and commitments be made pursuant to approved budgets; and

WHEREAS, On May 15, 2002, PGW filed with the Gas Commission a proposed FY 2003 Capital Budget of seventy-four million two hundred ninety-two thousand four hundred forty-five dollars (\$74,292,445) and its Five Year Forecast of Capital Budgets (FY 2004 - FY 2008); and

WHEREAS, PGW subsequently amended its filing on various occasions ultimately proposing a capital budget of seventy-three million four hundred twenty-one thousand four hundred forty-five dollars (\$73,421,445); and

WHEREAS, At public meetings held December 17, 2002, December 18, 2002 and February 11, 2003, the Gas Commission deliberated and took action on PGW’s Proposed FY 2003 Capital Budget as reflected in the applicable Gas Commission Resolution And Order dated March 11, 2003.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

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SECTION 1. Pursuant to the provisions of Sections IV (2)(b) and IV (2)(c) of the Management Agreement, the Council:

(a) does hereby approve the Fiscal Year 2003 Capital Budget for the Philadelphia Gas Works, as modified by the recommendations of the Gas Commission as set forth in its applicable Resolution And Order dated March 11, 2003, in an amount not exceeding sixty-seven million six hundred ninety-four thousand dollars (\$67,694,000); and

(b) does further acknowledge receipt of PGW's proposed Capital Budget Forecast for Fiscal Year 2004 through Fiscal Year 2008.

SECTION 2. Spending Authorizations.

The amounts shown in the Budget designated for expenditure in Fiscal Year 2003 are hereby authorized for the purposes shown and shall be available for expenditure upon the effective date of this Ordinance for Fiscal Year 2003, defined as September 1, 2002 through August 31, 2003, in the amount of sixty-seven million six hundred ninety-four thousand dollars (\$67,694,000) subject to the following constraints and conditions:

(a) No spending authority will attach to the line item "Conditional Incremental Prudent Replacement Subject to Prior Gas Commission Approval -Low/Intermediate Pressure Mains - 8 inches and smaller (#52-21-2-04) (\$3,305,000)" until the Gas Commission approves such spending authority as the Gas Commission may deem appropriate after appropriate review and decision, but under no circumstances will it be more than \$3,305,000.

(b) No spending authority will attach to the line item "Conditional Incremental Prudent Replacement of Services Subject to Prior Gas Commission Approval - 1 1/4 inches and smaller (#52-24-2-03) (\$1,342,000)" until the Gas Commission approves such spending authority as the Gas Commission may deem appropriate after appropriate review and decision, but under no circumstances will it be more than \$1,342,000.

SECTION 3. Other Constraints - Line Item Lifespans.

(a) Line items in the FY 2003 Capital Budget approved by the City Council will expire and the authority to spend against those line items will end on August 31, 2005. The Gas Commission will have the authority to extend the lifespan of any line item in the approved FY 2003 Capital Budget beyond August 31, 2005 if the Gas Commission deems it appropriate after review and decision, except as provided in Section 3(b) and 3(c) below.

(b) The line item styled "Conditional Incremental Prudent Replacement Subject to Prior Gas Commission Approval - Low/Intermediate Pressure Mains - 8 inches and smaller (#52-21-2-04) (\$3,305,000)" will expire and related spending authority will end

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on August 31, 2003. The Gas Commission will not have the authority to extend the lifespan of this line item beyond August 31, 2003.

(c) The line item styled “Conditional Incremental Prudent Replacement of Services Subject to Prior Gas Commission Approval - 1 1/4 inches and smaller (#52-24-2-03) (\$1,342,000)” will expire and related spending authority will end on August 31, 2003. The Gas Commission will not have the authority to extend the lifespan of this line item beyond August 31, 2003.

SECTION 4. Other Constraints - Transfers of Line Item Spending Authority.

(a) PGW shall have the discretion to implement intra-departmental transfers of spending authority in the approved FY 2003 Capital Budget provided that:

(i) PGW will not be permitted to transfer from a line item in total more than 20% of the line item authorization approved by the City Council; and

(ii) PGW will not be permitted to make more than one transfer to a line item during its lifespan; and

(iii) Only one line item shall serve as the source of a transfer; and

(iv) PGW’s discretion to implement intra-departmental transfers of spending authority will lapse on August 31, 2003.

(b) PGW will be required to report intra-departmental transfers to the Gas Commission and City Council in writing at the time of the transfer and include the dollar amount, justification, and cumulative impact of all transfers to the line item(s) affected.

(c) No intra-departmental line item transfers shall be made to the approved FY 2003 Capital Budget after August 31, 2003.

(d) PGW’s above-defined discretion to implement line item transfers shall not apply in situations where the FY 2003 Capital Budget is to be amended by the proposed insertion of a new line item or as a result of a formal proposal seeking an increase or decrease in the spending authorization applicable to an existing line item.

(e) PGW will be required to obtain the approval of the Gas Commission or the Gas Commission’s designee in order to implement certain line item transfers. The Gas Commission or the Gas Commission’s designee will have the authority to approve line item transfers.

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- (i) The prior written approval of the Gas Commission or the Gas Commission's designee shall be required before PGW may implement inter-departmental transfers of spending authority in the approved FY 2003 Capital Budget.
- (ii) No inter-departmental line item transfers shall be made to the approved FY 2003 Capital Budget after August 31, 2003.
- (f) The following line items in the approved FY 2003 Capital Budget are "off-limits" for budget transfer purposes:
 - (i) The line item styled "Conditional Incremental Prudent Replacement Subject to Prior Gas Commission Approval - Low/Intermediate Pressure Mains - 8 inches and smaller (#52-21-2-04) (\$3,305,000)"; and
 - (ii) The line item styled "Conditional Incremental Prudent Replacement of Services Subject to Prior Gas Commission Approval - 1 1/4 inches and smaller (#52-24-2-03) (\$1,342,000)".
- (g) Transfer of spending authority from one capital budget to another shall be forbidden.
- (h) The Gas Commission shall review PGW's implementation of line item transfer discretion during FY 2003 and make appropriate recommendations to the City Council.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 12, 2003. The Bill was Signed by the Mayor on July 31, 2003.



Patricia Rafferty
Chief Clerk of the City Council