



City of Philadelphia

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

BILL NO. 260113

Introduced February 19, 2026

Councilmember Gilmore Richardson for Council President Johnson

**Referred to the
Committee on Finance**

AN ORDINANCE

Authorizing the execution, delivery and performance by the Philadelphia Facilities Management Corporation on behalf of the Philadelphia Gas Works of an amended Service Agreement with Transcontinental Gas Pipe Line Company, LLC for gas storage services under the Transco WSS Open Access Rate Schedule.

WHEREAS, Pursuant to Paragraph 2 of Section II of the Agreement Between The City of Philadelphia (the "City") and the Philadelphia Facilities Management Corporation ("PFMC") for the Management and Operation of the Philadelphia Gas Works ("PGW") dated December 29, 1972, authorized pursuant to an Ordinance of the Philadelphia City Council ("City Council") approved December 29, 1972 (Bill No. 455), as further amended (the "Management Agreement/Ordinance"), PFMC is required to obtain the advance recommendation of the Philadelphia Gas Commission (the "Gas Commission") and the approval of City Council with respect to the purchase of gas transportation and storage (except in temporary or emergency situations, in which case PFMC must submit contracts for such purchases within thirty (30) days after initiating such purchases to the Gas Commission and City Council for their approval); and

WHEREAS, Pursuant to Paragraph 1 of Section II of the Management Agreement/Ordinance, PFMC is required to take all reasonable steps to insure that the capacity of PGW to manufacture, provide and distribute gas is at all times sufficient for the estimated maximum requirements of gas users in the City; and

WHEREAS, PFMC enters into natural gas storage and transportation contracts on behalf of PGW to allow PGW to: (i) "balance" both its system requirements as well as third party supplier requirements when actual demand may be more or less than the forecasted demand; (ii) reduce the amount of gas and additional firm pipeline capacity that PGW needs to keep under contract for demand spikes in the operating season; (iii) maintain added security in case of pipeline disruptions (i.e., hurricanes, pipeline failures, supply freeze offs and terrorist actions), (iv) reduce dependency on PGW's supplemental supply assets (e.g., Liquefied Natural Gas ("LNG")); and

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(iv) have the potential to obtain a physical pricing advantage during the operating season since all gas volumes are historically injected outside of the operating season time frame when gas demand ebbs and pricing is historically lower; and

WHEREAS, as part of its system to permit natural gas to be delivered to the City gate, PGW has a Service Agreement Under Rate Schedule Washington Storage Service (“WSS”) Open Access for firm storage service with Transcontinental Gas Pipe Line Company, LLC (“Transco”) (the “Service Agreement”), dated April 3, 2001, as amended by the Amendment to the Service Agreement dated June 16, 2011 (the “First Amendment”), and by the Amendment to the Service Agreement dated October 15, 2024 (the “Second Amendment”), and

WHEREAS, PGW entered into the Second Amendment to the Service Agreement pursuant to the Stipulation and Agreement filed on January 19, 2024 by Transco in resolution of the Docket Nos. RP21-1143 and RP23-840 proceedings before the Federal Energy Regulatory Commission (“FERC”), as approved without modification by FERC by letter order dated February 29, 2024 (“Settlement Agreement”), and

WHEREAS, PFMC, acting by and through PGW, had not heretofore sought approval of the Second Amendment entered into pursuant to the FERC Settlement Agreement from the Philadelphia Gas Commission and City Council, as required pursuant to the Gas Pre-Approval Ordinance (Bill No. 230105), and instead provided said Second Amendment upon filing the Third Amendment (as defined below); and

WHEREAS, the Second Amendment shall expire on March 31, 2026; and

WHEREAS, Such storage comprises approximately 20% of PGW’s total market area storage capacity and is one of PGW’s most important storages; and

WHEREAS, PGW is required to comply with the least cost fuel procurement policy requirement mandated by the Pennsylvania Public Utility Code at 66 Pa.C.S.A. §1318(a); and

WHEREAS, if PGW is unable to extend its contract for the WSS storage services with Transco, PGW will have to attempt to “replicate” this service for both balancing and operating season deliverability, at greatly increased costs; and

WHEREAS, Transco has informed PGW that it is willing to offer PGW an extension and renewal of the Service Agreement, as amended, for an additional fixed term ending on April 1, 2035 with the costs to be paid for said storage services to be fixed until April 1, 2035; and

WHEREAS, PFMC, on behalf of PGW, wishes to enter a further Amendment to Service Agreement (the “Third Amendment”), which will continue to provide that all payments required to be made in connection therewith shall be made solely from the revenues of PGW in accordance with Bill No. 230105; and

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WHEREAS, at a public meeting held on January 13, 2026, the Philadelphia Gas Commission recommended that City Council approve the execution, delivery and performance of the Third Amendment to Service Agreement by PFMC on behalf of PGW, subject to the terms and conditions set forth in the written Motion approved at that meeting; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

Section 1. The Second Amendment, attached hereto as Exhibit “A,” is hereby acknowledged and deemed approved by City Council effective as of October 15, 2024, its date of execution.

Section 2. The Philadelphia Facilities Management Corporation (“PFMC”) on behalf of the Philadelphia Gas Works (“PGW”) is hereby authorized to execute, deliver and perform the Third Amendment to Service Agreement Under Rate Schedule Washington Storage Service (“WSS”) Open Access with Transcontinental Gas Pipe Line Company, LLC (“Transco”) for the period April 1, 2026 through April 1, 2035, in the form attached hereto as Exhibit “B,” except and to the extent as changes may be approved by the City Solicitor.

SECTION 3. PFMC, on behalf of PGW, is hereby authorized and directed to execute and deliver such other documents, and to take such other action as is deemed necessary or appropriate in order to effectuate this Ordinance.

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Exhibit A

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AMENDMENT TO SERVICE AGREEMENT

THIS AMENDMENT ("Amendment") is entered into this 15th day of October, 2024 by and between TRANSCONTINENTAL GAS PIPE LINE COMPANY, LLC, a Delaware limited liability company, hereinafter referred to as "Seller," first party, and PHILADELPHIA GAS WORKS, hereinafter referred to as "Buyer," second party.

WITNESSETH

WHEREAS, Seller and Buyer are parties to that certain Service Agreement dated April 3, 2001, as amended June 16, 2011, under Seller's Rate Schedule WSS-Open Access, pursuant to which Seller provides firm storage service for Buyer with a Storage Demand Quantity of 35,115 dekatherms ("dt") per day and a Storage Capacity Quantity of 3,335,909 dt (Seller's Contract #1038582) (the "Service Agreement"); and

WHEREAS, pursuant to Section B of Article II of the Stipulation and Agreement filed on January 19, 2024 by Seller in resolution of the Docket Nos. RP21-1143 and RP23-840 proceedings before the Federal Energy Regulatory Commission ("Commission"), as approved without modification by the Commission by letter order dated February 29, 2024, ("Settlement Agreement"), Buyer has the right to elect a rate and term option to be applied to the Service Agreement beginning April 1, 2025; and

WHEREAS, Buyer has requested and Seller has agreed to honor the rate elected by Buyer pursuant to the Settlement Agreement for an initial term of one year beginning April 1, 2025, in order to allow Buyer to obtain the necessary approvals for Buyer to enter into an amendment to the Service Agreement reflecting the terms of Buyer's election under the Settlement Agreement; and

WHEREAS, Seller and Buyer now desire to extend the term of the Service Agreement and to modify the following rates to be effective April 1, 2025.

NOW THEREFORE, Seller and Buyer hereby agree to amend the Service Agreement as follows:

1. Article I of the Service Agreement is hereby deleted in its entirety and replaced by the following:

"ARTICLE I SERVICE TO BE RENDERED

Subject to the terms and provisions of this agreement and of Seller's Rate Schedule WSS-Open Access, Seller agrees to inject into storage for Buyer's account, store and withdraw from storage, quantities of natural gas as follows:

To withdraw from storage up to a maximum quantity on any day of 35,115 dt, which quantity shall be Buyer's Storage Demand Quantity, or such greater daily quantity, as applicable from time to time, pursuant to the terms and conditions of Seller's Rate Schedule WSS-Open Access.

To receive and store up to a total quantity at any one time of 3,335,909 dt, which quantity shall be Buyer's Storage Capacity Quantity.

To inject into storage up to a maximum quantity on any day of 18,533 dt, which quantity shall be Buyer's Maximum Daily Injection Quantity, or such greater daily quantity, as applicable from time

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to time, pursuant to the terms and conditions of Seller's Rate Schedule WSS-Open Access and Exhibit A to this service agreement."

2. Article III of the Service Agreement is hereby deleted in its entirety and replaced by the following:

"ARTICLE III
TERM OF AGREEMENT

This agreement shall be effective as of April 1, 2001 and shall remain in force and effect until 9:00 a.m. Central Clock Time April 1, 2026, and year to year thereafter until terminated by Seller or Buyer upon at least six months written notice."

3. Article IV of the Service Agreement is hereby deleted in its entirety and replaced by the following:

"ARTICLE IV
RATE SCHEDULE AND PRICE

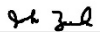
Buyer shall pay Seller for natural gas service rendered hereunder in accordance with Seller's Rate Schedule WSS-Open Access, and the applicable provisions of the General Terms and Conditions of Seller's FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be amended or superseded from time to time. Such rate schedule and General Terms and Conditions are by this reference made a part hereof. Provisions governing such rates shall be set forth on Exhibit A to this service agreement."

4. Exhibit A to the Service Agreement is hereby deleted in its entirety and replaced by Exhibit A attached hereto.
5. Except as herein amended, the Service Agreement shall remain in full force and effect pursuant to the terms thereof.
6. This Amendment shall be effective as of April 1, 2025.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective officers or representative thereunto duly authorized.

PHILADELPHIA GAS WORKS

TRANSCONTINENTAL GAS PIPE LINE
COMPANY, LLC

By 
Print Name John Zuk
Title SVP of Gas MGMT



DocuSigned by:
By 
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Jamie Johnson
Director, Commercial Development


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Exhibit A

Specification of Rates and Term

Buyer shall pay the following rates beginning April 1, 2025 through 9:00 a.m. Central Clock Time April 1, 2026:

Daily Storage Capacity Quantity Charge: \$0.00074/dt

Daily Demand Charge: \$0.06966/dt

Daily Injection Charge: \$0.01/dt

Daily Withdrawal Charge: \$0.01/dt

Buyer shall be responsible for all applicable surcharges for service to Shipper as approved by the FERC. Such surcharges, if any, are specified on the currently effective Statement of Rates and Fuel in Part II, Section 3.1 of this tariff and are subject to change from time to time as approved by the FERC.

* Seller will retain from Buyer's nominated storage injections a percentage or percentages of gas as compensation for compressor fuel and gas otherwise used, lost or unaccounted for in Seller's operations. Such percentage(s), if any, are specified on the currently effective Statement of Rates and Fuel in Part II, Section 3.1 of this tariff.

Buyer agrees not to file or cause to be filed with the FERC any action, claim, complaint, or other pleading under Section 5 of the NGA, or support or participate in any such proceeding initiated by any other party, requesting a change to or in any way opposing the negotiated rate set forth above.

Seller agrees not to file or cause to be filed with the FERC under Section 4 of the NGA to seek to modify the negotiated rate set forth above.

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EXHIBIT B

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AMENDMENT TO SERVICE AGREEMENT

THIS AMENDMENT (“Amendment”) is entered into this day of 202_, by and between Transcontinental GAS PIPE LINE COMPANY, LLC, a Delaware limited liability company, hereinafter referred to as “Seller,” first party, and PHILADELPHIA GAS WORKS, by Philadelphia Facilities Management Corporation in its capacity as operator and manager of the municipally owned Philadelphia Gas Works pursuant to an Agreement with the City of Philadelphia dated December 29, 1972, as amended, hereinafter referred to as “Buyer,” second party.

WITNESSETH

WHEREAS, Seller and Buyer are parties to that certain Service Agreement dated April 3, 2001, as amended by the First Amendment to the Service Agreement dated June 16, 2011, and by the Second Amendment to the Service Agreement dated October 15, 2024, under Seller’s Rate Schedule WSS-Open Access, pursuant to which Seller provides firm storage service for Buyer with a Storage Demand Quantity of 35,115 dekatherms (“dt”) per day and a Storage Capacity Quantity of 3,335,909 dt (Seller’s Contract #1038582) (the “Service Agreement”); and

WHEREAS, pursuant to Section B of Article II of the Stipulation and Agreement filed on January 19, 2024 by Seller in resolution of the Docket Nos. RP21-1143 and RP23-840 proceedings before the Federal Energy Regulatory Commission (“Commission”), as approved without modification by the Commission by letter order dated February 29, 2024, (“Settlement Agreement”), Buyer has the right to elect a rate and term option to be applied to the Service Agreement beginning April 1, 2025; and

WHEREAS, Buyer informed Seller of its elections pursuant to the Settlement Agreement; and

WHEREAS, Seller and Buyer now desire to amend the Service Agreement to set forth Buyer’s

elections. NOW THEREFORE, Seller and Buyer hereby agree to amend the Service

Agreement as follows:

1. Article III of the Service Agreement is hereby deleted in its entirety and replaced by the following:

“ARTICLE III TERM OF AGREEMENT

This agreement shall be effective as of April 1, 2001 and shall remain in force and effect until 9:00 a.m. Central Clock Time April 1, 2035, and year to year thereafter until terminated by Seller or Buyer upon at least four months written notice.

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Buyer has a contractual right of first refusal equivalent to the right of first refusal set forth in Section 48 of the General Terms and Conditions of Seller's FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be amended or superseded from time to time; provided that any provisions therein that refer to the maximum rate shall be deemed not to apply to any right of refusal under Seller's Rate

Schedule WSS-Open Access. Provided, further, that if no bids are received during the bidding period or Seller does not accept any bids, Buyer shall be entitled to continue to receive service at the rate in effect prior to the date of the notice of termination for one year and thereafter until terminated by Seller of Buyer."

- 2. Exhibit A is hereby deleted in its entirety and replaced by Exhibit A attached hereto.
- 3. Except as herein amended, the Service Agreement shall remain in full force and effect pursuant to the terms thereof.
- 4. This Amendment shall be effective as of the date of Buyer's execution set forth below.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective officers or representative thereunto duly authorized.

PHILADELPHIA GAS WORKS by
Philadelphia Facilities Management COMPANY,
LLC Corporation

By _____
Print Name _____
Date _____

TRANSCONTINENTAL GAS PIPE LINE
By _____
Jamie Johnson
Title _____ Director,
Commercial Development

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Exhibit A

Specification of Rates and Term

Buyer shall pay the following rates beginning April 1, 2025 through 9:00 a.m. Central Clock Time April 1, 2035:

Daily Storage Capacity Quantity Charge: \$0.00074/dt
Daily Demand Charge: \$0.06966/dt
Daily Injection Charge: \$0.01/dt
Daily Withdrawal Charge: \$0.01/dt

Buyer shall be responsible for all applicable surcharges for service to Shipper as approved by the FERC. Such surcharges, if any, are specified on the currently effective Statement of Rates and Fuel in Part II, Section 3.1 of this tariff and are subject to change from time to time as approved by the FERC.

*Seller will retain from Buyer's nominated storage injections a percentage or percentages of gas as compensation for compressor fuel and gas otherwise used, lost or unaccounted for in Seller's operations. Such percentage(s), if any, are specified on the currently effective Statement of Rates and Fuel in Part II, Section 3.1 of this tariff.

Buyer agrees not to file or cause to be filed with the FERC any action, claim, complaint, or other pleading under Section 5 of the NGA, or support or participate in any such proceeding initiated by any other party, requesting a change to or in any way opposing the negotiated rate set forth above.

Seller agrees not to file or cause to be filed with the FERC under Section 4 of the NGA to seek to modify the negotiated rate set forth above.