

Exhibit #1

PHILADELPHIA GAS WORKS

COMPLIANCE FISCAL 2014 CAPITAL BUDGET AND FORECAST FISCAL 2015 - 2019

WITH FISCAL 2014 FINANCING PLAN

April 15, 2013



PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2014 AND FORECAST 2015 THROUGH 2019

	<u>2014 CAPITAL BUDGET</u>	<u>2015 - 2019 FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	2,091,000	4,287,000	6,378,000
REPLACEMENTS	<u>1,873,000</u>	<u>13,162,000</u>	<u>15,035,000</u>
TOTAL	<u>3,964,000</u>	<u>17,449,000</u>	<u>21,413,000</u>
<u>DISTRIBUTION</u>			
ADDITIONS	10,191,000	54,348,000	64,539,000
REPLACEMENTS	<u>62,758,000</u>	<u>345,790,000</u>	<u>408,548,000</u>
GROSS TOTAL	72,949,000	400,138,000	473,087,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(1,616,000)</u>	<u>(5,031,000)</u>	<u>(6,647,000)</u>
NET TOTAL	<u>71,333,000</u>	<u>395,107,000</u>	<u>466,440,000</u>
<u>FIELD SERVICES</u>			
ADDITIONS	1,730,000	10,899,000	12,629,000
REPLACEMENTS	<u>4,156,000</u>	<u>20,768,000</u>	<u>24,924,000</u>
GROSS TOTAL	5,886,000	31,667,000	37,553,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>5,886,000</u>	<u>31,667,000</u>	<u>37,553,000</u>
<u>FLEET OPERATIONS</u>			
ADDITIONS	0	0	0
REPLACEMENTS	<u>3,643,000</u>	<u>18,760,000</u>	<u>22,403,000</u>
GROSS TOTAL	3,643,000	18,760,000	22,403,000
LESS: SALVAGE			
NET TOTAL	<u>3,643,000</u>	<u>18,760,000</u>	<u>22,403,000</u>

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2014 AND FORECAST 2015 THROUGH 2019

	<u>2014</u> <u>CAPITAL BUDGET</u>	<u>2015 - 2019</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	4,675,000	2,485,000	7,160,000
REPLACEMENTS	<u>11,370,000</u>	<u>15,734,000</u>	<u>27,104,000</u>
TOTAL	<u>16,045,000</u>	<u>18,219,000</u>	<u>34,264,000</u>
<u>TOTAL</u>			
ADDITIONS	18,687,000	72,019,000	90,706,000
REPLACEMENTS	<u>83,800,000</u>	<u>414,214,000</u>	<u>498,014,000</u>
GROSS TOTAL	102,487,000	486,233,000	588,720,000
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(1,616,000)	(5,031,000)	(6,647,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>100,871,000</u>	<u>481,202,000</u>	<u>582,073,000</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2013 BUDGET</u>	<u>2014 FORECAST</u>	<u>2014 BUDGET</u>	<u>2014 vs 2013 BUDGET</u>		<u>2014 vs FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	367,000	4,160,000	2,091,000	1,724,000	469.8%	(2,069,000)	-49.7%
REPLACEMENTS	<u>5,798,000</u>	<u>1,314,000</u>	<u>1,873,000</u>	<u>(3,925,000)</u>	<u>-67.7%</u>	<u>559,000</u>	<u>42.5%</u>
TOTAL GAS PROCESSING	6,165,000	5,474,000	3,964,000	(2,201,000)	-35.7%	(1,510,000)	-27.6%
<u>DISTRIBUTION</u>							
ADDITIONS	9,921,000	10,119,000	10,191,000	270,000	2.7%	72,000	0.7%
REPLACEMENTS	<u>56,033,000</u>	<u>57,128,000</u>	<u>82,758,000</u>	<u>6,725,000</u>	<u>12.0%</u>	<u>5,630,000</u>	<u>9.9%</u>
GROSS TOTAL DISTRIBUTION	65,954,000	67,247,000	72,949,000	6,995,000	10.6%	5,702,000	8.5%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(3,610,000)</u>	<u>(3,631,000)</u>	<u>(1,616,000)</u>	<u>1,994,000</u>	<u>-55.2%</u>	<u>2,015,000</u>	<u>-55.5%</u>
NET TOTAL DISTRIBUTION	62,344,000	63,616,000	71,333,000	8,989,000	14.4%	7,717,000	12.1%
<u>FIELD SERVICES</u>							
ADDITIONS	2,337,000	2,555,000	1,730,000	(607,000)	-26.0%	(825,000)	-32.3%
REPLACEMENTS	<u>2,761,000</u>	<u>2,666,000</u>	<u>4,156,000</u>	<u>1,395,000</u>	<u>50.5%</u>	<u>1,490,000</u>	<u>55.9%</u>
GROSS TOTAL FIELD SERVICES	5,098,000	5,221,000	5,886,000	788,000	15.5%	665,000	12.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	5,098,000	5,221,000	5,886,000	788,000	15.5%	665,000	12.7%

PHILADELPHIA GAS WORKS
PROPOSED CAPITAL BUDGET
BUDGET/FORECAST COMPARISON

DEPARTMENT	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				AMOUNT DIFFERENCE	PERCENT DIFFERENCE	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
<u>FLEET OPERATIONS</u>							
ADDITIONS	39,000		0	(39,000)	-100.0%	0	N/A
REPLACEMENTS	<u>4,163,000</u>	<u>3,658,000</u>	<u>3,643,000</u>	<u>(520,000)</u>	<u>-12.5%</u>	<u>(15,000)</u>	<u>-0.4%</u>
GROSS TOTAL FLEET OPERATIONS	4,202,000	3,658,000	3,643,000	(559,000)	-13.3%	(15,000)	-0.4%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	4,202,000	3,658,000	3,643,000	(559,000)	-13.3%	(15,000)	-0.4%
<u>OTHER</u>							
ADDITIONS	1,496,000	625,000	4,675,000	3,179,000	212.5%	4,050,000	648.0%
REPLACEMENTS	<u>8,028,000</u>	<u>5,704,000</u>	<u>11,370,000</u>	<u>3,344,000</u>	<u>41.7%</u>	<u>5,666,000</u>	<u>99.3%</u>
TOTAL OTHER	9,522,000	6,329,000	16,045,000	6,523,000	68.5%	9,716,000	153.5%
<u>TOTAL</u>							
ADDITIONS	14,160,000	17,459,000	18,687,000	4,527,000	32.0%	1,228,000	7.0%
REPLACEMENTS	<u>76,781,000</u>	<u>70,470,000</u>	<u>83,800,000</u>	<u>7,019,000</u>	<u>9.1%</u>	<u>13,330,000</u>	<u>18.9%</u>
GROSS TOTAL	90,941,000	87,929,000	102,487,000	11,546,000	12.7%	14,558,000	16.6%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(3,610,000)	(3,631,000)	(1,616,000)	1,994,000	-55.2%	2,015,000	-55.5%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>87,331,000</u>	<u>84,298,000</u>	<u>100,871,000</u>	<u>13,540,000</u>	<u>15.5%</u>	<u>16,573,000</u>	<u>19.7%</u>

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 SUMMARY ESTIMATE OF ENCUMBRANCE 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	18,687,000	17,851,000	83,800,000	72,828,000	102,487,000	90,679,000
YEAR 1		836,000		10,222,000		11,058,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	18,687,000	18,687,000	83,800,000	83,050,000	102,487,000	101,737,000

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>COST OF REMOVAL</u>	<u>TOTAL</u>
53-01 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES				
53-02 SUPPLEMENTAL GAS FACILITIES	1,919,000	1,466,000		3,385,000
53-03 BUILDING AND GROUNDS				
53-04 MISC CAPITAL REQUIREMENTS	172,000	407,000		579,000
TOTAL GAS PROCESSING	<u>2,091,000</u>	<u>1,873,000</u>		<u>3,964,000</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
53-01 NATURAL GAS	0	0	0	0	N/A	0	N/A
MEASUREMENT AND CONTROL FACILITIES	<u>631,000</u>	<u>0</u>	<u>0</u>	<u>(631,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>N/A</u>
TOTAL	631,000	0	0	(631,000)	-100.0%	0	N/A
53-02 SUPPLEMENTAL GAS	251,000	4,044,000	1,919,000	1,668,000	664.5%	(2,125,000)	-52.5%
FACILITIES	<u>4,886,000</u>	<u>1,033,000</u>	<u>1,466,000</u>	<u>(3,420,000)</u>	<u>-70.0%</u>	<u>433,000</u>	<u>41.9%</u>
TOTAL	5,137,000	5,077,000	3,385,000	(1,752,000)	-34.1%	(1,692,000)	-33.3%
53-03 BUILDING AND	0	0	0	0	N/A	0	N/A
GROUND	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>
TOTAL	0	0	0	0	N/A	0	N/A
53-04 MISC CAPITAL	116,000	116,000	172,000	56,000	48.3%	56,000	48.3%
REQUIREMENTS	<u>281,000</u>	<u>281,000</u>	<u>407,000</u>	<u>126,000</u>	<u>44.8%</u>	<u>126,000</u>	<u>44.8%</u>
TOTAL	397,000	397,000	579,000	182,000	45.8%	182,000	45.8%
TOTAL GAS PROCESSING	<u>6,165,000</u>	<u>5,474,000</u>	<u>3,964,000</u>	<u>(2,201,000)</u>	<u>-35.7%</u>	<u>(1,510,000)</u>	<u>-27.6%</u>

GAS PROCESSING DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
1	53-02-1-01	PROCESS HAZARDS (PHA) AND LAYERS OF PROTECTION ANALYSIS (LOPA) UPGRADES - RICHMOND	182,000
1	53-02-1-02	POWER BACKUP FOR CITY WATER PUMPS AND SECURITY CENTER - PASSYUNK	97,000
1	53-02-1-03	CONVERT EXISTING VENT STACK TO FLARE - RICHMOND	1,640,000
1	53-02-2-01	REPLACE H-1 HEATER FUEL GAS AND HEADER - RICHMOND	189,000
1	53-02-2-02	REPLACE UPS SYSTEMS - RICHMOND	202,000
1	53-02-2-03	REPLACE FOAM WATER PIPING ON LNG TANKS - RICHMOND	502,000
1	53-02-2-04	REPLACE FOAM SUPPRESSION SYSTEM FOR 77 BUILDING BASEMENT - RICHMOND	101,000
1	53-02-2-05	REPLACE VALVE ON SPILL LINE FOR RIVER WATER - PASSYUNK	146,000
1	53-02-2-06	REPLACE VAPORIZATION LOW TEMPERATURE SHUTDOWN VALVES- RICHMOND	326,000
		TOTAL GP-2	<u><u>3,385,000</u></u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	172,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	407,000
		TOTAL GP-4	<u><u>579,000</u></u>
		TOTAL GAS PROCESSING DEPARTMENT	<u><u><u>3,964,000</u></u></u>

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2014 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>
	PRIORITY 1						
1	GP-2 53-02-1-01 PROCESS HAZARDS (PHA) AND LAYERS OF PROTECTION ANALYSIS (LOPA) UPGRADES - RICHMOND	182,000	90,000	92,000			
1	GP-2 53-02-1-02 POWER BACKUP FOR CITY WATER PUMPS AND SECURITY CENTER - PASSYUNK	97,000	97,000				
1	GP-2 53-02-1-03 CONVERT EXISTING VENT STACK TO FLARE - RICHMOND	1,640,000	956,000	684,000			
1	GP-2 53-02-2-01 REPLACE H-1 HEATER FUEL GAS AND HEADER - RICHMOND	189,000	189,000				
1	GP-2 53-02-2-02 REPLACE UPS SYSTEMS - RICHMOND	202,000	202,000				
1	GP-2 53-02-2-03 REPLACE FOAM WATER PIPING ON LNG TANKS - RICHMOND	502,000	399,000	103,000			
1	GP-2 53-02-2-04 REPLACE FOAM SUPPRESSION SYSTEM FOR 77 BUILDING BASEMENT - RICHMOND	101,000	101,000				
1	GP-2 53-02-2-05 REPLACE VALVE ON SPILL LINE FOR RIVER WATER - PASSYUNK	146,000	146,000				
1	GP-2 53-02-2-06 REPLACE VAPORIZATION LOW TEMPERATURE SHUTDOWN VALVES- RICHMOND	326,000	97,000	229,000			
1	GP-4 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	172,000	172,000				
1	GP-4 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	407,000	357,000	50,000			
	TOTAL GAS PROCESSING DEPARTMENT:	<u>3,964,000</u>	<u>2,806,000</u>	<u>1,158,000</u>			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 GAS PROCESSING DEPARTMENT ESTIMATE OF ENCUMBRANCE 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	2,091,000	1,315,000	1,873,000	1,491,000	3,964,000	2,806,000
YEAR 1		776,000		382,000		1,158,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
<u>TOTAL</u>	<u>2,091,000</u>	<u>2,091,000</u>	<u>1,873,000</u>	<u>1,873,000</u>	<u>3,964,000</u>	<u>3,964,000</u>

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2014 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)	1,226,000	19,349,000	20,575,000				20,575,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,155,000	20,943,000	23,098,000	(1,616,000)			21,482,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	37,000	295,000	332,000				332,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	405,000	892,000	1,297,000				1,297,000
52-24 SERVICES	6,313,000	20,102,000	26,415,000				26,415,000
52-29 OTHER DISTRIBUTION FACILITIES	55,000	1,177,000	1,232,000				1,232,000
52-99 COST OF REMOVAL AND ABANDONMENT SALVAGE							
TOTAL DISTRIBUTION	10,191,000	62,758,000	72,949,000	(1,616,000)			71,333,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
52-20 GAS MAINS - HIGH ADDITIONS	1,017,000	1,037,000	1,226,000	209,000	20.6%	189,000	18.2%
PRESSURE (WITH REPLACEMENTS	<u>11,763,000</u>	<u>12,301,000</u>	<u>19,349,000</u>	<u>7,586,000</u>	<u>64.6%</u>	<u>7,048,000</u>	<u>57.3%</u>
ASSOCIATED VALVES AND REGULATORS) TOTAL	12,770,000	13,338,000	20,575,000	7,805,000	61.1%	7,237,000	54.3%
52-21 GAS MAINS - LOW ADDITIONS	2,080,000	2,122,000	2,155,000	75,000	3.6%	33,000	1.6%
AND INTERMEDIATE REPLACEMENTS	<u>19,434,000</u>	<u>19,694,000</u>	<u>20,943,000</u>	<u>1,509,000</u>	<u>7.8%</u>	<u>1,249,000</u>	<u>6.3%</u>
PRESSURE - 8 INCH AND SMALLER TOTAL	21,514,000	21,816,000	23,098,000	1,584,000	7.4%	1,282,000	5.9%
52-22 GAS MAINS - LOW ADDITIONS	33,000	34,000	37,000	4,000	12.1%	3,000	8.8%
AND INTERMEDIATE REPLACEMENTS	<u>2,392,000</u>	<u>2,395,000</u>	<u>295,000</u>	<u>(2,097,000)</u>	<u>-87.7%</u>	<u>(2,100,000)</u>	<u>-87.7%</u>
PRESSURE - 12 INCH AND LARGER TOTAL	2,425,000	2,429,000	332,000	(2,093,000)	-86.3%	(2,097,000)	-86.3%
52-23 CUST MTR & REG INST, ADDITIONS	222,000	226,000	405,000	183,000	82.4%	179,000	79.2%
PRESSURE REGULA- REPLACEMENTS	<u>438,000</u>	<u>447,000</u>	<u>892,000</u>	<u>454,000</u>	<u>103.7%</u>	<u>445,000</u>	<u>99.6%</u>
TION AND CORROSION CONTROL FACILITIES TOTAL	660,000	673,000	1,297,000	637,000	96.5%	624,000	92.7%
52-24 SERVICES ADDITIONS	6,547,000	6,678,000	6,313,000	(234,000)	-3.6%	(365,000)	-5.5%
REPLACEMENTS	<u>21,841,000</u>	<u>22,276,000</u>	<u>20,102,000</u>	<u>(1,739,000)</u>	<u>-8.0%</u>	<u>(2,174,000)</u>	<u>-9.8%</u>
TOTAL	28,388,000	28,954,000	26,415,000	(1,973,000)	-7.0%	(2,539,000)	-8.8%
52-29 OTHER DISTRIBUTION ADDITIONS	22,000	22,000	55,000	33,000	150.0%	33,000	150.0%
FACILITIES REPLACEMENTS	<u>175,000</u>	<u>15,000</u>	<u>1,177,000</u>	<u>1,002,000</u>	<u>572.6%</u>	<u>1,162,000</u>	<u>7746.7%</u>
TOTAL	197,000	37,000	1,232,000	1,035,000	525.4%	1,195,000	3229.7%
GROSS TOTAL DISTRIBUTION	65,954,000	67,247,000	72,949,000	6,995,000	10.6%	5,702,000	8.5%
52-99 COST OF REMOVAL AND ABANDONMENT	0	0	0	0	N/A	0	N/A
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
LESS: CONTRIBUTIONS*	0	0	0	0	N/A	0	N/A
LESS: REIMBURSEMENT**	<u>(3,610,000)</u>	<u>(3,631,000)</u>	<u>(1,616,000)</u>	<u>1,994,000</u>	<u>-55.2%</u>	<u>2,015,000</u>	<u>-55.5%</u>
NET TOTAL DISTRIBUTION	<u>62,344,000</u>	<u>63,616,000</u>	<u>71,333,000</u>	<u>8,989,000</u>	<u>14.4%</u>	<u>7,717,000</u>	<u>12.1%</u>

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>	<u>D-20</u>	<u>AMOUNT</u>	<u>FEET, UNITS</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	1,226,000	
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,175,000	2,450
1	52-20-2-02 INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN	7,789,000	
1	52-20-2-03 INCREMENTAL REPLACEMENT OF 30" HP CAST IRON AND OTHER LARGE DIAMETER MAIN	10,385,000	
		<u>GROSS TOTAL D-20</u>	
		20,575,000	
		LESS: REIMBURSEMENT**	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		<u>NET TOTAL D-20</u>	
		<u>20,575,000</u>	
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
	<u>D-21</u>		
4	52-21-1-01 LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	2,155,000	
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK AND ENLARGEMENTS THAT MAY BE REQUIRED TO MAINTAIN SYSTEM PRESSURE	4,992,000	22,236
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	15,201,000	75,276
3	52-21-2-03 MAIN FOR MAJOR ENFORCED RELOCATIONS: I-95 RECONSTRUCTION	750,000	
		<u>GROSS TOTAL D-21</u>	
		23,098,000	
		LESS: REIMBURSEMENT**	
		(1,616,000)	
		<u>NET TOTAL D-21</u>	
		<u>21,482,000</u>	

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>	<u>D-22</u>	<u>AMOUNT</u>	<u>FEET, UNITS</u>
	<u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER</u>		
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	37,000	55
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK, AND NECESSARY REPLACEMENTS	295,000	86
	GROSS TOTAL D-22	332,000	
	LESS: REIMBURSEMENT**		
	NET TOTAL D-22	332,000	
	<u>CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	405,000	
1	52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	608,000	
2	52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	284,000	
	GROSS TOTAL D-23	1,297,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	1,297,000	

DISTRIBUTION DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

P	<u>D-24</u>	SERVICES	<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	3,943,000	
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	2,370,000	
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	19,216,000	8,145
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES RESULTING FROM LEAKS OR OTHER REASONS	886,000	133
		GROSS TOTAL D-24	26,415,000	
		LESS: REIMBURSEMENT**		
		NET TOTAL D-24	26,415,000	
	 <u>D-29</u>	 OTHER DISTRIBUTION FACILITIES		
5	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	55,000	
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,177,000	
		NET TOTAL D-29	1,232,000	
1	52-99-2-99	REMOVAL AND ABANDONMENTS		
		GROSS TOTAL DISTRIBUTION DEPARTMENT	72,949,000	
		LESS: REIMBURSEMENT**	(1,616,000)	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
		LESS: SALVAGE		
	52-98-2-98	NET TOTAL DISTRIBUTION DEPARTMENT	71,333,000	

* 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 2014 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	D-20 52-20-2-02	7,789,000	6,289,000	1,500,000				
	INCREMENTAL REPLACEMENT OF 12" HP CAST IRON MAIN							
1	D-20 52-20-2-03	10,385,000	8,357,000	2,028,000				
	INCREMENTAL REPLACEMENT OF 30" HP CAST IRON AND OTHER LARGE DIAMETER MAIN							
1	D-21 52-21-2-02	15,201,000	14,416,000	785,000				
	PRUDENT MAIN REPLACEMENTS							
1	D-23 52-23-2-01	608,000	358,000	250,000				
	REPLACEMENT OF HIGH PRESSURE MAIN VALVES							
1	D-24 52-24-2-01	19,216,000	19,216,000					
	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK							
1	D-24 52-24-2-02	886,000	886,000					
	RENEWAL OF 2" AND LARGER SERVICES RESULTING FROM LEAKS OR OTHER REASONS							
	<u>PRIORITY 2</u>							
2	D-23 52-23-2-02	284,000	284,000					
	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES							
2	D-29 52-29-2-01	1,177,000	1,177,000					
	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT							

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2014 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 3</u>						
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,175,000	1,175,000				
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK AND ENLARGEMENTS THAT MAY BE REQUIRED TO MAINTAIN SYSTEM PRESSURE	4,992,000	3,551,000	1,441,000			
3	52-21-2-03 MAIN FOR MAJOR ENFORCED RELOCATIONS: I-95 RECONSTRUCTION	750,000	750,000				
3	52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK, AND NECESSARY REPLACEMENTS	295,000	295,000				
	<u>PRIORITY 4</u>						
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	1,226,000	1,226,000				
4	52-21-1-01 LOCAL MAINS TO SUPPLY NEW HOUSES AND TO PROVIDE FOR INCREASED CAPACITY	2,155,000	2,155,000				
4	52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	37,000	37,000				
4	52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	405,000	405,000				
4	52-24-1-01 INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	3,943,000	3,943,000				
4	52-24-1-02 INSTALLATION OF NEW 2 INCH AND LARGER SERVICES TO SUPPLY NEW LOAD	2,370,000	2,370,000				
	<u>PRIORITY 5</u>						
5	52-29-1-01 ADDITIONAL TOOLS AND WORK EQUIPMENT	55,000	55,000				
TOTAL DISTRIBUTION DEPARTMENT:		72,949,000	66,945,000	6,004,000	0	0	0

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 DISTRIBUTION DEPARTMENT 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	10,191,000	10,191,000	62,758,000	56,754,000	72,949,000	66,945,000
YEAR 1				6,004,000		6,004,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
<u>TOTAL</u>	<u>10,191,000</u>	<u>10,191,000</u>	<u>62,758,000</u>	<u>62,758,000</u>	<u>72,949,000</u>	<u>72,949,000</u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	1,564,000	1,884,000	3,448,000
50-32 SERVICE REGULATORS AND INSTALLATION	48,000	62,000	110,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	58,000	79,000	137,000
50-34 METER SHOP EQUIPMENT		72,000	72,000
50-35 SERVICE SECTION EQUIPMENT			
50-36 AUTOMATIC METER READING	60,000	2,059,000	2,119,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	<u>1,730,000</u>	<u>4,156,000</u>	<u>5,886,000</u>
LESS: SALVAGE LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u><u>1,730,000</u></u>	<u><u>4,156,000</u></u>	<u><u>5,886,000</u></u>

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY		2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
					\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
50-30	METERS							
	ADDITIONS	2,166,000	2,383,000	1,564,000	(602,000)	-27.8%	(819,000)	-34.4%
	REPLACEMENTS	1,449,000	1,366,000	1,884,000	435,000	30.0%	518,000	37.9%
	TOTAL	3,615,000	3,749,000	3,448,000	(167,000)	-4.6%	(301,000)	-8.0%
50-32	SERVICE REGULATORS AND INSTALLATIONS							
	ADDITIONS	38,000	23,000	48,000	10,000	26.3%	25,000	108.7%
	REPLACEMENTS	81,000	14,000	62,000	1,000	1.6%	48,000	342.9%
	TOTAL	99,000	37,000	110,000	11,000	11.1%	73,000	197.3%
50-33	TELEMETERING AND INSTALLATIONS							
	ADDITIONS	74,000	91,000	58,000	(16,000)	-21.6%	(33,000)	-36.3%
	REPLACEMENTS	10,000	22,000	79,000	69,000	690.0%	57,000	259.1%
	TOTAL	84,000	113,000	137,000	53,000	63.1%	24,000	21.2%
50-34	METER SHOP EQUIPMENT							
	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	104,000	106,000	72,000	(32,000)	-30.8%	(34,000)	-32.1%
	TOTAL	104,000	106,000	72,000	(32,000)	-30.8%	(34,000)	-32.1%
50-35	SERVICE SECTION EQUIPMENT							
	ADDITIONS	0	0	0	0	N/A	0	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	0	0	0	0	N/A	0	N/A
50-36	AUTOMATIC METER READING							
	ADDITIONS	59,000	58,000	60,000	1,000	1.7%	2,000	3.4%
	REPLACEMENTS	1,137,000	1,158,000	2,059,000	922,000	81.1%	901,000	77.8%
	TOTAL	1,196,000	1,216,000	2,119,000	923,000	77.2%	903,000	74.3%
50-99	COST OF REMOVAL	0	0	0	0	N/A	0	N/A
	GROSS TOTAL FIELD SERVICES	5,098,000	5,221,000	5,886,000	788,000	15.5%	665,000	12.7%
	LESS: SALVAGE	0	0	0	0	N/A	0	N/A
	LESS: CONTRIBUTIONS*	0	0	0	0	N/A	0	N/A
	NET TOTAL FIELD SERVICES	5,098,000	5,221,000	5,886,000	788,000	15.5%	665,000	12.7%

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2014 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	1,564,000
1	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	<u>1,884,000</u>
		TOTAL C-30	<u><u>3,448,000</u></u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	48,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS	<u>62,000</u>
		TOTAL C-32	<u><u>110,000</u></u>
	<u>C-33</u>	<u>COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS</u>	
5	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	58,000
1	50-33-2-01	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION	79,000
		TOTAL C-33	<u><u>137,000</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	72,000
		TOTAL C-34	<u><u>72,000</u></u>
	<u>C-35</u>	<u>SERVICE SECTION EQUIPMENT</u>	
2	50-35-2-01	REPLACE EQUIPMENT UTILIZED BY THE TRAINING, CLERICAL AND SERVICE SECTIONS	
		TOTAL C-35	<u><u> </u></u>

FIELD SERVICES DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	<u>AMOUNT</u>
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	60,000
5	50-36-2-01	REPLACE AMR DEVICES WHERE BATTERIES FAILED	2,059,000
		TOTAL C-36	<u>2,119,000</u>
1	50-99-2-99	COST OF REMOVAL	<u> </u>
		GROSS TOTAL FIELD SERVICES DEPARTMENT	5,886,000
	50-98-2-98	LESS: ESTIMATED SALVAGE	
		LESS: CONTRIBUTIONS*	
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>5,886,000</u>

FIELD SERVICES DEPARTMENT
LISTING BY PRIORITY
FISCAL YEAR 2014 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	50-30-2-01	1,884,000	1,884,000				
	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING						
1	C-32 50-32-2-01	62,000	62,000				
	PURCHASE VARIOUS SIZE SERVICE REGULATORS						
1	C-33 50-33-2-01	79,000	79,000				
	REPLACE BPS METSCAN AND LBS METRETEK UNITS, EQUIPMENT AND INSTRUMENTATION						
	<u>PRIORITY 4</u>						
4	C-30 50-30-1-01	1,564,000	1,564,000				
	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS						
4	C-32 50-32-1-01	48,000	48,000				
	PURCHASE AND INSTALLATION OF SERVICE REGULATORS						
	<u>PRIORITY 5</u>						
5	C-33 50-33-1-01	58,000	58,000				
	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION						
5	C-34 50-34-2-01	72,000	72,000				
	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT, HAND-HELD TOOLS AND SOFTWARE PACKAGE USED FOR AMR						
5	C-36 50-36-1-01	60,000	60,000				
	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR						
5	C-36 50-36-2-01	2,059,000	1,159,000	900,000			
	REPLACE AMR DEVICES WHERE BATTERIES FAILED						
TOTAL FIELD SERVICES DEPARTMENT:		5,886,000	4,986,000	900,000	0	0	0

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 FIELD SERVICES DEPARTMENT 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	1,730,000	1,730,000	4,156,000	3,256,000	5,886,000	4,986,000
YEAR 1				900,000		900,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	1,730,000	1,730,000	4,156,000	4,156,000	5,886,000	5,886,000

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
73-01-1-01 SHOP EQUIPMENT ADDITIONS	0	0	0	0	N/A	0	N/A
73-01-1-02 VEHICLE ADDITIONS	39,000	0	0	(39,000)	-100.0%	0	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	0	0	0	0	N/A	0	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,074,000	504,000	318,000	(756,000)	-70.4%	(186,000)	-36.9%
73-01-2-03 VEHICLE REPLACEMENTS	3,089,000	3,154,000	3,115,000	26,000	0.8%	(39,000)	-1.2%
73-01-2-04 FLEET MANAGEMENT SYS UPGRADE	0	0	177,000	177,000	N/A	177,000	N/A
73-01-2-05 FUEL SYSTEM UPGRADE	0	0	33,000	33,000	N/A	33,000	N/A
GROSS TOTAL FLEET OPERATIONS	4,202,000	3,658,000	3,643,000	(559,000)	-13.3%	(15,000)	-0.4%
LESS: SALVAGE	0	0	0	0	N/A	0	N/A
NET TOTAL FLEET OPERATIONS	4,202,000	3,658,000	3,643,000	(559,000)	-13.3%	(15,000)	-0.4%

FLEET OPERATIONS DEPARTMENT
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
2	73-01-1-01 SHOP EQUIPMENT ADDITIONS	0
2	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	0
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	318,000
2	73-01-2-03 VEHICLE REPLACEMENTS	3,115,000
2	73-01-2-04 FLEET MANAGEMENT SYSTEM UPGRADE	177,000
2	73-01-2-05 FUEL SYSTEM UPGRADE	33,000
	GROSS TOTAL FLEET OPERATIONS	<u>3,643,000</u>
73-98-2-98	LESS: SALVAGE	
	NET TOTAL FLEET OPERATIONS	<u><u>3,643,000</u></u>

FLEET OPERATIONS DEPARTMENT

LISTING BY PRIORITY

FISCAL YEAR 2014 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	73-01-1-01 SHOP EQUIPMENT ADDITIONS	0	0				
2	73-01-1-02 VEHICLE ADDITIONS						
2	73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	0	0				
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	318,000	318,000				
2	73-01-2-03 VEHICLE REPLACEMENTS	3,115,000	1,684,000	1,431,000			
2	73-01-2-04 FLEET MANAGEMENT SYSTEM UPGRADE	177,000	177,000				
2	73-01-2-05 FUEL SYSTEM UPGRADE	33,000	33,000				
	TOTAL FLEET OPERATIONS DEPARTMENT:	3,643,000	2,212,000	1,431,000			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 FLEET OPERATIONS DEPARTMENT ESTIMATE OF ENCUMBRANCE 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	0	0	3,643,000	2,212,000	3,643,000	2,212,000
YEAR 1				1,431,000		1,431,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	0	0	3,643,000	3,643,000	3,643,000	3,643,000

OTHER DEPARTMENTS
FISCAL YEAR 2014 CAPITAL BUDGET
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	412,000	4,881,000	5,293,000
INFORMATION SERVICES	461,000	3,082,000	3,543,000
CHIEF OPERATING OFFICER		750,000	750,000
CORPORATE PREPAREDNESS	451,000	40,000	491,000
GAS CONTROL		1,188,000	1,188,000
VP GAS MANAGEMENT		1,159,000	1,159,000
VP TECHNICAL COMPLIANCE	1,403,000		1,403,000
VP CUSTOMER AFFAIRS	1,948,000	270,000	2,218,000
TOTAL OTHER DEPARTMENTS	<u>4,675,000</u>	<u>11,370,000</u>	<u>16,045,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
FACILITIES							
ADDITIONS	133,000	133,000	412,000	279,000	209.8%	279,000	209.8%
REPLACEMENTS	6,414,000	3,232,000	4,881,000	(1,533,000)	-23.9%	1,649,000	51.0%
TOTAL	6,547,000	3,365,000	5,293,000	(1,254,000)	-19.2%	1,928,000	57.3%
INFORMATION SERVICES							
ADDITIONS	1,151,000	492,000	461,000	(690,000)	-59.9%	(31,000)	-6.3%
REPLACEMENTS	862,000	1,722,000	3,082,000	2,220,000	257.5%	1,360,000	79.0%
TOTAL	2,013,000	2,214,000	3,543,000	1,530,000	76.0%	1,329,000	60.0%
CHIEF OPERATING OFFICER							
ADDITIONS	0	0	0	0	N/A	0	N/A
REPLACEMENTS	750,000	750,000	750,000	0	0.0%	0	0.0%
TOTAL	750,000	750,000	750,000	0	0.0%	0	0.0%
CORPORATE PREPAREDNESS							
ADDITIONS	0	0	451,000	451,000	N/A	451,000	N/A
REPLACEMENTS	0	0	40,000	40,000	N/A	40,000	N/A
TOTAL	0	0	491,000	491,000	N/A	491,000	N/A
GAS CONTROL							
ADDITIONS	0	0	0	0	N/A	0	N/A
REPLACEMENTS	0	0	1,188,000	1,188,000	N/A	1,188,000	N/A
TOTAL	0	0	1,188,000	1,188,000	N/A	1,188,000	N/A
VP GAS MANAGEMENT							
ADDITIONS	110,000	0	0	(110,000)	-100.0%	0	N/A
REPLACEMENTS	0	0	1,159,000	1,159,000	N/A	1,159,000	N/A
TOTAL	110,000	0	1,159,000	1,049,000	953.6%	1,159,000	N/A
VP TECHNICAL COMPLIANCE							
ADDITIONS	0	0	1,403,000	1,403,000	N/A	1,403,000	N/A
REPLACEMENTS	0	0	0	0	N/A	0	N/A
TOTAL	0	0	1,403,000	1,403,000	N/A	1,403,000	N/A
VP CUSTOMER AFFAIRS							
ADDITIONS	102,000	0	1,948,000	1,846,000	1809.8%	1,948,000	N/A
REPLACEMENTS	0	0	270,000	270,000	N/A	270,000	N/A
TOTAL	102,000	0	2,218,000	2,116,000	2074.5%	2,218,000	N/A
TOTAL OTHER DEPARTMENTS	9,522,000	6,329,000	16,045,000	6,523,000	68.5%	9,716,000	153.5%

FACILITIES
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>	2013 BUDGET	2014 FORECAST	2014 BUDGET	<u>2014 vs 2013 BUDGET</u>		<u>2014 vs FORECAST</u>	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
72-01-1-01 MISC CAPITAL ADDITIONS	123,000	125,000	118,000	(5,000)	-4.1%	(7,000)	-5.6%
72-01-1-02 MISC CAPITAL ADDITIONS-GAS PROC	10,000	10,000	12,000	2,000	20.0%	2,000	20.0%
72-01-1-03 ELECTRIC GENERATOR - TIOGA	0	0	282,000	282,000	N/A	282,000	N/A
72-01-2-01 MISC CAPITAL REPL & STRUCTURAL	378,000	358,000	477,000	99,000	26.2%	119,000	33.2%
72-01-2-02 MISC CAPITAL REPL - GAS PROC	48,000	49,000	37,000	(11,000)	-22.9%	(12,000)	-24.5%
72-01-2-03 MISC CAPITAL REPLACEMENTS - STRUCTURAL - GAS PROCESSING	47,000	48,000	58,000	11,000	23.4%	10,000	20.8%
72-01-2-04 RENOVATE DISTRICT OFFICE	692,000	600,000	692,000	0	0.0%	92,000	15.3%
72-01-2-05 REPLACE HVAC SYSTEM - 800	185,000	190,000	201,000	16,000	8.6%	11,000	5.8%
72-01-2-06 REPLACE CARPETS - ALL LOCATIONS	200,000	0	154,000	(46,000)	-23.0%	154,000	N/A
72-01-2-07 REPLACE MODULAR FURNITURE - 800	200,000	200,000	200,000	0	0.0%	0	0.0%
72-01-2-08 REPLACE SWITCHGEAR - 1800	300,000	0	342,000	42,000	14.0%	342,000	N/A
72-01-2-09 REPL OBSOLETE LIGHTING - 800	0	0	105,000	105,000	N/A	105,000	N/A
72-01-2-10 RELOCATE GAS CONTROL	0	0	510,000	510,000	N/A	510,000	N/A
72-01-2-11 REPL PARKING LOT - CASTOR	0	0	418,000	418,000	N/A	418,000	N/A
72-01-2-12 UPGR ELECTRIC SERVICE - STATIONS	100,000	100,000	359,000	259,000	259.0%	259,000	259.0%
72-01-2-13 ELEVATOR #10 MODERNIZATION-1800	0	0	330,000	330,000	N/A	330,000	N/A
72-01-2-14 REPL BLDG EMERGENCY GENERATOR	0	0	315,000	315,000	N/A	315,000	N/A
72-01-2-15 REPL TRANSP BLDG TOP DECK	0	0	300,000	300,000	N/A	300,000	N/A
72-01-2-16 REPLACE HVAC COMPONENTS - 1800	200,000	0	208,000	8,000	4.0%	208,000	N/A
72-01-2-17 BLDG SECURITY UPGR - 800	0	0	175,000	175,000	N/A	175,000	N/A
72-01-2-18 UPGR OFFICE SPACES - 1800	0	100,000	0	0	N/A	(100,000)	-100.0%

FACILITIES
FISCAL YEAR 2014
BUDGET/FORECAST COMPARISON

CATEGORY	2013 BUDGET	2014 FORECAST	2014 BUDGET	2014 vs 2013 BUDGET		2014 vs FORECAST	
				\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
72-01-2-19 REPL AIR CONDITIONING - STATIONS	0	60,000	0	0	N/A	(60,000)	-100.0%
72-01-2-20 REPLACE ROOF - 9TH & DIAMOND	0	260,000	0	0	N/A	(260,000)	-100.0%
72-01-2-21 REPLACE ROOF - CASTOR	0	265,000	0	0	N/A	(265,000)	-100.0%
72-01-2-22 UPGR DISPATCH CENTERS	0	500,000	0	0	N/A	(500,000)	-100.0%
72-01-2-23 REPL LIGHTING - BELFIELD	100,000	0	0	(100,000)	-100.0%	0	N/A
72-01-2-24 RELOCATE DATA CENTER TO 800	2,807,000	0	0	(2,807,000)	-100.0%	0	N/A
72-01-2-25 REPLACE PARKING LOT - 9TH & DIA	707,000	0	0	(707,000)	-100.0%	0	N/A
72-01-2-26 UPGR OFFICE SPACES - 1800	100,000	0	0	(100,000)	-100.0%	0	N/A
72-01-2-27 RENOVATE TRAINING ROOMS	300,000	0	0	(300,000)	-100.0%	0	N/A
72-01-2-28 UPGR TRANSP BLDG ELECTRIC	50,000	0	0	(50,000)	-100.0%	0	N/A
72-01-2-29 UPGR TIOGA STATION	0	500,000	0	0	N/A	(500,000)	-100.0%
TOTAL FACILITIES	<u>6,547,000</u>	<u>3,365,000</u>	<u>5,293,000</u>	<u>(1,254,000)</u>	<u>-19.2%</u>	<u>1,928,000</u>	<u>57.3%</u>

OTHER DEPARTMENTS
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>	<u>FACILITIES</u>	<u>AMOUNT</u>
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	118,000
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	12,000
2	72-01-1-03 BACKUP ELECTRIC GENERATOR - TIOGA	282,000
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	477,000
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	37,000
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	58,000
1	72-01-2-04 RENOVATE SOUTH PHILADELPHIA DISTRICT OFFICE	692,000
2	72-01-2-05 REPLACE HVAC SYSTEM COMPONENTS - 800	201,000
2	72-01-2-06 REPLACE CARPETS - ALL LOCATIONS	154,000
2	72-01-2-07 REPLACE MODULAR FURNITURE - 800	200,000
2	72-01-2-08 REPLACE SWITCHGEAR - 1800	342,000
2	72-01-2-09 REPLACE OBSOLETE INTERIOR LIGHTING - 800	105,000
2	72-01-2-10 RELOCATE GAS CONTROL	510,000
1	72-01-2-11 REPLACE PARKING LOT - CASTOR	418,000
2	72-01-2-12 UPGRADE ELECTRIC SERVICE - BELFIELD	359,000
2	72-01-2-13 ELEVATOR #10 MODERNIZATION - 1800	330,000
2	72-01-2-14 REPLACE BUILDING EMERGENCY GENERATOR - 800	315,000
2	72-01-2-15 REPLACE TRANSPORTATION BUILDING TOP DECK	300,000
2	72-01-2-16 REPLACE HVAC COMPONENTS - 1800	208,000
5	72-01-2-17 BUILDING SECURITY UPGRADES - 800	175,000
	TOTAL FACILITIES	<u>5,293,000</u>

OTHER DEPARTMENTS
FISCAL YEAR 2014 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
	<u>INFORMATION SERVICES</u>	
5	47-01-1-01 MISCELLANEOUS SERVER & NETWORK ADDITIONS	86,000
5	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	95,000
5	47-01-1-03 DESKTOP VIRTUALIZATION - PHASE 1	280,000
5	47-01-2-01 DESKTOPS, LAPTOPS, PRINTERS & PERIPHERALS	0
5	47-01-2-02 MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000
5	47-01-2-03 SERVER & NETWORK HARDWARE REPLACEMENTS	194,000
5	47-01-2-04 REPLACE PBX WITH VOICE OVER IP PHONE SYSTEM	<u>2,838,000</u>
	TOTAL INFORMATION SERVICES	<u><u>3,543,000</u></u>

CHIEF OPERATING OFFICER

1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02 COND FUND FOR CAPITAL NEEDS - RELIABILITY OF SERVICE	250,000
4	13-01-2-03 COND FUND FOR CAPITAL NEEDS - COST-JUSTIFIED LOAD GROWTH	<u>250,000</u>
	TOTAL CHIEF OPERATING OFFICER	<u><u>750,000</u></u>

CORPORATE PREPAREDNESS

5	65-01-1-01 VIDEO MONITORING AND RECORDING AT CASTOR, BELFIELD, TIOGA	154,000
5	65-01-1-02 (2) CARD READERS - 1800 GARAGE, 8TH STREET GATE	40,000
5	65-01-1-03 (1) METAL DETECTOR, AND (1) MOBILE SECURITY STATION	27,000
5	65-01-1-04 CRASH BEAM BARRIER - RICHMOND	230,000
5	65-01-2-01 DIGITAL RECORDING UPGRADE - 800	<u>40,000</u>
	TOTAL CORPORATE PREPAREDNESS	<u><u>491,000</u></u>

GAS CONTROL

5	09-01-2-01 SCADA UPGRADE WITH CONTROL ROOM AND ALARM MANAGEMENT	<u>1,188,000</u>
	TOTAL GAS CONTROL	<u><u>1,188,000</u></u>

OTHER DEPARTMENTS
FISCAL YEAR 2014 CAPITAL BUDGET

			<u>AMOUNT</u>
		<u>VP GAS MANAGEMENT</u>	
5	57-01-2-01	REPLACE GAS MGT SYSTEM AND SUPPLIER CHOICE SOFTWARE	1,159,000
		TOTAL VP GAS MANAGEMENT	<u>1,159,000</u>
		<u>VP TECHNICAL COMPLIANCE</u>	
1	38-01-1-01	SPARGE CURTAIN & SOIL VAPOR EXTRACTION - PASSYUNK/PORTER	1,403,000
		TOTAL VP TECHNICAL COMPLIANCE	<u>1,403,000</u>
		<u>VP CUSTOMER AFFAIRS</u>	
5	10-01-1-01	CONSOLIDATED BILLING AND PURCHASE OF RECEIVABLES (POR)	1,523,000
5	10-01-1-02	CREDIT DENIAL AUTOMATION	60,000
5	10-01-1-03	DEMAND SIDE MANAGEMENT (ENERGYSENSE) PROGRAMS	100,000
5	10-01-1-04	SELF SERVICE ENHANCEMENTS TO IVR AND PGW WEBSITE	150,000
5	10-01-1-05	LIHEAP GRANT APPLICATION FOR CRP	115,000
5	10-01-2-01	REPLACE COMPLAINT MANAGEMENT SYSTEM	270,000
		TOTAL VP CUSTOMER AFFAIRS	<u>2,218,000</u>
		TOTAL OTHER DEPARTMENTS	<u>16,045,000</u>

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2014 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>
	PRIORITY 1						
1	72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	118,000	118,000				
1	72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	12,000	12,000				
1	72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	477,000	400,000	77,000			
1	72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	37,000	37,000				
1	72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	58,000	58,000				
1	72-01-2-04 RENOVATE SOUTH PHILADELPHIA DISTRICT OFFICE	692,000	692,000				
1	72-01-2-11 REPLACE PARKING LOT - CASTOR	418,000	418,000				
1	38-01-1-01 SPARGE CURTAIN & SOIL VAPOR EXTRACTION - PASSYUNK/PORTER	1,403,000	1,403,000				
1	13-01-2-01 CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000					

OTHER DEPARTMENTS

LISTING BY PRIORITY

FISCAL YEAR 2014 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	72-01-1-03 BACKUP ELECTRIC GENERATOR - TIOGA	282,000	282,000				
2	72-01-2-05 REPLACE HVAC SYSTEM COMPONENTS - 800	201,000	201,000				
2	72-01-2-06 REPLACE CARPETS - ALL LOCATIONS	154,000	154,000				
2	72-01-2-07 REPLACE MODULAR FURNITURE - 800	200,000	200,000				
2	72-01-2-08 REPLACE SWITCHGEAR - 1800	342,000	342,000				
2	72-01-2-09 REPLACE OBSOLETE INTERIOR LIGHTING - 800	105,000	105,000				
2	72-01-2-10 RELOCATE GAS CONTROL	510,000	510,000				
2	72-01-2-12 UPGRADE ELECTRIC SERVICE - BELFIELD	359,000	359,000				
2	72-01-2-13 ELEVATOR #10 MODERNIZATION - 1800	330,000	330,000				
2	72-01-2-14 REPLACE BUILDING EMERGENCY GENERATOR - 800	315,000	315,000				
2	72-01-2-15 REPLACE TRANSPORTATION BUILDING TOP DECK	300,000	300,000				
2	72-01-2-16 REPLACE HVAC COMPONENTS - 1800	208,000	208,000				
2	13-01-2-02 COND FUND FOR CAPITAL NEEDS - RELIABILITY OF SERVICE	250,000	250,000				
	<u>PRIORITY 4</u>						
4	13-01-2-03 COND FUND FOR CAPITAL NEEDS - COST-JUSTIFIED LOAD GROWTH	250,000	250,000				

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL YEAR 2014 CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4+
	PRIORITY 5						
5	72-01-2-17 BUILDING SECURITY UPGRADES - 800	175,000	175,000				
5	47-01-1-01 MISCELLANEOUS SERVER & NETWORK ADDITIONS	86,000	86,000				
5	47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	95,000	95,000				
5	47-01-1-03 DESKTOP VIRTUALIZATION - PHASE 1	280,000	220,000	60,000			
5	47-01-2-01 DESKTOPS, LAPTOPS, PRINTERS & PERIPHERALS	0	0				
5	47-01-2-02 MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	50,000				
5	47-01-2-03 SERVER & NETWORK HARDWARE REPLACEMENTS	194,000	194,000				
5	47-01-2-04 REPLACE PBX WITH VOICE OVER IP PHONE SYSTEM	2,838,000	2,340,000	498,000			
5	65-01-1-01 VIDEO MONITORING AND RECORDING AT CASTOR, BELFIELD, TIOGA	154,000	154,000				
5	65-01-1-02 (2) CARD READERS - 1800 GARAGE, 8TH STREET GATE	40,000	40,000				
5	65-01-1-03 (1) METAL DETECTOR, AND (1) MOBILE SECURITY STATION	27,000	27,000				
5	65-01-1-04 CRASH BEAM BARRIER - RICHMOND	230,000	230,000				
5	65-01-2-01 DIGITAL RECORDING UPGRADE - 800	40,000	40,000				
5	09-01-2-01 SCADA UPGRADE WITH CONTROL ROOM AND ALARM MANAGEMENT	1,188,000	1,188,000				
5	57-01-2-01 REPLACE GAS MGT SYSTEM AND SUPPLIER CHOICE SOFTWARE	1,159,000	759,000	400,000			
5	10-01-1-01 CONSOLIDATED BILLING AND PURCHASE OF RECEIVABLES (POR)	1,523,000	1,143,000	380,000			
5	10-01-1-02 CREDIT DENIAL AUTOMATION	60,000	60,000				

OTHER DEPARTMENTS
 LISTING BY PRIORITY
 FISCAL YEAR 2014 CAPITAL BUDGET

P	CATEGORY	AMOUNT	BUDGET_YR	YEAR_1	YEAR_2	YEAR_3	YEAR_4+
	PRIORITY 5						
5	10-01-1-03 DEMAND SIDE MANAGEMENT (ENERGYSENSE) PROGRAMS	100,000	100,000				
5	10-01-1-04 SELF SERVICE ENHANCEMENTS TO IVR AND PGW WEBSITE	150,000	150,000				
5	10-01-1-05 LIHEAP GRANT APPLICATION FOR CRP	115,000	115,000				
5	10-01-2-01 REPLACE COMPLAINT MANAGEMENT SYSTEM	270,000	120,000	150,000			
TOTAL OTHER DEPARTMENTS:		16,045,000	13,730,000	1,565,000			

PHILADELPHIA GAS WORKS
 FISCAL YEAR 2014 CAPITAL BUDGET
 OTHER DEPARTMENTS 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	4,675,000	4,615,000	11,370,000	9,115,000	16,045,000	13,730,000
YEAR 1		60,000		1,505,000		1,565,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	4,675,000	4,675,000	11,370,000	10,620,000	16,045,000	15,295,000

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2014 AND FORECAST 2015 THROUGH 2019

<u>DEPARTMENT</u>	2014					<u>TOTAL 6 YEARS</u>
	<u>BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
<u>GAS PROCESSING</u>						
ADDITIONS	2,091,000	2,577,000	834,000	289,000	442,000	6,378,000
REPLACEMENTS	<u>1,873,000</u>	<u>3,786,000</u>	<u>2,509,000</u>	<u>1,545,000</u>	<u>1,983,000</u>	<u>15,035,000</u>
TOTAL GAS PROCESSING	3,964,000	6,363,000	3,343,000	1,834,000	2,425,000	21,413,000
ACQUIRE ASSETS LEASE	3,964,000	6,363,000	3,343,000	1,834,000	2,425,000	21,413,000
<u>DISTRIBUTION</u>						
ADDITIONS	10,191,000	10,411,000	10,598,000	10,842,000	11,130,000	64,539,000
REPLACEMENTS	<u>62,758,000</u>	<u>67,270,000</u>	<u>68,222,000</u>	<u>68,995,000</u>	<u>70,085,000</u>	<u>408,548,000</u>
GROSS TOTAL DISTRIBUTION	72,949,000	77,681,000	78,820,000	79,837,000	81,215,000	473,087,000
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
LESS: REIMBURSEMENT**	<u>(1,616,000)</u>	<u>(961,000)</u>	<u>(982,000)</u>	<u>(1,005,000)</u>	<u>(1,029,000)</u>	<u>(6,647,000)</u>
NET TOTAL DISTRIBUTION	71,333,000	76,720,000	77,838,000	78,832,000	80,186,000	466,440,000
ACQUIRE ASSETS LEASE	71,333,000	76,720,000	77,838,000	78,832,000	80,186,000	466,440,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2014 AND FORECAST 2015 THROUGH 2019

<u>DEPARTMENT</u>	<u>2014</u>					<u>TOTAL</u>	
	<u>CAPITAL</u>	<u>BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>		<u>6</u>
<u>FIELD SERVICES</u>							
ADDITIONS	1,730,000	2,107,000	2,123,000	2,180,000	2,227,000	2,262,000	12,629,000
REPLACEMENTS	<u>4,156,000</u>	<u>4,236,000</u>	<u>4,408,000</u>	<u>3,968,000</u>	<u>4,031,000</u>	<u>4,125,000</u>	<u>24,924,000</u>
GROSS TOTAL FIELD SERVICES	5,886,000	6,343,000	6,531,000	6,148,000	6,258,000	6,387,000	37,553,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	5,886,000	6,343,000	6,531,000	6,148,000	6,258,000	6,387,000	37,553,000
ACQUIRE ASSETS LEASE	5,886,000	6,343,000	6,531,000	6,148,000	6,258,000	6,387,000	37,553,000
<u>FLEET OPERATIONS</u>							
ADDITIONS	0	0	0	0	0	0	0
REPLACEMENTS	<u>3,643,000</u>	<u>3,280,000</u>	<u>5,282,000</u>	<u>5,174,000</u>	<u>3,304,000</u>	<u>1,720,000</u>	<u>22,403,000</u>
GROSS TOTAL FLEET OPERATIONS	3,643,000	3,280,000	5,282,000	5,174,000	3,304,000	1,720,000	22,403,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	3,643,000	3,280,000	5,282,000	5,174,000	3,304,000	1,720,000	22,403,000
ACQUIRE ASSETS LEASE	3,643,000	3,280,000	5,282,000	5,174,000	3,304,000	1,720,000	22,403,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2014 AND FORECAST 2015 THROUGH 2019

<u>DEPARTMENT</u>	2014 <u>CAPITAL BUDGET</u>	<u>FORECAST</u>				<u>TOTAL 6 YEARS</u>
		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
<u>OTHER</u>						
ADDITIONS	4,675,000	597,000	603,000	609,000	335,000	341,000
REPLACEMENTS	<u>11,370,000</u>	<u>5,057,000</u>	<u>2,837,000</u>	<u>2,871,000</u>	<u>2,475,000</u>	<u>2,494,000</u>
TOTAL OTHER	16,045,000	5,654,000	3,440,000	3,480,000	2,810,000	2,835,000
ACQUIRE ASSETS LEASE	16,045,000	5,654,000	3,440,000	3,480,000	2,810,000	2,835,000
<u>TOTAL</u>						
ADDITIONS	18,687,000	15,692,000	14,158,000	13,920,000	14,134,000	14,115,000
REPLACEMENTS	<u>83,800,000</u>	<u>83,629,000</u>	<u>83,258,000</u>	<u>82,553,000</u>	<u>81,878,000</u>	<u>82,896,000</u>
GROSS TOTAL	102,487,000	99,321,000	97,416,000	96,473,000	96,012,000	97,011,000
LESS: SALVAGE						
LESS: REIMBURSEMENT**	(1,616,000)	(961,000)	(982,000)	(1,005,000)	(1,029,000)	(1,054,000)
LESS: CONTRIBUTIONS*						
NET TOTAL	<u>100,871,000</u>	<u>98,360,000</u>	<u>96,434,000</u>	<u>95,468,000</u>	<u>94,983,000</u>	<u>95,957,000</u>
ACQUIRE ASSETS LEASE	100,871,000	98,360,000	96,434,000	95,468,000	94,983,000	95,957,000

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS
PROPOSED 2015 - 2019 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2014 - 2018 FORECAST</u>	<u>2015 - 2019 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	5,934,000	4,287,000	(1,647,000)	-27.8%
REPLACEMENTS	<u>10,492,000</u>	<u>13,162,000</u>	<u>2,670,000</u>	25.4%
TOTAL GAS PROCESSING	16,426,000	17,449,000	1,023,000	6.2%
<u>DISTRIBUTION</u>				
ADDITIONS	52,896,000	54,348,000	1,452,000	2.7%
REPLACEMENTS	<u>295,912,000</u>	<u>345,790,000</u>	<u>49,878,000</u>	16.9%
GROSS TOTAL DISTRIBUTION	348,808,000	400,138,000	51,330,000	14.7%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
LESS: REIMBURSEMENT**	<u>(8,201,000)</u>	<u>(5,031,000)</u>	<u>3,170,000</u>	-38.7%
NET TOTAL DISTRIBUTION	340,607,000	395,107,000	54,500,000	16.0%
<u>FIELD SERVICES</u>				
ADDITIONS	13,207,000	10,899,000	(2,308,000)	-17.5%
REPLACEMENTS	<u>15,493,000</u>	<u>20,768,000</u>	<u>5,275,000</u>	34.0%
GROSS TOTAL FIELD SERVICES	28,700,000	31,667,000	2,967,000	10.3%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
NET TOTAL FIELD SERVICES	28,700,000	31,667,000	2,967,000	10.3%

PHILADELPHIA GAS WORKS
PROPOSED 2015 - 2019 FORECAST
(COMPARISON)

<u>DEPARTMENT</u>	<u>2014 - 2018 FORECAST</u>	<u>2015 - 2019 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS	0	0		
REPLACEMENTS	<u>16,148,000</u>	<u>18,760,000</u>	<u>2,612,000</u>	16.2%
GROSS TOTAL FLEET OPERATIONS	16,148,000	18,760,000	2,612,000	16.2%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	16,148,000	18,760,000	2,612,000	16.2%
 <u>OTHER</u>				
ADDITIONS	2,173,000	2,485,000	312,000	14.4%
REPLACEMENTS	<u>16,495,000</u>	<u>15,734,000</u>	<u>(761,000)</u>	-4.6%
TOTAL OTHER	18,668,000	18,219,000	(449,000)	-2.4%
 <u>TOTAL</u>				
ADDITIONS	74,210,000	72,019,000	(2,191,000)	-3.0%
REPLACEMENTS	<u>354,540,000</u>	<u>414,214,000</u>	<u>59,674,000</u>	16.8%
GROSS TOTAL	428,750,000	486,233,000	57,483,000	13.4%
LESS: SALVAGE				
LESS: REIMBURSEMENT**	(8,201,000)	(5,031,000)	3,170,000	-38.7%
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>420,549,000</u>	<u>481,202,000</u>	<u>60,653,000</u>	14.4%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES								
2 53-01-1-01 INSTALL GENERATOR - SOMERTON M&R			282,000					282,000
2 53-01-2-01 REPLACE (1) M&R STATION HEATER			900,000		1,000,000		1,000,000	2,900,000
2 53-01-2-02 MODIFY LNG TANK RE-PRESSURIZATION SYSTEMS - RICHMOND & PASSYUNK				150,000				150,000
53-01-X-XX NON-RECURRING ITEMS	631,000							
TOTAL GP-1	<u>631,000</u>		<u>1,182,000</u>		<u>1,000,000</u>	<u>150,000</u>	<u>1,000,000</u>	<u>3,332,000</u>
GP-2 SUPPLEMENTAL GAS FACILITIES								
1 53-02-1-01 PROCESS HAZARDS (PHA) AND LAYERS OF PROTECTION ANALYSIS UPGRADE - RICHMOND		182,000	162,000					162,000
1 53-02-1-02 POWER BACKUP FOR CITY WATER PUMPS AND SECURITY CENTER - PASSYUNK		97,000						97,000
1 53-02-1-03 CONVERT EXISTING VENT STACK TO FLARE - RICHMOND		1,640,000						1,640,000
2 53-02-1-04 ADD BOILOFF JET COMPRESSORS - RICHMOND AND PASSYUNK						300,000		300,000
2 53-02-1-05 EXTEND SECOND LNG FILL LINE TO SOUTH TANK - RICHMOND					150,000			150,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2 53-02-1-06			2,000,000					2,000,000
	LIQUEFACTION FEED GAS CO2 AND ETHANE REMOVAL - RICHMOND							
2 53-02-1-07				698,000				698,000
	REPLACE FIRE SYSTEM ON C-5RB BOIL-OFF COMPRESSOR - RICHMOND							
1 53-02-2-01		189,000						
	REPLACE H-1 HEATER FUEL GAS AND HEADER - RICHMOND							
1 53-02-2-02	162,000	202,000						105,000
	REPL UNINTERRUPTIBLE POWER SUPPLY SYSTEMS: RICHMOND							
								105,000
	PASSYUNK							
1 53-02-2-03		502,000		500,000				1,000,000
	REPL FOAM WATER PIPING LNG TANKS- RICHM							
1 53-02-2-04		101,000						
	REPLACE FOAM SUPPRESSION SYSTEM FOR 77 BUILDING BASEMENT							
1 53-02-2-05		146,000						
	REPLACE VALVE ON SPILL LINE FOR RIVER WATER - PASSYUNK							
1 53-02-2-06		326,000						
	REPLACE VAPORIZATION LOW TEMPERATURE SHUTDOWN VALVES - RICHMOND							
2 53-02-2-07				1,500,000				1,500,000
	REPLACE RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS - RICHMOND							

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>								
2 53-02-2-08					180,000			180,000
			1,800,000				2,000,000	3,800,000
2 53-02-2-09						1,000,000		1,000,000
2 53-02-2-10								
53-02-X-XX	4,975,000							
	5,137,000	3,385,000	4,067,000	2,698,000	330,000	1,800,000	2,000,000	10,895,000
TOTAL GP-2								
<u>GP-3 BUILDING AND GROUNDS</u>								
2 53-03-2-01				150,000				150,000
2 53-03-2-02			628,000					628,000
53-03-X-XX								
			628,000	150,000				778,000
TOTAL GP-3								

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>GP-4 MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1 53-04-1-01 MISCELLANEOUS CAPITAL ADDITIONS	116,000	172,000	133,000	136,000	139,000	142,000	145,000	695,000
1 53-04-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS	281,000	407,000	353,000	359,000	365,000	333,000	339,000	1,749,000
TOTAL GP-4	<u>397,000</u>	<u>579,000</u>	<u>486,000</u>	<u>495,000</u>	<u>504,000</u>	<u>475,000</u>	<u>484,000</u>	<u>2,444,000</u>
TOTAL GAS PROCESSING DEPARTMENT	6,165,000	3,964,000	6,363,000	3,343,000	1,834,000	2,425,000	3,484,000	17,449,000
ACQUIRE ASSETS	6,165,000	3,964,000	6,363,000	3,343,000	1,834,000	2,425,000	3,484,000	17,449,000
LEASE								

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>D-20 HIGH PRESSURE MAINS</u>								
4 52-20-1-01 UNSPECIFIED	1,017,000	1,226,000	1,252,000	1,280,000	1,309,000	1,340,000	1,372,000	6,553,000
3 52-20-2-01 CITY AND STATE WORK	839,000	1,175,000	1,200,000	1,226,000	1,254,000	1,284,000	1,315,000	6,279,000
1 52-20-2-02 INCRE REPL OF 12" HP CAST IRON MAIN	3,816,000	7,789,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	51,500,000
1 52-20-2-03 INCRE REPL - 30" HP CAST IRON AND OTHER LARGE DIAMETER MAIN	4,598,000	10,385,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	42,500,000
1 52-20-2-04 NATURAL GAS SOMERTON STATION - CHANGE MAOP (MAXIMUM ALLOWABLE OPERATING PRESSURE)	2,500,000							
	12,770,000	20,575,000	21,252,000	21,306,000	21,363,000	21,424,000	21,487,000	106,832,000
52-20-2-97 LESS: REIMBURSEMENT**								
	<u>12,770,000</u>	<u>20,575,000</u>	<u>21,252,000</u>	<u>21,306,000</u>	<u>21,363,000</u>	<u>21,424,000</u>	<u>21,487,000</u>	<u>106,832,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>D-21 8 INCH AND SMALLER I. P. AND L. P. MAIN</u>								
4 52-21-1-01 ADDITIONS	2,080,000	2,155,000	2,200,000	2,248,000	2,300,000	2,355,000	2,412,000	11,515,000
3 52-21-2-01 CITY AND STATE WORK	4,951,000	4,992,000	5,097,000	5,209,000	5,329,000	5,457,000	5,588,000	26,680,000
1 52-21-2-02 PRUDENT	14,483,000	15,201,000	15,520,000	15,861,000	16,226,000	16,815,000	17,014,000	81,236,000
3 52-21-2-03 MAIN FOR MAJOR ENFORCED RELOC: I-95		750,000						
5 52-21-2-04 LTIP - ACCELERATED CAST IRON			3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	16,000,000
GROSS TOTAL D-21	21,514,000	23,098,000	26,017,000	26,518,000	27,055,000	27,627,000	28,214,000	135,431,000
52-21-2-97 LESS: REIMBURSEMENT**	(1,488,000)	(1,616,000)	(961,000)	(982,000)	(1,005,000)	(1,029,000)	(1,054,000)	(5,031,000)
NET TOTAL D-21	20,026,000	21,482,000	25,056,000	25,536,000	26,050,000	26,598,000	27,160,000	130,400,000
<u>D-22 12 INCH AND LARGER I. P. AND L. P. MAIN</u>								
4 52-22-1-01 ADDITIONS	33,000	37,000	38,000	39,000	40,000	41,000	42,000	200,000
3 52-22-2-01 CITY AND STATE WORK	160,000	295,000	301,000	308,000	315,000	323,000	331,000	1,578,000
3 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOC: I-95	2,232,000							
GROSS TOTAL D-22	2,425,000	332,000	339,000	347,000	355,000	364,000	375,000	1,778,000
52-22-2-97 LESS: REIMBURSEMENT**	(2,009,000)							
NET TOTAL D-22	416,000	332,000	339,000	347,000	355,000	364,000	375,000	1,778,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE CONTROL & <u>CORROSION CONTROL FACILITIES</u>								
4 52-23-1-01 CUSTOMER METER & REGULATOR INSTALL	222,000	405,000	414,000	423,000	433,000	443,000	454,000	2,167,000
1 52-23-2-01 REPLACE/REHABILITATION-HP MAIN VALVES	156,000	608,000	110,000	112,000	115,000	118,000	121,000	576,000
2 52-23-2-02 REPL - PRESSURE CNTL & CORR CNTL FACIL	<u>282,000</u>	<u>284,000</u>	<u>290,000</u>	<u>296,000</u>	<u>303,000</u>	<u>310,000</u>	<u>317,000</u>	<u>1,516,000</u>
GROSS TOTAL D-23	660,000	1,297,000	814,000	831,000	851,000	871,000	892,000	4,259,000
LESS: REIMBURSEMENT**								
TOTAL D-23	<u>660,000</u>	<u>1,297,000</u>	<u>814,000</u>	<u>831,000</u>	<u>851,000</u>	<u>871,000</u>	<u>892,000</u>	<u>4,259,000</u>
<u>D-24 SERVICES</u>								
4 52-24-1-01 1 1/4" AND SMALLER	4,245,000	3,943,000	4,026,000	4,115,000	4,210,000	4,311,000	4,414,000	21,076,000
4 52-24-1-02 2" AND LARGER	2,302,000	2,370,000	2,420,000	2,473,000	2,530,000	2,591,000	2,653,000	12,667,000
1 52-24-2-01 1 1/4" AND SMALLER	20,920,000	19,216,000	20,680,000	21,135,000	21,621,000	22,140,000	22,671,000	108,247,000
1 52-24-2-02 2" AND LARGER	<u>921,000</u>	<u>886,000</u>	<u>905,000</u>	<u>925,000</u>	<u>946,000</u>	<u>969,000</u>	<u>992,000</u>	<u>4,737,000</u>
GROSS TOTAL D-24	28,388,000	26,415,000	28,031,000	28,648,000	29,307,000	30,011,000	30,730,000	146,727,000
52-24-2-97 LESS: REIMBURSEMENT**								
LESS: CONTRIBUTIONS*	<u>(113,000)</u>							
TOTAL D-24	<u>28,275,000</u>	<u>26,415,000</u>	<u>28,031,000</u>	<u>28,648,000</u>	<u>29,307,000</u>	<u>30,011,000</u>	<u>30,730,000</u>	<u>146,727,000</u>

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>D-29 OTHER DISTRIBUTION FACILITIES</u>								
5 52-29-1-01 ADDITIONS	22,000	55,000	61,000	20,000	20,000	49,000	20,000	170,000
2 52-29-2-01 REPLACEMENTS	<u>175,000</u>	<u>1,177,000</u>	<u>1,167,000</u>	<u>1,150,000</u>	<u>886,000</u>	<u>969,000</u>	<u>869,000</u>	<u>4,941,000</u>
TOTAL D-29	<u>197,000</u>	<u>1,232,000</u>	<u>1,228,000</u>	<u>1,170,000</u>	<u>906,000</u>	<u>918,000</u>	<u>889,000</u>	<u>5,111,000</u>
<u>D-99 REMOVAL AND ABANDONMENTS</u>								
1 52-99-2-99								
52-98-2-98								
GROSS TOTAL DISTRIBUTION DEPARTMENT	65,954,000	72,949,000	77,661,000	78,820,000	79,837,000	81,215,000	82,585,000	400,138,000
LESS: SALVAGE								
LESS: CONTRIBUTIONS*	<u>(3,610,000)</u>	<u>(1,616,000)</u>	<u>(961,000)</u>	<u>(982,000)</u>	<u>(1,005,000)</u>	<u>(1,029,000)</u>	<u>(1,054,000)</u>	<u>(5,031,000)</u>
LESS: REIMBURSEMENT**	<u>62,344,000</u>	<u>71,333,000</u>	<u>76,720,000</u>	<u>77,838,000</u>	<u>78,832,000</u>	<u>80,186,000</u>	<u>81,531,000</u>	<u>395,107,000</u>
NET TOTAL DISTRIBUTION DEPARTMENT								
ACQUIRE ASSETS	62,344,000	71,333,000	76,720,000	77,838,000	78,832,000	80,186,000	81,531,000	395,107,000
LEASE								

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	2,166,000	1,564,000	1,925,000	1,961,000	2,015,000	2,061,000	2,093,000	10,055,000
1 50-30-2-01 REPLACEMENTS	<u>1,449,000</u>	<u>1,884,000</u>	<u>2,004,000</u>	<u>2,047,000</u>	<u>1,599,000</u>	<u>1,638,000</u>	<u>1,677,000</u>	<u>8,965,000</u>
TOTAL C-30	<u>3,615,000</u>	<u>3,448,000</u>	<u>3,929,000</u>	<u>4,008,000</u>	<u>3,614,000</u>	<u>3,699,000</u>	<u>3,770,000</u>	<u>19,020,000</u>
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	38,000	48,000	46,000	46,000	48,000	46,000	47,000	233,000
1 50-32-2-01 REPLACEMENTS	<u>61,000</u>	<u>62,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>21,000</u>	<u>21,000</u>	<u>102,000</u>
TOTAL C-32	<u>99,000</u>	<u>110,000</u>	<u>66,000</u>	<u>66,000</u>	<u>68,000</u>	<u>67,000</u>	<u>68,000</u>	<u>335,000</u>
<u>C-33 TELEMETERING</u>								
5 50-33-1-01 ADDITIONS AND INSTALLATIONS	74,000	58,000	78,000	60,000	61,000	63,000	64,000	326,000
1 50-33-2-01 REPLACEMENTS	<u>10,000</u>	<u>79,000</u>	<u>75,000</u>	<u>77,000</u>	<u>79,000</u>	<u>80,000</u>	<u>82,000</u>	<u>393,000</u>
TOTAL C-33	<u>84,000</u>	<u>137,000</u>	<u>153,000</u>	<u>137,000</u>	<u>140,000</u>	<u>143,000</u>	<u>146,000</u>	<u>719,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>								
5 50-34-2-01 REPLACEMENTS	<u>104,000</u>	<u>72,000</u>		<u>31,000</u>	<u>31,000</u>			<u>62,000</u>
TOTAL C-34	<u>104,000</u>	<u>72,000</u>	<u>0</u>	<u>31,000</u>	<u>31,000</u>	<u>0</u>	<u>0</u>	<u>62,000</u>
<u>C-35 SERVICE SECTION EQUIPMENT</u>								
2 50-35-2-01 REPLACEMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,000</u>
TOTAL C-35	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,000</u>
<u>C-36 AUTOMATIC METER READING</u>								
5 50-36-1-01 ADDITIONS	<u>59,000</u>	<u>60,000</u>	<u>58,000</u>	<u>56,000</u>	<u>56,000</u>	<u>57,000</u>	<u>58,000</u>	<u>285,000</u>
5 50-36-2-01 REPLACEMENTS	<u>1,137,000</u>	<u>2,059,000</u>	<u>2,137,000</u>	<u>2,178,000</u>	<u>2,239,000</u>	<u>2,292,000</u>	<u>2,345,000</u>	<u>11,191,000</u>
TOTAL C-36	<u>1,196,000</u>	<u>2,119,000</u>	<u>2,195,000</u>	<u>2,234,000</u>	<u>2,295,000</u>	<u>2,349,000</u>	<u>2,403,000</u>	<u>11,476,000</u>

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
1 50-99-2-99								
<u>C-99 COST OF REMOVAL</u>								
GROSS TOTAL FIELD SERVICES DEPARTMENT	5,098,000	5,886,000	6,343,000	6,531,000	6,148,000	6,258,000	6,387,000	31,667,000
LESS: SALVAGE								0
LESS: CONTRIBUTIONS								0
NET TOTAL FIELD SERVICES DEPARTMENT	<u>5,098,000</u>	<u>5,886,000</u>	<u>6,343,000</u>	<u>6,531,000</u>	<u>6,148,000</u>	<u>6,258,000</u>	<u>6,387,000</u>	<u>31,667,000</u>
ACQUIRE ASSETS	5,098,000	5,886,000	6,343,000	6,531,000	6,148,000	6,258,000	6,387,000	31,667,000
LEASE								

FLEET OPERATIONS DEPARTMENT

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
2 73-01-1-01 SHOP EQUIPMENT ADDITIONS	0	0	0	0	0	0	0	0
2 73-01-1-02 VEHICLE ADDITIONS	39,000							0
2 73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	0	0	0	0	0	0	0	0
2 73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	1,074,000	318,000	469,000	201,000	401,000	413,000	425,000	1,909,000
2 73-01-2-03 VEHICLE REPLACEMENTS	3,089,000	3,115,000	2,811,000	5,081,000	4,773,000	2,891,000	1,295,000	16,851,000
2 73-01-2-04 FLEET MANAGEMENT SYSTEM UPGRADE		177,000						0
2 73-01-2-05 FUEL SYSTEM UPGRADE	0	33,000						0
GROSS TOTAL FLEET OPERATIONS DEPARTMENT	4,202,000	3,643,000	3,280,000	5,282,000	5,174,000	3,304,000	1,720,000	18,760,000
73-98-2-98 LESS: SALVAGE	0							0
NET TOTAL FLEET OPERATIONS DEPARTMENT	<u>4,202,000</u>	<u>3,643,000</u>	<u>3,280,000</u>	<u>5,282,000</u>	<u>5,174,000</u>	<u>3,304,000</u>	<u>1,720,000</u>	<u>18,760,000</u>
ACQUIRE ASSETS	4,202,000	3,643,000	3,280,000	5,282,000	5,174,000	3,304,000	1,720,000	18,760,000
LEASE								

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
1 72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	123,000	118,000	120,000	122,000	124,000	126,000	128,000	620,000
1 72-01-1-02 MISC CAPITAL ADDITIONS-GAS PROCESSING	10,000	12,000	12,000	12,000	12,000	12,000	12,000	60,000
2 72-01-1-03 BACKUP ELECTRIC GENERATOR - TIOGA		282,000						
1 72-01-2-01 MISC CAPITAL REPL & STRUCTURAL REPAIRS	378,000	477,000	382,000	389,000	396,000	403,000	410,000	1,980,000
1 72-01-2-02 MISC CAPITAL REPL - GAS PROCESSING	48,000	37,000	38,000	39,000	40,000	41,000	42,000	200,000
1 72-01-2-03 MISC CAP REPL-STRUCT REPAIRS-GAS PROC	47,000	58,000	59,000	60,000	61,000	62,000	63,000	305,000
1 72-01-2-04 RENOVATE SOUTH PHILA DISTRICT OFFICE RENOVATE DISTRICT OFFICE	692,000	692,000	400,000	400,000	400,000			1,200,000
2 72-01-2-05 REPLACE HVAC SYSTEM COMPONENTS - 800	185,000	201,000	205,000	205,000	210,000	210,000	210,000	1,040,000
2 72-01-2-06 REPLACE CARPETS - ALL LOCATIONS	200,000	154,000	210,000	210,000	215,000	215,000	215,000	1,065,000
2 72-01-2-07 REPLACE MODULAR FURNITURE -800	200,000	200,000	210,000	210,000	215,000	215,000	215,000	1,065,000
2 72-01-2-08 REPLACE SWITCHGEAR - 1800	300,000	342,000						

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
2 72-01-2-09		105,000	105,000					105,000
2 72-01-2-10		510,000						
1 72-01-2-11		418,000						
2 72-01-2-12		359,000						
2 72-01-2-13		330,000						
2 72-01-2-14		315,000						
2 72-01-2-15		300,000						
2 72-01-2-16	200,000	208,000						
5 72-01-2-17		175,000						

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>FACILITIES</u>								
2 72-01-2-18			50,000	50,000	50,000			150,000
2 72-01-2-19			59,000					59,000
5 72-01-2-20			500,000					500,000
5 72-01-2-21			1,600,000					1,600,000
2 72-01-2-22				25,000	25,000	60,000	60,000	170,000
72-01-X-XX	4,164,000							
TOTAL FACILITIES	<u>6,547,000</u>	<u>5,293,000</u>	<u>3,950,000</u>	<u>1,722,000</u>	<u>1,748,000</u>	<u>1,344,000</u>	<u>1,355,000</u>	<u>10,119,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>INFORMATION SERVICES</u>								
5 47-01-1-01 MISC SERVER & NETWORK ADDITIONS	86,000	86,000	88,000	90,000	92,000	94,000	96,000	460,000
5 47-01-1-02 MISCELLANEOUS SOFTWARE ADDITIONS	50,000	95,000	97,000	99,000	101,000	103,000	105,000	505,000
5 47-01-1-03 DESKTOP VIRTUALIZATION - PHASE 1		280,000	280,000	280,000	280,000			840,000
5 47-01-2-01 DESKTOP, LAPTOP, PRINTER & PERIPHERALS	0	0						
5 47-01-2-02 MISCELLANEOUS SOFTWARE REPLACEMENT	50,000	50,000	51,000	52,000	53,000	54,000	55,000	265,000
5 47-01-2-03 SERVER & NETWORK HARDWARE REPLACE	232,000	194,000	198,000	202,000	206,000	210,000	214,000	1,030,000
5 47-01-2-04 REPL PBX WITH VOICE OVER IP PHONE SYS		2,838,000						
5 47-01-2-05 STORAGE REPLACEMENTS	230,000		240,000	245,000	250,000	255,000	260,000	1,250,000
47-01-X-XX NON-RECURRING ITEMS	1,365,000							
TOTAL INFORMATION SERVICES	<u>2,013,000</u>	<u>3,543,000</u>	<u>954,000</u>	<u>968,000</u>	<u>982,000</u>	<u>716,000</u>	<u>730,000</u>	<u>4,350,000</u>

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>CHIEF OPERATING OFFICER</u>								
1 13-01-2-01	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
2 13-01-2-02	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
4 13-01-2-03	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
	<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>
<u>TOTAL CHIEF OPERATING OFFICER</u>								
<u>CORPORATE PREPAREDNESS</u>								
5 65-01-1-01		154,000						
5 65-01-1-02		40,000						
5 65-01-1-03		27,000						
5 65-01-1-04		230,000						
5 65-01-2-01		<u>40,000</u>						
		<u>491,000</u>						

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>GAS CONTROL</u>								
5 09-01-2-01 SCADA UPGRADE WITH ALARM MANAGEMENT		<u>1,188,000</u>						
TOTAL GAS CONTROL		<u>1,188,000</u>						
<u>VP GAS MANAGEMENT</u>								
5 57-01-1-01 WORK MANAGEMENT SYSTEM	110,000							
5 57-01-2-01 REPLACE GAS MANAGEMENT SYSTEM AND SUPPLIER CHOICE SOFTWARE		1,159,000						
TOTAL VP GAS MANAGEMENT	<u>110,000</u>	<u>1,159,000</u>						
<u>VP TECHNICAL COMPLIANCE</u>								
1 38-01-1-01 SPARGE CURTAIN & SOIL VAPOR EXTRACTION AT PASSYUNK/PORTER		1,403,000						
TOTAL VP TECHNICAL COMPLIANCE		<u>1,403,000</u>						

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2015 THROUGH 2019

	<u>2013 BUDGET</u>	<u>2014 BUDGET</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL FORECAST</u>
<u>VP CUSTOMER AFFAIRS</u>								
5 10-01-1-01 CONSOLIDATED BILLING AND PURCHASE OF RECEIVABLES (POR)		1,523,000						
5 10-01-1-02 CREDIT DENIAL AUTOMATION		60,000						
5 10-01-1-03 DEMAND SIDE MANAGEMENT PROGRAMS		100,000						
5 10-01-1-04 SELF SERVICE ENHANCEMENTS TO IVR AND PGW WEBSITE		150,000						
5 10-01-1-05 LIHEAP GRANT APPLICATION FOR CRP		115,000						
5 10-01-2-01 REPLACE COMPLAINT MANAGEMENT SYSTEM		270,000						
10-01-X-XX NON-RECURRING ITEMS	102,000							
TOTAL VP CUSTOMER AFFAIRS	<u>102,000</u>	<u>2,218,000</u>						
TOTAL OTHER DEPARTMENTS	<u>9,522,000</u>	<u>16,045,000</u>	<u>5,654,000</u>	<u>3,440,000</u>	<u>3,480,000</u>	<u>2,810,000</u>	<u>2,835,000</u>	<u>18,219,000</u>
ACQUIRE ASSETS LEASE	9,522,000	16,045,000	5,654,000	3,440,000	3,480,000	2,810,000	2,835,000	18,219,000

FISCAL 2014 FINANCING PLAN

PHILADELPHIA GAS WORKS
CAPITAL FINANCING PLAN

As a result of the FY 2011 Operating Budget proceedings, a motion was approved that directed PGW to begin with its FY 2012 Capital Budget filing to include with each proposed Capital Budget and Capital Budget Amendment a proposed Capital Funding plan pursuant to Section IV.2.b of the Management Agreement.

In this section of the Management Agreement, funds required to be supplied must be identified between:

- i. Funds generated within the business through charges to customer or otherwise; and
- ii. Funds to be obtained through capital loans.

Capital Spending in FY 2014

• Spending from FY 2014 Program	\$ 90,679,000
• Spending Carryover from FY 2013	\$ 21,584,000
• Total FY 2014 Spending	\$112,263,000
• Less: Projected Reimbursement	\$ 1,616,000
• Net FY 2014 Capital Spending	\$110,647,000

Capital Funding Sources:

• External Capital Loan Program	\$ 53,647,000
• DSIC	\$ 22,000,000
• Internally Generated Funds	\$ 35,000,000
• Total Capital Funding	\$110,647,000

The proposed funding plan is based upon current financial projections and is subject to changes based upon PGW's financial conditions at the time funds are required to support the FY 2014 Capital Program. The funding contribution projected from DSIC of \$22,000,000 is based upon recovery from carryover spending from the FY 2013 Capital Program, as well as recovery from the FY 2014 Capital Program. At this time PGW's DSIC proposal is not approved by the PUC, but it is assumed that approval will be gained to permit maximum recovery in FY 2014. Also it is assumed PGW will execute an external financing vehicle in FY 2014 that will replenish PGW's external capital loan capacity. Specifics on this external capital loan program are in the process of being evaluated and more detailed information will be provided with the submission of PGW's FY 2014 Operating Budget.

EXHIBIT #2

CAPITAL PROGRAM PROTOCOLS

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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.

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.4.*

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.