

**Exhibit #1**

*[Insert separate .pdf document containing the Compliance FY 2018 Capital Budget Proposal, associated Financing Plan, and Revised Five Year Forecast of Capital Budgets for FY 2019 – FY 2023].*

# **PHILADELPHIA GAS WORKS**

## **COMPLIANCE FISCAL 2018 CAPITAL BUDGET AND FORECAST FISCAL 2019 - 2023**

### **WITH FISCAL 2018 FINANCING PLAN**

**April 25, 2017**





PHILADELPHIA GAS WORKS

PROPOSED  
CAPITAL BUDGET

FISCAL YEAR 2018 AND FORECAST 2019 THROUGH 2023

	<u>2018</u> <u>CAPITAL BUDGET</u>	<u>2019 - 2023</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>GAS PROCESSING</u>			
ADDITIONS	1,923,000	3,028,000	4,951,000
REPLACEMENTS	<u>3,985,000</u>	<u>24,889,000</u>	<u>28,874,000</u>
TOTAL	<u>5,908,000</u>	<u>27,917,000</u>	<u>33,825,000</u>
 <u>DISTRIBUTION</u>			
ADDITIONS	12,245,000	61,231,000	73,476,000
REPLACEMENTS	<u>79,969,000</u>	<u>416,007,000</u>	<u>495,976,000</u>
GROSS TOTAL	92,214,000	477,238,000	569,452,000
 LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	<u>(1,881,000)</u>	<u>(9,999,000)</u>	<u>(11,880,000)</u>
NET TOTAL	<u>90,333,000</u>	<u>467,239,000</u>	<u>557,572,000</u>
 <u>FIELD SERVICES</u>			
ADDITIONS	2,040,000	11,138,000	13,178,000
REPLACEMENTS	<u>5,288,000</u>	<u>28,332,000</u>	<u>33,620,000</u>
GROSS TOTAL	7,328,000	39,470,000	46,798,000
 LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>7,328,000</u>	<u>39,470,000</u>	<u>46,798,000</u>
 <u>FLEET OPERATIONS</u>			
ADDITIONS	289,000		289,000
REPLACEMENTS	<u>4,250,000</u>	<u>16,530,000</u>	<u>20,780,000</u>
GROSS TOTAL	4,539,000	16,530,000	21,069,000
 LESS: SALVAGE			
NET TOTAL	<u>4,539,000</u>	<u>16,530,000</u>	<u>21,069,000</u>

PHILADELPHIA GAS WORKS

PROPOSED  
CAPITAL BUDGET

FISCAL YEAR 2018 AND FORECAST 2019 THROUGH 2023

	<u>2018</u> <u>CAPITAL BUDGET</u>	<u>2019 - 2023</u> <u>FORECAST</u>	<u>TOTAL 6 YEARS</u>
<u>OTHER DEPARTMENTS</u>			
ADDITIONS	1,209,000	5,314,000	6,523,000
REPLACEMENTS	<u>3,211,000</u>	<u>68,098,000</u>	<u>71,309,000</u>
TOTAL	<u>4,420,000</u>	<u>73,412,000</u>	<u>77,832,000</u>
 <u>TOTAL</u>			
ADDITIONS	17,706,000	80,711,000	98,417,000
REPLACEMENTS	<u>96,703,000</u>	<u>553,856,000</u>	<u>650,559,000</u>
GROSS TOTAL	114,409,000	634,567,000	748,976,000
 LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(1,881,000)	(9,999,000)	(11,880,000)
LESS: CONTRIBUTIONS*			
NET TOTAL	<u>112,528,000</u>	<u>624,568,000</u>	<u>737,096,000</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>2017 COMPL BUDGET</u>	<u>2018 FORECAST</u>	<u>2018 BUDGET</u>	<u>2018 BUDGET vs 2017</u>		<u>2018 BUDGET vs 2018 FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>							
ADDITIONS	178,000	1,300,000	1,923,000	1,745,000	980.3%	623,000	47.9%
REPLACEMENTS	<u>5,578,000</u>	<u>7,294,000</u>	<u>3,985,000</u>	<u>(1,693,000)</u>	<u>-29.8%</u>	<u>(3,309,000)</u>	<u>-45.4%</u>
TOTAL GAS PROCESSING	5,856,000	8,594,000	5,908,000	52,000	0.9%	(2,686,000)	-31.3%
<u>DISTRIBUTION</u>							
ADDITIONS	10,394,000	10,634,000	12,245,000	1,851,000	17.8%	1,611,000	15.1%
REPLACEMENTS	<u>82,296,000</u>	<u>84,191,000</u>	<u>79,969,000</u>	<u>(2,327,000)</u>	<u>-2.8%</u>	<u>(4,222,000)</u>	<u>-5.0%</u>
GROSS TOTAL DISTRIBUTION	92,690,000	94,825,000	92,214,000	(476,000)	-0.5%	(2,611,000)	-2.8%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	<u>(2,249,000)</u>	<u>(2,295,000)</u>	<u>(1,881,000)</u>	<u>368,000</u>	<u>-16.4%</u>	<u>414,000</u>	<u>-18.0%</u>
NET TOTAL DISTRIBUTION	90,441,000	92,530,000	90,333,000	(108,000)	-0.1%	(2,197,000)	-2.4%
<u>FIELD SERVICES</u>							
ADDITIONS	1,786,000	2,006,000	2,040,000	254,000	14.2%	34,000	1.7%
REPLACEMENTS	<u>5,251,000</u>	<u>5,727,000</u>	<u>5,288,000</u>	<u>37,000</u>	<u>0.7%</u>	<u>(439,000)</u>	<u>-7.7%</u>
GROSS TOTAL FIELD SERVICES	7,037,000	7,733,000	7,328,000	291,000	4.1%	(405,000)	-5.2%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	7,037,000	7,733,000	7,328,000	291,000	4.1%	(405,000)	-5.2%

PHILADELPHIA GAS WORKS  
PROPOSED CAPITAL BUDGET  
BUDGET/FORECAST COMPARISON

<u>DEPARTMENT</u>	<u>2017 COMPL BUDGET</u>	<u>2018 FORECAST</u>	<u>2018 BUDGET</u>	<u>2018 BUDGET vs 2017 COMPL BUDGET</u>		<u>2018 BUDGET vs 2018 FORECAST</u>	
				<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>							
ADDITIONS	80,000		2,025,000	1,945,000	2431.3%	2,025,000	N/A
REPLACEMENTS	<u>5,803,000</u>	<u>3,575,000</u>	<u>2,514,000</u>	<u>(3,289,000)</u>	<u>-56.7%</u>	<u>(1,061,000)</u>	<u>-29.7%</u>
GROSS TOTAL FLEET OPERATIONS	5,883,000	3,575,000	4,539,000	(1,344,000)	-22.8%	964,000	27.0%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	5,883,000	3,575,000	4,539,000	(1,344,000)	-22.8%	964,000	27.0%
<u>OTHER</u>							
ADDITIONS	1,959,000	416,000	1,209,000	(750,000)	-38.3%	793,000	190.6%
REPLACEMENTS	<u>4,825,000</u>	<u>1,722,000</u>	<u>3,211,000</u>	<u>(1,614,000)</u>	<u>-33.5%</u>	<u>1,489,000</u>	<u>86.5%</u>
TOTAL OTHER	6,784,000	2,138,000	4,420,000	(2,364,000)	-34.8%	2,282,000	106.7%
<u>TOTAL</u>							
ADDITIONS	14,397,000	14,356,000	19,442,000	5,045,000	35.0%	5,086,000	35.4%
REPLACEMENTS	<u>103,853,000</u>	<u>102,509,000</u>	<u>94,967,000</u>	<u>(8,886,000)</u>	<u>-8.6%</u>	<u>(7,542,000)</u>	<u>-7.4%</u>
GROSS TOTAL	118,250,000	116,865,000	114,409,000	(3,841,000)	-3.2%	(2,456,000)	-2.1%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(2,249,000)	(2,295,000)	(1,881,000)	368,000	-16.4%	414,000	-18.0%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	<u>116,001,000</u>	<u>114,570,000</u>	<u>112,528,000</u>	<u>(3,473,000)</u>	<u>-3.0%</u>	<u>(2,042,000)</u>	<u>-1.8%</u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

PHILADELPHIA GAS WORKS  
FISCAL YEAR 2018 CAPITAL BUDGET  
SUMMARY ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

<u>FISCAL YEAR</u>	<u>ADDITIONS</u>		<u>REPLACEMENTS</u>		<u>TOTAL</u>	
	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>EXPENDED</u>
CURRENT BUDGET	17,681,000	18,099,000	94,229,000	80,442,000	111,910,000	98,541,000
YEAR 1		145,000		14,973,000		15,118,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>17,681,000</u>	<u>18,244,000</u>	<u>94,229,000</u>	<u>95,415,000</u>	<u>111,910,000</u>	<u>113,659,000</u>



GAS PROCESSING DEPARTMENT  
FISCAL YEAR 2018 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	100,000	189,000		289,000
53-02 SUPPLEMENTAL GAS FACILITIES	1,714,000	3,442,000		5,156,000
53-03 BUILDING AND GROUNDS				
53-04 MISC CAPITAL REQUIREMENTS	109,000	354,000		463,000
TOTAL GAS PROCESSING	<u>1,923,000</u>	<u>3,985,000</u>		<u>5,908,000</u>

GAS PROCESSING DEPARTMENT

FISCAL YEAR 2018

BUDGET/FORECAST COMPARISON

			2017						
			2018 BUDGET vs		COMPL BUDGET		2018 BUDGET vs 2018 FORECAST		
CATEGORY			2017 COMPL BUDGET	2018 FORECAST	2018 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
53-01	NATURAL GAS	ADDITIONS	0	0	100,000	100,000	N/A	100,000	N/A
	MEASUREMENT AND	REPLACEMENTS	0	1,950,000	189,000	189,000	N/A	(1,761,000)	-90.3%
	CONTROL FACILITIES								
		TOTAL	0	1,950,000	289,000	289,000	N/A	(1,661,000)	-85.2%
53-02	SUPPLEMENTAL GAS	ADDITIONS	54,000	1,300,000	1,714,000	1,660,000	3074.1%	414,000	31.8%
	FACILITIES	REPLACEMENTS	5,313,000	5,344,000	3,442,000	(1,871,000)	-35.2%	(1,902,000)	-35.6%
		TOTAL	5,367,000	6,644,000	5,156,000	(211,000)	-3.9%	(1,488,000)	-22.4%
53-03	BUILDING AND	ADDITIONS	0	0	0	0	N/A	0	N/A
	GROUNDS	REPLACEMENTS	0	0	0	0	N/A	0	N/A
		TOTAL	0	0	0	0	N/A	0	N/A
53-04	MISC CAPITAL	ADDITIONS	124,000	0	109,000	(15,000)	-12.1%	109,000	N/A
	REQUIREMENTS	REPLACEMENTS	365,000	0	354,000	(11,000)	-3.0%	354,000	N/A
		TOTAL	489,000	0	463,000	(26,000)	-5.3%	463,000	N/A
		TOTAL GAS PROCESSING	5,856,000	8,594,000	5,908,000	52,000	0.9%	(2,686,000)	-31.3%

GAS PROCESSING DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>			<u>AMOUNT</u>
	<u>GP-1</u>	<u>NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>	
1	53-01-1-01	IMPROVE VENTING FOR PITS AT IVY HILL STATION	50,000
1	53-01-1-02	INCREASE AND MODIFY VENT PIPING FOR PITS AT SOMERTON STATION	50,000
1	53-01-2-01	INCREASE SIZE OF SOUTH BOX AT 0-34 STATION	189,000
		TOTAL GP-1	<u>289,000</u>
	<u>GP-2</u>	<u>SUPPLEMENTAL GAS FACILITIES</u>	
1	53-02-1-01	REPLACE/ADD SHUTOFF VALVE AT LNG TANK - PASSYUNK	1,604,000
1	53-02-1-02	ADDRESS C-5RA AND C-5RB INLET AIR FILTERS AT RICHMOND	110,000
1	53-02-2-01	REPLACE LNG TANK ELEVATOR AT RICHMOND	987,000
1	53-02-2-02	MODIFY LNG TANK REPRESSURIZATION SYS - PASSY TO REPL OBSOLETE REGS	204,000
1	53-02-2-03	RELOCATE LNG SWITCHGEAR AT PASSYUNK	1,452,000
1	53-02-2-04	REPIPE AND RELOCATE EQUIPMENT ATTACHED TO #11 HOLDER - RICHMOND	436,000
1	53-02-2-05	REPLACE LNG CONTROL ROOM EMERGENCY GENERATOR - RICHMOND	179,000
1	53-02-2-06	REPLACE EMERGENCY GENERATOR ADMINISTRATION BLDG - RICHMOND	184,000
		TOTAL GP-2	<u>5,156,000</u>
	<u>GP-4</u>	<u>MISCELLANEOUS CAPITAL REQUIREMENTS</u>	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	109,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	354,000
		TOTAL GP-4	<u>463,000</u>
		TOTAL GAS PROCESSING DEPARTMENT	<u>5,908,000</u>

GAS PROCESSING DEPARTMENT  
LISTING BY PRIORITY  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>PRIORITY 1</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
1	GP-1	53-01-1-01	IMPROVE VENTING FOR PITS AT IVY HILL STATION	50,000	50,000			
1	GP-1	53-01-1-02	INCREASE AND MODIFY VENT PIPING FOR PITS AT SOMERTON STAT	50,000	50,000			
1	GP-1	53-01-2-01	INCREASE SIZE OF SOUTH BOX AT 0-34 STATION	189,000	173,000	16,000		
1	GP-2	53-02-1-01	REPLACE/ADD SHUTOFF VALVE AT LNG TANK - PASSYUNK	1,604,000	1,469,000	135,000		
1	GP-2	53-02-1-02	ADDRESS C-5RA AND C-5RB INLET AIR FILTERS AT RICHMOND	110,000	100,000	10,000		
1	GP-2	53-02-2-01	REPLACE LNG TANK ELEVATOR AT RICHMOND	987,000	392,000	595,000		
1	GP-2	53-02-2-02	MODIFY LNG TANK REPRESSURIZATION SYS - PASSY TO REPL OBSC	204,000	187,000	17,000		
1	GP-2	53-02-2-03	RELOCATE LNG SWITCHGEAR AT PASSYUNK	1,452,000	1,252,000	200,000		
1	GP-2	53-02-2-04	REPIPE AND RELOCATE EQUIPMENT ATTACHED TO #11 HOLDER - RII	436,000	410,000	26,000		
1	GP-2	53-02-2-05	REPLACE LNG CONTROL ROOM EMERGENCY GENERATOR - RICHMO	179,000	106,000	73,000		
1	GP-2	53-02-2-06	REPLACE EMERGENCY GENERATOR ADMINISTRATION BLDG - RICHM	184,000	109,000	75,000		
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	109,000	109,000			
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	354,000	354,000			
TOTAL GAS PROCESSING DEPARTMENT:				5,908,000	4,761,000	1,147,000		

PHILADELPHIA GAS WORKS  
FISCAL YEAR 2018 CAPITAL BUDGET  
GAS PROCESSING 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	1,923,000	1,778,000	3,985,000	2,983,000	5,908,000	4,761,000
YEAR 1		145,000		1,002,000		1,147,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>1,923,000</u>	<u>1,923,000</u>	<u>3,985,000</u>	<u>3,985,000</u>	<u>5,908,000</u>	<u>5,908,000</u>

DISTRIBUTION DEPARTMENT  
FISCAL YEAR 2018 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)	2,005,000	1,831,000	3,836,000				3,836,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,466,000	55,153,000	57,619,000	(1,626,000)			55,993,000
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	115,000	860,000	975,000	(255,000)			720,000
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	595,000	974,000	1,569,000				1,569,000
52-24 SERVICES	6,903,000	19,960,000	26,863,000				26,863,000
52-29 OTHER DISTRIBUTION FACILITIES	161,000	1,191,000	1,352,000				1,352,000
52-99 COST OF REMOVAL AND ABANDONMENT  SALVAGE							
TOTAL DISTRIBUTION	12,245,000	79,969,000	92,214,000	(1,881,000)			90,333,000

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

**DISTRIBUTION DEPARTMENT**  
**FISCAL YEAR 2018**  
**BUDGET/FORECAST COMPARISON**

			2017					
			2018 BUDGET vs 2017 COMPL BUDGET		2018 BUDGET vs 2018 FORECAST			
CATEGORY		2017 COMPL BUDGET	2018 FORECAST	2018 BUDGET	\$ DIFFERENCE	% DIFF.	\$ DIFFERENCE	% DIFF.
52-20 GAS MAINS - HIGH	ADDITIONS	1,253,000	1,282,000	2,005,000	752,000	60.0%	723,000	56.4%
	REPLACEMENTS	20,445,000	20,916,000	1,831,000	(18,614,000)	-91.0%	(19,085,000)	-91.2%
	ASSOCIATED VALVES AND REGULATORS)							
	TOTAL	21,698,000	22,198,000	3,836,000	(17,862,000)	-82.3%	(18,362,000)	-82.7%
52-21 GAS MAINS - LOW	ADDITIONS	2,124,000	2,173,000	2,466,000	342,000	16.1%	293,000	13.5%
	REPLACEMENTS	36,063,000	36,893,000	55,153,000	19,090,000	52.9%	19,260,000	49.5%
	PRESSURE - 8 INCH AND SMALLER							
	TOTAL	38,187,000	39,066,000	57,619,000	19,432,000	50.9%	19,553,000	47.5%
52-22 GAS MAINS - LOW	ADDITIONS	23,000	24,000	115,000	92,000	400.0%	91,000	379.2%
	REPLACEMENTS	1,813,000	1,855,000	860,000	(953,000)	-52.6%	(995,000)	-53.6%
	PRESSURE - 12 INCH AND LARGER							
	TOTAL	1,836,000	1,879,000	975,000	(861,000)	-46.9%	(904,000)	-48.1%
52-23 CUST MTR & REG INST	ADDITIONS	585,000	598,000	595,000	10,000	1.7%	(3,000)	-0.5%
	REPLACEMENTS	920,000	942,000	974,000	54,000	5.9%	32,000	3.4%
	PRESSURE REGULATION AND CORROSION CONTROL FACILITIES							
	TOTAL	1,505,000	1,540,000	1,569,000	64,000	4.3%	29,000	1.9%
52-24 SERVICES	ADDITIONS	6,157,000	6,299,000	6,903,000	746,000	12.1%	604,000	9.6%
	REPLACEMENTS	21,714,000	22,213,000	19,060,000	(1,754,000)	-8.1%	(2,253,000)	-10.1%
	TOTAL	27,871,000	28,512,000	26,863,000	(1,008,000)	-3.6%	(1,649,000)	-5.8%
52-29 OTHER DISTRIBUTION FACILITIES	ADDITIONS	252,000	258,000	161,000	(91,000)	-36.1%	(97,000)	-37.6%
	REPLACEMENTS	1,341,000	1,372,000	1,191,000	(150,000)	-11.2%	(181,000)	-13.2%
	TOTAL	1,593,000	1,630,000	1,352,000	(241,000)	-15.1%	(278,000)	-17.1%
	GROSS TOTAL DISTRIBUTION	92,690,000	94,825,000	92,214,000	(476,000)	-0.5%	(2,611,000)	-2.8%
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**	(2,249,000)	(2,295,000)	(1,881,000)	368,000	-16.4%	414,000	-18.0%
	NET TOTAL DISTRIBUTION	90,441,000	92,530,000	90,333,000	(108,000)	-0.1%	(2,197,000)	-2.4%

\* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

DISTRIBUTION DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
	<u>D-20</u> <u>GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)</u>		
4	52-20-1-01 INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	2,005,000	8,467
3	52-20-2-01 ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,831,000	4,208
		GROSS TOTAL D-20	3,836,000
52-20-2-97		LESS: REIMBURSEMENT**	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS	
		NET TOTAL D-20	3,836,000
	<u>D-21</u> <u>GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER</u>		
4	52-21-1-01 MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,466,000	9,116
3	52-21-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	6,872,000	29,888
1	52-21-2-02 PRUDENT MAIN REPLACEMENTS	15,281,000	76,365
1	52-21-2-03 LONG TERM INFRASTRUCTURE PLAN - DSIC	33,000,000	
		GROSS TOTAL D-21	57,619,000
52-21-2-97		LESS: REIMBURSEMENT**	(1,626,000)
		NET TOTAL D-21	55,993,000



DISTRIBUTION DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>	<u>FEET UNITS</u>
<u>D-22</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	115,000	100
3 52-22-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	560,000	736
3 52-22-2-02	MAIN FOR MAJOR ENFORCED RELOCATION	300,000	
	GROSS TOTAL D-22	975,000	
	LESS: REIMBURSEMENT**	(255,000)	
	NET TOTAL D-22	<u>720,000</u>	
<u>D-23</u>	<u>CUSTOMER METERING &amp; REGULATOR INSTALLATION, AND PRESSURE REGULATION &amp; CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)</u>		
4 52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	595,000	
1 52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	542,000	
2 52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	432,000	
	GROSS TOTAL D-23	1,569,000	
	LESS: REIMBURSEMENT**		
	LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	NET TOTAL D-23	<u>1,569,000</u>	

DISTRIBUTION DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>	<u>D-24</u>	<u>SERVICES</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	4,655,000	1,321
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,248,000	160
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	18,727,000	8,108
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	1,233,000	118-Plastic 15-Steel
1	52-24-2-03	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK		
			GROSS TOTAL D-24	26,863,000
			LESS: REIMBURSEMENT**	
			NET TOTAL D-24	<u>26,863,000</u>
	<u>D-29</u>	<u>OTHER DISTRIBUTION FACILITIES</u>		
2	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	161,000	4
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,191,000	45
			NET TOTAL D-29	<u>1,352,000</u>
1	52-99-2-99	REMOVAL AND ABANDONMENTS		
			GROSS TOTAL DISTRIBUTION DEPARTMENT	92,214,000
			LESS: REIMBURSEMENT**	(1,881,000)
			LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*	
			LESS: SALVAGE	
52-98-2-98			NET TOTAL DISTRIBUTION DEPARTMENT	<u>90,333,000</u>

\* 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 2018 CAPITAL BUDGET

P	CATEGORY		AMOUNT	FEET UNITS	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4 +
<b>PRIORITY 1</b>									
1	D-21	52-21-2-02	PRUDENT MAIN REPLACEMENTS						
	D-21	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSC						
1	D-23	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES						
1	D-24	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						
1	D-24	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES						
				118-Plastic 15-Steel	1,233,000	1,233,000			
<b>PRIORITY 2</b>									
2	D-23	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES						
	D-29	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT						
2	D-29	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT						
				45	1,191,000	1,191,000			

# DISTRIBUTION DEPARTMENT

## LISTING BY PRIORITY

### FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>FEET UNITS</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
<b>PRIORITY 3</b>								
3	D-20 52-20-2-01	1,831,000	4,208	1,831,000				
ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK								
3	D-21 52-21-2-01							
ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK								
3	D-22 52-22-2-01	6,872,000	29,888	5,164,000	1,708,000			
ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK								
3	D-22 52-22-2-02	560,000	736	560,000				
MAIN FOR MAJOR ENFORCED RELOCATION								
3	D-22 52-22-2-02	300,000	0	300,000				
<b>PRIORITY 4</b>								
4	D-20 52-20-1-01	2,005,000	8,407	2,005,000				
INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS								
4	D-21 52-21-1-01	2,466,000	9,116	2,466,000				
MANS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY								
4	D-22 52-22-1-01	115,000	100	115,000				
TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MANS AHEAD-OF-PAVING								
4	D-23 52-23-1-01	595,000		595,000				
CUSTOMER METERING AND REGULATOR INSTALLATION								
4	D-24 52-24-1-01	4,655,000	1,321	4,655,000				
INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								
4	D-24 52-24-1-02	2,248,000	160	2,248,000				
INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE								

TOTAL DISTRIBUTION DEPARTMENT:				92,214,000	78,558,000	13,656,000		
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PHILADELPHIA GAS WORKS  
FISCAL YEAR 2018 CAPITAL BUDGET  
DISTRIBUTION 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	12,245,000	12,245,000	79,969,000	66,313,000	92,214,000	78,558,000
YEAR 1				13,656,000		13,656,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>12,245,000</u>	<u>12,245,000</u>	<u>79,969,000</u>	<u>79,969,000</u>	<u>92,214,000</u>	<u>92,214,000</u>

FIELD SERVICES DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
50-30 METERS & INSTALLATION	1,728,000	2,676,000	4,404,000
50-32 SERVICE REGULATORS AND INSTALLATION	58,000	37,000	95,000
50-33 COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	84,000	159,000	243,000
50-34 METER SHOP EQUIPMENT		39,000	39,000
50-36 AUTOMATIC METER READING	170,000	2,377,000	2,547,000
50-99 COST OF REMOVAL			
GROSS TOTAL FIELD SERVICES	2,040,000	5,288,000	7,328,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES	<u>2,040,000</u>	<u>5,288,000</u>	<u>7,328,000</u>

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

**FIELD SERVICES DEPARTMENT**  
**FISCAL YEAR 2018**  
**BUDGET/FORECAST COMPARISON**

CATEGORY		2017		2018		2018 BUDGET vs 2017 COMPL BUDGET		2018 BUDGET vs 2018 FORECAST	
		2017 COMPL	2018	2018		\$	%	\$	%
		BUDGET	FORECAST	BUDGET	DIFFERENCE	DIFF.	DIFF.	DIFF.	DIFF.
50-30 METERS	ADDITIONS	1,490,000	1,660,000	1,728,000	238,000	16.0%	68,000	4.1%	
	REPLACEMENTS	2,527,000	3,062,000	2,676,000	149,000	5.9%	(386,000)	-12.6%	
	TOTAL	4,017,000	4,722,000	4,404,000	387,000	9.6%	(318,000)	-6.7%	
50-32 SERVICE REGULATORS AND INSTALLATIONS	ADDITIONS	41,000	57,000	58,000	17,000	41.5%	1,000	1.8%	
	REPLACEMENTS	32,000	33,000	37,000	5,000	15.6%	4,000	12.1%	
	TOTAL	73,000	90,000	95,000	22,000	30.1%	5,000	5.6%	
50-33 TELEMETERING AND INSTALLATIONS	ADDITIONS	115,000	122,000	84,000	(31,000)	-27.0%	(38,000)	-31.1%	
	REPLACEMENTS	157,000	161,000	159,000	2,000	1.3%	(2,000)	-1.2%	
	TOTAL	272,000	283,000	243,000	(29,000)	-10.7%	(40,000)	-14.1%	
50-34 METER SHOP EQUIPMENT	ADDITIONS	0	0	0	0	N/A	0	N/A	
	REPLACEMENTS	162,000	22,000	39,000	(123,000)	-75.9%	17,000	77.3%	
	TOTAL	162,000	22,000	39,000	(123,000)	-75.9%	17,000	77.3%	
50-36 AUTOMATIC METER READING	ADDITIONS	140,000	167,000	170,000	30,000	21.4%	3,000	1.8%	
	REPLACEMENTS	2,373,000	2,449,000	2,377,000	4,000	0.2%	(72,000)	-2.9%	
	TOTAL	2,513,000	2,616,000	2,547,000	34,000	1.4%	(69,000)	-2.6%	
50-99 COST OF REMOVAL		0	0	0	0	N/A	0	N/A	
GROSS TOTAL FIELD SERVICES		7,037,000	7,733,000	7,328,000	291,000	4.1%	(405,000)	-5.2%	
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		7,037,000	7,733,000	7,328,000	291,000	4.1%	(405,000)	-5.2%	

\* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT  
FISCAL YEAR 2018 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	1,728,000
2	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,676,000
		TOTAL C-30	<u>4,404,000</u>
	<u>C-32</u>	<u>SERVICE REGULATORS</u>	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	58,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	37,000
		TOTAL C-32	<u>95,000</u>
	<u>C-33</u>	<u>COMMERCIAL &amp; INDUSTRIAL TELEMETERING SYSTEMS</u>	
5	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	84,000
1	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	159,000
		TOTAL C-33	<u>243,000</u>
	<u>C-34</u>	<u>METER SHOP EQUIPMENT</u>	
5	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR	39,000
		TOTAL C-34	<u>39,000</u>
	<u>C-36</u>	<u>AUTOMATIC METER READING</u>	
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	170,000
5	50-36-2-01	REPLACE AMR DEVICES	2,377,000
		TOTAL C-36	<u>2,547,000</u>
1	50-99-2-99	COST OF REMOVAL	
		GROSS TOTAL FIELD SERVICES DEPARTMENT	7,328,000
50-98-2-98	LESS: ESTIMATED SALVAGE		
	LESS: CONTRIBUTIONS*		
		NET TOTAL FIELD SERVICES DEPARTMENT	<u>7,328,000</u>



## FIELD SERVICES DEPARTMENT

## LISTING BY PRIORITY

## FISCAL YEAR 2018 CAPITAL BUDGET

P	CATEGORY		AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4 +
PRIORITY 1								
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	37,000	37,000			
1	C-33	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	159,000	159,000			
PRIORITY 2								
2	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,676,000	2,676,000			
PRIORITY 4								
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	1,728,000	1,728,000			
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	58,000	58,000			
PRIORITY 5								
5	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	84,000	84,000			
5	C-34	50-34-2-01	REPLACEMENT OF OBSOLETE SHOP EQUIPMENT & ACCESSORIES USED FOR AMR	39,000	39,000			
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	170,000	170,000			
5	C-36	50-36-2-01	REPLACE AMR DEVICES	2,377,000	2,377,000			
TOTAL FIELD SERVICES DEPARTMENT:				7,328,000	7,328,000			

PHILADELPHIA GAS WORKS

FISCAL YEAR 2018 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	2,040,000	2,040,000	5,288,000	5,288,000	7,328,000	7,328,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	<u>2,040,000</u>	<u>2,040,000</u>	<u>5,288,000</u>	<u>5,288,000</u>	<u>7,328,000</u>	<u>7,328,000</u>

FLEET OPERATIONS DEPARTMENT

FISCAL YEAR 2018

BUDGET/FORECAST COMPARISON

<u>CATEGORY</u>		<u>2017 COMPL</u>		<u>2018</u>		<u>2018</u>		<u>2017</u>		<u>2018 BUDGET vs</u>		<u>2016 BUDGET vs 2016 FORECAST</u>	
		<u>BUDGET</u>		<u>FORECAST</u>		<u>BUDGET</u>		<u>COMPL BUDGET</u>		<u>\$</u>		<u>\$</u>	
		<u>DIFF</u>		<u>DIFF</u>		<u>%</u>		<u>DIFF</u>		<u>%</u>		<u>DIFF</u>	
73-01-1-01	VEHICLE ADDITIONS TO SUPPORT CAST IRON MAIN REPLACEMENT	0	0	0	0			N/A		0	N/A		
73-01-1-02	MOBILE EQUIPMENT ADDITIONS	80,000	0	0	(80,000)	-100.0%		0			N/A		
73-01-2-01	SHOP EQUIPMENT REPLACEMENTS	45,000	0	538,000	493,000	1095.6%		538,000			N/A		
73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	677,000	880,000	561,000	(116,000)	-17.1%		(319,000)			-36.3%		
73-01-2-03	VEHICLE REPLACEMENTS	5,081,000	2,695,000	1,415,000	(3,666,000)	-72.2%		(1,280,000)			-47.5%		
<b>FY 2016 REAUTHORIZATION</b>													
73-01-1-01	VEHICLE ADDITIONS	0	0	289,000	289,000			N/A		289,000	N/A		
73-01-2-03	VEHICLE REPLACEMENTS	0		1,736,000	1,736,000			N/A		1,736,000	N/A		
GROSS TOTAL FLEET OPERATIONS		5,883,000	3,575,000	4,539,000	(1,344,000)	-22.8%		964,000			27.0%		
LESS: SALVAGE		0	0	0	0			N/A		0	N/A		
NET TOTAL FLEET OPERATIONS		5,883,000	3,575,000	4,539,000	(1,344,000)	-22.8%		964,000			27.0%		

FLEET OPERATIONS DEPARTMENT  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>		<u>AMOUNT</u>
5	73-01-1-02 MOBILE EQUIPMENT ADDITIONS	
2	73-01-1-03 VEHICLE ADDITIONS	538,000
2	73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	561,000
2	73-01-2-03 VEHICLE REPLACEMENTS	1,415,000
	GROSS TOTAL FLEET OPERATIONS	<u>2,514,000</u>
73-98-2-98	LESS: SALVAGE	
	<b>FY 2016 REAUTHORIZATION</b>	
73-01-1-01	VEHICLE ADDITIONS	289,000
73-01-2-03	VEHICLE REPLACEMENTS	<u>1,736,000</u>
	TOTAL 2016 AUTHORIZATION	<u>2,025,000</u>
	NET TOTAL FLEET OPERATIONS	<u><u>4,539,000</u></u>

FLEET OPERATIONS DEPARTMENT  
LISTING BY PRIORITY  
FISCAL YEAR 2018 CAPITAL BUDGET

P	CATEGORY	PRIORITY 2	AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4 +
2	73-01-1-03	VEHICLE ADDITIONS	538,000	538,000				
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	561,000	561,000				
2	73-01-2-03	VEHICLE REPLACEMENTS	1,415,000	1,100,000	315,000			
2	FY 2016 REAUTHORIZATION VEHICLE ADDITIONS		289,000	289,000				
2	73-01-2-03	VEHICLE REPLACEMENTS	1,736,000	1,736,000				
TOTAL FLEET OPERATIONS DEPARTMENT:			4,539,000	4,224,000	315,000			

PHILADELPHIA GAS WORKS

FISCAL YEAR 2018 CAPITAL BUDGET

FLEET OPERATIONS 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	538,000	827,000	1,976,000	3,397,000	2,514,000	4,224,000
YEAR 1				315,000		315,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	538,000	827,000	1,976,000	3,712,000	2,514,000	4,539,000

OTHER DEPARTMENTS  
FISCAL YEAR 2018 CAPITAL BUDGET  
SUMMARY

<u>CATEGORY</u>	<u>ADDITIONS</u>	<u>REPLACEMENTS</u>	<u>TOTAL</u>
FACILITIES	161,000	1,894,000	2,055,000
INFORMATION SERVICES	1,048,000	567,000	1,615,000
CHIEF OPERATING OFFICER		750,000	750,000
VP TECHNICAL COMPLIANCE			
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS			
CHEM SERVICES			
TOTAL OTHER DEPARTMENTS	1,209,000	3,211,000	4,420,000

OTHER DEPARTMENTS  
FISCAL YEAR 2018  
BUDGET/FORECAST COMPARISON

		2017						
CATEGORY		2017 COMPL	2018	2018	2018 BUDGET vs	COMPL BUDGET	2018 BUDGET vs	2018 FORECAST
		BUDGET	FORECAST	BUDGET	\$	%	\$	%
					DIFFERENCE	DIFF.	DIFFERENCE	DIFF.
FACILITIES	ADDITIONS	160,000	163,000	161,000	1,000	0.6%	(2,000)	-1.2%
	REPLACEMENTS	2,646,000	480,000	1,894,000	(752,000)	-28.4%	1,414,000	294.6%
	TOTAL	2,806,000	643,000	2,055,000	(751,000)	-26.8%	1,412,000	219.6%
INFORMATION SERVICES	ADDITIONS	725,000	253,000	1,048,000	323,000	44.6%	795,000	314.2%
	REPLACEMENTS	1,422,000	492,000	567,000	(855,000)	-60.1%	75,000	15.2%
	TOTAL	2,147,000	745,000	1,615,000	(532,000)	-24.8%	870,000	116.8%
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%
VP TECHNICAL COMPLIANCE	ADDITIONS	88,000	0	0	(88,000)	-100.0%	0	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	88,000	0	0	(88,000)	-100.0%	0	N/A
VP REGULATORY COMPLIANCE & CUSTOMER PROGRAMS	ADDITIONS	871,000	0	0	(871,000)	-100.0%	0	N/A
	REPLACEMENTS	0	0	0	0	N/A	0	N/A
	TOTAL	871,000	0	0	(871,000)	-100.0%	0	N/A
CHEM SERVICES	ADDITIONS	115,000	0	0	(115,000)	-100.0%	0	N/A
	REPLACEMENTS	7,000	0	0	(7,000)	-100.0%	0	N/A
	TOTAL	122,000	0	0	(122,000)	-100.0%	0	N/A
TOTAL OTHER DEPARTMENTS		6,784,000	2,138,000	4,420,000	(2,364,000)	-34.8%	2,282,000	106.7%





OTHER DEPARTMENTS  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>			AMOUNT
	<u>FACILITIES</u>		
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	11,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	38,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	50,000
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	61,000
1	72-01-2-05	REPLACE MODULAR FURNITURE	67,000
2	72-01-2-06	REPLACE 800 BUILDING 25 YEAR OLD CEILING VAV DIFFUSERS	904,000
2	72-01-2-07	REPLACE 20+ YEAR OLD HEATING AND COOLING EQUIP INSIDE & ON ROOF - WEST PHIL DO	356,000
TOTAL FACILITIES			<u><u>2,055,000</u></u>
<u>INFORMATION SERVICES</u>			
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	58,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	275,000
1	47-01-1-03	REVENUE PROTECTION UNIT (RPU) ENHANCEMENT	241,000
1	47-01-1-04	ENVIRONMENTAL MANAGEMENT SYSTEM	200,000
2	47-01-2-01	REPLACEMENT SAN STORAGE	230,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000
2	47-01-2-03	MISCELLANEOUS SERVER & NETWORK HARDWARE REPLACEMENTS	87,000
	47-01-2-06	FY 2016 REAUTHORIZATION - UPGRADE TIPPING POINT	200,000
	10-01-1-01	FY 2016 REAUTHORIZATION - AUTOMATED CRP PROCESS	274,000
TOTAL INFORMATION SERVICES			<u><u>1,615,000</u></u>

OTHER DEPARTMENTS  
FISCAL YEAR 2018 CAPITAL BUDGET

			AMOUNT
<u>CHIEF OPERATING OFFICER</u>			
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000
TOTAL CHIEF OPERATING OFFICER			<u>750,000</u>
TOTAL VP TECHNICAL COMPLIANCE			
TOTAL OTHER DEPARTMENTS			<u>4,420,000</u>

**FACILITIES**  
**FISCAL YEAR 2018**  
**BUDGET/FORECAST COMPARISON**

CATEGORY	2017						
	2017 COMPL		2018		2018 BUDGET vs		2018 BUDGET vs 2018 FORECAST
	BUDGET	FORECAST	BUDGET	DIFFERENCE	%	DIFFERENCE	%
72-01-1-01 MISCELLANEOUS CAPITAL ADDITIONS	150,000	153,000	150,000	0	0.0%	(3,000)	-2.0%
72-01-1-02 MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	10,000	10,000	11,000	1,000	10.0%	1,000	10.0%
72-01-2-01 MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	368,000	374,000	418,000	52,000	14.2%	44,000	11.8%
72-01-2-02 MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	48,000	47,000	38,000	(8,000)	-17.4%	(9,000)	-19.1%
72-01-2-03 MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	59,000	50,000	(7,000)	-12.3%	(9,000)	-15.3%
72-01-2-04 REPLACE CARPETS - ALL LOCATIONS	70,000	0	61,000	(9,000)	-12.9%	61,000	N/A
72-01-2-05 REPLACE MODULAR FURNITURE	80,000	0	67,000	(13,000)	-16.3%	67,000	N/A
72-01-2-06 REPLACE 800 BUILDING 25 YEAR OLD CEILING VAV DIFFUSERS	0	0	904,000	904,000	N/A	904,000	N/A
72-01-2-07 REPLACE 20+ YEAR OLD HEATING AND COOLING EQUIP INSIDE & ON	0	0	356,000	356,000	N/A	356,000	N/A
REPLACE 800 BUILDING MECHANICAL ROOM CIRCULATION PUMPS	354,000	0	0	(354,000)	-100.0%	0	N/A
REPLACE 800 CHW PIPING	108,000	0	0	(108,000)	-100.0%	0	N/A
REPLACE 1849 BUILDING STAIR TOWER STAIR	289,000	0	0	(289,000)	-100.0%	0	N/A
REPLACE 1800 3RD FLOOR DOMESTIC WATER PUMPS & PIPING	268,000	0	0	(268,000)	-100.0%	0	N/A
REPLACE 800 BUILDING ELEVATOR INTERIORS	91,000	0	0	(91,000)	-100.0%	0	N/A
800 BUILDING RESTROOM RENOVATIONS	455,000	0	0	(455,000)	-100.0%	0	N/A
SOUTH PHILADELPHIA DISTRICT OFFICE BUILDING ENVELOPE REPAIR	400,000	0	0	(400,000)	-100.0%	0	N/A
800 BUILDING UPS ROOM CLEAN AGENT FIRE SUPPRESSION SYSTEM	62,000	0	0	(62,000)	-100.0%	0	N/A
TOTAL FACILITIES	2,806,000	643,000	2,055,000	(751,000)	-26.8%	1,412,000	219.6%

OTHER DEPARTMENTS  
LISTING BY PRIORITY  
FISCAL YEAR 2018 CAPITAL BUDGET

<u>P</u>	<u>CATEGORY</u>	<u>AMOUNT</u>	<u>BUDGET YR</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4 +</u>
<u>PRIORITY 1</u>							
1	13-01-2-01	250,000					
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY						
1	47-01-1-03	241,000	241,000				
	REVENUE PROTECTION UNIT (RPU) ENHANCEMENT						
1	47-01-1-04	200,000	200,000				
	ENVIRONMENTAL MANAGEMENT SYSTEM						
1	72-01-1-01	150,000	150,000				
	MISCELLANEOUS CAPITAL ADDITIONS						
1	72-01-1-02	11,000	11,000				
	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING						
1	72-01-2-01	418,000	418,000				
	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS						
1	72-01-2-02	38,000	38,000				
	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING						
1	72-01-2-03	50,000	50,000				
	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING						
1	72-01-2-04	61,000	61,000				
	REPLACE CARPETS - ALL LOCATIONS						
1	72-01-2-05	67,000	67,000				
	REPLACE MODULAR FURNITURE						
<u>PRIORITY 2</u>							
2	13-01-2-02	250,000					
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE						
2	47-01-1-01	58,000	58,000				
	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS						
2	47-01-1-02	275,000	275,000				
	MISCELLANEOUS SOFTWARE ADDITIONS						
2	47-01-2-01	230,000	230,000				
	REPLACEMENT SAN STORAGE						
2	47-01-2-02	50,000	50,000				
	MISCELLANEOUS SOFTWARE REPLACEMENTS						
2	47-01-2-03	87,000	87,000				
	MISCELLANEOUS SERVER & NETWORK HARDWARE REPLACEMENTS						
2	72-01-2-06	904,000	904,000				
	REPLACE 800 BUILDING 25 YEAR OLD CEILING VAV DIFFUSERS						
2	72-01-2-07	356,000	356,000				
	REPLACE 20+ YEAR OLD HEATING AND COOLING EQUIP INSIDE & ON ROOF - WEST PHIL DO						
<u>PRIORITY 4</u>							
4	13-01-2-03	250,000					
	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH						
	FY 2016 REALTHORIZATION						
47-01-2-06	UPGRADE TIPPING POINT	200,000	200,000				
10-01-1-01	AUTOMATED CRP PROCESS	274,000	274,000				
TOTAL OTHER DEPARTMENTS:			4,420,000	3,670,000			

PHILADELPHIA GAS WORKS  
FISCAL YEAR 2018 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	935,000	1,209,000	3,011,000	2,461,000	3,946,000	3,670,000
YEAR 1						
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	935,000	1,209,000	3,011,000	2,461,000	3,946,000	3,670,000



## **FIVE YEAR FORECAST**





# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2018 AND FORECAST 2019 THROUGH 2023

DEPARTMENT	2018 CAPITAL BUDGET	FORECAST				TOTAL 6 YEARS	
		2019	2020	2021	2022		2023
<u>GAS PROCESSING</u>							
ADDITIONS	1,923,000	564,000	113,000	2,115,000	117,000	119,000	4,951,000
REPLACEMENTS	<u>3,985,000</u>	<u>9,225,000</u>	<u>6,305,000</u>	<u>5,175,000</u>	<u>1,461,000</u>	<u>2,723,000</u>	<u>28,874,000</u>
TOTAL GAS PROCESSING	5,908,000	9,789,000	6,418,000	7,290,000	1,578,000	2,842,000	<u>33,825,000</u>
ACQUIRE ASSETS LEASE	5,908,000	9,789,000	6,418,000	7,290,000	1,578,000	2,842,000	33,825,000
<u>DISTRIBUTION</u>							
ADDITIONS	12,245,000	11,725,000	11,971,000	12,235,000	12,505,000	12,795,000	73,476,000
REPLACEMENTS	<u>79,969,000</u>	<u>81,053,000</u>	<u>82,090,000</u>	<u>83,169,000</u>	<u>84,272,000</u>	<u>85,423,000</u>	<u>495,976,000</u>
GROSS TOTAL DISTRIBUTION	92,214,000	92,778,000	94,061,000	95,404,000	96,777,000	98,218,000	<u>569,452,000</u>
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	<u>(1,881,000)</u>	<u>(1,920,000)</u>	<u>(1,959,000)</u>	<u>(1,999,000)</u>	<u>(2,040,000)</u>	<u>(2,081,000)</u>	<u>(11,880,000)</u>
NET TOTAL DISTRIBUTION	90,333,000	90,858,000	92,102,000	93,405,000	94,737,000	96,137,000	<u>557,572,000</u>
ACQUIRE ASSETS LEASE	90,333,000	90,858,000	92,102,000	93,405,000	94,737,000	96,137,000	557,572,000

# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2018 AND FORECAST 2019 THROUGH 2023

DEPARTMENT	2018 CAPITAL BUDGET	FORECAST				TOTAL 6 YEARS
		2019	2020	2021	2022	
<u>FIELD SERVICES</u>						
ADDITIONS	2,040,000	2,140,000	2,174,000	2,227,000	2,273,000	13,178,000
REPLACEMENTS	5,288,000	5,423,000	5,511,000	5,737,000	5,766,000	33,620,000
GROSS TOTAL FIELD SERVICES	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	46,798,000
LESS: SALVAGE						
LESS: CONTRIBUTIONS*						
NET TOTAL FIELD SERVICES	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	46,798,000
ACQUIRE ASSETS LEASE	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	46,798,000
<u>FLEET OPERATIONS</u>						
ADDITIONS	827,000					827,000
REPLACEMENTS	3,712,000	3,105,000	2,960,000	3,687,000	3,177,000	20,242,000
GROSS TOTAL FLEET OPERATIONS	4,539,000	3,105,000	2,960,000	3,687,000	3,177,000	21,069,000
LESS: SALVAGE						
NET TOTAL FLEET OPERATIONS	4,539,000	3,105,000	2,960,000	3,687,000	3,177,000	21,069,000
ACQUIRE ASSETS LEASE	4,539,000	3,105,000	2,960,000	3,687,000	3,177,000	21,069,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2018 AND FORECAST 2019 THROUGH 2023

<u>DEPARTMENT</u>	<u>2018</u>	<u>FORECAST</u>				<u>TOTAL</u>
	<u>CAPITAL BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>6 YEARS</u>
<u>OTHER</u>						
ADDITIONS	1,209,000	3,240,000	508,000	515,000	522,000	6,523,000
REPLACEMENTS	<u>3,211,000</u>	<u>14,052,000</u>	<u>13,504,000</u>	<u>13,509,000</u>	<u>13,514,000</u>	<u>71,309,000</u>
TOTAL OTHER	4,420,000	17,292,000	14,012,000	14,024,000	14,036,000	<u>77,832,000</u>
ACQUIRE ASSETS LEASE	4,420,000	17,292,000	14,012,000	14,024,000	14,036,000	77,832,000
<u>TOTAL</u>						
ADDITIONS	18,244,000	17,669,000	14,766,000	17,092,000	15,417,000	98,955,000
REPLACEMENTS	<u>96,165,000</u>	<u>112,858,000</u>	<u>110,370,000</u>	<u>111,277,000</u>	<u>108,190,000</u>	<u>650,021,000</u>
GROSS TOTAL	114,409,000	130,527,000	125,136,000	128,369,000	123,607,000	<u>748,976,000</u>
LESS: SALVAGE						
LESS: REIMBURSEMENT**	(1,881,000)	(1,920,000)	(1,959,000)	(1,999,000)	(2,040,000)	(11,880,000)
LESS: CONTRIBUTIONS*						
NET TOTAL	<u>112,528,000</u>	<u>128,607,000</u>	<u>123,177,000</u>	<u>126,370,000</u>	<u>121,567,000</u>	<u>737,096,000</u>
ACQUIRE ASSETS LEASE	112,528,000	128,607,000	123,177,000	126,370,000	121,567,000	<u>737,096,000</u>

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

**PHILADELPHIA GAS WORKS**  
**PROPOSED 2019 - 2023 FORECAST**  
**(COMPARISON)**

<u>DEPARTMENT</u>	<u>2018- 2022 FORECAST</u>	<u>2019 - 2023 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>GAS PROCESSING</u>				
ADDITIONS	10,350,000	3,028,000	(7,322,000)	-70.7%
REPLACEMENTS	<u>16,900,000</u>	<u>24,889,000</u>	7,989,000	47.3%
TOTAL GAS PROCESSING	27,250,000	27,917,000	667,000	2.4%
<u>DISTRIBUTION</u>				
ADDITIONS	55,672,000	61,231,000	5,559,000	10.0%
REPLACEMENTS	<u>440,765,000</u>	<u>416,007,000</u>	(24,758,000)	-5.6%
GROSS TOTAL DISTRIBUTION	496,437,000	477,238,000	(19,199,000)	-3.9%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
LESS: REIMBURSEMENT**				
NET TOTAL DISTRIBUTION	496,437,000	477,238,000	(19,199,000)	-3.9%
<u>FIELD SERVICES</u>				
ADDITIONS	10,504,000	11,138,000	634,000	6.0%
REPLACEMENTS	<u>30,124,000</u>	<u>28,332,000</u>	(1,792,000)	-5.9%
GROSS TOTAL FIELD SERVICES	40,628,000	39,470,000	(1,158,000)	-2.9%
LESS: SALVAGE				
LESS: CONTRIBUTIONS*				
NET TOTAL FIELD SERVICES	40,628,000	39,470,000	(1,158,000)	-2.9%

PHILADELPHIA GAS WORKS  
PROPOSED 2019 - 2023 FORECAST  
 (COMPARISON)

<u>DEPARTMENT</u>	<u>2018- 2022 FORECAST</u>	<u>2019 - 2023 FORECAST</u>	<u>AMOUNT DIFFERENCE</u>	<u>PERCENT DIFFERENCE</u>
<u>FLEET OPERATIONS</u>				
ADDITIONS				
REPLACEMENTS	<u>14,078,000</u>	<u>16,530,000</u>	2,452,000	17.4%
GROSS TOTAL FLEET OPERATIONS	14,078,000	16,530,000	2,452,000	17.4%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	14,078,000	16,530,000	2,452,000	17.4%
<u>OTHER</u>				
ADDITIONS	2,190,000	5,314,000	3,124,000	142.6%
REPLACEMENTS	<u>8,851,000</u>	<u>68,098,000</u>	59,247,000	669.4%
TOTAL OTHER	11,041,000	73,412,000	62,371,000	564.9%
<u>TOTAL</u>				
ADDITIONS	78,716,000	80,711,000	1,995,000	2.5%
REPLACEMENTS	<u>510,718,000</u>	<u>553,856,000</u>	43,138,000	8.4%
GROSS TOTAL	589,434,000	634,567,000	45,133,000	7.7%
LESS: SALVAGE				
LESS: REIMBURSEMENT**				
LESS: CONTRIBUTIONS*				
NET TOTAL	<u>589,434,000</u>	<u>634,567,000</u>	45,133,000	7.7%

\* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

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

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2019 THROUGH 2023

		<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
<u>GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES</u>									
1	53-01-1-01	IMPROVE VENTING FOR PITS AT IVY HILL STATION	50,000						
1	53-01-1-02	INCREASE AND MODIFY VENT PIPING FOR PITS AT SOMERTON STATION	50,000						
1	53-01-2-01	INCREASE SIZE OF SOUTH BOX AT 0-34 STATION	189,000						
2	53-01-2-02	REPLACE M&R STATION HEATER		927,000		1,800,000		1,800,000	4,527,000
TOTAL GP-1			289,000	927,000		1,800,000		1,800,000	4,527,000
<u>GP-2 SUPPLEMENTAL GAS FACILITIES</u>									
1	53-02-1-01	REPLACE/ADD SHUTOFF VALVE AT LNG TANK - PASSYUNK	1,604,000						
1	53-02-1-02	ADDRESS C-5RA AND C-5RB INLET AIR FILTERS AT RICHMOND	110,000						
2	53-02-1-03	LIQUIFACTION FEEDGAS C02 AND ETHANE REMOVAL - RICHMOND				2,000,000			2,000,000
2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE - RICHMOND & PASSYUNK		292,000					292,000
2	53-02-1-05	INSTALL BOLLARDS AROUND EXPANDER PLANT		162,000					162,000
1	53-02-2-01	REPLACE LNG TANK ELEVATOR AT RICHMOND		987,000					
1	53-02-2-02	MODIFY LNG TANK REPRESSURIZATION SYS - PASSY TO REPL OBSOLETE REGS		204,000					
1	53-02-2-03	RELOCATE LNG SWITCHGEAR AT PASSYUNK		1,452,000					
1	53-02-2-04	REPIPE AND RELOCATE EQUIPMENT ATTACHED TO #11 HOLDER - RICHMOND		436,000					
1	53-02-2-05	REPLACE LNG CONTROL ROOM EMERGENCY GENERATOR - RICHMOND		179,000					
1	53-02-2-06	REPLACE EMERGENCY GENERATOR ADMINISTRATION BLDG - RICHMOND		184,000					
2	53-02-2-07	REPLACE PUBLIC ADDRESS SYSTEM - PASSYUNK				1,000,000			1,000,000
1	53-02-2-08	REPLACE LNG SWITCHGEAR - RICHMOND							
1	53-02-2-09	REPLACE RIVER WATER PUMP SWITCHGEAR & RIVER WATER PUMPS - RICHMOND		1,500,000					1,500,000
2	53-02-2-10	REPLACE PNEUMATIC COMPANDER ACTUATORS WITH ELECTRONIC ACTUATORS						380,000	380,000
1	53-02-2-11	REPLACE FIRE AND GAS DETECTION SYSTEM - PASSYUNK		5,387,000					5,387,000
1	53-02-2-12	DCS UPGRADE - RICHMOND	876,000				875,000		875,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2019 THROUGH 2023

		<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
						2,000,000			2,000,000
1	53-02-2-13	EXPANDER LIQUIFIER TSA SYSTEM UPGRADES-RICHMOND							
2	53-02-2-14	REMODEL LNG CONTROL ROOM-PASSYUNK			521,000				521,000
2	53-02-2-15	INSTALL NEW CARD READERS & TURNSTILES AT MAIN GATE AND BOILER AREA-PASSYUNK						154,000	154,000
1	53-02-2-16	REPAIR RTDS IN EXPANDER PLANT COLD BOX-RICHMOND		300,000					300,000
2	53-02-2-17	RELOCATE STEAM SILENCER - PASSYUNK			134,000				134,000
2	53-02-2-18	REMOVE NATURAL GAS HEATERS - PASSYUNK			168,000				168,000
2	53-02-2-19	REPLACE H2O ANALYZER - RICHMOND PLANT							
2	53-02-2-20	UPGRADE H-1 HEATER CONTROLS - RICHMOND					204,000		204,000
1	53-02-2-21	UPGRADE OIL RECOVERY AST SYSTEM-PASSYUNK	179,000		114,000				114,000
1	53-02-2-22	REMOVE AND REPLACE ELECTRICAL PANEL 203813-PASSYUNK	105,000						
1	53-02-2-24	REPLACE P-106 PUMP-RICHMOND	1,400,000						
53-02-X-XX	NON-RECURRING ITEMS	3,382,000							
	<b>TOTAL GP-2</b>	<b>5,942,000</b>	<b>5,158,000</b>	<b>8,391,000</b>	<b>937,000</b>	<b>5,000,000</b>	<b>1,079,000</b>	<b>534,000</b>	<b>15,941,000</b>
					5,000,000				5,000,000
	<u>GP-3. BUILDING AND GROUNDS</u>								
2	53-03-2-01	RELOCATE TRAINING FACILITY & ADD TRUCK LOADING ACCESS-RICHMOND							
53-03-X-XX	NON-RECURRING ITEMS								
	<b>TOTAL GP-3</b>				<b>5,000,000</b>				<b>5,000,000</b>
	<u>GP-4. MISCELLANEOUS CAPITAL REQUIREMENTS</u>								
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	124,000	109,000	110,000	113,000	117,000	119,000	574,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	365,000	354,000	361,000	368,000	382,000	389,000	1,875,000
	<b>TOTAL GP-4</b>	<b>489,000</b>	<b>463,000</b>	<b>471,000</b>	<b>481,000</b>	<b>490,000</b>	<b>499,000</b>	<b>508,000</b>	<b>2,449,000</b>
	<b>TOTAL GAS PROCESSING DEPARTMENT</b>		<b>5,908,000</b>	<b>9,789,000</b>	<b>6,418,000</b>	<b>7,290,000</b>	<b>1,578,000</b>	<b>2,842,000</b>	<b>27,917,000</b>
	<b>ACQUIRE ASSETS LEASE</b>		<b>5,908,000</b>	<b>9,789,000</b>	<b>6,418,000</b>	<b>7,290,000</b>	<b>1,578,000</b>	<b>2,842,000</b>	<b>27,917,000</b>





DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2019 THROUGH 2023

	<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
D-22 12 INCH AND LARGER I. P. AND L. P. MAIN								
4 52-22-1-01 TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	23,000	115,000	118,000	121,000	124,000	127,000	130,000	620,000
3 52-22-2-01 ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,333,000	560,000	572,000	585,000	598,000	611,000	624,000	2,990,000
3 52-22-2-02 MAIN FOR MAJOR ENFORCED RELOCATION	480,000	300,000	307,000	314,000	321,000	328,000	335,000	1,605,000
52-22-2-97 LESS: REIMBURSEMENT**	1,835,000	975,000	997,000	1,020,000	1,043,000	1,066,000	1,089,000	5,215,000
LESS: CONTRIBUTIONS*	(408,000)	(255,000)	(261,000)	(267,000)	(273,000)	(279,000)	(285,000)	(1,365,000)
GROSS TOTAL D-22	1,428,000	720,000	736,000	753,000	770,000	787,000	804,000	3,850,000
NET TOTAL D-22								
D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4 52-23-1-01 CUSTOMER METERING AND REGULATOR INSTALLATION	585,000	595,000	608,000	608,000	621,000	635,000	653,000	3,135,000
1 52-23-2-01 REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	506,000	542,000	554,000	554,000	566,000	578,000	604,000	2,856,000
2 52-23-2-02 REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	414,000	432,000	442,000	442,000	452,000	462,000	482,000	2,280,000
LESS: REIMBURSEMENT**	1,505,000	1,569,000	1,604,000	1,604,000	1,639,000	1,675,000	1,749,000	8,271,000
LESS: CONTRIBUTIONS*								
TOTAL D-23	1,505,000	1,569,000	1,604,000	1,604,000	1,639,000	1,675,000	1,749,000	8,271,000

## DISTRIBUTION DEPARTMENT

## FORECAST - FISCAL YEARS 2019 THROUGH 2023

		2017 COMPLIANCE BUDGET	2018 BUDGET	2019	2020	2021	2022	2023	TOTAL FORECAST
<u>D-24 SERVICES</u>									
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE							
		4,074,000	4,655,000	4,757,000	4,862,000	4,969,000	5,078,000	5,190,000	24,855,000
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE							
		2,083,000	2,248,000	2,297,000	2,348,000	2,400,000	2,453,000	2,507,000	12,005,000
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							
		19,274,000	18,727,000	19,139,000	19,560,000	19,990,000	20,430,000	20,878,000	99,998,000
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES							
		1,098,000	1,233,000	1,311,000	1,340,000	1,369,000	1,399,000	1,430,000	6,849,000
1	52-24-2-03	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK							
		<u>1,342,000</u>							
	GROSS TOTAL D-24	27,871,000	26,863,000	27,504,000	28,110,000	28,728,000	29,360,000	30,006,000	143,708,000
	TOTAL D-24	<u>27,871,000</u>	<u>26,863,000</u>	<u>27,504,000</u>	<u>28,110,000</u>	<u>28,728,000</u>	<u>29,360,000</u>	<u>30,006,000</u>	<u>143,708,000</u>
52-24-2-97	LESS: REIMBURSEMENT**								
	LESS: CONTRIBUTIONS*								

## FORECAST - FISCAL YEARS 2019 THROUGH 2023

- CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS
- REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2019 THROUGH 2023

	<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
<u>C-30 METERS</u>								
4 50-30-1-01 ADDITIONS AND INSTALLATIONS	1,431,000	1,728,000	1,810,000	1,838,000	1,883,000	1,922,000	1,965,000	9,418,000
2 50-30-2-01 REPLACEMENTS	2,374,000	2,676,000	2,744,000	2,788,000	2,857,000	2,915,000	2,980,000	14,284,000
TOTAL C-30	3,805,000	4,404,000	4,554,000	4,626,000	4,740,000	4,837,000	4,945,000	23,702,000
<u>C-32 SERVICES REGULATORS</u>								
4 50-32-1-01 ADDITIONS AND INSTALLATIONS	56,000	58,000	74,000	76,000	77,000	79,000	81,000	387,000
1 50-32-2-01 REPLACEMENTS	23,000	37,000	38,000	39,000	39,000	41,000	42,000	199,000
TOTAL C-32	79,000	95,000	112,000	115,000	116,000	120,000	123,000	586,000
<u>C-33 TELEMETERING</u>								
5 50-33-1-01 ADDITIONS AND INSTALLATIONS	118,000	84,000	82,000	83,000	85,000	87,000	89,000	426,000
1 50-33-2-01 REPLACEMENTS	166,000	159,000	163,000	166,000	170,000	174,000	178,000	851,000
TOTAL C-33	284,000	243,000	245,000	249,000	255,000	261,000	267,000	1,277,000

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2019 THROUGH 2023

	<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
<u>C-34 METER SHOP EQUIPMENT</u>								
5 50-34-2-01 REPLACEMENTS	65,000	39,000	40,000	42,000	134,000	46,000	48,000	310,000
TOTAL C-34	65,000	39,000	40,000	42,000	134,000	46,000	48,000	310,000
<u>C-36 AUTOMATIC METER READING</u>								
5 50-36-1-01 ADDITIONS	140,000	170,000	174,000	177,000	182,000	185,000	189,000	907,000
5 50-36-2-01 REPLACEMENTS	2,332,000	2,377,000	2,438,000	2,476,000	2,537,000	2,590,000	2,647,000	12,688,000
TOTAL C-36	2,472,000	2,547,000	2,612,000	2,653,000	2,719,000	2,775,000	2,836,000	13,595,000
1 50-99-2-99 C-99 COST OF REMOVAL								
GROSS TOTAL FIELD SERVICES DEPARTMENT	6,705,000	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	8,219,000	39,470,000
50-98-2-98 LESS: SALVAGE								0
50-94-1-94 LESS: CONTRIBUTIONS								0
NET TOTAL FIELD SERVICES DEPARTMENT	6,705,000	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	8,219,000	39,470,000
ACQUIRE ASSETS LEASE	6,705,000	7,328,000	7,563,000	7,685,000	7,964,000	8,039,000	8,219,000	39,470,000

FLEET OPERATIONS DEPARTMENT  
FORECAST - FISCAL YEARS 2019 THROUGH 2023

		<u>2017 COMPLIANCE BUDGET</u>	<u>2018 BUDGET</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL FORECAST</u>
2	73-01-1-01	ACQUIRE ADD'L VEHICLES TO SUPPORT INCREMENTAL CAST IRON MAIN REPLACEMENT							0
1	73-01-1-02	MOBILE EQUIPMENT ADDITIONS	80,000	0					0
2	73-01-1-03	VEHICLE ADDITIONS		538,000					
1	73-01-2-01	SHOP EQUIPMENT REPLACEMENTS	45,000						0
2	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	677,000	561,000	643,000	352,000	273,000	732,000	2,495,000
2	73-01-2-03	VEHICLE REPLACEMENTS	5,081,000	1,415,000	2,462,000	2,608,000	2,904,000	2,869,000	14,035,000
		FY 2016 REAUTHORIZATION							
	73-01-1-01	VEHICLE ADDITIONS		289,000					
	73-01-2-03	VEHICLE REPLACEMENTS		1,736,000					
		GROSS TOTAL FLEET OPERATIONS DEPARTMENT	5,883,000	4,539,000	3,105,000	2,960,000	3,177,000	3,601,000	16,530,000
		LESS: SALVAGE							
73-98-2-98		NET TOTAL FLEET OPERATIONS DEPARTMENT	5,883,000	4,539,000	3,105,000	2,960,000	3,177,000	3,601,000	16,530,000
		ACQUIRE ASSETS	5,883,000	4,539,000	3,105,000	2,960,000	3,177,000	3,601,000	16,530,000
		LEASE							

# OTHER DEPARTMENTS

## FORECAST - FISCAL YEARS 2019 THROUGH 2023

		2017 COMPLIANCE BUDGET	2018 BUDGET	2019	2020	2021	2022	2023	TOTAL FORECAST
<u>FACILITIES</u>									
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	125,000	150,000	150,000	150,000	150,000	150,000	750,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	9,000	12,000	13,000	14,000	15,000	15,000	69,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	376,000	418,000	418,000	418,000	418,000	418,000	2,090,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	45,000	39,000	40,000	41,000	42,000	43,000	205,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	57,000	51,000	52,000	53,000	54,000	55,000	265,000
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	165,000	61,000	75,000	75,000	75,000	75,000	361,000
1	72-01-2-05	REPLACE MODULAR FURNITURE	195,000	67,000	75,000	75,000	75,000	75,000	367,000
2	72-01-2-06	REPLACE 800 BUILDING 25 YEAR OLD CEILING VAV DIFFUSERS	904,000						
2	72-01-2-07	REPLACE 20+ YEAR OLD HEATING AND COOLING EQUIP INSIDE & ON ROOF - WEST PHIL DO	356,000						
5	72-01-2-08	800 BUILDING		450,000	450,000	450,000	450,000	450,000	2,250,000
5	72-01-2-09	1800 BUILDING		8,101,000	8,101,000	8,101,000	8,101,000	8,101,000	40,505,000
5	72-01-2-10	1849 BUILDING AND PARKING GARAGE		2,157,000	2,157,000	2,157,000	2,157,000	2,157,000	10,785,000
5	72-01-2-11	METER SHOP		641,000	641,000	641,000	641,000	641,000	3,205,000
5	72-01-2-12	BELFIELD STATION		116,000	116,000	116,000	116,000	116,000	580,000
5	72-01-2-13	CASTOR STATION		179,000	179,000	179,000	179,000	179,000	895,000
5	72-01-2-14	PORTER STATION		127,000	127,000	127,000	127,000	127,000	635,000
5	72-01-2-15	TIOGA STATION		180,000	180,000	180,000	180,000	180,000	900,000
	72-01-XX-XX	NON-RECURRING ITEMS	1,767,000						
TOTAL FACILITIES			2,739,000	12,749,000	12,774,000	12,777,000	12,780,000	12,782,000	63,862,000



OTHER DEPARTMENTS

## FORECAST - FISCAL YEARS 2019 THROUGH 2023

[illegible]

## FORECAST - FISCAL YEARS 2019 THROUGH 2023

51



## **FISCAL 2018 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 2018**

• Spending from FY 2018 Program	\$ 98,541,000
• Spending Carryover from FY 2017	\$ 13,380,950
• Total FY 2016 Spending	\$ 111,921,950
• Projected Reimbursement	\$ 1,880,706
• Salvage	\$ 238,769
• Construction Contributions	\$ 1,387,141
• <b>Net FY 2018 Capital Spending</b>	<b>\$ 108,415,334</b>

**Capital Funding Sources:**

• Capital Debt	\$ 52,000,000
• DSIC	\$ 33,410,000
• Internally Generated Funds	\$ 23,005,334
• <b>FY 2018 Capital Funding</b>	<b>\$ 108,415,334</b>

The 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 2018 Capital Program.



**Exhibit #2**  
**Capital Program Protocols**  
**For The Philadelphia Gas Works**

*[Insert separate .pdf document containing the Capital Program Protocols]*



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**CAPITAL PROGRAM PROTOCOLS**  
**(Proposed FY 2018 Capital Budget)**

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## TABLE OF CONTENTS

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

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

## PART 1 - GENERAL PROVISIONS

### SUBPART A - DEFINITIONS

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

### SUBPART B - NOMENCLATURE

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

### SUBPART C - LINE ITEMS (OVERVIEW)

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

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

#### **SUBPART D - LINE ITEMS (SAFETY)**

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

#### **SUBPART E - LINE ITEMS (RELIABILITY OF SERVICE)**

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

business; and/or

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

#### **SUBPART F - LINE ITEMS (ENFORCED RELOCATIONS)**

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

#### **SUBPART G - LINE ITEMS (LOAD GROWTH)**

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

#### **SUBPART H - LINE ITEMS (BUSINESS IMPROVEMENT)**

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

#### **SUBPART I - UNBUDGETED CAPITAL INVESTMENT**

##### **1. GENERAL PROHIBITION**

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

##### **2. ADVANCE ENGINEERING**

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

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

### 3. EMERGENCY CIRCUMSTANCES

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

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

## **PART 2 - BUDGET ADMINISTRATION**

### **SUBPART A - IN GENERAL**

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

### **SUBPART B - PLANNED WORK**

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

### **SUBPART C - LINE ITEM OVERSPENDING**

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



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

## **SUBPART D - BUDGETARY “BOTTOM-LINE” SHORTFALLS**

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

## **SUBPART E - LINE ITEM SURPLUS**

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

## **SUBPART F - INTRADEPARTMENTAL TRANSFERS**

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

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

## **SUBPART G - OTHER TRANSFERS**

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

- B. shall be responsible for monitoring line item transfer activity in the approved Budget and making appropriate recommendations to City Council with respect to line item transfers in connection with the next ensuing budget proposal.
- 2. DURATION  
Gas Commission authority to approve transfers shall end on the last day of the December that follows the close of the budget year.
- 3. EXCLUDED LINE ITEMS  
Line items shall be unavailable for use as a source of spending authority in a transfer transaction as follows:
  - A. any line item approved as conditional funding with a priority status of “1” or “2”;
  - B. any line item approved with a priority status of “4” unless the intended recipient line item was also approved with a priority status of “4” ; and
  - C. such other line item(s) as City Council shall designate by ordinance in conjunction with the annual Capital Budget Ordinance.
- 4. CROSS-BUDGET TRANSFERS  
The transfer of spending authority from one Budget to another Budget is forbidden.
- 5. TRANSFER APPROVAL REQUESTS  
A request that the Gas Commission approve a proposed transfer of spending authority must satisfy the following criteria:
  - A. the circumstances that the transfer transaction would address are clearly defined and not subject to reasonable dispute;
  - B. the transfer transaction does not rely on a source of spending authority that has been excluded by the approving Budget Ordinance;
  - C. a transfer source has sufficient spending authority to support the transfer transaction; and
  - D. no circumstance or consideration warrants that a proposed transfer be rejected for the sake of prudence.

## **SUBPART H - BUDGET REPORTING**

- 1. MONTHLY UPDATES  
PGW shall file monthly updates of actual/estimated spending styled as the “Capital Budget Authorization/Spending Review” in an electronic format acceptable to the Gas Commission as well as in hard copy. Said updates shall be due on the 15th day of each month or the next ensuing business day. Separate columns shall reflect:
  - A. whether a line item is open or closed;

- B. the lifespan expiration date applicable to each line item;
  - C. any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.
2. QUARTERLY UPDATES
- PGW shall file a quarterly report disclosing PGW's actual spending related to Disadvantaged Business Enterprise participation as compared to its projected spending broken down into operating and capital spending.
3. PERIODIC FORECASTS
- PGW shall file spending forecasts of actual/estimated spending organized on a "line-by-line/budget-by-budget" basis in both hard copy and electronic formats as part of the Capital Budget Authorization/Spending Review. Said forecasts shall be due as follows:
- A. on the first business day in October, January, April and July as Quarterly Forecasts; and
  - B. on the first business day in November as an Unaudited End-of-Year Forecast.
- Said forecasts shall reflect any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.
4. FINAL REPORTS
- PGW shall file a "Final Report" of actual spending for an approved Budget when all work orders and line items are closed as part of the Capital Budget Authorization/ Spending Review. Said report shall reflect any transfer(s) applicable to each line item, the related dollar impact of such transfer(s) on the affected line item(s), and the justification for each transfer.

## **PART 3 - BUDGET PROPOSALS/ REQUESTS - IN GENERAL**

### **SUBPART A - FILING DEADLINES**

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

### **SUBPART B - SUBSTANTIATION**

1. **SAFETY**  
In addition to the content requirements of **Part 4**, a proposed line item assigned a priority status of **"1"** shall be substantiated by a showing that the capital work at issue is necessary based on a confirmed risk assessment. If a Miscellaneous Funding line item is proposed, the allocation for unbudgeted/unanticipated capital projects included therein shall be reasonable.  
  
If no risk assessment is yet confirmed or if the project scope and/or costs is/are not yet finalized, the line item may be considered for conditional funding of a discrete project only if there is a reasonable expectation that the risk assessment will be confirmed and/or that the project scope and/or costs will be finalized during the budget year.
2. **RELIABILITY OF SERVICE**  
In addition to the content requirements of **Part 4**, a proposed line item assigned a priority status of **"2"** shall be substantiated by a showing that the capital work at issue is necessary based on a

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

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

3. ENFORCED RELOCATIONS

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

4. LOAD GROWTH

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

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

5. BUSINESS IMPROVEMENT

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

6. REGULATORY OR OTHER MANDATES

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

## **PART 4 - BUDGET PROPOSALS/ REQUESTS - CONTENT REQUIREMENTS**

### **SUBPART A - IN GENERAL**

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

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

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

### **SUBPART B - NARRATIVE**

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

### **SUBPART C - AUTHORIZING BOARD RESOLUTION**

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

### **SUBPART D - COST COMPONENT BREAKOUT**

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

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

### **SUBPART E - COST DERIVATION**

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

## **SUBPART F - LOAD GROWTH**

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

## **SUBPART G - CAPITAL FINANCING**

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

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

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

## **SUBPART H - DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION**

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

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

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



## **SUBPART I - APPROVED BUDGETS (CASH RECAPTURE)**

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

## **SUBPART J - APPROVED BUDGETS (LEASES)**

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

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

## **SUBPART K - APPROVED BUDGETS (GAINS/REDUCTIONS)**

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