

Legislation Text

File #: 180520, **Version:** 1

Authorizing the execution, delivery and performance by the Philadelphia Facilities Management Corporation on behalf of the Philadelphia Gas Works of two amended and restated Service Agreements (the “Restated Service Agreements”) for Gas Transportation Service under Rate Schedule FT with Transcontinental Gas Pipe Line Corporation.

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

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

WHEREAS, As part of its system to permit natural gas to be delivered to the City gate, PGW currently has Service Agreements with Transcontinental Gas Pipe Line Corporation (“Transco”) for firm transportation service under Transco’s Rate Schedule FT identified as (i) System Contract #1005001 dated August 1, 1991 and (ii) System Contract #1003691 dated February 1, 1992 (the “Service Agreements”), which were among the gas transportation contracts enumerated in Exhibit “H” to Bill No. 1243 that were ratified and approved by City Council pursuant to Section 11 of Bill No. 1243, enacted on December 28, 1995 and which remain in effect until terminated by Transco or PGW on at least three (3) years written notice; and

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

WHEREAS, Transco has requested that PGW enter into the Restated Service Agreements to (i) reflect the receipt points and volumes actually used by PGW by removing all other listed receipt points and volumes from Exhibit A attached to each Service Agreement, (ii) remove the column for the billing determinant quantities on Exhibit A attached to System Contract #1005001 (in accordance with the settlement approved by the Federal Energy Regulatory Commission (“FERC”) in Docket No. RP12-993-000) and (iii) convert the quantities of gas under each Service Agreement from one thousand cubic feet (“Mcf”) to dekatherms (“dt”) at a conversion factor of 1.035 dt per Mcf; and

WHEREAS, The Restated Service Agreements will be effective as of September 1, 2018 and remain in effect

until September 1, 2021 and thereafter until terminated by Transco or PGW upon at least three (3) years written notice; and

WHEREAS, PFMC on behalf of PGW wishes to enter into the Restated Service Agreements, which additionally provide that all payments required to be made in connection with such Agreements shall be made solely from the revenues of PGW; and

WHEREAS, After approval of the Restated Service Agreements by City Council and subsequently by FERC, such Restated Agreements will supersede the current Service Agreements (System Contracts #1005001 and #1003691), which will then be cancelled by Transco and PGW as of the effective date of the Restated Agreements; and

WHEREAS, At a public meeting held on May 8, 2018, the Gas Commission recommended that Council approve the execution, delivery and performance of the Restated Agreements by PFMC on behalf of PGW in the revised forms attached hereto as Exhibits “A” and “B”, and subject to the terms and conditions set forth in the written Motion approved at that meeting; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Philadelphia Facilities Management Corporation (“PFMC”) on behalf of the Philadelphia Gas Works (“PGW”) is hereby authorized to execute, deliver and perform amended and restated Service Agreements with Transcontinental Gas Pipe Line Corporation (“Transco”) for firm transportation service under Transco’s Rate Schedule FT which, upon approval by the Federal Energy Regulatory Commission, will supersede and replace Transco and PGW’s current Service Agreements (System Contract #1005001 and System Contract #1003691), in the forms attached hereto as Exhibits “A” and “B”, except and to the extent as changes may be approved by the City Solicitor.

SECTION 2. PFMC, on behalf of PGW, is hereby authorized and directed to execute and deliver such other documents, and to take such other action as is deemed necessary or appropriate in order to effectuate this Ordinance.