

Legislation Text

File #: 120118, **Version:** 0

Authorizing the Committee on Transportation and Public Utilities to hold hearings to examine the feasibility of transferring ownership or operations of Philadelphia Gas Works to a private entity.

WHEREAS, Lazard Frères & Co. LLC (“Lazard”) recently published a report examining the feasibility and consequences of transferring ownership or operations of Philadelphia Gas Works (“PGW”) to a private entity through a sale or long-term lease; and

WHEREAS, Lazard concluded that while there can be no guarantee of the ultimate outcome, a valuation analysis indicates that the value expected to be achieved in a strategic sale may well exceed the City’s estimate of PGW’s liabilities while ensuring the continuance of certain protections currently afforded to PGW customers and employees; and

WHEREAS, Such protections include the Senior Citizen Discount Program and all Pennsylvania Public Utilities Commission (PUC) mandated discount programs currently in place, the new negotiated collective bargaining agreement, the maintenance of PGW corporate headquarters or a specified number of PGW employees in Philadelphia for at least three years, the maintenance or establishment of dedicated trust funds for PUC-granted rate recovery of employee benefits, and the assumption of PGW-related other post-employment benefits and pension liabilities; and

WHEREAS, It is imperative that City Council and the public are able to examine the findings of Lazard’s report and inquire about underlying evidence and details in order to better understand any sale or transfer of PGW to a private entity because such a transaction could have long lasting financial and social implications for the City of Philadelphia and its residents; and

WHEREAS, PGW, a 175 year-old utility, is currently owned by the City of Philadelphia, and is a major employer in the City, employing approximately 1,625 people, 1,125 of whom are represented by the Philadelphia Gas Workers Union and enjoy certain employment protections; and

WHEREAS, PGW serves 514,000 customers, many of whom are elderly or have limited incomes and thus qualify for, and depend upon, reduced monthly payments through low-income assistance programs the continuation of which is a major priority of the City; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee on Transportation and Public Utilities is hereby authorized to hold hearings to examine the feasibility of transferring ownership or operations of Philadelphia Gas Works to a private entity.