



Legislation Text

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Approving the Fiscal Year 2018 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions, and acknowledging receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2019 through 2023.

WHEREAS, Section IV.2.b. of the Agreement Between The City Of Philadelphia And The Philadelphia Facilities Management Corporation For The Management And Operation Of The Philadelphia Gas Works ("Management Agreement") requires the Philadelphia Facilities Management Corporation ("PFMC") to prepare annually for the Philadelphia Gas Works ("PGW") a proposed capital budget for the ensuing year and a forecast for the six (6) years comprising the ensuing budget year and the five (5) years next following; and

WHEREAS, Section IV.2.b. of the Management Agreement also requires that the proposed capital budget and forecast be submitted to the Director of Finance and the Gas Commission for their review and for submission of said budget and forecast, together with their recommendations thereon, to City Council for its approval; and

WHEREAS, Section IV.2.b. of the Management Agreement further requires that the proposed capital budget and forecast include a showing of the amounts needed and how the funds required are to be supplied as between funds generated within the business through charges to customers or otherwise and funds to be obtained through capital loans ("Financing Plan"); and

WHEREAS, Section IV.2.c. of the Management Agreement requires that all PGW expenditures be made pursuant to approved budgets; and

WHEREAS, PGW filed with the Gas Commission on January 3, 2017 a proposed Fiscal Year ("FY") 2018 Capital Budget of one hundred fifteen million ninety nine thousand dollars (\$115,099,000) and a Five Year Forecast of Capital Budgets (FY 2019 - FY 2023); and

WHEREAS, PGW filed with the Gas Commission on March 23, 2017 proposed Amendments that would increase said Budget by five hundred nineteen thousand one hundred twenty-five dollars (\$519,125) (subsequently revised by PGW to four hundred seventy four thousand sixty dollars (\$474,060)), for the purpose of reauthorizing two line items from the FY 2016 Capital Budget; and

WHEREAS, the Gas Commission's review of said Budget proposal in its FY 2018 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 25, 2017 at which the Gas Commission endorsed a proposed FY 2018 Capital Budget in an amount not to exceed one hundred fourteen million four hundred nine thousand dollars (\$114,409,000) with related constraints and conditions for said Budget; and

WHEREAS, on April 28, 2017 PGW filed with the Gas Commission a Compliance FY 2018 Capital Budget Proposal of one hundred fourteen million four hundred nine thousand dollars (\$114,409,000) including its revised Financing Plan for said Budget, together with its Revised Forecast of Capital Budgets for FY 2019

through FY 2023.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Approval and Acknowledgment

Pursuant to the provisions of Section IV.2.b. and IV.2.c. of the Management Agreement, the Council:

- A. does hereby approve the Fiscal Year (“FY”) 2018 Capital Budget for the Philadelphia Gas Works (“PGW”) in an amount not exceeding one hundred fourteen million four hundred nine thousand dollars (\$114,409,000) as reflected in the Compliance FY 2018 Capital Budget Proposal which includes the associated revised Financing Plan and which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 7 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2019 through FY 2023.

SECTION 2. Spending Authorization

The amounts shown in the approved FY 2018 Capital Budget are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2018 defined as September 1, 2017 through August 31, 2018 in an amount not exceeding one hundred fourteen million four hundred nine thousand dollars (\$114,409,000) as reflected in the Compliance FY 2018 Capital Budget Proposal which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 7 of this Ordinance.

SECTION 3. Constraints And Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2018 Capital Budget, PGW shall adhere to the “Capital Program Protocols” as a condition of capital budget approval. A copy of said Protocols as adopted by the Gas Commission on April 25, 2017 is attached as Exhibit #2 to this Ordinance and is incorporated herein.

SECTION 4. Constraints And Conditions - Reporting And Disclosure

- A. Approval of the line item styled “Long-Term Infrastructure Improvement Plan (“LTIIIP”) / Distribution System Improvement Charge (“DSIC”) (#52-21-2-03) (\$33,000,000)” for the purpose of incremental cast iron main replacement provided by Section 1.A. of this Ordinance is conditioned upon PGW’s making the following filings with the Gas Commission prior to any expenditure or commitment to spend under the aforesaid line item:
 - i. PGW’s new proposed LTIIIP when submitted to the Pennsylvania Public Utility Commission (“PUC”) along with the same supporting documentation for the LTIIIP/DSIC line item as provided for similar main replacement categories in the FY 2018 Capital Budget breaking down and substantiating total cost by size, pressure, and footage; and
 - ii. Upon the PUC’s final approval of PGW’s LTIIIP, either a writing confirming that the foregoing line item documentation remains the same or any applicable revisions to the line item detail.
- B. The Gas Commission shall submit a report to City Council regarding PGW’s compliance with

Section 4.A. of this Ordinance.

SECTION 5. Constraints And Conditions - Conditional Spending Authorizations

Except as necessitated by Emergency Circumstances as set forth in the “Capital Program Protocols” at Part 1 - Subpart I.3, no spending authority will attach to the following line items until the Gas Commission releases in writing such spending authority as the Gas Commission may make available after appropriate review and good cause shown:

- A. the line item styled "Conditional Funding For Capital Needs Related To Safety (#13-01-2-01) (\$250,000)”;
- B. the line item styled "Conditional Funding For Capital Needs Related To Reliability of Service (#13-01-2-02) (\$250,000)”; and
- C. the line item styled "Conditional Funding For Capital Needs Related To Cost-Justified Load Growth (#13-01-2-03) (\$250,000)”.

SECTION 6. Constraints And Conditions - Line Item Transfr Exclusions

A. Conditional Spending Reserve

Except as necessitated by Emergency Circumstances as set forth in the “Capital Program Protocols” at Part 1 - Subpart I.3, the following line items in the Conditional Spending Reserve shall be unavailable as a source of spending authority in transfer transactions:

- i. the line item styled "Conditional Funding For Capital Needs Related To Safety (#13-01-2-01) (\$250,000)”; and
- ii. the line item styled "Conditional Funding For Capital Needs Related to Reliability of Service (#13-01-2-02) (\$250,000)”.

B. Discrete Projects

The following line items shall be unavailable as a source of spending authority in transfer transactions:

- i. The line item styled “FY 2016 Reauthorization - Fleet Vehicle Additions (#73-01-1-01) (\$289,000)”;
- ii. The line item styled “FY 2016 Reauthorization - Vehicle Replacements (#73-01-2-03) (\$1,736,000)”;
- iii. The line item styled “FY 2016 Reauthorization - Upgrade Tipping Point (#47-01-2-06) (\$200,000)”; and
- iv. The line item styled “FY 2016 Reauthorization - Automation of CRP Process (#10-01-1-01) (\$274,000)”; and

- v. The line item styled as “LTIP/DSIC (#52-21-2-03) (\$33,000,000).

SECTION 7. Constraints And Conditions - One Year Lifespans

The following line items shall have lifespans no greater than twelve (12) months commencing on September 1, 2017:

- A. The line item styled “FY 2016 Reauthorization - Fleet Vehicle Additions (#73-01-1-01) (\$289,000)”;
- B. The line item styled “FY 2016 Reauthorization - Vehicle Replacements (#73-01-2-03) (\$1,736,000)”;
- C. The line item styled “FY 2016 Reauthorization - Upgrade Tipping Point (#47-01-2-06) (\$200,000)”;
- D. The line item styled “FY 2016 Reauthorization - Automation of CRP Process (#10-01-1-01) (\$274,000)”.

SECTION 8. Exhibits

Exhibits #1 and #2 referenced in this Ordinance and incorporated herein shall be kept on file by the Chief Clerk of City Council and shall be available to the public for inspection, reading or copying at reasonable times.

[Note: Exhibits to this Bill are on file in the Office of the Chief Clerk.]