**File #:** 180458, **Version:** 0

Approving the Fiscal Year 2019 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 2020 through 2024.

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, 2018 a proposed Fiscal Year ("FY") 2019 Capital Budget of one hundred fifty-five million eight hundred fifty-eight thousand dollars ($155,858,000) and a Five Year Forecast of Capital Budgets (FY 2020 - FY 2024); and

WHEREAS, The Gas Commission's review of said Budget proposal in its FY 2019 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 24, 2018 at which the Gas Commission endorsed a proposed FY 2019 Capital Budget in an amount not to exceed one hundred thirty-four million five hundred forty-one thousand dollars ($134,541,000) with related constraints and conditions for said Budget; and

WHEREAS, On May 4, 2018 PGW filed with the Gas Commission a Compliance FY 2019 Capital Budget Proposal of one hundred thirty-four million five hundred forty-one thousand dollars ($134,541,000) including its revised Financing Plan for said Budget, together with its Revised Forecast of Capital Budgets for FY 2020 through FY 2024.

*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") 2019 Capital Budget for the Philadelphia Gas Works ("PGW") in an amount not exceeding one hundred thirty-four million five hundred forty-one thousand dollars ($134,541,000) as reflected in the Compliance FY 2019 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 2020 through FY 2024.

SECTION 2. Spending Authorization
The amounts shown in the approved FY 2019 Capital Budget are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2019 defined as September 1, 2018 through August 31, 2019 in an amount not exceeding one hundred thirty-four million five hundred forty-one thousand dollars ($134,541,000) as reflected in the Compliance FY 2019 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 2019 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 24, 2018 is attached as Exhibit *#2* to this Ordinance and is incorporated herein.

SECTION 4. 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 5. Constraints And Conditions - Line Item Transfer 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 2017 Reauthorization - “Replace P-106 Pump - Richmond (53-02-2 -08) ($544,000)”;

ii. The line item styled “FY 2017 Reauthorization -“DSM Database Enhancements (#10-01-1-01) ($148,000)”;

iii. The line item styled “FY 2017 Reauthorization - “PUC LIURP Reporting Updates (#10-01-1-02) ($41,000)”;

iv. The line item styled “Replace Hazard Detection System - Passyunk (#53-02-2-11) ($2,976,000)”;

v. The line item styled “Replace Customer Information System (#47-01-2-04) ($12,692,000)”; and

vi. The line item styled “Advanced Meter Infrastructure (“AMI”) (#50-34-1-01) ($2,657,000)”.

SECTION 6. Constraints And Conditions - One Year Lifespans

The following line items shall have lifespans no greater than twelve (12) months commencing on September 1, 2018:

i. The line item styled “FY 2017 Reauthorization - “Replace P-106 Pump - Richmond (#53-02-2-08) ($544,000)”;

ii. The line item styled “FY 2017 Reauthorization -“DSM Database Enhancements (#10-01-1-01) ($148,000)”; and

iii. The line item styled “FY 2017 Reauthorization - “PUC LIURP Reporting Updates (#10-01-1-02) ($41,000)”.

SECTION 7. 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.]



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