

Legislation Text

File #: 220511, **Version:** 0

Approving the Fiscal Year 2023 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 2024 through 2028.

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;

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 Philadelphia Gas Commission ("Gas Commission") for their review and for submission of said budget and forecast, together with their recommendations thereon, to Council of the City of Philadelphia ("City Council") for its approval;

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");

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

WHEREAS, PGW filed with the Gas Commission on January 3, 2022, a proposed Fiscal Year ("FY") 2023 Capital Budget of One Hundred Ninety Million Two Hundred Twenty-Eight Thousand Dollars (\$190,228,000) ("FY 2023 Capital Budget" or "Budget") and a Five Year Forecast of Capital Budgets (FY 2024 - FY 2028) ("Forecast");

WHEREAS, the Gas Commission's review of said Budget proposal in its FY 2023 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 26, 2022, at which the Gas Commission endorsed a proposed FY 2023 Capital Budget in an amount not to exceed One Hundred Eighty-Seven Million Three Hundred Fifty-Three Thousand Dollars (\$187,353,000) with related constraints and conditions for said Budget; and

WHEREAS, on April 29, 2022 PGW filed with the Gas Commission a Revised Compliance FY 2023 Capital Budget Proposal of One Hundred Eighty-Seven Million Three Hundred Fifty-Three Thousand Dollars (\$187,353,000) including its revised Financing Plan for said Budget, together with its Revised Forecast of Capital Budgets for FY 2024 through FY 2028; now, therefore,

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 FY 2023 Capital Budget for PGW in an amount not exceeding One Hundred Eighty-Seven Million Three Hundred Fifty-Three Thousand Dollars (\$187,353,000) as reflected in the Revised Compliance FY 2023 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, 4, 5 and 6 of this Ordinance; and
- B. Does hereby acknowledge receipt of PGW's Revised Forecast of Capital Budgets for FY 2024 through FY 2028.

SECTION 2. Spending Authorization

The amounts shown in the approved FY 2023 Capital Budget are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2023, defined as September 1, 2022 through August 31, 2023, in an amount not exceeding One Hundred Eighty-Seven Million Three Hundred Fifty-Three Thousand Dollars (\$187,353,000) as reflected in the Revised Compliance FY 2023 Capital Budget Proposal which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3, 4, 5, and 6 of this Ordinance.

SECTION 3. Constraints and Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2023 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 26, 2022 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 Life Spans

The following line item shall have a life span of thirty-six (36) months:

- A. Replace Expander Plant Cold Box (43-02-2-08).

SECTION 6. FY 2021 Capital Budget Reauthorizations

The following line items originally approved in the FY 2021 Capital Budget are hereby reauthorized at the same funding level originally approved in the FY 2021 Capital Budget:

- A. Mobile Equipment Replacement (73-01-2-02) (\$414,000);

- B. 800 Building Restroom Renovations (72-01-2-10) (\$300,000); and
- C. Isolate Piping in #77 Building Basement (53-02-2-22) (\$60,000).

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.]