

Legislation Text

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Approving the amendment of 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, and acknowledging the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2024 through 2028, as amended, all under certain terms and conditions.

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 next following 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 the Council of the City of Philadelphia (“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 Philadelphia Gas Commission (“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”); and

WHEREAS, the Gas Commission’s review of the Budget 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) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto; and

WHEREAS, on June 27, 2022, the Mayor approved Bill No. 220511, wherein City Council approved the

foregoing FY2023 Compliance Capital Budget; and

WHEREAS, on May 10, 2022, and August 4, 2022, PGW submitted proposed amendments that would increase the FY 2023 Capital Budget by Four Million Two Hundred Thirty-Four Thousand Dollars (\$4,234,000) (“Amendment”) to allow for the reauthorization of certain line items originally included in the FY 2021 Capital Budget and that were to expire on August 31, 2022; and

WHEREAS, the Gas Commission’s review of the proposed Final Amendment culminated in deliberations taken at a public meeting held on October 11, 2022, whereupon the Gas Commission endorsed amendments to the FY 2023 Capital Budget adding Four Million Two Hundred Thirty-Four Thousand Dollars (\$4,234,000), thereby increasing the total Budget to an amount not to exceed One Hundred Ninety-One Million Five Hundred Eighty-Seven Thousand Dollars (\$191,587,000) with related constraints and conditions; and

WHEREAS, on October 14, 2022, PGW filed with the Gas Commission an Amended FY 2023 Compliance Capital Budget of One Hundred Ninety-One Million Five Hundred Eighty-Seven Thousand Dollars (\$191,587,000) (“Amended Compliance Budget”), a revised Financing Plan and a revised Forecast; and

WHEREAS, City Council seeks to provide for evolving capital needs and related expenditures of PGW by incorporating the Gas Commission endorsed amendment to the FY 2023 Capital Budget reflected in Exhibit 1 hereto; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA 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 FY 2023 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding One Hundred Ninety-One Million Five Hundred Eighty-Seven Thousand Dollars (\$191,587,000) as reflected in the Amended FY 2023 Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Section 3-6 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2024 - FY 2028.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended Compliance 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 aggregate amount not to exceed One Hundred Ninety One Million Five Hundred Eighty-Seven

Thousand Dollars (\$191,587,000) as reflected in the Amended FY 2023 Compliance Capital Budget and subject to the provisions of Sections 3-5 of this Ordinance. The Amended Compliance Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Constraints and Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2023 Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 26, 2022. Said Protocols are incorporated herein by reference.

SECTION 4. Constraints and Conditions - Line Item Transfer Exclusions

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

- A. Replace Two Phase Power System-Passyunk (#53-02-2-33) (\$698,000);
- B. Replace Front Office Building Roof-Passyunk (#53-03-2-05) (\$717,000);
- C. Increase Water Line to LNG Control Room-Richmond (#53-03-2-06) (\$30,000); and
- D. Vehicle Replacements (#73-01-2-03) (\$2,789,000).

SECTION 5. Constraints and Conditions - Line Item Lifespan

Spending authority for the following line items shall expire as of August 31, 2023:

- A. Replace Two Phase Power System-Passyunk (#53-02-2-33) (\$698,000);
- B. Replace Front Office Building Roof-Passyunk (#53-03-2-05) (\$717,000);
- C. Increase Water Line to LNG Control Room-Richmond (#53-03-2-06) (\$30,000); and
- D. Vehicle Replacements (#73-01-2-03) (\$2,789,000).

SECTION 6. Constraints and Conditions - Line Item Spending Authorization

The total combined spending for the following line items shall not exceed the spending authorization for each project as approved in the FY 2021 Capital Budget:

- A. Replace Two Phase Power System-Passyunk (#53-02-2-33) (\$698,000);
- B. Replace Front Office Building Roof-Passyunk (#53-03-2-05) (\$717,000);
- C. Increase Water Line to LNG Control Room-Richmond (#53-03-2-06) (\$30,000); and
- D. Vehicle Replacements (#73-01-2-03) (\$2,789,000).

SECTION 7. Exhibit

Exhibit 1 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.]