



Legislation Text

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Approving the amendment of the Fiscal Year 2025 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 the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2026 through 2030, as amended.

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 Philadelphia Gas Commission (“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 Gas Commission on January 2, 2024 a proposed Fiscal Year (“FY”) 2025 Capital Budget of One Hundred Ninety Six Million Three Hundred Forty-Six Thousand Dollars (\$196,346,000) (“FY 2025 Capital Budget” or “Budget”) and a Five Year Forecast of Capital Budgets (FY 2026 - FY 2030) (“Forecast”); and

WHEREAS, the Gas Commission’s review of the Budget in its FY 2025 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 9, 2024 at which the Gas Commission endorsed a proposed FY 2025 Capital Budget in an amount not to exceed One Hundred Ninety Four Million Three Hundred Eighty-Two Thousand Nine Hundred Dollars (\$194,382,900) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto; and

WHEREAS, on June 26, 2024, the Mayor approved Bill No. 240417, wherein City Council approved the foregoing FY2025 Compliance Capital Budget; and

WHEREAS, PGW filed four (4) requests to amend its FY2025 Capital Budget on July 18, 2024, August 20, 2024, December 4, 2024, and February 26, 2025 (hereinafter collectively referred to as “FY 2025 Consolidated Capital Budget Amendment Request”) by a combined total of Ten Million Two Hundred Eight Thousand (\$10,208,000) dollars in additional spending; and

WHEREAS, the Gas Commission’s review of the proposed FY 2025 Consolidated Capital Budget Amendment Request culminated in deliberations taken at four (4) public meetings held on September 17, 2024, November 12, 2024, January 14, 2025, and April 15, 2025 whereupon the Gas Commission endorsed amendments to the FY 2025 Capital Budget adding a total of Ten Million Two Hundred Eight Thousand (\$10,208,000) dollars, thereby increasing the total Budget to an amount not-to-exceed Two Hundred Four Million Five Hundred Ninety Thousand Nine Hundred Dollars (\$204,590,900) with related constraints and conditions; and

WHEREAS, on April 17, 2025, PGW filed with the Gas Commission a final Amended FY 2025 Compliance Capital Budget of Two Hundred Four Million Five Hundred Ninety Thousand Nine Hundred Dollars (\$204,590,900) (“Final 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 amendments to the FY 2025 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 amended FY 2025 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding Two Hundred Four Million Five Hundred Ninety Thousand Nine Hundred Dollars (\$204,590,900) as reflected in the Amended FY 2025 Compliance Capital Budget (“Amended Compliance Budget”) and associated revised Financing Plan, subject to the provisions of Section 4-7 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2026 - FY 2030.

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 2025 defined as September 1, 2024 through August 31, 2025 in an aggregate amount not to exceed Two Hundred Four Million Five Hundred Ninety Thousand Nine Hundred Dollars (\$204,590,900) as reflected in the Amended Compliance Budget and subject to the provisions of Sections 5-8 of this Ordinance. The Amended Compliance Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Amended/Reauthorized Line Items

- A. The following line items from the FY 2023 Capital Budget are hereby amended and reauthorized, with the amended amounts consisting of unspent funds carried over from FY 2023 authorizations and additional approved funds, as detailed below:
 - 1. Split Hazard Detection (#53-02-2-10) \$452,822 (including \$151,000 in additional approved funds); and

2. NOC Data Center (#72-02-1-04) \$389,303 (including \$250,000 in additional approved funds).

B. The following line items from the FY 2023 Capital Budget are hereby reauthorized:

1. Refueling Station NOC (#72-01-2-05) \$2,228,697;
2. Repave 800 Parking Lot (#72-02-2-06) \$439,000;
3. Replace Porter Fueling Station (#72-01-2-08) \$1,413,206;
4. Replace LNG Switchgear (#53-02-2-03) \$3,510,740;
5. Hazard Detection Loop (#53-02-2-04) \$3,455,028
6. Replace Fiber Optic (#53-02-2-12) \$1,480,823;
7. Replace Positioners and Actuators (#53-01-2-04) \$375,980;
8. Load Additions (#52-20-1-02) \$790,000;
9. Main Enforced Major (#52-22-2-02) \$400,000;
10. Customer Metering (#52-23-1-01) \$30,000;
11. Repave Porter Street Lot (#72-01-2-09) \$1,500,000;
12. Mobile Equipment Replacement (#73-01-2-02) \$79,790; and
13. Vehicle Replacement (#73-01-2-03) \$243,306.

C. The following line items from the FY 2024 Capital Budget are hereby amended:

1. H-2 Boil Off Heater (#53-02-2-05) \$2,352,000 (including \$807,000 in additional approved funds);
2. Customer Information System (#47-01-2-04) \$39,451,251 (including \$9,000,000 in additional approved funds); and
3. Natural Gas Distribution Infrastructure Safety and Modernization (#52-21-2-04) \$25,000,000.

D. The following line item from the FY 2024 Capital Budget is hereby reauthorized:

1. South Operations Center SOC (#72-01-2-08) \$24,733,000.

SECTION 4. Constraints and Conditions - Capital Program Protocols

During the lifespan of the line items in the approved Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 9, 2024. Said Protocols are incorporated herein by reference.

SECTION 5. 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, no line item referenced herein shall be available as a source of spending authority in transfer transactions.

The following line item shall be approved on a conditional funding basis subject to the constraints enumerated and approved by the Commission at its April 15, 2025 meeting:

- A. Natural Gas Distribution Infrastructure Safety and Modernization (#52-21-2-04).

SECTION 6. Constraints and Conditions - Line Item Lifespan

- A. Spending authority for the following line items shall expire as of August 31, 2025:

1. Split Hazard Detection (#53-02-2-10);
 2. NOC Data Center (#72-02-1-04);
 3. Refueling Station NOC (#72-01-2-05);
 4. Repave 800 Parking Lot (#72-02-2-06);
 5. Replace Porter Fueling Station (#72-01-2-08)
- ;
6. Replace LNG Switchgear (#53-02-2-03);
 7. Hazard Detection Loop (#53-02-2-04);
 8. Replace Fiber Optic (#53-02-2-12);
 9. Replace Positioners and Actuators (#53-01-2-04)
- ;
10. Load Additions (#52-20-1-02);
 11. Main Enforced Major (#52-22-2-02);
 12. Customer Metering (#52-23-1-01);
 13. Repave Porter Street Lot (#72-01-2-09);
 14. Mobile Equipment Replacement (#73-01-2-02);
 15. Vehicle Replacement (#73-01-2-03); and

16. H-2 Boil Off Heater (#53-02-2-05).

B. Spending authority for the following line items shall expire as of August 31, 2026:

1. South Operations Center SOC (#72-01-2-08); and
2. Customer Information System (#47-01-2-06).

C. Spending authority for the following line item shall expire as of August 31, 2028:

1. Natural Gas Distribution Infrastructure Safety and Modernization (#52-21-2-04).

SECTION 7. Constraints and Conditions - Line Item Spending Authorization

A. The total combined spending for the following line items from the FY 2023 Capital Budget shall not exceed the spending authorization as approved below:

1. Split Hazard Detection (#53-02-2-10) \$452,822; and
2. NOC Data Center (#72-02-1-04) \$389,303.

B. The total combined spending for the following line items from the FY 2023 Capital Budget shall not exceed the spending authorization for each project as approved in the FY 2023 Capital Budget:

1. Refueling Station NOC (#72-01-2-05) \$2,228,697;
2. Repave 800 Parking Lot (#72-02-2-06) \$439,000;
3. Replace Porter Fueling Station (#72-01-2-08) \$1,413,206;
4. Replace LNG Switchgear (#53-02-2-03) \$3,510,740;
5. Hazard Detection Loop (#53-02-2-04) \$3,455,028;
6. Replace Fiber Optic (#53-02-2-12) \$1,480,823;
7. Replace Positioners and Actuators (#53-01-2-04) \$375,980;
8. Load Additions (#52-20-1-02) \$790,000;
9. Main Enforced Major (#52-22-2-02) \$400,000;
10. Customer Metering (#52-23-1-01) \$30,000;
11. Repave Porter Street Lot (#72-01-2-09) \$1,500,000;
12. Mobile Equipment Replacement (#73-01-2-02) \$79,790; and

13. Vehicle Replacement (#73-01-2-03) \$243,306.

C. The total combined spending for the following line item shall not exceed the spending authorization as approved in the FY 2024 Capital Budget plus \$807,000:

1. H-2 Boil Off Heater (#53-02-2-05) \$2,352,000.

D. The total combined spending for the following line item shall not exceed the spending authorization as approved in the FY 2024 Capital Budget plus \$9,000,000:

1. Customer Information System (#47-01-2-04) \$39,451,251.

E. The total combined spending for the following line item shall not exceed the spending authorization as approved in the FY 2024 Capital Budget:

1. South Operations Center SOC (#72-01-2-08) \$24,733,000.

SECTION 8. 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.