BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

VOLUME I

(Part 2 of 3)

RESPONSES TO FILING REQUIREMENTS

ON BEHALF OF

PHILADELPHIA GAS WORKS

PHILADELPHIA GAS WORKS

R-2020-3017206

FEBRUARY 2020

II. RATE OF RETURN

II.A.5. Supply projected capital requirements and sources of Company, Parent and System (consolidated) for each of future three years.

RESPONSE:

Attached are PGW's sources and uses of cash for capital improvement expenditures for Fiscal Years 2020 through 2023.

PHILADELPHIA GAS WORKS
SOURCES & USES OF CASH FOR CAPITAL IMPROVEMENT EXPENDITURES
FISCAL YEARS 2020 THROUGH 2023
(DOLLARS IN THOUSANDS)

	Estimate 2020	Budget 2021	Forecast 2022	Forecast 2023
CAPITAL EXPENDITURES				
SOURCES:				
Bond Proceeds	65,009	78,084	88,177	74,039
TXCP - Capital	-	-	-	-
DSIC Surcharge	33,000	35,000	37,000	37,000
Internally Generated Funds	21,664	41,000	49,300	34,652
Total Sources	119,673	154,084	174,477	145,691
% Internally Generated Funds	45.7%	49.3%	49.5%	49.2%
% Debt Financing	54.3%	50.7%	50.5%	50.8%
USES:				
Gas Processing	4,616	9,025	5,165	7,493
Distribution	84,675	94,517	101,535	103,424
Field Services	12,389	9,030	13,117	13,022
Fleet Services	7,215	12,797	8,144	4,802
Facilities Management	3,067	3,966	28,611	12,476
Information Technology	7,450	24,620	13,215	4,474
Other	261	129	4,690	-
Total Uses	119,673	154,084	174,477	145,691
CAPITAL IMPROVEMENT FUND				
SOURCES:				
Bond Proceeds @ Par Amount	$ 260,000	$ -	$ -	$ -
Other Financings	-	-	-	-
Total Sources	260,000	-	-	-
USES:				
Cash Deposit to Capital Improvement Fund	240,300	-	-	
Discount & Issuance Expense	2,600	-	-	
Cash Deposit to Sinking Fund	17,100	-	-	
Total Uses	260,000	-	-	-
Cash Deposit to Capital Improvement Fund	240,300	-	-	-
Interest - Gains or (Losses)_	1,491	2,465	1,706	837
Drawdown - Proceeds and Interest Earned	(65,009)	(78,084)	(88,177)	(74,039)
Changes in Fund	176,782	(75,619)	(86,471)	(73,202)
Balance End of Period	**$ 245,416**	**$ 169,797**	**$ 83,326**	**$ 10,124**

II. RATE OF RETURN

II.A.6. Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):

II.A.6.a. Date of issue

II.A.6.b. Date of maturity

II.A.6.c. Amount issued

II.A.6.d. Amount outstanding

II.A.6.e. Amount retired

II.A.6.f. Amount reacquired

II.A.6.g. Gain on reacquisition

II.A.6.h. Coupon rate

II.A.6.i. Discount or premium at issuance

II.A.6.j. Issuance expenses

II.A.6.k. Net proceeds

II.A.6.l. Sinking Fund requirements

II.A.6.m. Effective interest rate

II.A.6.n. Dividend rate

II.A.6.o. Effective cost rate

II.A.6.p. Total average weighted effective Cost Rate

RESPONSE:

Please see the attached Fiscal Year 2019, 2020, and 2021 debt schedules for the response to: a, b, c, d, e, h, i, j, k, l, and m.

II.A.6.f.	Not applicable	II.A.6.o.	Not applicable
II.A.6.g.	Not applicable	II.A.6.p.	Not applicable
II.A.6.n.	Not applicable		

PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2019

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	I Premium at Issuance	J Issuance Expenses	K Net Proceeds
1998 Bond Ordinance										
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE		-	374,464.50	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	27,370,000.00	77,630,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	27,225,000.00	22,775,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	40,845,000.00	9,155,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	27,370,000.00	22,630,000.00	VARIABLE	-	-	-	50,000,000.00
Ninth Series (98)	August 26, 2010	2040	150,000,000.00	60,835,000.00	89,165,000.00	2.00%-5.25%	-	(1,419,649.25)	909,819.58	150,509,829.67
Tenth Series (98)	September 28, 2011	2026	72,610,000.00	19,160,000.00	53,450,000.00	3.00%-5.00%	-	(4,638,776.45)	362,053.69	76,886,722.76
Thirteenth Series (98)	August 18, 2015	2034	261,770,000.00	193,690,000.00	68,080,000.00	3.00%-5.00%	-	(32,496,893.55)	1,111,871.60	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	278,105,000.00	34,320,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH Series (98)	August 16, 2017	2047	273,140,000.00	259,880,000.00	13,260,000.00	2.00%-5.00%	-	(42,696,822.50)	1,192,963.77	314,643,858.73
				964,480,000.00						

BOND DEBT	L Sinking Fund Requirements			Total Outstanding Debt	Interest Expense	M Effective Interest Rate
2019	100,551,147.20	FY 2018-19	Revenue Bonds	964,480,000.00	47,006,147.20	4.8737%

PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2020

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	I Premium at Issuance	J Issuance Expenses	K Net Proceeds
1998 Bond Ordinance										
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE		-	374,464.50	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	27,370,000.00	77,630,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	27,225,000.00	22,775,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	40,845,000.00	9,155,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	27,370,000.00	22,630,000.00	VARIABLE	-	-	-	50,000,000.00
Ninth Series (98)	August 26, 2010	2040	150,000,000.00	57,080,000.00	92,920,000.00	2.00%-5.25%	-	(1,419,649.25)	909,819.58	150,509,829.67
Tenth Series (98)	September 28, 2011	2026	72,610,000.00	14,750,000.00	57,860,000.00	3.00%-5.00%	-	(4,638,776.45)	362,053.69	76,886,722.76
Thirteenth Series (98)	August 18, 2015	2034	261,770,000.00	177,970,000.00	83,800,000.00	3.00%-5.00%	-	(32,496,893.55)	1,111,871.60	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	253,565,000.00	58,860,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH Series (98)	August 16, 2017	2047	273,140,000.00	255,435,000.00	17,705,000.00	2.00%-5.00%	-	(42,696,822.50)	1,192,963.77	314,643,858.73
				911,610,000.00						

BOND DEBT	L Sinking Fund Requirements			Total Outstanding Debt	Interest Expense	M Effective Interest Rate
2020	99,033,922.20	FY 2019-20	Revenue Bonds	911,610,000.00	44,438,922.20	4.8748%

PHILADELPHIA GAS WORKS
DEBT SCHEDULE
Fiscal Year 2021

Name of Bond	A Date of Issue	B Date of Maturity	C Amount Issued	D Amount Outstanding	E Amount Retired	H Coupon Rate	I Discount at Issuance	I Premium at Issuance	J Issuance Expenses	K Net Proceeds
1998 Bond Ordinance										
FIFTH SERIES A-2	October 14, 2004	2035	30,000,000.00	30,000,000.00	-	VARIABLE		-	374,464.50	29,625,535.50
EIGHT SERIES B	August 20, 2009	2031	105,000,000.00	27,370,000.00	77,630,000.00	VARIABLE	-	-	665,467.59	104,334,532.41
EIGHT SERIES C	August 20, 2009	2031	50,000,000.00	27,225,000.00	22,775,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES D	August 20, 2009	2031	50,000,000.00	40,845,000.00	9,155,000.00	VARIABLE	-	-	-	50,000,000.00
EIGHT SERIES E	August 20, 2009	2031	50,000,000.00	27,370,000.00	22,630,000.00	VARIABLE	-	-	-	50,000,000.00
Ninth Series (98)	August 26, 2010	2040	150,000,000.00	53,135,000.00	96,865,000.00	2.00%-5.25%	-	(1,419,649.25)	909,819.58	150,509,829.67
Tenth Series (98)	September 28, 2011	2026	72,610,000.00	10,865,000.00	61,745,000.00	3.00%-5.00%	-	(4,638,776.45)	362,053.69	76,886,722.76
Thirteenth Series (98)	August 18, 2015	2034	261,770,000.00	158,340,000.00	103,430,000.00	3.00%-5.00%	-	(32,496,893.55)	1,111,871.60	293,155,021.95
Fourteenth Series (98)	August 30, 2016	2037	312,425,000.00	231,885,000.00	80,540,000.00	2.00%-5.00%	-	(57,188,109.40)	1,154,296.70	368,458,812.70
FIFTEENTH Series (98)	August 16, 2017	2047	273,140,000.00	250,810,000.00	22,330,000.00	2.00%-5.00%	-	(42,696,822.50)	1,192,963.77	314,643,858.73
				857,845,000.00						

BOND DEBT	L Sinking Fund Requirements			Total Outstanding Debt	Interest Expense	M Effective Interest Rate
2021	97,401,372.20	FY 2020-21	Revenue Bonds	857,845,000.00	41,911,372.20	4.8857%

II. RATE OF RETURN

II.A.7. Supply financial data of Company and/or Parent for last five years:

II.A.7.a. Earnings-price ratio (average)

II.A. 7.b. Earnings-book value ratio (per share basis) (avg. book value)

II.A.7.c. Dividend yield (average)

II.A.7.d. Earnings per share (dollars)

II.A.7.e. Dividends per share (dollars)

II.A.7.f. Average book value per share yearly

II.A.7.g. Average yearly market price per share (monthly high-low basis)

II.A.7.h. Pre-tax funded debt interest coverage

II.A.7.i. Post-tax funded debt interest coverage

II.A.7. j. Market price-book value ratio

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.8. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:

II.A.8.a. Actual test year

II.A.8.b. Annualized test year-end

II.A.8.c. Proposed test year-end

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.9. State amount of debt interest utilized for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:

II.A.9.a. Actual test year

II.A.9.b. Annualized test year-end

II.A.9.c. Proposed test year-end

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.10. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state.)

II.A.10.a. State what option has been chosen by the group.

II.A.10.b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.

II.A.10.c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

II.A.10.d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

RESPONSE:

	12 Months Ended August 31, 2019	Five Months Ended January 31, 2020
Philadelphia Gas Works	$1,294,755	$903,355

AFUDC is calculated in accordance with the formula prescribed by the Federal Energy Regulatory Commission.

II. RATE OF RETURN

II.A.12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

RESPONSE:

The following documents are attached:

Attachment 1: General Gas Works Revenue Bond Ordinance of 1998
Attachment 2: Supplemental General Gas Works Revenue Bond Ordinance of 1998
Attachment 3: Commercial Paper Notes Ordinance

City of Philadelphia

(Bill No. 980232)

AN ORDINANCE

Authorizing, generally, the issuance of Gas Works Revenue Bonds of the City of Philadelphia which shall be subordinate to bonds issued under the General Gas Works Revenue Bond Ordinance of 1975, which ordinance is hereby amended to limit issuances of bonds thereunder, prescribing the form of bonds issued hereunder and providing for their execution, transfer, exchange, payment and redemption, prescribing the conditions precedent to the issue of specific series of bonds, including supplemental authorizing ordinances, pledging certain revenues of the Gas Works as security, adopting a rate covenant, and directing the Gas Commission to impose rates sufficient to comply therewith, designating a fiscal agent and sinking fund depositary, establishing a Sinking Fund, including a Sinking Fund Reserve, and providing for its management, providing remedies upon default, and providing for amendments and modifications.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1.

ARTICLE I

City of Philadelphia

Bill No. 980232 Certified Copy

AUTHORIZATION, SCOPE AND PURPOSE
SHORT TITLE

This Ordinance is enacted pursuant to the provisions of The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. 15901 et seq.), as amended, for the purpose of authorizing the issuance from time to time of revenue bonds of the City to be secured by a pledge of certain revenues of the Gas Works as security, in such principal amounts as shall from time to time be authorized by further ordinances of the Council of the City as more particularly hereinafter set forth. This Ordinance shall be known as the General Gas Works Revenue Bond Ordinance of 1998.

ARTICLE II

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 2.01. **Definitions.** For all purposes of this Ordinance and any ordinance supplemental hereto, except as otherwise expressly provided or unless the context otherwise requires:

Accreted Value means, with respect to any Capital Appreciation Bond, as of any specified date, the Original Value of such Bond, plus interest accreted on such Bond to such date, all as may be provided in an applicable Supplemental Ordinance.

Act means The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. 15901 to 15224), as from time to time amended. The words and phrases which are defined in the Act shall have such defined meanings when used in this Ordinance.

City of Philadelphia

Bond or Bonds means any Gas Works revenue bond or note of the City issued and outstanding pursuant to the Act under this Ordinance and any Supplemental Ordinance.

Bond Counsel means any firm of nationally recognized bond counsel acceptable to the City.

Bondholder or Holder means the registered owner of any Bond.

Bond Register means the list of the names and addresses of Bondholders and the principal amounts and numbers of the Bonds held by them maintained by the Fiscal Agent on behalf of the City.

Bond Year for any Series of Bonds means each one-year period (or shorter period from the date of issue) that ends at the close of business on the date in the calendar year that is selected by the City as permitted under the Code. If no day is selected by the City before the earlier of the final maturity date of the Series of Bonds or the date that is five (5) years after the issue date, the Bond Year with respect to such Series of Bonds shall end on each anniversary of the issue date and on the final maturity date.

Business Day means a day other than a Saturday, Sunday or holiday on which the Fiscal Agent is authorized or required to be closed under applicable state or federal law.

Capital Appreciation Bonds means any Bonds issued hereunder which do not pay interest until maturity or until a specified date prior to maturity, but whose Original Value accretes periodically to the amount due on the maturity date.

City means The City of Philadelphia, Pennsylvania.

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City Charges means the proportionate charges, if any, for services performed for the Gas Works by all officers, departments, boards or commissions of the City which are contained in the computation of operating expenses of the Gas Works, including, without limitation, the expenses of the Gas Commission, and also means the base payments to the City contained in the Management Agreement and all other payments made to the City from Gas Works Revenues.

City Controller means the head of the City's auditing department as provided by the Philadelphia Home Rule Charter.

City Solicitor means the head of the City's law department as provided by the Philadelphia Home Rule Charter.

Code means the Internal Revenue Code of 1986, as amended, or any successor legislation, and the regulations and published rulings promulgated thereunder or applicable thereto.

Credit Facility means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement) that is provided by a commercial bank, insurance company or other institution, with a current long term rating (or whose obligations thereunder are guaranteed by a financial institution with a long term rating) from Moody's and S&P not lower than "A."

Credit Facility Issuer or issuer of a Credit Facility means each issuer of a Credit Facility then in effect, and its successors. References herein to the Credit Facility Issuer shall be read to mean the issuer of the Credit Facility applicable to a particular Series of Bonds or each issuer of a Credit Facility, as

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the context requires.

Debt Service Requirements means, for a specified period, the sum of (i) the principal of (whether at maturity or pursuant to mandatory redemption) and interest (other than capitalized interest) on Outstanding Bonds payable during the period and (ii) all net amounts due and payable by the City under Qualified Swaps and Exchange Agreements during the period. For purposes of estimating Debt Service Requirements for any future period, (i) any Option Bond outstanding during such period shall be assumed to mature on the stated maturity date thereof, except that the principal amount of any Option Bond tendered for payment and cancellation before its stated maturity date shall be deemed to accrue on the date required for payment pursuant to such tender; (ii) Debt Service Requirements on Bonds for which the City has entered into a Qualified Swap or an Exchange Agreement shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed or variable rate payable by the City on the Qualified Swap or Exchange Agreement or, if applicable and if greater than such stated rate, the applicable rate for any Bonds issued in connection with the Qualified Swap or Exchange Agreement adjusted, in the case of variable rate obligations, as provided in Section 4.03(b); and (iii) Debt Service Requirements with respect to Variable Rate Bonds shall be subject to adjustments as permitted by Section 4.03(b).

Director of Finance means the chief financial, accounting and budget officer of the City as established by the Philadelphia Home Rule Charter, including a person acting as Director of Finance under applicable law.

Exchange Agreement means, with respect to a Series of Bonds, or any portion thereof to the extent from time to time permitted by applicable law, any interest exchange agreement,

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interest rate swap agreement, currency swap agreement or other contract or agreement, other than a Qualified Swap, authorized, recognized and approved by a Supplemental Ordinance as an Exchange Agreement and providing for payments to and from an entity whose senior long term debt obligations, other senior unsecured long term obligations, or claims paying ability or whose obligations under an Exchange Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated not less than A3 by Moody's, A- by S&P or A- by Fitch, or the equivalent thereof by any successor thereto as of the date the Exchange Agreement is entered into, which payments are calculated by reference to fixed or variable rates and constituting a financial accommodation between the City and the counterparty.

Fiscal Agent means any bank, bank and trust company or trust company named as such in Section 6.02 or its successor.

Fiscal Year means the fiscal year of the Gas Works.

Fitch means Fitch IBCA, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of Fitch are specified in this Ordinance, such categories shall be irrespective of gradations within a category.

Gas Commission means the Gas Commission provided for by the Philadelphia Home Rule Charter as presently constituted or hereafter reconstituted in accordance with law.

City of Philadelphia

Gas Works means all property, real and personal, owned by the City and used in the acquisition or manufacture, storage and distribution of natural, liquefied, synthetic or manufactured gas or in the maintenance, management or administration thereof and all activities ancillary and related thereto, and also means, as the context may require, the business entity managed by the Manager.

Gas Works Revenues means all operating and nonoperating revenues of the Gas Works derived from its activities and assets involved in the supply, manufacture, storage and distribution of gas, including all rents, rates and charges imposed or charged by the City upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom and all other income derived by the City from the Gas Works. Revenues derived from activities unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto shall not be included in Gas Works Revenues, provided that the Gas Works receives fair payment for the use of gas related assets and personnel of the Gas Works used in such activities, which payments shall be included in Gas Works Revenues. In particular, Gas Works Revenue shall not include revenue from enterprises or functions not related to gas activities (e.g., activities involving the supply, generation or distribution of electricity). Gas Works Revenues shall not include those portions of the Gas Works' rents, rates and charges which are securitized and sold pursuant to Section 4.03(b). Gas Works Revenues may be divided into separate components in one or more Supplemental Ordinances and any Series of Bonds issued thereafter may be limited as to source of payment to one or more of such components as provided in the Supplemental Ordinance authorizing the particular Series of Bonds.

Government Obligations means any of the following which

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are noncallable and which at the time of investment are legal investments under the Act for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; or

(c) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "FIRRE Act"), (i) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are

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issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (ii) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act.

Independent means a person who is not a salaried employee or elected or appointed official of the City; provided, however, that the fact that such person is retained regularly by or transacts business with the City shall not make such person an employee within the meaning of this definition.

Interim Debt means any bond anticipation notes or other temporary borrowing which the City anticipates permanently financing with Bonds or other long term indebtedness under this Ordinance or otherwise.

Management Agreement means the Agreement dated December 29, 1972 between the City and the Manager for the management and operation of the Gas Works, as presently or hereafter amended, or any successor agreement which may be entered into by the City pertaining to the management of the Gas Works.

Manager means Philadelphia Facilities Management Corporation, currently managing the Gas Works pursuant to the Management Agreement, or its successor or such other person, corporation, board, commission or department of the City which may be designated by the City to manage the Gas Works.

Mayor means the Mayor of the City.

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State

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of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of Moody's are specified in this Ordinance, such categories shall be irrespective of gradations.

Net Operating Expenses means Operating Expenses exclusive of City Charges.

1975 Ordinance means the General Gas Works Revenue Bond Ordinance of 1975, as amended.

Office of the Fiscal Agent means the corporate trust office of the Fiscal Agent designated by the Fiscal Agent.

Operating Expenses means all costs and expenses of the Gas Works necessary and appropriate to operate and maintain the Gas Works in good operable condition during each Fiscal Year, and shall include, without limitation, the Manager's fee, salaries and wages, purchases of service by contract, costs of materials, supplies and expendable equipment, maintenance costs, costs of any property or the replacement thereof or for any work or project, related to the Gas Works, which does not have a probable useful life of at least five years, pension and welfare plan and workmen's compensation requirements, provision for claims, refunds and uncollectible receivables and for City Charges, all in accordance with generally accepted municipal accounting principles consistently applied, but shall exclude depreciation and interest and sinking fund charges. Operating Expenses shall not include Unrelated Expenses.

Option Bond means any Bond which by its terms may be tendered by and at the option of the Holder thereof for payment

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by the City prior to its stated maturity date or the maturity date of which may be extended by and at the option of the Holder thereof.

Ordinance means this Ordinance, as from time to time amended.

Original Value, with respect to a Series of Bonds issued as Capital Appreciation Bonds, means the principal amount paid by the initial purchasers thereof on the date of original issuance.

Outstanding, when used with reference to the Bonds, means, as of any particular date, all Bonds which have been authenticated and delivered under this Ordinance, except:

(a) Bonds canceled after purchase in the open market or because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which sufficient moneys shall have been theretofore deposited with the Fiscal Agent (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 5.02 or arrangements satisfactory to the Fiscal Agent shall have been made therefor, or waiver of such notice satisfactory in form to the Fiscal Agent shall have been filed with the Fiscal Agent; and

(c) Bonds in lieu of which or in substitution for which others have been authenticated and delivered under Section 3.04.

Bonds paid with the proceeds of any Credit Facility shall be

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Outstanding until the issuer of such Credit Facility has been reimbursed for the amount of the payment or has presented the Bonds for cancellation.

Philadelphia Home Rule Charter means the Philadelphia Home Rule Charter, as amended or superseded by any new home rule charter, adopted pursuant to authorization of the First Class City Home Rule Act approved April 21, 1949, P.L. 665, sec. 1 et seq. (53 P.S. 13101 et seq.).

Prior Obligations means the obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of this Ordinance.

Qualified Escrow Securities means funds which are represented by (i) demand deposits, interest-bearing time accounts, savings deposits or certificates of deposit, but only to the extent such deposits or accounts are fully insured by the Federal Deposit Insurance Corporation or any successor United States governmental agency, or to the extent not insured, fully secured and collateralized by Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such deposits or accounts, (ii) if at the time permitted under the Act, obligations of any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision for which cash, Government Obligations or a combination thereof have been irrevocably pledged to or deposited in a segregated escrow account for the payment when due of principal or redemption price of and interest on such obligations, and any such cash or Government Obligations pledged and deposited are payable as to principal or interest in such amounts and on such dates as may be necessary without reinvestment to provide for the payment when due of the principal or redemption price of and interest on such obligations, and such obligations are rated by

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any Rating Agency in the highest rating category assigned by such Rating Agency to obligations of the same type, or (iii) noncallable Government Obligations. In each case such funds (i) are subject to withdrawal, mature or are payable at the option of the holder at or prior to the dates needed for disbursement, provided such deposits or accounts, whether deposited by the City or by such depository, are insured or secured as public deposits with securities having at all times a market value exclusive of accrued interest equal to the principal amount thereof, (ii) are irrevocably pledged for the payment of such obligations and (iii) are sufficient, together with the interest to the disbursement date payable with respect thereto, if also pledged, to meet such obligations in full.

Qualified Swap or Swap Agreement means, with respect to a Series of Bonds or any portion thereof, any financial arrangement that (i) is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) provides that (a) the City shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Outstanding Bonds of such Series or portion thereof, and that such entity shall pay to the City an amount based on the interest accruing on a principal amount initially equal to the same principal amount of such Bonds, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement or (b) the City shall pay to such entity an amount based on the interest accruing on the principal amount of the Outstanding Bonds of such Series or portion thereof at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the City an amount based on interest accruing on a principal amount equal to the same principal amount of such Bonds at a

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variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Fiscal Agent by the City as a Qualified Swap with respect to such Bonds.

Qualified Swap Provider means, with respect to a Series of Bonds, an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated (at the time the subject Qualified Swap is entered into) at least as high as Aa by Moody's and AA by S&P, or the equivalent thereof by any successor thereto.

Rate Covenant means the rate covenant contained in subsection (b) of Section 4.03.

Rating Agency means Moody's, S&P or Fitch, to the extent that any of such rating services have issued a credit rating on any of the Outstanding Bonds or, upon discontinuance of any of such rating services, such other nationally recognized rating service or services if any such rating service has issued a credit rating on any of the Outstanding Bonds.

Rebate Amount means the amount with respect to a Series of Bonds which is required to be paid to the United States of America, as of any computation date, in compliance with the restrictions imposed by Section 148(f) of the Code.

S & P means Standard & Poor's Ratings Services, a corporation organized and existing under the laws of the State

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of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City. Whenever rating categories of S&P are specified in this Ordinance, such categories shall be irrespective of gradations within a category.

Senior Bonds means Bonds which shall be first in right of payment and as to which the coverage requirement under the Rate Covenant shall be 150%.

Series, when applied to Bonds, means collectively all of the Bonds of a given issue authorized by Supplemental Ordinance as provided in Article IV hereof and may also mean, if appropriate, a subseries of any such issue if, for any reason, the City should determine to divide any such issue into one or more subseries of Bonds.

Sinking Fund means the 1998 Ordinance Gas Works Revenue Bond Sinking Fund established by Section 6.01.

Sinking Fund Depositary means the Fiscal Agent or any other bank, bank and trust company or trust company appointed as such by the City.

Sinking Fund Reserve means the Sinking Fund Reserve established by Section 6.04.

Sinking Fund Reserve Requirement means, with respect to all Bonds secured by the Sinking Fund Reserve, an amount equal to the greatest amount of Debt Service Requirements payable in any Fiscal Year (except that such Debt Service Requirements will be computed as if any Qualified Swap did not exist and the Debt Service Requirements attributable to any

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Variable Rate Bonds may be based upon the fixed rate of interest as set forth in the Supplemental Ordinance for such Bonds), determined as of any particular date.

Subordinate Bonds means those Bonds which shall be subordinate in right of payment to Senior Bonds and as to which the coverage requirement under the Rate Covenant shall be 100%.

Supplemental Ordinance means an ordinance supplemental hereto enacted pursuant to the Act and this Ordinance by the Council of the City authorizing the issuance of a Series of Bonds.

Uncertificated Bond means any Bond which is fully registered as a to principal and interest and which is not represented by an instrument.

Unrelated Expenses means expenses unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto.

Variable Rate Bond means any Bond, the rate of interest on which is subject to change prior to maturity and cannot be determined in advance of such change.

SECTION 2.02. **Interpretation.** All references in this Ordinance to articles, sections and other sub-divisions are to the designated articles, sections or other sub-divisions of this Ordinance as from time to time amended. The words "herein," "hereof," "hereby" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular article, section or other subdivision.

SECTION 2.03. **Descriptive Headings.** The descriptive

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headings of the several articles and sections of this Ordinance are inserted for convenience only and shall not control or affect the meaning or construction of any of its provisions.

SECTION 2.04. **Severability.** In case any one or more of the provisions contained in this Ordinance or in any Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Ordinance or of said Bonds, and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

ARTICLE III

CONCERNING THE BONDS

SECTION 3.01. **Forms Generally.** All Bonds shall be in substantially the form set forth in this Article III, with such appropriate insertions, omissions, substitutions and other variations, including, without limitation, provisions for optional and mandatory redemption, variable interest rates, capital appreciation, book entry and coupon form, as are required or permitted by this Ordinance or any Supplemental Ordinance, and may be designated as of such Series by date, number, letter or otherwise and may also have such individual letters, identifying numbers or other marks, legends or endorsements placed thereon, as may, consistently with this Ordinance and the Act, be determined by a Supplemental Ordinance or by the Director of Finance. The Supplemental Ordinance or the Director of Finance shall also determine whether or not a Series of Bonds is to be issued in a manner whereby interest thereon

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will be excluded from gross income for Federal income tax purposes and whether or not a Series of Bonds is to be secured by the Sinking Fund Reserve. The Bonds may also have printed thereon or on the reverse thereof the text of an approving legal opinion with respect thereto and an appropriate certificate as to its correspondence with an executed counterpart may be included on the face or on the reverse of the Bonds. A statement of bond insurance applicable to any Bonds may also be printed on such Bonds. Any portion of the text of any Bond may be set forth on the reverse thereof with an appropriate reference on the face of the Bond.

SECTION 3.02. **Form of Fully Registered Bond.** Bonds shall be substantially in the following form, subject to modification as provided in Section 3.01:

(Form of Fully Registered Bond)

No. R- $

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

CITY OF PHILADELPHIA GAS WORKS REVENUE BOND
(1998 General Ordinance) Series of

Interest Rate	Maturity Date	Dated Date	CUSIP

REGISTERED OWNER:

City of Philadelphia

Bill No. 980232 Certified Copy

PRINCIPAL AMOUNT: DOLLARS

The City of Philadelphia, Pennsylvania (the "City"), for value received, hereby promises to pay, but only out of Pledged Amounts (as hereinafter defined), to the Registered Owner identified above or registered assigns (the "Holder"), on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above and to pay (but only out of the Pledged Amounts) interest on said Principal Amount at the annual rate specified above, from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid, from , on and in each year (each an "Interest Payment Date"), commencing , until payment of the principal sum shall have been made or provided for.

The principal of this Bond, upon maturity or redemption, is payable at the Principal Office of , or its successor, as Fiscal Agent (the "Fiscal Agent"). Interest on this Bond will be paid by the Fiscal Agent on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City (the "Bond Register") maintained by the Fiscal Agent and at the address appearing thereon on the [last] [fifteenth] day of the month preceding such Interest Payment Date (the "Record Date") or in lieu thereof, if so requested in a written notice provided to the Fiscal Agent not less than ten (10) days prior to the relevant Interest Payment Date by a Bondholder of $1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Record Date and shall be

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payable to the person who is the registered owner hereof at the close of business on the fifteenth (15th) day prior to the date set for the payment of such defaulted interest (the "Special Payment Date"). Such Special Payment Date shall be fixed by the Fiscal Agent in accordance with Section 2.03 of the Ordinance (as hereinafter defined). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Interest on this Bond shall be paid on each Interest Payment Date and shall be computed on the basis of a year of 360 days consisting of twelve 30-day months and the actual number of days elapsed.

This Bond is fully registered in the name of the owner on the Bond Register kept for that purpose at the Office of the Fiscal Agent. No transfer shall be valid as against the City or the Fiscal Agent unless made by the registered owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Bond Register and hereon. Upon any such transfer or exchange, the City and the Fiscal Agent shall execute and deliver to or upon the order of the registered owner, a new registered Bond or Bonds, in authorized denominations aggregating the principal amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this Bond and registered in such names as shall be requested.

The City and the Fiscal Agent may treat the person in whose name this Bond is registered as the absolute owner of this Bond for all purposes whether or not this Bond shall be overdue, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. All payments of the principal, interest or redemption price made to the registered owner hereof in the manner set forth herein and in the Ordinance (as hereinafter defined) shall be valid and effectual to satisfy and discharge the

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liability upon this Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such registered owner pursuant to the provisions of the Ordinance shall be conclusive and binding upon such registered owner, such owner's heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any Bond issued in exchange therefor.

This Bond is one of a duly authorized issue of bonds of the City designated as its Gas Works Revenue Bonds (1998 General Ordinance) of the Series designated hereon (the "Bonds"), limited in aggregate principal amount to $ issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, as amended, 53 P.S. 15901 et seq.) (the "Act") under the General Gas Works Revenue Bond Ordinance of 1998 (the "Ordinance") and the supplemental ordinance dated (the "Supplemental Ordinance"). (Terms used herein, unless defined herein, shall have the meanings given in the Ordinance or the Supplemental Ordinance.) The Bonds, together with all previous bonds of the City, if any, issued under the Ordinance and under previous supplemental ordinances and together with all bonds of the City hereafter issued under the Ordinance and all subsequent supplemental ordinances, are and will be secured under the Ordinance by a pledge of all the rents, rates and charges imposed or charged by the City for the use of or services rendered by the Gas Works of the City and of certain other moneys derived from the Gas Works and from the investment of such revenue (the "Gas Works Revenues") and amounts held in the Sinking Fund Reserve established under the Ordinance (collectively, the "Pledged Amounts"). This Bond is a [Senior] [Subordinate] Bond and is [prior] [subordinate] in right of payment to other bonds issued under the Ordinance except other [Senior]

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[Subordinate] Bonds, as to which it is equally and ratably secured. The Ordinance requires Gas Works Revenues to be applied in order of priority to (1) Net Operating Expenses then payable, (2) debt service on bonds issued under the General Gas Works Revenue Bond Ordinance of 1975, as amended, and amounts required to be paid into the sinking fund reserve thereunder, (3) debt service on Senior Bonds, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Senior Bonds and payments due in respect of obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of the Ordinance, (4) payments due to issuers of Credit Facilities related to Senior Bonds, (5) debt service on Subordinate Bonds and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds (including notes issued under the City's General Inventory and Receivables Gas Works Revenue Note Ordinance of 1993, or any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds, (7) required payments of the Rebate Amount to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve, (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses.

The City covenants, so long as this Bond shall remain outstanding, to make payments of interest on the indebtedness represented by this Bond, out of the Sinking Fund, in the semi-

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annual amount shown hereon on each interest payment date of this Bond, or, as the case may be, the proportionate part thereof from the date hereof to the next interest payment date, and to pay, upon surrender hereof, from the Sinking Fund on the maturity date hereof or, if this Bond shall be selected for mandatory or optional redemption, then on the applicable redemption date, the principal amount hereof with the applicable premium, if any, plus, in the case of redemption, all interest accrued to the redemption date.

Reference is hereby made to the Ordinance for a statement of the terms and conditions under which previous bonds, if any, have been issued, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under the Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the Ordinance may be amended or modified, and the rights of the holders or registered owners of the Bonds with respect to such security. The City hereby represents to and covenants with the registered owner of this Bond that, except for bonds issued under the General Gas Works Revenue Bond Ordinance of 1975 (which has been closed to future bond issuances other than refunding bonds and bonds issued upon exchanges, transfers or replacements), and in the case of Subordinate Bonds, outstanding and future Senior Bonds, (i) no Gas Works revenue bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to payment therefrom and (ii) all Gas Works revenue bonds which have been or will be equally and ratably secured by such pledged revenues have and will be issued in accordance with the provisions of the Ordinance. However, nothing herein contained shall be construed to prevent the City from financing

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Gas Works projects by the issuance of its general obligation bonds or by the issuance of Gas Works revenue bonds under other authorization for the payment of which project revenues of the Gas Works may be pledged subject and subordinate in each fiscal year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such fiscal year under the Ordinance in respect of Gas Works revenue bonds issued and outstanding thereunder.

[Insert redemption provisions.]

Notice of Redemption

When the City shall determine to redeem Bonds, upon prior written notice to the Fiscal Agent of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Fiscal Agent shall be required to redeem Bonds from moneys in the Sinking Fund, without action on the part of the City, the Fiscal Agent, at the City's expense, shall cause a notice of redemption to be mailed to the Bondholders. Such notice shall, among other things, state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the Office of the Fiscal Agent, and that from and after such date interest thereon shall cease to accrue; provided, however, that the Holders of any Bonds to be redeemed may file written waivers of notice with the Fiscal Agent, and if so waived, such Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Fiscal Agent, such notice shall be conditioned upon the deposit of moneys with the Fiscal Agent on or before the date fixed for redemption and such

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notice shall be of no effect unless such moneys are so deposited.

The notice to Bondholders shall be deposited by the Fiscal Agent in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing upon the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholder. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

No covenant or agreement contained in this Bond or in the Ordinance shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the City in his individual capacity, and any official executing this Bond nor any such officer, agent or employee shall be liable personally on this Bond or under the Ordinance or the Supplemental Ordinance or be subject to any personal liability or accountability by reason of the issuance or sale of this Bond, all such liability of such members, officers, agents and employees being released as a condition of and as consideration for the adoption of the Ordinance and the Supplemental Ordinance and the issuance of this Bond.

THIS BOND IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THIS BOND, NOR SHALL THIS BOND BE DEEMED TO BE A GENERAL OBLIGATION OF THE CITY.

City of Philadelphia

Bill No. 980232 Certified Copy

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the Ordinance precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance and delivery of this Bond have been duly authorized by ordinance of the City duly adopted.

IN WITNESS WHEREOF, The City of Philadelphia, Pennsylvania has caused this Bond to be properly executed by its Fiscal Agent, by two duly authorized officers thereof, and the facsimile of the seal of the City of Philadelphia to be imprinted hereon, and to be duly countersigned and attested by a facsimile signature of the City Controller, as of

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:_____
Fiscal Agent

Countersigned and Attested by (Facsimile Signature)

By:_____
Authorized Officer

City Controller

By:_____
Authorized Officer

SECTION 3.03. **General Form, Content and Payment of Bonds.** The Bonds shall be generally designated as Gas Works Revenue Bonds (1998 General Ordinance) of the City and shall be issued in such Series and within such Series in such subseries as the City may from time to time determine. The aggregate principal amount of Bonds which may be issued,

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authenticated and delivered under this Ordinance is unlimited, but prior to issuance of each Series of Bonds, the City shall adopt a Supplemental Ordinance authorizing such Series.

The Bonds of each Series shall be issued in such aggregate principal amount, shall be dated on or as of such date or dates, shall be in such denominations, shall mature or be subject to mandatory redemption in such principal amounts and on such dates, shall bear interest from such date or dates and at such rate or rates (including, without limitation, variable, adjustable and convertible rates), shall be subject to optional redemption at such times and upon such terms, shall be designated as Senior Bonds or Subordinate Bonds (and within such categories may be designated as subordinate to other Bonds in such category and may be limited as to source of payment to one or more specific components of Gas Works Revenues), and shall contain such other terms and conditions not inconsistent with this Ordinance or the Act, all as shall be determined by the City and set forth in the Supplemental Ordinance under which such Bonds are issued, or as shall be determined by a designated officer or officers of the City thereunto authorized by the Supplemental Ordinance or, in the absence of such provisions or designation, as shall be determined by the Director of Finance as specified in Section 4.05.

If permitted by applicable law, any Series of Bonds may be issued as Uncertificated Bonds and the foregoing provisions specifying the form of Bonds shall be inapplicable to such Series of Bonds.

A Series of Bonds may be secured by a Credit Facility meeting the requirements of this Ordinance and the applicable Supplemental Ordinance. In connection with the issuance of its Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the City also may enter into Qualified

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Swaps or Exchange Agreements if a majority of the Mayor, the City Controller and the City Solicitor determines that such Qualified Swap or Exchange Agreement will assist the City in more effectively managing its interest costs or its interest rate exposure. The City's payment obligation under any Qualified Swap or Exchange Agreement shall be made only from Gas Works Revenues. Unless otherwise acknowledged by each Rating Agency by virtue of its confirmation of the existing credit ratings on the City's Outstanding Bonds, the City will not enter into any Qualified Swap or Exchange Agreement unless it gives at least fifteen (15) days advance notice of its intention to do so to each of the Rating Agencies, which notice shall specify the identify of the Qualified Swap Provider or Exchange Agreement counterparty, as the case may be.

The principal of, premium, if any, and interest on Bonds issued hereunder shall be payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts; provided that, if applicable law permits, the principal or redemption price of and the interest on a Series of Bonds may be payable in such foreign currency as may be specified in the Supplemental Ordinance authorizing such Series of Bonds. Principal of and premium, if any, on Bonds shall be payable at the Office of the Fiscal Agent, upon presentation and surrender of the Bonds as the same shall become due and payable. Interest on the Bonds shall be paid by the Fiscal Agent on each interest payment date by check or draft mailed to the person in whose name a Bond is registered on the registration books maintained by the Fiscal Agent (as hereinafter provided) at the close of business on the associated record date, and at the address appearing on such registration books or in lieu thereof, if so requested in a written notice provided to the Fiscal Agent not less than ten (10) days prior to the relevant interest payment date by a Bondholder of $1,000,000 or more in aggregate principal amount of Bonds, by

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wire transfer to an account in a bank located in the United States designated by such Bondholder. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof as of the associated record date, and shall be payable to the person who is the registered owner thereof (or of one or more predecessor bonds) at the close of business on the special record date preceding the special payment date set by the Fiscal Agent whenever moneys become available for payment of such interest. Notice of such special payment date shall be given by the Fiscal Agent to registered owners as of the special record date not less than ten (10) days prior to the special payment date. All Bonds shall provide that principal or redemption price and interest in respect thereof shall be payable only out of Gas Works Revenues, moneys in the Sinking Fund Reserve and proceeds of any applicable letter of credit, bond insurance policy or other Credit Facility then in effect.

Each Bond executed and delivered upon any transfer, exchange or substitution, shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by the Bond or Bonds surrendered upon such transfer or exchange, or, as the case may be, the part thereof represented by such new Bond, and, notwithstanding anything to the contrary contained in this Ordinance, such new Bond shall be so dated that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

The foregoing provisions of this Section 3.03, any other provision in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the principal of and interest on all Bonds issued hereunder and the premium, if any, payable on redemption thereof, shall be payable only from the rentals, revenues and moneys of the City pledged for the payment thereof pursuant to this Ordinance and not otherwise.

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SECTION 3.04. **Registration, Transfer and Exchange of Bonds; Persons Treated as Bondholders.** The Fiscal Agent shall maintain and keep on behalf of the City, at its Principal Office, the Bond Register, which shall, at all reasonable times, be open for inspection by the City; and, upon presentation for such purpose of any Bond entitled to registration or registration of exchange or transfer at the Office of the Fiscal Agent, the Fiscal Agent shall register or register the exchange or transfer of such Bond in the Bond Register, under the provisions hereof and such reasonable regulations as the City and the Fiscal Agent may prescribe. The Fiscal Agent shall make all necessary provisions to permit the exchange or transfer of Bonds at its Principal Office.

The transfer of any Bond shall be registered in the Bond Register at the written request of the Bondholder thereof or his attorney duly authorized in writing, upon surrender and cancellation thereof at the Office of the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the Bondholder or his duly authorized attorney. Upon the registration of transfer of any such Bond or Bonds, the City shall issue in the name of the transferee, in authorized denominations, a new fully registered Bond or Bonds in the same aggregate principal amount and of like tenor as the surrendered Bond or Bonds.

The Bonds, upon surrender thereof at the Office of the Fiscal Agent, may, at the option of the Bondholder thereof or his attorney duly authorized in writing, be exchanged for an equal aggregate principal amount of any authorized denominations of Bonds of the same Series and maturity and having the same interest rate as the surrendered Bonds.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the

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Fiscal Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. For every such exchange or transfer of Bonds, whether temporary or definitive, the City or the Fiscal Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Fiscal Agent shall not be required to make any exchange or transfer of any Bonds during the period of fifteen Business Days next preceding any interest payment date for such Bonds or during the period of twenty Business Days next preceding the first mailing of any notice of redemption of such Bonds or to make any exchange or transfer of any Bonds called for redemption.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of surrendered Bonds shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, and shall be secured by this Ordinance to the same extent as such surrendered Bonds.

The City and the Fiscal Agent may deem and treat the Bondholder of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Any consent, waiver or other action taken by the Holder of any Bond pursuant to the provisions of this

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Ordinance shall be conclusive and binding upon such Holder, such Holder's heirs, successors or assigns and upon all transferees of such Bond, whether or not notation thereof is made on such Bond or any Bond issued in exchange therefor.

SECTION 3.05. **Bonds are Negotiable Instruments.** The Bonds shall have the qualities of negotiable instruments under the law merchant and the laws pertaining to negotiable instruments of the Commonwealth of Pennsylvania, subject to the provisions for registration and transfer contained in Section 3.04 and in the Bonds.

SECTION 3.06. **Temporary Bonds.** Until Bonds in definitive form are ready for delivery, the City and the Fiscal Agent may execute and deliver to the purchasers thereof, subject to the provisions, limitations and conditions set forth above, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Ordinance, including the right to transfer and exchange any Bond in temporary form for other Bonds in temporary form. Upon the presentation and surrender of any Bond or Bonds in temporary form, the City and the Fiscal Agent shall, without unreasonable delay, prepare, execute and deliver to the Holder or Holders thereof, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made without making any charge therefor to the Holders of such Bonds in temporary form.

SECTION 3.07. **Execution of Bonds.** The Bonds shall be executed on behalf of the City by the Fiscal Agent by the manual signatures of two of its duly authorized officers, under

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the seal of the City which shall be either affixed or reproduced thereon in facsimile and shall be countersigned and attested by the manual or facsimile signature of the City Controller, all in accordance with the Act of March 24, 1949, P. L. 312, or in such other manner as shall be authorized by law and prescribed by Supplemental Ordinance. Any such Bonds may be executed, issued and delivered notwithstanding that one or more of the officers signing such Bonds or whose facsimile signature shall be upon such Bonds, shall have ceased to be such officer or officers at the time when such Bonds shall actually be delivered, and although at the nominal date of such Bonds any such person shall not have been such officer.

SECTION 3.08. **Mutilated, Destroyed, Lost or Stolen Bonds.** Upon receipt by the Fiscal Agent and the City of evidence satisfactory to both of them that any Outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, the City and the Fiscal Agent shall execute and deliver a new Bond of the same Series, maturity date, principal amount and interest rate in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, lost or stolen.

The City may, for each new Bond authenticated and delivered under the provisions of this Section 3.08, require the payment of the expenses, including counsel fees, which may be incurred by the City and the Fiscal Agent in connection therewith. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion, may, instead of issuing a new Bond, direct the payment thereof at maturity and the Fiscal Agent shall thereupon pay the same.

Any Bond issued under the provisions of this Section 3.08

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in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City, whether or not the Bond so alleged to be destroyed, lost or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefit of this Ordinance with all other Bonds issued under this Ordinance.

SECTION 3.09. **Credit Enhancement; Exchange Agreements; Qualified Swaps.** As provided by Supplemental Ordinance and subject to the requirements of this Ordinance, the City may provide for a Credit Facility, Exchange Agreement or Qualified Swap with respect to any Series of Bonds or portion thereof.

ARTICLE IV

ISSUANCE OF BONDS; PLEDGE OF REVENUES; COVENANTS

SECTION 4.01. **Purpose of Bonds.** The Bonds issued under this Ordinance shall be issued for the purpose of paying the cost of projects, as such term is defined in the Act, related to the Gas Works, of reimbursing any fund of the City from which such costs have been paid or advanced, of funding any of such costs for which the City shall have outstanding bond anticipation notes or other obligations, of refunding any bonds of the City issued for the foregoing purposes under the Act, of refunding general obligation bonds of the City issued for the foregoing purposes or of financing anything else relating to the Gas Works permitted under the Act.

SECTION 4.02. **Pledge of Revenues; Grant of Security Interest; Application of Revenues; Limitation on Recourse.**

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Bill No. 980232 Certified Copy

The City hereby pledges for the security and payment of all Bonds issued under this Ordinance and hereby grants a lien on and security interest in, all Gas Works Revenues, all accounts, contract rights and general intangibles representing the Gas Works Revenues and all funds and accounts established under this Ordinance, and in each case, the proceeds of the foregoing, except as limited for a Series of Bonds in the Supplemental Ordinance authorizing the issuance of such Series of Bonds; provided, however, that the pledge of this Ordinance may also be for the benefit of the provider of a Credit Facility, Qualified Swap or Exchange Agreement, or any other person who undertakes to provide moneys for the account of the City for the payment of principal or redemption price of and interest on any Series of Bonds on an equal and ratable basis with the related Series of Bonds, to the extent provided by any Supplemental Ordinance. For the purpose of compliance with the filing requirements of the Uniform Commercial Code in order to perfect the security interest herein granted, the Fiscal Agent shall be deemed to be, and the City hereby recognizes the Fiscal Agent as, the representative of Bondholders to execute financing statements as the secured party. All Gas Works Revenues as and when collected in each Fiscal Year shall be applied in order of priority, to the extent then payable, to (1) Net Operating Expenses then payable, (2) debt service on bonds issued under the 1975 Ordinance and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance, (3) debt service on Senior Bonds, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Senior Bonds and payments due in respect of obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of the Ordinance, (4) payments due to issuers of Credit Facilities related to Senior Bonds, (5) debt service on Subordinate Bonds and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds

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(including notes issued under the City's General Inventory and Receivables Gas Works Revenue Note Ordinance of 1993, or any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds, (7) required payments of the Rebate Amount to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve, (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works Revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses. The foregoing provisions shall not be construed to require the segregation of revenues upon collection.

Neither the Bonds nor the City's reimbursement or other contractual obligations with respect to any Credit Facility, Qualified Swap or Exchange Agreement shall constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any constitutional or statutory provision or limitation of indebtedness. No Bondholder or beneficiary of any of the foregoing agreements shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal and redemption price of or interest on the Bonds or the making of any payments hereunder. The Bonds and the obligations evidenced thereby and by the foregoing agreements shall not constitute a lien on any property of the City other than the Gas Works Revenues.

SECTION 4.03. **Particular Covenants.** The City

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covenants with the Holders of all Bonds from time to time and at the time outstanding under this Ordinance, that so long as any such Bonds shall remain outstanding:

(a) No Bonds will be issued by the City hereunder or under any ordinance supplemental hereto unless the financial report of the chief fiscal officer of the City required by Section 8 of the Act is filed with the Council of the City. Such report may be given in reliance on an engineering report of an Independent consulting engineer or an Independent firm of consulting engineers, in either case having broad experience in the design and analysis of the operation of gas works or gas distribution systems of the magnitude and scope of the Gas Works and a favorable reputation for competence in such field (the "Engineer") setting forth the qualifications of the Engineer and

(i) containing a statement that the Engineer has made such investigation of the physical properties included in the Gas Works and of the books and records of the Gas Works maintained by the City or by the Manager, as it deemed necessary; and

(ii) on the basis of such investigation containing:

(aa) the same matters, statements and opinion as are required by Section 8 of the Act to be contained in the financial report of the chief fiscal officer supported by appropriate schedules and summaries;

(bb) a statement that the Gas Works rents, rates and charges, on the basis of which the statements required by the foregoing clause (aa) are made, are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b); and

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(cc) a statement that, in the opinion of the Engineer, the Gas Works are in good operating condition or that adequate steps are being taken to make them so.

(b) It will, at a minimum, impose, charge and collect in each Fiscal Year such gas rates and charges as shall, together with all other Gas Works Revenues to be received in such Fiscal Year, equal not less than the greater of:

A. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) all principal of and interest on bonds issued and outstanding under the 1975 Ordinance payable during such Fiscal Year and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance during such Fiscal Year;

(iii) 150% of the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Senior Bonds and 100% of the amounts payable in respect of the Prior Obligations during such Fiscal Year;

(iv) the amount required to pay Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Subordinate Bonds and other obligations of the Gas Works on a parity with Subordinate Bonds payable during such Fiscal Year;

(v) the amount, if any, required to be paid into the Sinking Fund Reserve during such Fiscal Year;

(vi) the Rebate Amount required to be paid to the

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United States during such Fiscal Year; and

(vii) the amounts required to be paid to the issuers of Credit Facilities and the providers of Qualified Swaps and Exchange Agreements during such Fiscal Year; or

B. The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) all principal of and interest on bonds issued and outstanding under the 1975 Ordinance payable during such Fiscal Year and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance during such Fiscal Year;

(iii) all Sinking Fund deposits required during such Fiscal Year in respect of all Outstanding Bonds and all amounts payable in respect of obligations of the Gas Works which are on a parity with any of the Bonds and in respect of general obligation bonds issued for improvements to the Gas Works and all amounts, if any, required during such Fiscal Year to be paid into the Sinking Fund Reserve;

(iv) the Rebate Amount required to be paid to the United States during such Fiscal Year; and

(v) the amounts required to be paid to the issuers of Credit Facilities and the providers of Qualified Swaps and Exchange Agreements during such Fiscal Year.

For purposes of estimating Sinking Fund deposits with respect to Interim Debt and Variable Rate Bonds, the City shall be entitled to assume that (1) Interim Debt will be amortized

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over a period of up to the maximum term permitted by the Act, but not in excess of the useful life of the assets to be financed, on an approximately level debt service basis and bear interest at the average interest rate on bonds of a similar maturity and credit rating (without any credit enhancement) as the Bonds Outstanding under this Ordinance and (2) Variable Rate Bonds will bear interest at a rate equal to the average interest rate on such Variable Rate Bonds during the period of twenty-four (24) consecutive calendar months immediately preceding the date of calculation or during such shorter period that such Variable Rate Bonds have been Outstanding.

The Gas Commission is hereby authorized and directed, without further authorization, to impose and charge and to collect, or cause to be collected, rents, rates and charges which shall be sufficient in each Fiscal Year to comply with the foregoing Rate Covenant.

Notwithstanding the requirements of this Section 4.03(b) and the pledge under Section 4.02, the City may, at such time as there are no bonds outstanding under the 1975 Ordinance, pursuant to a Supplemental Ordinance, securitize and sell that portion of the Gas Works rents, rates and charges which relate to assets which are designated as non-performing by the Gas Commission and as to which the Gas Commission has designated specific rents, rates or charges; provided that prior to any such securitization and sale the City delivers to the Fiscal Agent (1) an Engineer's report including a statement that, for the three year period following such securitization and sale, the Gas Works rents, rates and charges (excluding those securitized and sold) are currently and will be sufficient to comply with the Rate Covenant set forth in Section 4.03(b) applied as if the percentage in subsection A(iii) were 175% rather than 150% and (2) an opinion of Bond Counsel that such securitization and sale will not adversely affect the exclusion

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from gross income for Federal income tax purposes of interest on any Outstanding Bonds the interest on which is intended to be so excluded. Proceeds received from any such securitization and sale shall be excluded from Gas Works Revenues in all calculations relating to the Rate Covenant and, notwithstanding any provision of this Ordinance to the contrary, may be used to redeem or refund obligations issued to finance the related assets designated as non-performing.

(c) It will pay or cause the Fiscal Agent or any paying agent appointed by the City to pay from the Gas Works Revenues deposited in the Sinking Fund the principal of, and premium, if any, and interest on, all Bonds as the same shall become due and payable and as more particularly set forth in the Bonds.

(d) It will continuously maintain in good condition and continuously operate the Gas Works.

(e) It will not in any Fiscal Year pay from the Gas Works Revenues any City Charges or deposit from the Gas Works Revenues in the general sinking fund of the City any sinking fund charges in respect of general obligation bonds of the City unless prior thereto or concurrently therewith all sinking fund charges then payable in respect of Outstanding Bonds shall have been deposited in the Sinking Fund, all amounts then payable in respect of obligations of the Gas Works which are on a parity with Bonds shall have been paid, all amounts then payable to issuers of Credit Facilities and providers of Qualified Swaps and Exchange Agreements shall have been paid and all deposits then required to the Sinking Fund Reserve shall have been made.

(f) It will, not later than 120 days following the close of each Fiscal Year, file with the Fiscal Agent a report of the

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operation of the Gas Works setting forth, among other things, in reasonable detail financial data concerning the Gas Works for such Fiscal Year, including a balance sheet, statements of income, equity, and changes in financial condition, and an analysis of funds available to cover debt service (in each case not inconsistent with the statements of income, expenses, and other accounts of the City audited by the City Controller), prepared by the Manager in accordance with generally recognized municipal accounting principles consistently applied, showing compliance with the Rate Covenant, accompanied by a certificate of the Manager that the Gas Works are in good operating condition and by a certificate of the Director of Finance that as of the date of such report the City has complied with all of the covenants in this Ordinance and in all ordinances supplemental hereto on its part to be performed. Such report shall be furnished to the Fiscal Agent in such reasonable number of copies as shall be required to meet the written requests of Bondholders therefor on a first come first served basis. The Fiscal Agent shall keep on file a copy of each report and its accompanying certificates for a period of ten (10) years and shall exhibit the same to, and permit the copying thereof by, any Bondholder or his authorized representative at all reasonable times.

SECTION 4.04. **Parity and Priority of Bonds.** All Bonds issued hereunder shall be secured by the pledge of, and grant of a security interest in, the Gas Works Revenues, except as limited for a Series of Bonds in the Supplemental Ordinance authorizing the issuance of such Series of Bonds. Subordinate Bonds shall be subordinate to Senior Bonds in right of payment of principal, premium, if any, and interest. Senior Bonds and Subordinate Bonds shall not have any preference, priority or distinction as to lien or otherwise, except as otherwise provided herein or in a Supplemental Ordinance, over any other Senior Bonds or Subordinate Bonds, respectively.

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The City hereby reserves the right, and nothing herein shall be construed to impair such right, to finance improvements to its Gas Works by the issuance of its general obligation bonds or by the issuance, under ordinances other than Supplemental Ordinances, of Gas Works obligations for the payment of which Gas Works Revenues may be pledged subject and subordinate in each Fiscal Year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such Fiscal Year under this Ordinance, as from time to time supplemented and amended, in respect of Bonds.

SECTION 4.05. **Sale of Bonds; Taxes Not to be Assumed; Terms and Provisions; Authority of Director of Finance.** To the extent that the Supplemental Ordinance authorizing any Series of Bonds hereunder shall not otherwise provide pursuant to Section 4.06:

(a) All Bonds shall be sold at public, private or invited sale upon such terms not inconsistent with the Act as a majority of the Mayor, the City Controller and the City Solicitor may determine to be in the best interest of the City and, if sold at competitive public sale, shall be sold to the purchaser or purchasers submitting the highest and best bid upon such terms and conditions of the bidding as shall be specified in an official notice of sale issued in the name of the City by the Director of Finance;

(b) no covenant to pay or assume any taxes shall be included in such Bonds; and

(c) subject to the foregoing, the terms upon which or the prices for which the Bonds are to be sold or exchanged, and the form, terms and provisions of the Bonds, including, without limitation, the matters referred to in Section 5 of the Act and in the second paragraph of Section 3.03, shall be determined by

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the Director of Finance, who is hereby designated as the officer of the City to make such determinations based, to the extent applicable, on the prices, interest rates or other terms set forth in the highest and best proposal conforming to the bidding specifications as ascertained and accepted on behalf of the City by the Director of Finance.

SECTION 4.06. **Conditions of Issuing Bonds, Supplemental Ordinance; Filing of Transcript; Use of Proceeds; Refunding Bonds.** Prior to the issuance of any Series of Bonds, the Council of the City shall adopt an ordinance supplemental hereto specifying the aggregate principal amount or maximum aggregate principal amount, and authorizing the issuance of such Bonds; stating that such Bonds are issued in respect of capital costs of a Gas Works project or projects of the City or to fund or refund bond anticipation or other obligations of the City issued in respect thereof or for the purpose of refunding debt issued for such purpose; making a finding based on the report of the Director of Finance required by Section 8 of the Act that the Gas Works Revenues pledged hereunder will be sufficient to comply with the Rate Covenant and also to pay all costs, expenses and payments required to be paid therefrom and in the order and priority stated in Section 4.02; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution. Such Supplemental Ordinance may specify such form, terms and provisions of the Bonds to be issued thereunder; may specify a particular method of sale; may specify the terms upon which, or the prices for which, the Bonds are to be sold or exchanged, including, if applicable, competitive bidding specifications; may contain such amendments to this Ordinance, including amendments or rescission of the covenants herein contained, and may contain or authorize such further covenants and agreements, including such covenants as may be appropriate under existing regulations

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so that the Bonds may not be deemed to be "arbitrage bonds" as such term is defined in the Code and applicable regulations, all as the Council of the City may deem appropriate and proper and as shall be authorized or permitted by the Act, but no such amendments, provisions, terms, covenants or agreements (other than those permitted under Section 9.01 and adopted pursuant thereto) which shall be inconsistent with the provisions of, or if they would impair a prior covenant contained in, this Ordinance as at the time amended or supplemented, shall become effective until all Bonds the holders of which are entitled to the protection of, or to enforce compliance with, such prior covenant shall cease to be outstanding.

Prior to the issuance of any Series of Bonds hereunder, the Director of Finance shall, in addition to the filing requirements of Section 12 of the Act, file with the Fiscal Agent a transcript of the proceedings authorizing the issuance of such Series of Bonds which shall include (i) a certified copy of this Ordinance (unless previously so filed); (ii) a certified copy of the Supplemental Ordinance; (iii) an executed or certified copy of the report of the Director of Finance required by subsection (a) of Section 8 of the Act; (iv) an executed copy of the opinion of the City Solicitor required by subsection (b) of Section 8 of the Act; and (v) an opinion of Bond Counsel to the effect that (1) the Series of Bonds has been duly issued for a permitted purpose under the Act and under this Ordinance, (2) all conditions precedent to the issuance of the Series of Bonds pursuant to the Act and this Ordinance have been satisfied, (3) the Series of Bonds has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the City and (4) if the interest on the Series of Bonds is intended to be excluded from gross income for Federal income tax purposes, interest on the Series of Bonds will be so excluded; and thereupon the proper officers of the City and the Fiscal Agent shall be authorized to execute and deliver the

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Bonds so authorized, to receipt for the purchase price thereof and to execute and deliver on behalf of the City the usual closing statements, affidavits and certificates.

The Director of Finance, the City Solicitor, the City Controller and such other officers of the City as may be appropriate are authorized, in connection with the issuance of any Series of Bonds hereunder, to prepare, execute and file on behalf of the City such statements, documents or other material as may accurately and properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Bonds and as may be required or appropriate to comply with applicable state or federal laws or regulations.

Unless otherwise provided in the Supplemental Ordinance, the proceeds of sale of all Bonds issued hereunder shall be deposited in the consolidated cash account of the City to the credit of the capital improvement funds and shall be disbursed therefrom, in accordance with established procedures, for the costs of the project or projects (as such term is defined in the Act) for which the Bonds were issued; provided, however, that, if such Bonds shall be issued for the purpose of funding or refunding bonds or notes previously issued by the City, such proceeds shall, unless otherwise directed by the Supplemental Ordinance, be deposited in a special account in the Sinking Fund and deposited, invested (if appropriate) and disbursed under the direction of the Director of Finance for the purpose of retiring the bonds or notes being funded or refunded, and provided further that proceeds of the sale of any Series of Bonds representing capitalized interest on such Series of Bonds shall be deposited in a separate account in the Sinking Fund and applied, together with any profit from investment thereof, only to pay interest on such Series of Bonds.

If the City shall, by Supplemental Ordinance, authorize the

issuance of revenue refunding bonds pursuant to Section 10 of the Act, in the absence of specific direction or inconsistent authorization contained in the Supplemental Ordinance, the Director of Finance is hereby authorized in the name and on behalf of the City to take all such action, including the irrevocable pledge of proceeds and the income and profit from the investment thereof for the payment and redemption of the funded or refunded bonds or notes and, if a Qualified Swap or Exchange Agreement has been provided with respect to Bonds to be refunded, provision for the payment of all amounts due and payable by the City to the provider of such Qualified Swap or Exchange Agreement upon the refunding of such Bonds and the mailing of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the funding or refunding and to comply with the requirements of Section 10 of the Act.

ARTICLE V

REDEMPTION OF BONDS

SECTION 5.01. **General Provisions for Redemption.** Bonds issued hereunder shall be subject to redemption at such times, in such order, at such redemption prices, upon such notice, unless waived, and upon such terms and conditions as may be expressed in the particular Bonds, or, as the case may be, in the pertinent Supplemental Ordinance. Notwithstanding or in limitation of the foregoing, a Supplemental Ordinance for a Series of Bonds may contain provisions for optional redemption of such Series of Bonds which may be retained by the City as a call option or may be held by the City or sold simultaneously with such Series of Bonds or at future dates as determined by such Supplemental Ordinance. Unless otherwise

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specified in the Bonds or the pertinent Supplemental Ordinance, Bonds subject to optional redemption may be redeemed in such order of maturity as specified by the Director of Finance and within a maturity by lot. Whenever Bonds to be redeemed are required to be selected by lot, the Fiscal Agent shall be authorized to draw by lot the numbers of the Bonds to be redeemed in any manner deemed reasonable by the Fiscal Agent. In the case of a Bond of a denomination greater than the minimum authorized denomination, the Fiscal Agent shall treat such Bond as representing such number of separate Bonds as is obtained by dividing the actual principal amount of such Bond by the minimum authorized denomination.

SECTION 5.02. **Notice of Redemption.** Unless otherwise provided by Supplemental Ordinance, when the City shall determine to redeem Bonds, upon prior written notice to the Fiscal Agent of the redemption date and the principal amount of Bonds to be redeemed, or whenever the Fiscal Agent shall be required to redeem Bonds from moneys in the Sinking Fund without action on the part of the City, the Fiscal Agent, at the City's expense, shall cause a notice of redemption to be mailed to the Holders of the Bonds being redeemed. Such notice shall specify (i) the complete official name of the Series of Bonds being redeemed; (ii) if less than all then Outstanding Bonds of a Series are to be redeemed, the numbers, including CUSIP numbers if applicable, of the Bonds to be redeemed, which may, if appropriate, be expressed in designated blocks of numbers, (iii) the date of issue of each Bond being redeemed as originally issued, (iv) the rate of interest borne by each Bond being redeemed, (v) the maturity date of each Bond being redeemed and (vi) any other descriptive information considered appropriate by the City to accurately identify the Bonds being redeemed. Such notice shall also state the redemption price and the date fixed for redemption, that on such date the Bonds called for redemption will be due and become payable at the

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Office of the Fiscal Agent, and that from and after such date, interest thereon shall cease to accrue; provided, however, that the Holders of any Bonds being redeemed may file written waivers of notice with the Fiscal Agent, and if so waived, such Bonds may be redeemed and all rights and liabilities of said Holders shall mature and accrue on the date set for such redemption without the requirement of written notice. If a notice is given with respect to an optional redemption prior to moneys for such redemption being deposited with the Fiscal Agent, such notice shall be conditioned upon the deposit of moneys with the Fiscal Agent on or before the date fixed for redemption and such notice shall be of no effect unless such moneys are so deposited.

The notices required to be given by this Section 5.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or stated on the Bonds.

The notice to Bondholders shall be deposited by the Fiscal Agent in the United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days, unless otherwise provided with respect to any Series of Bonds in the Supplemental Ordinance authorizing such Series of Bonds, prior to the redemption date, addressed to the Holders of Bonds called for redemption at the addresses appearing in the Bond Register. Any notice of redemption mailed in accordance with the requirements set forth herein shall be conclusively presumed to have been duly given, whether or not such notice is actually received by the Bondholders. No defect in the notice with respect to any Bond (whether in the form of notice or the mailing thereof) shall affect the validity of the redemption proceedings for any other Bonds.

When notice of redemption is mailed to Bondholders, the

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Fiscal Agent shall mail a similar notice to The Bond Buyer and each Rating Agency then maintaining a rating on such Bonds, but failure to mail any such notice referred to in this paragraph or any defect in such mailed notice or in the mailing thereof shall not affect the validity of the redemption notice.

Not more than sixty (60) days following the applicable redemption date, a further notice shall be mailed as provided above to the Bondholders of any Bonds called for redemption and not then presented for payment containing substantially the same information set forth above.

SECTION 5.03. **Effect of Redemption; Payment.** Notice having been given in the manner hereinbefore provided in this Article V or irrevocable instructions to give such notice having been delivered to the Fiscal Agent to pay said Bonds or portions thereof, and funds complying with the provisions of subparagraph (1) of Section 10 of the Act having been deposited in trust with the Fiscal Agent or having been set aside with the Sinking Fund Depositary in a special account in the Sinking Fund, on or prior to the date fixed for redemption, the Bonds or portions thereof so called for redemption, shall become due and payable on the redemption date so designated, and interest on such Bonds or portions thereof shall cease from such redemption date, whether such Bonds be presented for redemption or not. The principal amount of all Bonds or portions thereof so called for redemption, together with the premium, if any, and accrued interest thereon, shall be paid by the Fiscal Agent, upon presentation and surrender thereof.

SECTION 5.04. **Partial Redemption.** Upon presentation of any Bond which is to be redeemed in part only, the City and the Fiscal Agent shall execute and deliver to the Holder thereof, at the expense of the City, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to and of the

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same Series and maturity as the unredeemed portion of the Bond or Bonds so presented.

ARTICLE VI

SINKING FUND

SECTION 6.01. **Establishment and Investment of Sinking Fund.** There is hereby established a sinking fund to be known as the City of Philadelphia 1998 Ordinance Gas Works Revenue Bond Sinking Fund (referred to in this Ordinance as the "Sinking Fund") for the benefit and security of the Holders of all Bonds. The Sinking Fund shall be held in the name of the City in an account or accounts separate and apart from all other accounts of the City and payments therefrom shall be made only as hereinafter in this Ordinance provided.

The City covenants and the Director of Finance is directed to deposit in, and there is hereby appropriated to, the Sinking Fund from the Gas Works Revenues in each Fiscal Year such amounts as will, together with interest and profits earned and to be earned on investments held therein, be sufficient to accumulate therein (exclusive of the amount in the Sinking Fund Reserve), on or before each interest and principal payment date of the Bonds, the amounts required to pay the principal of and the interest on the Bonds then becoming due and payable. Payment into the Sinking Fund shall be scheduled at such times and in such amounts in relation to the receipt of revenues and the operation and maintenance requirements of the Gas Works as the Director of Finance shall determine.

The Fiscal Agent shall establish such accounts in the Sinking Fund as it deems appropriate to identify the source or

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use of moneys therein. Without limiting the generality of the preceding sentence, moneys deposited in the Sinking Fund to pay the redemption price of particular Bonds shall be held in separate accounts and applied only for such redemption.

SECTION 6.02. **Fiscal Agent.** Such state or federally chartered bank, bank and trust company or trust company as may from time to time be appointed by the City in accordance with law, shall act as Fiscal Agent in respect of all Bonds issued under this Ordinance or in respect of any particular Series of Bonds. The Fiscal Agent shall also act as Sinking Fund Depositary of the Sinking Fund and as paying agent and registrar of the Bonds in respect of which it is the Fiscal Agent, unless others are appointed in such capacities by the City. Nothing in this Ordinance shall be construed to prevent the City from engaging other or additional Fiscal Agents from time to time or from engaging other or additional Sinking Fund Depositaries, paying agents or registrars of the Bonds or any Series thereof.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of accounts and records, the disposal of canceled Bonds, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of this Ordinance.

SECTION 6.03. **Payments From the Sinking Fund.** The Sinking Fund Depositary shall, on direction of the Director of Finance, or if for any reason he should fail to give such direction, on the direction of the Fiscal Agent, liquidate investments, if necessary, and pay over from the Sinking Fund

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in cash to the Fiscal Agent not later than the due date thereof the full amount of the principal, interest on, and premium, if any, payable upon redemption of, Bonds.

Any excess moneys in the Sinking Fund, including any excess amount in the Sinking Fund Reserve, shall be transferred to the operating accounts of the Gas Works.

SECTION 6.04. **Sinking Fund Reserve.** There is hereby established a Sinking Fund Reserve which shall be held by the Sinking Fund Depositary as part of the Sinking Fund but for which a separate account shall be maintained. Unless otherwise provided in the applicable Supplemental Ordinance in compliance with this Section 6.04, the City shall, under direction of the Director of Finance, deposit in the Sinking Fund Reserve from the proceeds of sale of each Series of Bonds issued hereunder and/or Gas Works Revenues an amount which, together with other amounts in the Sinking Fund Reserve, will cause the amount in the Sinking Fund Reserve to equal the Sinking Fund Reserve Requirement. The money and investments (valued at market) in the Sinking Fund Reserve and amounts which can be drawn under Credit Facilities held for the Sinking Fund Reserve shall be held and maintained in an amount equal to the Sinking Fund Reserve Requirement.

In lieu of a deposit to the Sinking Fund Reserve or in substitution for amounts in the Sinking Fund Reserve, the City may provide one or more letters of credit or other Credit Facilities in the same aggregate amount issued by a provider or providers whose credit facilities are such that bonds secured by such credit facilities are rated in one of the three highest rating categories by Moody's or S&P, provided that (1) in the case of a substitution for moneys in the Sinking Fund Reserve, an opinion of Bond Counsel is delivered to the Fiscal Agent that such substitution will not adversely affect the exclusion from

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gross income for Federal income tax purposes of interest on the Bonds the interest on which is intended to be so excluded, (2) each such Credit Facility permits the Fiscal Agent to make a draw thereon up to the principal amount thereof if the Sinking Fund Reserve is needed to cover a shortfall in the Sinking Fund and other moneys in the Sinking Fund Reserve are insufficient and (3) each such Credit Facility provides that a draw will be made thereon to replenish the Sinking Fund Reserve on the expiration thereof unless the City has otherwise made such deposit to the Sinking Fund Reserve or has obtained another Credit Facility meeting the requirements of this Section 6.04.

If, at any time and for any reason, the moneys in the Sinking Fund, other than in the Sinking Fund Reserve, shall be insufficient to pay as and when due, the principal of, and premium, if any, and interest on, any Bond or Bonds secured by the Sinking Fund Reserve, the Sinking Fund Depositary is hereby authorized and directed to withdraw from the Sinking Fund Reserve and to draw on Credit Facilities held for the Sinking Fund Reserve and pay over to the Fiscal Agent the amount of such deficiency. If by reason of such withdrawal (including draws on any Credit Facilities held to satisfy the Sinking Fund Reserve Requirement) or for any other reason there shall be a deficiency in the Sinking Fund Reserve, the City hereby covenants to restore such deficiency (either by a deposit of funds or the reinstatement of the cash limits of Credit Facilities) within twelve months. The Sinking Fund Reserve shall be valued by the Sinking Fund Depositary promptly after any withdrawal from the Sinking Fund Reserve or any other event indicating a possible deficiency in the Sinking Fund Reserve and on August 31 of each Fiscal Year.

SECTION 6.05. **Consolidated Fund.** The Sinking Fund shall be a consolidated fund for the equal and proportionate benefit of the Holders of all Bonds from time to time

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Outstanding hereunder and may be invested and reinvested on a consolidated basis. The principal of and interest on and profits (and losses if any) realized on investments in the Sinking Fund shall be allocated pro rata for the Series of Bonds or the specific Bonds in respect of which such investments were made without distinction or priority, but moneys (and the investments thereof) specifically deposited for the payment of any particular installment of principal, interest (including capitalized interest) or premium in respect of particular Bonds shall be held and applied exclusively to the payment of such particular principal, interest or premium.

ARTICLE VII

INVESTMENT OF FUNDS

SECTION 7.01. **Management of Funds and Accounts.** The moneys on deposit in the funds and accounts established hereunder, to the extent not currently required, shall be invested and secured as required by Section 9 of the Act, all at the direction and under the management of the Director of Finance.

SECTION 7.02. **Investment of Funds and Accounts.** All moneys deposited in any fund or account established hereunder or under any Supplemental Ordinance may be invested by the Fiscal Agent, at the oral or written direction of the Director of Finance, in any investments then permitted by law; provided that any investments with respect to amounts on deposit in the funds and accounts established hereunder shall mature or shall be subject to redemption by the holder thereof upon demand at par no later than the date when such amounts are needed for the purposes of such funds or accounts.

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SECTION 7.03. **Valuation of Funds and Accounts.** In computing the assets of any fund or account established hereunder, investments and accrued interest therein shall be deemed a part thereof. Such investments shall be valued on June 30 of each Fiscal Year at the current market value thereof, valuing any Credit Facility held for the Sinking Fund Reserve at the amount which can then be drawn thereunder; provided that any fund or account created by a Supplemental Ordinance may be valued as provided in such Supplemental Ordinance. The annual valuation shall apply for all purposes of this Ordinance except if Bonds are issued or a deficit in the Sinking Fund Reserve occurs, in which cases a valuation shall be made on the date Bonds are issued or the deficit is eliminated, as the case may be. Investment earnings shall be included in Gas Works Revenues and, to the extent not required to be retained in the fund or account to which such earnings relate, shall be transferred to the operating accounts of the Gas Works.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.01. **Defaults and Statutory Remedies.** If the City shall fail or neglect to pay or to cause to be paid the principal of, or the redemption premium, if any, or the interest on, any Bond, whether at stated maturity or upon call for prior redemption, or if the City, after written notice to it, shall fail or neglect to make any payment owed by it to the provider of a Credit Facility, a Qualified Swap or an Exchange Agreement provided with respect to the Bonds and such provider gives the Fiscal Agent written notice of such failure or neglect, or if the City shall fail to comply with any provision of the Bonds or with any covenant of the City contained in this Ordinance or an

applicable Supplemental Ordinance, then, under and subject to the terms and conditions stated in the Act, the Holder or Holders of any Bond or Bonds shall be entitled to all of the rights and remedies provided in the Act, including the appointment of a trustee; provided, however, that the remedy provided in Section 20(b)(4) of the Act may be exercised only upon the failure of the City to pay, when due, principal and redemption price of (including principal due as a result of a scheduled mandatory redemption) and interest on a Series of Bonds.

Upon the occurrence of an event of default specified in this Section 8.01, the Fiscal Agent shall, within thirty (30) days, give written notice thereof by first-class mail to all Bondholders.

SECTION 8.02. **Remedies Not Exclusive; Effect of Delay In Exercise of Remedies.** No remedy herein or in the Act conferred upon or reserved to the trustee, if one be appointed, or to the Holder of any Bond is intended to be exclusive (except as specifically provided in the Act) of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission of the trustee, if one be appointed, or of any Holder of any Bond to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII, by the Act or otherwise may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.03. **Remedies to be Enforced Only Against Pledged Revenues.** Any decree or judgment for the payment

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of money against the City by reason of default hereunder shall be enforceable only against the Gas Works Revenues, amounts in the Sinking Fund Reserve and other amounts which may be specifically pledged therefor and the investments thereof and no decree or judgment against the City upon an action brought hereunder shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

ARTICLE IX

AMENDMENTS AND MODIFICATIONS

SECTION 9.01. In addition to the adoption of Supplemental Ordinances supplementing or amending this Ordinance as provided in Section 4.06 in connection with the issuance of successive Series of Bonds, this Ordinance and any Supplemental Ordinance may be further supplemented, modified or amended: (a) to cure any ambiguity, formal defect or omission herein or therein; (b) to make such provisions in regard to matters or questions arising hereunder or thereunder which shall not be inconsistent with the provisions hereof or thereof and which shall not adversely affect the interests of Bondholders; (c) to grant to or confer upon Bondholders or a trustee, if any, for the benefit of Bondholders any additional rights, remedies, powers, authority or security that may be lawfully granted or conferred; (d) to incorporate modifications requested by any Rating Agency to obtain or maintain a credit rating on any Series of Bonds; (e) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Bonds, but no amendment or modification shall be made with

respect to any Outstanding Bonds to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon or to alter the redemption provisions thereof without the written consent of the Holders of all affected Outstanding Bonds; and (f) except as aforesaid, in such other respect as may be authorized in writing by the Holders of a majority in principal amount (using Accreted Value in the case of Capital Appreciation Bonds) of the Bonds Outstanding and affected. The written authorization of Bondholders of any supplement to or modification or amendment of this Ordinance or any Supplemental Ordinance need not approve the particular form of any proposed supplement, modification or amendment but only the substance thereof.

ARTICLE X

CLOSURE OF 1975 ORDINANCE

SECTION 10.01. **Limits on Issuances Under 1975 Ordinance.** After the adoption of this Ordinance, the City shall not issue any bonds under the 1975 Ordinance except to refund bonds issued under the 1975 Ordinance or to replace bonds issued thereunder which have been mutilated, destroyed, lost or stolen as provided therein or in substitution for bonds issued thereunder upon transfer or exchange as provided therein.

SECTION 10.02. **Designation of Refunding Bonds Under 1975 Ordinance.** Any refunding bonds issued under the 1975 Ordinance shall include in the title of such bonds a designation indicating that such bonds relate to the 1975 Ordinance in order to distinguish such bonds from Bonds issued under this Ordinance.

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ARTICLE XI

MISCELLANEOUS

SECTION 11.01. **Deposit of Funds for Payment of Bonds.** When interest on, and principal or redemption price (as the case may be) of, all Bonds issued hereunder, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), have been paid, or there shall have been deposited with the Fiscal Agent an amount, evidenced by moneys or Qualified Escrow Securities the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, and all amounts owed under any Credit Facility, Qualified Swap and Exchange Agreement entered into hereunder (other than termination payments), the pledge and grant of security interest in the Gas Works Revenues made hereunder shall cease and terminate, and the Fiscal Agent and any other depository of funds and accounts established hereunder shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds and accounts established hereunder.

If the City deposits with the Fiscal Agent moneys or Qualified Escrow Securities sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the City with respect to such Bond or Bonds shall likewise cease, except as provided in the following paragraph. From and after such deposit, such Bond or Bonds shall be deemed not to be Outstanding hereunder and the Holder or Holders thereof shall have recourse solely and

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exclusively to the funds so deposited for any claims of whatsoever nature with respect to such Bond or Bonds, and the Fiscal Agent shall hold such funds in trust for the Holder or Holders of such Bond or Bonds.

Moneys deposited with the Fiscal Agent pursuant to the preceding paragraphs which remain unclaimed two (2) years after the date payment thereof becomes due shall, upon written request of the City, if the City is not at the time to the knowledge of the Fiscal Agent (the Fiscal Agent having no responsibility to independently investigate) in default with respect to any covenant in this Ordinance or the Bonds, be paid to the City, and the Holders of the Bond for which the deposit was made shall thereafter be limited to a claim against the City; provided, however, that before making any such payment to the City, the Fiscal Agent shall, at the expense of the City, publish in a newspaper of general circulation published in the City, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of publication of such notice, the balance of such moneys then unclaimed will be paid to the City.

SECTION 11.02. **Ordinances are Contracts With Bondholders.** This Ordinance and Supplemental Ordinances adopted pursuant hereto are contracts with the Holders of all Bonds from time to time Outstanding hereunder and thereunder and shall be enforceable in accordance with the provisions of Article VIII and the laws of the Commonwealth of Pennsylvania.

SECTION 11.03. **Parties Interested Herein.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Holders of Bonds, the Fiscal Agent, and each provider of a Credit Facility, Qualified Swap or

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Exchange Agreement, any right, remedy or claim under or by reason of this Ordinance or any covenants, condition or stipulation therefor; and all the covenants, stipulations, promises and agreements in this Ordinance by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiscal Agent, the Holders of Bonds and each provider of a Credit Facility, Qualified Swap or Exchange Agreement.

SECTION 11.04. **Repeals.** All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

City of Philadelphia

Bill No. 980232 Certified Copy

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Bill No. 980232 Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on April 30, 1998 The Bill was Signed by the Mayor on May 8, 1998

Marie B. Hauser
Chief Clerk of the City Council

City of Philadelphia

(Bill No. 150159)

AN ORDINANCE

Constituting the Thirteenth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998 (the "1998 General Ordinance"); authorizing the City of Philadelphia, Pennsylvania (the "City") to sell, either at public or private sale, one or more series of Gas Works Revenue Bonds (the "Bonds") and Gas Works Revenue Bonds to refund such Bonds, to pay the costs of certain capital projects, the costs of redeeming the City's Gas Works Revenue Capital Project Commercial Paper Notes, and the costs of refunding or redeeming certain outstanding Gas Works Revenue Bonds issued and outstanding pursuant to the 1998 General Ordinance and the General Gas Works Revenue Bond Ordinance of 1975 (the "1975 General Ordinance") and any termination payment which may become due under a Qualified Swap Agreement in connection with the redemption of all or any portion of certain Gas Works Revenue Bonds and other Project Costs; authorizing the City to obtain credit enhancement for any Series of the Bonds; making certain determinations and covenants relating to Gas Works Revenues and the payment of interest and principal; and authorizing covenants and actions in order that the Bonds shall not be arbitrage bonds; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Mayor, the City Controller and the City Solicitor (the "Bond Committee"), or a majority of them, are hereby authorized, on behalf of the City, to borrow, by (i) the issuance and sale of Gas Works Revenue Bonds (1998 General Ordinance), of the City (the "Bonds"), which may be issued in one or more series or subseries, at such times as set forth in a resolution or resolutions of the Bond Committee designated and with such relative priorities as the Bond Committee may deem desirable, pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act"), and the General Gas Works Revenue Bond Ordinance of 1998, Bill No. 980232, adopted by the City on April 30, 1998 (the "1998 General Ordinance"), a sum or sums which in the aggregate shall not exceed the principal amount of the Bonds authorized to be issued hereunder, to be expended as provided in Section 2 of this Ordinance; and (ii) by the issuance of Gas Works Revenue Bonds to refund all or a portion of the Bonds, as provided in this Ordinance. Each Series of Bonds shall be sold at public or private sale and shall contain such terms and provisions as are determined by a majority of the Bond Committee to be in the best interests of the City and are not inconsistent with the provisions hereof, of the Act, of the 1998 General Ordinance, or of any applicable law, in connection with the issuance of the each Series of Bonds. If a majority of the Bond Committee determines it to be in the best interests of the City, each Series of Bonds may be issued in book-entry form; and in such event a majority of the

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Bond Committee shall also select a securities depository (the "Depository") for the each Series of Bonds. Each Series of the Bonds shall mature or be subject to mandatory tender in such principal amounts and on such date or dates and bear interest at such rate or rates (including, without limitation, variable, adjustable or convertible rates), as shall be determined by a majority of the Bond Committee. A majority of the Bond Committee is authorized to take any and all other actions as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

The Bonds are authorized to be issued hereunder in an aggregate principal amount of up to One Billion Twenty-Six Million Dollars ($1,026,000,000), to pay the costs related to any or all of the purposes set forth in Section 2 hereof; provided, however, that the aggregate principal amount of Bonds authorized to be issued to pay the costs of redeeming the City's Gas Works Revenue Capital Project Commercial Paper Notes shall not exceed One Hundred Thirty-Five Million Dollars ($135,000,000), and the aggregate principal amount of Bonds authorized to be issued to refund certain outstanding series of Gas Works Revenue Bonds issued and outstanding under the 1998 General Ordinance and the General Gas Works Revenue Bond Ordinance of 1975 (the "1975 General Ordinance") shall not exceed Eight Hundred Ninety-One Million ($891,000,000), and provided further that if any of the Bonds are to be sold at discounts which are in lieu of periodic interest, the aggregate principal amount of the Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed One Billion Twenty-Six Million Dollars ($1,026,000,000) plus accrued interest if any; and provided further, that the Bonds, or any portion thereof, may be sold at a premium so long as the aggregate principal amount of the Bonds does not exceed One Billion Twenty-Six Million Dollars ($1,026,000,000).

The Bond Committee is further authorized to authorize the issuance and sale of one or more additional Series of Bonds which refund, in whole or in part, all or any portion of any Series of the Bonds; and to determine the terms thereof, provided however, that each series of refunding bonds (i) shall not extend the final maturity of the Bonds so refunded and shall have debt service in each year of the refunding bonds lower than the debt service on the Bonds refunded in each such year; and (ii) shall be in a principal amount not to exceed the principal amount which accomplishes the foregoing, together with the amount necessary to pay the costs of issuance of such refunding bonds.

The issuance of such refunding bonds shall in all other respects by governed by the General Ordinance and this Thirteenth Supplemental Ordinance and where reference is made herein to the Bonds, it shall also mean and relate to such refunding bonds.

The Bonds shall not pledge the City's credit or taxing power, create any debt or charge against the tax or general revenues of the City or create any lien against any property of the City other than the revenues pledged by the 1998 General Ordinance. The opinion of the City Solicitor required by Section 8 of the Act with respect to the matters

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stated in the preceding sentence has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 2. The Bonds shall be issued for the purpose of providing funds for any or all of the following purposes: (i) the redeeming of all or any portion of the outstanding City of Philadelphia, Pennsylvania, Gas Works Revenue Capital Project Commercial Paper Notes which have been or are hereafter issued for certain capital projects, upon such terms and in the amounts as shall be determined by the Director of Finance (the "Redeemed Notes"); (ii) the refunding or redeeming of all or any portion of the outstanding City of Philadelphia, Pennsylvania, Gas Works Revenue Bonds issued under the 1998 General Ordinance or issued under the 1975 General Ordinance, upon such terms, as to such bonds, and in the amounts as shall be determined by the Director of Finance (the "Refunded Bonds"); (iii) paying any termination payment that may become due and payable under a Qualified Swap Agreement in connection with the redemption or conversion of all or any portion of any of the Refunded Bonds; (iv) paying the costs of issuing the Bonds and any required payments to the Sinking Fund Reserve; and (v) paying any other Project Costs (as defined in the Act).

The City covenants that the proceeds of any series of the Bonds which are available for the payment of the Project Costs after payment of costs of refunding the Refunded Bonds and the Redeemed Notes and after payment of financing costs, and the required payment into the Sinking Fund Reserve, shall be deposited, held in and disbursed from a special account of the Sinking Fund or from the escrow fund to be established pursuant to the Escrow Agreement (defined below).

The City hereby authorizes the redemption of the Refunded Bonds and the Redeemed Notes, in whole or in part, in accordance with the terms of the 1998 General Ordinance, the 1975 General Ordinance, and the Refunded Bonds and the Redeemed Notes, and further authorizes the Bond Committee or the Director of Finance, if it is determined to be necessary, to enter into one or more Escrow Deposit Agreements (the "Escrow Agreements") providing, among other things, for the deposit and investment of a portion of the proceeds of any Series of the Bonds issued to refund the Refunded Bonds or to redeem the Redeemed Notes and any other available funds of the City in amounts sufficient, together with interest thereon, if any, to defease such Refunded Bonds and Redeemed Notes, so that such Refunded Bonds and Redeemed Notes shall be deemed not to be outstanding under the 1998 General Ordinance or the 1975 General Ordinance, as applicable, and providing for payment of the Refunded Bonds and Redeemed Notes at maturity or redemption, as applicable, including all interest payable on such Refunded Bonds and Redeemed Notes to such redemption dates, as applicable. All interest and income earned on the investment of such proceeds (except for amounts to be rebated to the United States), which is not required for the refunding or redemption of the Refunded Bonds and Redeemed Notes, pending expenditure for the aforesaid purposes, may be transferred to and deposited in the operating funds of the Gas Works and applied as Gas Works Revenues in accordance with Section 4.02 of the 1998 General Ordinance.

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SECTION 3. Based on the report of the Director of Finance of the City required by Section 8 of the Act (the "Financial Report"), it is hereby determined that the pledged Gas Works Revenues (as defined in the 1998 General Ordinance) will be sufficient to comply with the rate covenant contained in Section 4.03(b) of the 1998 General Ordinance and also to pay all costs, expenses and payments required to be paid therefrom in the order and priority stated in Section 4.02 of the 1998 General Ordinance. An executed copy of the Financial Report has been filed with City Council and shall be kept on file at the office of the Clerk of City Council.

SECTION 4. The City covenants that, as long as any of the Bonds shall remain outstanding, all pledged Gas Works Revenues shall be deposited and held in and disbursed from one or more unsegregated accounts of the Gas Works which shall be separate from and not commingled with the consolidated cash account of the City or any other account of the City not held exclusively for Gas Works purposes. Such pledged Gas Works Revenues shall be held for the security and payment of all Bonds issued under the 1998 General Ordinance and to be applied in the order of priority both as to security and payment, set forth in Section 4.02 of the 1998 General Ordinance. This covenant shall not be construed to require the establishment of any Gas Works account segregated from any other Gas Works accounts except as provided in Section 2 hereof or as otherwise required by the 1998 General Ordinance.

SECTION 5. The City covenants that as long as any Bonds shall remain unpaid, it shall make payments or cause payments to be made out of its 1998 Gas Works Revenue Bond Sinking Fund created under the 1998 General Ordinance at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due; provided, however, that whenever the City shall be required to deposit moneys with the Fiscal Agent for the mandatory redemption of any of the Bonds, such obligation may be satisfied, in whole or in part, by the delivery by the City to the Fiscal Agent of a principal amount of the Bonds of the maturity required to be redeemed for cancellation prior to the date specified for such redemption.

SECTION 6. The Director of Finance is authorized to make such elections under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder with respect to each Series of the Bonds and to take such actions on behalf of the City with respect to the investment of the proceeds of Bonds as is deemed advisable, and the Director of Finance or any member of the Bond Committee is authorized to make such covenants as may be necessary or advisable in order that each Series of the Bonds shall not be "arbitrage bonds" as defined in the Code.

SECTION 7. In the event any Series of the Bonds are issued in book-entry form, the ownership of one fully registered Series Bonds for each maturity or stated maturity of each series, each in the aggregate principal amount of such maturity or stated maturity, will be registered in the name(s) designated by the Depository. So long as, but only so

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long as, the book-entry only system is applicable to such Series of Bonds, the following provisions of this Section 7 shall govern as to matters set forth in Article III of the 1998 General Ordinance.

Pursuant to the book-entry-only system, ownership interests in the Bonds may be purchased in the manner directed by the Depository, which may be through financial institutions for whom the Depository effects book-entry transfer (the "Participants"). A person who owns such an interest in a Bond (a "Beneficial Owner") will not receive certificated Bonds and will not be the registered owner thereof. Receipt by the Beneficial Owners of timely payment of principal, purchase price, redemption price and interest on the Bonds, is subject to the Depository's making such timely payment, either to the Beneficial Owner or to the Participants to be forwarded to the Beneficial Owners. Neither the City nor the Fiscal Agent will have any responsibility or obligation to such Participants or to the Beneficial Owners for any failure of the Depository to act or make any payment with respect to the Bonds or the providing of notices relating to redemption to Participants or the Beneficial Owners of the Bonds.

The Depository will receive payments from the Fiscal Agent to be remitted by the Depository to the Beneficial Owners or to the Participants for whom the Depository holds the Bonds for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Bonds shall be recorded on the records of the Depository or the records of the Participants, whose ownership interests will be recorded on the records of the Depository.

When notices are given, they shall be sent by the Fiscal Agent to the Depository with a request that the Depository forward (or cause to be forwarded) the notice to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the Beneficial Owners.

Transfers of ownership interests in the Bonds will be accomplished by book-entries made by the Depository and/or the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except as specifically provided herein. So long as the Depository is the Bondholder, interest, principal and redemption price of the Bonds will be paid when due by the Fiscal Agent to the Depository, then paid by the Depository to the Beneficial Owners, or by the Depository to the Participants and thereafter paid by the Participants to the Beneficial Owners. The payments to the Depository shall satisfy the City's obligations under the Bonds.

For every transfer and exchange of the Bonds, the Fiscal Agent, the Depository and the Participants may charge the Beneficial Owner of the Bonds a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. No transfer or exchange of any Bonds shall be required to be made fewer than five (5) days prior to any interest payment date or five (5) days prior to any mailing of a notice of

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redemption of the Bonds. No transfers shall be made of Bonds previously called for redemption, except pursuant to the optional or mandatory tender provisions thereof.

The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver bond certificates in such names as the City and the Fiscal Agent are directed by the Depository.

The Bondholders have no right to a depository for the Bonds. If the book-entry only system is no longer utilized, bond certificates will be issued in such names as the City and the Fiscal Agent are directed by the Depository.

Notwithstanding any other provision of the 1998 General Ordinance, so long as the Depository is the registered holder of all Bonds of a Series, the Depository may present notices, approvals, waivers or other communications required or permitted to be made by Bondholders under the 1998 General Ordinance on a fractionalized basis on behalf of some or all of the Beneficial Owners of such Series.

The appropriate officials of the City are authorized to execute any documentation required by the Depository in connection with book-entry registration of the Bonds.

SECTION 8. (a) Subject to the determination by a majority of the Bond Committee referred to in Section 1 hereof, in accordance with and as permitted by Section 4.02 of the 1998 General Ordinance, the pledge and grant of a lien on and security interest in, all Gas Works Revenues, all accounts, contract rights and general intangibles representing the Gas Works Revenues and all funds and accounts established under the 1998 General Ordinance (except for the Sinking Fund and the Sinking Fund Reserve), and in each case, the proceeds of the foregoing, shall be for the benefit of the providers of any Credit Facilities with respect to the Bonds, all to the extent and in the manner as provided therein; provided, however, that any payments to a Credit Facility Provider on account of principal of and interest on the Bonds owned or deemed to be owned by a Credit Facility Provider shall be payable from and secured by Gas Works Revenues and the Sinking Fund equally and ratably with all other Bonds.

(b) All of the provisions of Section 4.02 of the 1998 General Ordinance relating to Credit Facilities, except to the extent limited by Section 8(a) hereof, shall apply to Credit Facilities with respect to the Bonds and to payments due from the City to the providers of such Credit Facilities. The providers of Credit Facilities shall have no right or claim at any time to amounts on deposit in the Sinking Fund, except as provided in Section 8(a) hereof.

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(c) All of the provisions in Section 4.03(b) of the 1998 General Ordinance relating to Credit Facilities shall apply to the Credit Facilities with respect to the Bonds.

SECTION 9. This Ordinance is supplementary to the 1998 General Ordinance and all sections of the 1998 General Ordinance not inconsistent with this Ordinance are applicable to the Bonds. All definitions of terms contained in the Act or the 1998 General Ordinance not inconsistent herewith shall apply to such terms in this Ordinance.

SECTION 10. The City reasonably expects to reimburse all or certain of the expenditures toward the cost of the matters authorized by Section 2 of this Ordinance paid prior to the issuance of each Series of Bonds. No funds from sources other than the Bonds authorized by this Ordinance have been or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the City, or any member of the same "control group" as the City within the meaning of Treasury Regulation 1.150-1(e) of the Code, pursuant to their budget or financial policies with respect to any expenditures to be reimbursed. This section constitutes a declaration of the City's official intent to reimburse expenditures paid in accordance with Treasury Regulation 1.150-2(d) of the Code.

SECTION 11. This Ordinance shall take effect immediately.

City of Philadelphia

BILL NO. 150159 continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on March 26, 2015. The Bill was Signed by the Mayor on March 26, 2015.

Michael A. Decker
Chief Clerk of the City Council

CERTIFICATE OF CHIEF CLERK OF THE COUNCIL OF THE CITY OF PHILADELPHIA

I, Michael Decker, Chief Clerk of the Council ("Council") of the City of Philadelphia ("City"), and on behalf of the City, do hereby certify that:

1. A public hearing was held on the following Bill ("Bill") as required by Section 2-201 (2) of the Philadelphia Home Rule Charter:

   (a) Bill No. 130766 of 2013, approved December 4, 2013, authorizing the issuance and sale by the City of its Gas Works Revenue Notes, CP Series G.

2. Notices of the public hearing on said Bill and of its report from committee were duly given by advertisement, such Bill was duly enacted by the affirmative vote of a majority of all the members of the Council after the elapse of not less than five (5) days from the printing and distribution of such Bill as reported from the committee and the votes thereon have been recorded in the Journal of Council, all as required by Section 2-201 of the Philadelphia Home Rule Charter;

3. The copy of the Bill attached hereto is a true and correct copy of the original thereof on file in the Office of the Chief Clerk of the Council; and

4. Such Bill has not been amended or repealed and is in full force and effect on the date of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 14th day of August, 2014.

Michael Decker, Chief Clerk of the
Council of the City of Philadelphia

[SEAL]

City of Philadelphia

(Bill No. 130766)

AN ORDINANCE

Authorizing, generally, the continued issuance and sale by the City of Philadelphia of Gas Works Revenue Notes of the City, prescribing the forms of notes and providing for their execution and payment, pledging certain revenues of the Gas Works as security, adopting a rate covenant and directing the imposition and collection of rates and charges sufficient to comply therewith, prescribing the conditions precedent to the issuance of specific series of notes, including a resolution passed by the Bond Committee providing for establishment of credit support for notes, providing for designation of a fiscal agent and sinking fund depositary, providing for establishment of a sinking fund and its management, providing remedies upon default, and providing for amendments and modifications.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

ARTICLE I

AUTHORIZATION, SCOPE AND PURPOSE –

SHORT TITLE

This Ordinance is enacted pursuant to the provisions of The City of Philadelphia Municipal Utility Inventory and Receivables Financing Act (Act No. 231, approved December 7, 1982) (the "Act") for the purpose of authorizing the issuance from time to time of Gas Works Revenue Notes of the City to be secured by a pledge of certain revenues of the Gas Works as security, in an aggregate principal amount not exceeding one hundred fifty million dollars ($150,000,000) at any one time outstanding, as shall from time to time be authorized by resolution of the Bond Committee, acting by at least a majority thereof, as more particularly hereinafter set forth. This Ordinance is intended to continue the authority for issuance of Gas Works Revenue Notes contained in the General Inventory and Receivables Gas Works Revenue Note Ordinance of 2010, Bill No. 100006 approved by the Mayor on March 17, 2010 (the "2010 Ordinance"), subject to the terms and conditions hereof. At such time as Gas Works Revenue Notes are issued pursuant to the authority contained in this Ordinance, no additional Gas Works Revenue Notes shall be issued under the 2010 Ordinance. For so long as any Gas Works Revenue Notes are outstanding under the 2010 Ordinance, the principal amount thereof shall be included for purposes of calculating the maximum principal amount of Gas Works Revenue Notes that may be issued and outstanding under this Ordinance. This Ordinance

City of Philadelphia

shall be known as the General Inventory and Receivables Gas Works Revenue Note Ordinance of 2013.

ARTICLE II

DEFINITIONS AND OTHER PROVISIONS OF

GENERAL APPLICATION

Section 2.01. Definitions.

For all purposes of this Ordinance and any ordinance supplemental hereto, except as otherwise expressly provided or unless the context otherwise requires:

Act means the act of December 7, 1982 (P.L. 827, No. 231) known as The City of Philadelphia Municipal Utility Inventory and Receivables Financing Act (53 P.S. 1699.1 to 1699.21), as amended from time to time.

Bond Committee means the Mayor, the City Controller and the City Solicitor, acting by at least a majority thereof, being the bond committee referred to in the Act.

Chief Fiscal Officer means the person appointed by the Manager as chief fiscal officer of PGW or, in the absence of such an appointed person, the person acting as chief fiscal officer of PGW.

City means The City of Philadelphia.

City Charges means the proportionate charges, if any, for services performed for PGW by all officers, departments, boards or commissions of the City which are contained in the computation of operating expenses of PGW, including, without limitation, the expenses of the Gas Commission, and also means the base payments to the City contained in the Management Agreement and all other payments made to the City from Gas Works Revenues.

City Controller means the controller of the City, including a person acting as controller under applicable law.

City Solicitor means the solicitor of the City, including a person acting as solicitor under applicable law.

Code means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder and applicable thereto.

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CP Notes means the City of Philadelphia Gas Works Revenue Notes, CP Series, authorized to be issued hereunder, as more particularly described in Sections 3.01(b) and 3.02(b) hereof.

Credit Support Entity means any bank, insurance company or other appropriate entity providing a Credit Support Instrument with respect to any Notes.

Credit Support Instrument means a letter of credit, line of credit, standby purchase agreement, policy of insurance or other mechanism for providing funds to be drawn upon by the City or by the Fiscal Agent on behalf of or as trustee for the Noteholders to pay the principal of or interest on any Notes or to make a deposit in the Sinking Fund.

Dealer means one or more securities dealers, brokers or other entities acting as purchaser of, or broker for, the Notes pursuant to one or more agreements with the City.

Director of Finance means the chief financial, accounting and budget officer of the City as established by The Philadelphia Home Rule Charter, including a person acting as director of finance under applicable law.

Final Maturity means, as to a series of CP Notes, the date stated in the Resolution authorizing such series as the final maturity date of such series, which shall be not later than five years from the date of enactment of this Ordinance.

Fiscal Agent means any bank, bank and trust company or trust company named as such pursuant to Section 5.02 hereof or its successor.

Fiscal Year means each fiscal year of PGW.

Gas Commission means the Gas Commission provided for by The Philadelphia Home Rule Charter as presently constituted or hereafter reconstituted in accordance with law.

Gas Works or PGW means all property, real and personal, owned by the City and used in the acquisition or manufacture, storage and distribution of natural, liquefied, synthetic or manufactured gas or in the maintenance, management or administration thereof and all activities ancillary and related thereto, and also, as the context may require, means the business entity managed by the Manager.

Gas Works Revenue Bonds means Gas Works revenue bonds of the City presently or hereafter issued pursuant to the Act of October 18, 1972 (P.L. 955, No. 234) known as The First Class City Revenue Bond Act (53 P.S. 15901 to 15924), or other applicable statute, the 1975 General Ordinance, the 1998 General Ordinance and any other ordinance enacted pursuant to The First Class City Revenue Bond Act.

City of Philadelphia

BILL NO. 130766 continued

Certified Copy

Gas Works Revenues means all operating and nonoperating revenues of the Gas Works derived from its activities and assets involved in the supply, manufacture, storage and distribution of gas, including all rents, rates and charges imposed or charged by the City upon the owners or occupants of properties connected to, and upon all users of, gas distributed by the Gas Works and all other revenues derived therefrom and all other income derived by the City from the Gas Works. Revenues derived from activities unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto shall not be included in Gas Works Revenues, provided that the Gas Works receives fair payment for the use of gas related assets and personnel of the Gas Works used in such activities, which payments shall be included in Gas Works Revenues. In particular, Gas Works Revenues shall not include revenues from enterprises or functions not related to gas activities (e.g. activities involving the supply, generation or distribution of electricity). Gas Works Revenues shall not include those portions of the Gas Works' rents, rates and charges which are securitized and sold pursuant to Section 4.03(b) of the General Gas Works Revenue Bond Ordinance of 1998 (Bill No. 980232) or any similar provision in any successor to such ordinance. Gas Works Revenues shall not include any revenues which do not constitute Project Revenues under the First Class City Revenue Bond Act or the Act.

Installment means any issuance of CP Notes intended to be treated as part of a single issue under Section 1.150-1 (c)(4)(ii) of the Treasury Regulations promulgated under the Code.

Inventory means any fuel, materials or supplies acquired by PGW, used directly or indirectly to provide service to the public, and which would be shown as a current asset on a balance sheet of PGW prepared in accordance with generally accepted accounting principles.

Management Agreement means the Agreement dated December 29, 1972 between the City and the Manager for the management and operation of PGW, as presently or hereafter amended, or any subsequent agreement which may be entered into by the City pertaining to the management of PGW.

Manager means Philadelphia Facilities Management Corporation currently managing PGW pursuant to the Management Agreement, or its successor or such other person, corporation, commission or department of the City that may be designated by the City to manage PGW.

Mayor means the Mayor of the City, including a person acting as mayor under applicable law.

Natural Gas Choice and Competition Act means the Act of June 22, 1999, P.L. 122, No. 21, as amended from time to time.

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Net Operating Expenses means Operating Expenses exclusive of City Charges.

1975 General Ordinance means the General Gas Works Revenue Bond Ordinance of 1975 (Bill No. 1871, approved May 30, 1975, as amended and supplemented).

1998 General Ordinance means the General Gas Works Revenue Bond Ordinance of 1998 (Bill No. 980232, approved April 30, 1998, as amended and supplemented, and as the same may be further amended).

Note or Notes means any Gas Works revenue note or notes of the City, issued and outstanding pursuant to the Act and this Ordinance, including Refunding Notes, CP Notes and Revenue Notes.

Noteholder or Holder means the holder of any Note.

Operating Expenses means all costs and expenses of PGW necessary and appropriate to operate and maintain the Gas Works in good operable condition during each Fiscal Year, and shall include, without limitation, the Manager's fee, salaries and wages, purchases of service by contract, costs of materials, supplies and expendable equipment, maintenance costs, costs of any property or the replacement therefor for any work or project related to the Gas Works which does not have a probable useful life of at least five (5) years, pension and welfare plan and workmen's compensation requirements, provision for claims, refunds and uncollectible receivables and for City Charges, all in accordance with generally accepted accounting principles consistently applied, but shall exclude depreciation, interest and sinking fund charges. Operating Expenses shall not include Unrelated Expenses.

Outstanding means, when used with reference to the Notes, as of any particular date, the aggregate of all Notes authenticated and delivered under this Ordinance, except:

(a) Notes cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation;

(b) Notes for the payment of which payments in the necessary amount have been theretofore deposited in an account in the Sinking Fund for the holders such Notes; and

(c) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to Section 3.08 hereof.

Project means the Inventory or Receivables, or both, or any part thereof.

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Project Costs means all costs of acquisition or funding of a Project including, but not limited to, costs, fees and expenses of financial advisors, attorneys and other experts engaged in connection with the Project, fees and expenses of the Fiscal Agent and rating agencies, financing costs including bond discount, additional security costs including fees and expenses related to a Credit Support Instrument, interest on money borrowed to finance the Project if capitalized, the repayment of temporary loans made in connection with the Project and reimbursement for any of the foregoing costs incurred or paid prior to or after the issuance of Notes.

Public Utility Commission means the Pennsylvania Public Utility Commission as presently constituted or hereafter reconstituted in accordance with law.

Rate Covenant means the rate covenant contained in Section 4.03(b) hereof.

Receivables means accounts receivable billed to customers of PGW, but not yet paid, as would be shown as a current asset on a balance sheet of PGW prepared in accordance with generally accepted accounting principles.

Refunding Notes means Notes issued to provide funds to pay the principal of and interest on Notes or 2010 Notes previously issued, including prior issues of Refunding Notes; Refunding Notes may be issued as Notes or Revenue Notes.

Reimbursement Agreement means any agreement between the City and a Credit Support Entity governing the terms and conditions upon which a Credit Support Instrument will be provided and the terms and conditions of the Reimbursement Obligation.

Reimbursement Obligation means the obligation of the City to repay to a Credit Support Entity amounts provided under a Credit Support Instrument, together with premium, if any, and interest thereon; the Reimbursement Obligation may be evidenced by a promissory note or notes of the City.

Resolution means a resolution duly passed by the Bond Committee authorizing the issuance of the Notes hereunder or taking any other action required or permitted hereunder.

Revenue Notes means the City of Philadelphia Gas Works Revenue Notes, authorized to be issued hereunder, as more particularly described in Section 3.01(c) and 3.02(c) hereof.

Sinking Fund means a sinking fund established pursuant to Section 5.01 hereof.

Sinking Fund Depositary means the Fiscal Agent named pursuant to Section 5.02 hereof or its successor.

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Stated Maturity means, as to a particular CP Note, the maturity date of such CP Note, which shall be not less than one (1) day after the issue date of such CP Note and not later than two hundred seventy (270) days from the date of issuance of the particular CP Note; provided, however, that the Stated Maturity shall not be later than the earlier of: 13 months following the date of initial issuance of any Installment of CP Notes or Final Maturity.

2010 Notes means any gas works revenue note or notes of the City issued and outstanding pursuant to the Act and the 2010 Ordinance.

Unrelated Expenses means expenses unrelated to the supply, manufacture, storage and distribution of gas or assets related thereto.

Section 2.02. Interpretation. All references in this Ordinance to articles, sections and other subdivisions of this Ordinance are to the designated articles, sections or other subdivisions of this Ordinance as originally enacted. The words "herein," "hereof," "hereby" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular article, section or other subdivision, except as otherwise specifically provided.

Section 2.03. Descriptive Headings. The descriptive headings of the several articles and sections of this Ordinance are inserted for convenience only and shall not control or affect the meaning or construction of any of its provisions.

Section 2.04. Severability. In case any one or more of the provisions contained in this Ordinance or in any Note issued pursuant hereto or the application thereof to any person or circumstance shall for any reason be held to be invalid, the remainder of this Ordinance or such Note and the application of such provision to other persons or circumstances, shall not be affected thereby, unless the court finds that the valid provisions are so essentially and inseparably connected with, and so dependent upon, the void provision or application, that it cannot be presumed that City Council would have enacted or provided for the remaining valid provisions without the void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and are incapable of being executed in accordance with the intent of City Council.

Section 2.05. Powers Preserved. Nothing in this Ordinance is intended to or shall be construed to affect the authority of the Gas Commission under Section 5-902 of The Philadelphia Home Rule Charter or the Management Agreement, to the extent consistent with the Natural Gas Choice and Competition Act.

ARTICLE III

City of Philadelphia

CONCERNING THE NOTES

Section 3.01. Forms of Notes. All Notes shall be in substantially such forms as approved by the Bond Committee in a Resolution, with such appropriate insertions, omissions, substitutions and other variations, as may, consistent with this Ordinance and the Act, be determined by or in the manner specified by the Bond Committee in a Resolution. The Notes may be printed, lithographed or typewritten. The Notes may also have printed thereon or on the reverse thereof or attached thereto, the text of an approving legal opinion with respect thereto and an appropriate certificate as to its correspondence with an executed counterpart may be included on the face or on the reverse of the Notes or attached thereto. The Notes may also have printed thereon or on the reverse thereof or attached thereto a Credit Support Instrument or the text thereof. Any portion of the text of any Note may be set forth on the reverse thereof with an appropriate reference on the face of the Note.

Section 3.02. General Form and Content of Notes.

(a) Notes shall be generally designated as Gas Works Revenue Notes of the City and shall be issued in such series and within such series in such sub-series as may from time to time be determined by or in the manner prescribed by a Resolution. The aggregate principal amount of Notes which may be issued, authenticated and delivered under this Ordinance may not exceed one hundred fifty million dollars ($150,000,000) at any one time Outstanding, and prior to issuance of each series of Notes, the Bond Committee shall adopt a Resolution authorizing such series. For the purpose of calculating the maximum principal amount of Notes which may be issued and Outstanding hereunder, the aggregate principal amount of any outstanding 2010 Notes shall be deemed to be Outstanding hereunder.

Subject to the provisions of this Ordinance, Notes may be issued in such denominations in bearer or in fully registered form; may be issued in Installments; shall bear such identifying designation or title; shall be dated; shall be payable at such rate or rates of interest, including supplemental, contingent or variable interest, payable on such dates; may be subject to such provisions for redemption in whole or in part or both, at such prices, at such times and places; shall be stated to mature on such date or dates, not later than five years from the date of enactment of this Ordinance; shall be payable as to principal or interest, or both, at such places by the City or by such paying agent or Fiscal Agent of the City as the City appoints; may provide for the payment by the City of such tax or taxes on the Notes; and may contain such other terms, provisions, statements or covenants, not inconsistent with the Act or this Ordinance as may be determined in or in the manner specified in a Resolution.

(b) Each series of CP Notes shall be issued from time to time, subject to the limitations set forth in this Ordinance, in such principal amounts as from time to

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time shall be determined by the Bond Committee. The CP Notes of a series shall be (i) dated as of their respective dates of issuance, (ii) numbered serially in consecutive numerical order from 1 upwards, (iii) issued in minimum denominations of one hundred thousand dollars ($100,000) or any integral multiples of one thousand dollars ($1,000) in excess thereof, (iv) issued without coupons and payable to bearer or such other person or entity designated by the City, including a depository or person designated by a depository if the CP Notes are issued in book-entry form, (v) issued as interest-bearing CP Notes (provided that interest shall accrue thereon from and including the date of issuance thereof to, but not including or after, the stated maturity thereof), (vi) have interest payable and principal amounts maturing at such times as are stated therein, but in no event later than the Final Maturity of such series of CP Notes, (vii) payable as to principal and interest at Stated Maturity in immediately available funds in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of the Fiscal Agent, and (viii) authenticated by the Fiscal Agent and delivered by the Fiscal Agent to, or as directed by, the Dealer, from time to time in the manner provided for and subject to the conditions specified herein and in any agreement hereafter entered into by the City and the Dealer or Fiscal Agent, promptly upon receipt by the Fiscal Agent of a request specifying, as to each of the CP Notes then being issued, (A) the date of issue, Stated Maturity, serial number and principal amount, (B) the rate of interest to be carried thereby, (C) the total of principal and interest to be due thereon at the Stated Maturity thereof, (D) the name of the payee, if other than bearer, and (E) the aggregate purchase price to be paid therefor by the Dealer or such other person or entity as such request shall specify. Delivery of the CP Notes by the Fiscal Agent to, or as directed by, the Dealer shall be against payment made in the manner specified herein.

(c) Each series of Revenue Notes shall be issued from time to time, subject to the limitations set forth in this Ordinance, in such principal amounts as from time to time shall be determined by the Bond Committee. The Revenue Notes of a series shall be (i) dated as of their respective dates of issuance, (ii) numbered serially in consecutive numerical order from 1 upwards, (iii) issued in minimum denominations of five thousand dollars ($5,000), or any integral multiples thereof, (iv) issued without coupons and payable to bearer or such other person or entity designated by the City, (v) issued as interest-bearing Revenue Notes (provided that interest shall accrue thereon from and including the date of issuance thereof to, but not including or after, the stated maturity thereof), (vi) have interest payable and principal amounts maturing at such times as are stated therein, but in no event later than five years from the date of enactment of this Ordinance, (vii) payable as to principal and interest at maturity in immediately available funds in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of the Fiscal Agent, and (viii) authenticated by the Fiscal Agent and delivered by the Fiscal Agent to the Dealer from time to time in the manner provided for and subject to the conditions specified herein and in any agreement hereafter entered into by the City and the Dealer or Fiscal Agent, promptly upon receipt by the Fiscal Agent of a request specifying, (A) as to the series of Revenue Notes then being issued, (i) the date of issue, (ii) maturity date, (iii) rate of

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interest to be carried thereby, and (B) as to each Revenue Note within such series, (i) the serial number and principal amount, (ii) the name of the payee, if other than the bearer, and (iii) the aggregate purchase price to be paid therefor by the Dealer or such other person or entity as such request shall specify. Delivery of the Revenue Notes by the Fiscal Agent to the Dealer shall be against payment made in the manner specified herein.

The foregoing provisions of this Section 3.02, any other provisions in this Ordinance to the contrary notwithstanding, are subject to the express understanding that the City shall have no obligation to pay the Notes except from the Gas Works Revenues and from the proceeds of Refunding Notes. The Notes shall be limited obligations of the City payable solely from Gas Works Revenues and from proceeds of Refunding Notes and shall not pledge the City's general credit or taxing power or create any debt or charge against the general revenues of the City.

Section 3.03. Payment of Notes at Maturity. The Notes and any interest thereon shall be payable in lawful money of the United States of America at the office of the Fiscal Agent, or at the principal office of a paying agent designated in such Notes, but only upon presentation and surrender of such Notes, except as otherwise herein provided with respect to mutilated, destroyed, lost or stolen Notes.

Section 3.04. Notes are Negotiable Instruments. The Notes shall have the qualities of negotiable instruments under the laws pertaining to negotiable instruments of the Commonwealth of Pennsylvania.

Section 3.05. Transfer of Notes. All Notes shall be negotiable and title thereto shall pass by delivery.

Section 3.06. Ownership of Notes. The City, the Fiscal Agent and any paying agent designated in any Note may treat the bearer of any Note as the absolute owner of such Note for all purposes whether or not such Note shall be overdue, and neither the City, the Fiscal Agent nor any paying agent shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the bearer of any Note pursuant to the provisions of this Ordinance shall be conclusive and binding upon such holder, his heirs, successor or assigns, and upon all transferees of such Note whether or not notation of such consent, waiver or other action shall have been made on such Note or on any Note issued in exchange therefor.

Section 3.07. Execution of Notes. The Notes shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor, City Solicitor, and City Controller under the seal of the City, which shall be either affixed or reproduced thereon in facsimile and shall be countersigned and attested by the manual signatures of two duly authorized officers of the Fiscal Agent, or in such other manner as shall be authorized by law and prescribed by a Resolution. Any such Notes may be executed, issued and delivered notwithstanding that one or more of the officers signing such Notes or whose facsimile signature shall be upon such Notes or any thereof, shall have ceased to be such

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officer or officers at the time when such Notes shall actually be delivered, and although at the nominal date of the Note, any such person shall not have been such officer.

Section 3.08. Mutilated, Destroyed, Lost or Stolen Notes. Upon receipt by the Fiscal Agent and the City of evidence satisfactory to both of them that any Outstanding Note has been destroyed, lost, or stolen, and of indemnity satisfactory to both of them, then, in the absence of notice to the City or to the Fiscal Agent that such Note, if alleged to have been lost or stolen, has been acquired by a bona fide purchaser, or if a Note has been mutilated, the City in its discretion may execute and deliver a new Note of the same series and same maturity and of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Note or in lieu of and in substitution for the Note so destroyed, lost or stolen.

The City may, for each new Note authenticated and delivered under the provisions of this Section 3.08, require the payment of the expenses, including counsel fees, which may be incurred by the City and the Fiscal Agent in the premises. In case any such mutilated, lost or stolen Note has become, or is about to become, due and payable, the City, in its discretion, may, instead of issuing a new Note, direct the payment thereof at maturity and the Fiscal Agent shall thereupon pay the same.

Any Note issued under the provisions of this Section 3.08 in lieu of any Note alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Ordinance with all other Notes under this Ordinance.

ARTICLE IV

ISSUANCE OF NOTES

Section 4.01. Purpose of Notes. The Notes issued under this Ordinance shall be issued for the purpose of financing or refunding the Project Costs of a Project or any part thereof, to refund Notes previously issued hereunder or to refund 2010 Notes issued under the 2010 Ordinance.

Section 4.02. Pledge of Gas Works Revenues; Grant of Security Interest; Application of Gas Works Revenues. The City hereby pledges for the security and payment of all Notes issued under this Ordinance, and hereby grants a security interest in the Gas Works Revenues, including all accounts, general intangibles, cash proceeds, non-cash proceeds, chattel paper, whether tangible or electronic, and supporting obligations, as each term is defined in the Pennsylvania Uniform Commercial Code and all Proceeds, as such term is defined in the Pennsylvania Uniform Commercial Code.

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For the purpose of the financing statements to be filed under the Uniform Commercial Code, the Fiscal Agent shall be deemed to be, and the City hereby recognizes the Fiscal Agent as, the representative of the Noteholders.

All Gas Works Revenues as and when collected in each Fiscal Year shall be applied in order of priority, to the extent then payable, to (1) Net Operating Expenses then payable, (2) debt service on bonds issued under the 1975 General Ordinance and amounts required to be paid into the sinking fund reserve under the 1975 Ordinance, (3) debt service on Senior Bonds issued under and as defined in the 1998 General Ordinance, payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements (as each such term is defined in the 1998 General Ordinance) related to Senior Bonds and payments due in respect of obligations of the Gas Works to The Philadelphia Municipal Authority existing on the date of adoption of the 1998 General Ordinance, (4) payments due to issuers of Credit Facilities (as defined in the 1998 General Ordinance) related to Senior Bonds, (5) debt service on Subordinate Bonds (as defined in the 1998 General Ordinance) and payments due in respect of obligations of the Gas Works on a parity with Subordinate Bonds (including the Notes issued under this Ordinance and notes issued under any similar ordinance, and amounts payable to the provider of a Credit Facility in respect of such Notes) and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements related to Subordinate Bonds, (6) payments due to issuers of Credit Facilities related to Subordinate Bonds and payments (other than termination payments) due to the issuers of Qualified Swaps and Exchange Agreements with respect to bonds issued under the 1975 General Ordinance to the extent that the 1998 General Ordinance is hereafter amended to provide for the Qualified Swaps and Exchange Agreements with respect to such bonds, (7) required payments of the Rebate Amount (as defined in the 1998 General Ordinance) to the United States, (8) replenishment of any deficiency in the Sinking Fund Reserve (as defined in the 1998 General Ordinance), (9) payment of general obligation bonds of the City adjudged to be self-liquidating from Gas Works Revenues, (10) debt service on other general obligation bonds issued for the Gas Works, and (11) City Charges and any other proper purpose of the Gas Works (including any termination payments to issuers of Qualified Swaps and Exchange Agreements), except Unrelated Expenses. The foregoing provisions shall not be construed to require the segregation of revenues upon collection.

The security interest granted in this Section 4.02 shall be subject and subordinate in all respects to the security interests granted in the 1975 General Ordinance and the 1998 General Ordinance and any financing statement filed to evidence the security interest granted in this Section 4.02 shall contain a statement to that effect.

Section 4.03. Particular Covenants. The City covenants with the holders of all Notes from time to time outstanding under this Ordinance that, so long as any such Notes shall remain Outstanding:

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(a) No Notes will be initially issued by the City hereunder unless there is first filed with the Bond Committee:

(i) the financial report of the Chief Fiscal Officer required by Section 8(1) of the Act containing the statements and opinion required thereby; and

(ii) the legal opinion of the City Solicitor required by Section 8(2) of the Act.

(b) It will, at a minimum, impose, charge and collect in each Fiscal Year such rates and charges as shall, together with all other Gas Works Revenues to be received in such Fiscal Year, produce funds sufficient to pay the Notes and any interest thereon after all other applications of Gas Works Revenues which are prior to the Notes in right of payment; provided that for so long as the Notes are secured by a Credit Support Instrument and the Credit Support Entity is obligated thereon to provide funds sufficient to pay the Notes and is not in default under such Credit Support Instrument, the City may treat the Notes as payable over the period of time during which the City is required to pay the Credit Support Entity pursuant to its Reimbursement Obligation.

The Manager is hereby authorized and directed, without further authorization, to impose and charge and to collect, or cause to be collected, rents, rates and charges which shall be sufficient in each Fiscal Year to comply with the foregoing Rate Covenant and, as provided in the Natural Gas Choice and Competition Act, the Public Utility Commission shall approve rates and charges sufficient to comply with the foregoing Rate Covenant, all in accordance with the Natural Gas Choice and Competition Act.

(c) In addition to the limitations contained in Section 3.01 hereof, the aggregate principal amount of Notes and 2010 Notes Outstanding shall not exceed Project Costs on the date of issuance of the Notes.

(d) It will pay or cause the Fiscal Agent or paying agent to pay the Notes when due from the Gas Works Revenues deposited in the Sinking Fund (except to the extent paid from the proceeds of Refunding Notes or funds provided by a Credit Support Instrument).

(e) It will continuously maintain in good condition and continuously operate the Gas Works.

(f) It will not pay from the Gas Works Revenues any City Charges unless there is then existing no default in payment of the Notes.

(g) It has, in Section 4.03(b) hereof, authorized the imposition, charging and collection of rates and charges sufficient from time to time to comply with

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the Rate Covenant set forth in Section 4.03(b) hereof and it will not repeal or materially adversely dilute such authorization.

Section 4.04. Tax Covenants of the City. The City hereby covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the holders of the Notes of the interest on the Notes under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Code"). The City hereby further covenants that it will not directly or indirectly use or permit the use of any proceeds of the Notes or any other funds of the City, or take or omit to take any action that would cause the Notes to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and that it will comply with all requirements of Section 148 of the Code to the extent applicable to the Notes. In the event that at any time the City is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any money held by the Fiscal Agent, the City shall so instruct the Fiscal Agent in writing, and the Fiscal Agent shall take such action as may be necessary to comply with such instructions.

Without limiting the generality of the foregoing, the City shall pay or cause to be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Notes from time to time. This rebate obligation shall survive payment in full of the Notes.

The Chief Fiscal Officer is hereby authorized and directed to make any elections on behalf of the City permitted by the Code or any Treasury Regulations he deems necessary or appropriate to enable the City to comply with the requirements of this covenant.

The foregoing covenant shall not apply to any series of Notes, the interest on which is not intended to be excludable from gross income of the holders thereof for federal income tax purposes.

Section 4.05. Notes to be Parity Instruments. All Notes issued hereunder shall be equally and ratably secured by the pledge of and grant of a security interest in the Gas Works Revenues created in Section 4.02 hereof without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Note over any other Note.

Section 4.06. Sale of Notes; Terms and Provisions. All Notes shall be sold at public or private sale on such terms and at such prices as may be determined by or in the manner prescribed in the Resolution.

City of Philadelphia

Section 4.07. Conditions of Issuing Notes; Filing of Transcript; Further Action. Prior to the issuance of the first Notes of any series of Notes, the Bond Committee shall adopt a Resolution specifying the aggregate principal amount, and authorizing the issuance of such series of Notes; stating that such Notes are issued for the purposes specified in Section 4.01 hereof; and making a finding based on the report of the Chief Fiscal Officer required by Section 8 of the Act that the Gas Works Revenues pledged hereunder will be sufficient to comply with the Rate Covenant and also to pay all costs, expenses and payments required to be paid therefrom and in the order and priority stated in Section 4.02 hereof; and containing the covenant as to the payment of debt service required by Article IX, Section 10 of the Pennsylvania Constitution.

Except to the extent specified herein, the Resolution shall specify the terms and provisions of the Notes to be issued thereunder, a particular method of sale, the terms upon which, or the prices for which, the Notes are to be sold or exchanged, including, if applicable, competitive bidding specifications and an agreement with any Dealer appointed for the Notes; may contain or authorize such further covenants and agreements, including such additional covenants as may be appropriate under existing regulations so that the Notes may not be deemed to be "arbitrage bonds" as such term is defined in the Code; may specify the agreement with the Fiscal Agent and provisions governing the execution and delivery of Notes and the deposit and payment of moneys and other appropriate matters; may specify the Reimbursement Agreement with any Credit Support Entity providing a Credit Support Instrument, including the maturity, interest rate, terms and conditions of the City's Reimbursement Obligation and provisions for a security interest in the Gas Works Revenues and the proceeds from the sale of the Notes to the same extent as granted in this Ordinance with respect to the Notes; shall specify provisions for a Sinking Fund pursuant to Article V hereof; and may contain such other provisions as the Bond Committee may deem appropriate and proper and as shall be authorized and permitted by the Act.

Prior to the issuance of the first Notes of any series, the Director of Finance shall comply with the transcript filing provisions of the Act, and such Notes will not be issued until the approval of the Court of Common Pleas of Philadelphia County has been obtained in the manner prescribed by the Act.

The Director of Finance, the City Controller, the City Solicitor and such other officers of the City as may be appropriate are authorized in connection with the issuance of any series of Notes hereunder, to prepare, execute and file on behalf of the City such statements, documents or other material as may accurately and properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Notes and as may be required or appropriate to comply with applicable state or federal laws or regulations.

In addition, the Director of Finance is authorized to make such elections under the Code with respect to the Notes as he or she deems advisable, and to take such action on

City of Philadelphia

behalf of the City with respect to the investment of the proceeds of the Notes, and the Director of Finance and any member of the Bond Committee are authorized to make such covenants and certifications as may be necessary or advisable in order to further implement the tax covenant set forth in Section 4.04 hereof.

Section 4.08. Credit Support. In the event that any Notes are to be further secured by a Credit Support Instrument, the Bond Committee may enter into a Reimbursement Agreement with the Credit Support Entity. The Reimbursement Agreement may contain such terms and provisions as may be approved in a Resolution, as described in Section 4.07 hereof, and conditions and representations, covenants, indemnification provisions and other terms not inconsistent with this Ordinance and the Act; provided, however, that the Reimbursement Obligation with respect to any funds advanced by the Credit Support Entity shall not be later than five years from the date of enactment of this Ordinance and the City shall not have any obligation to pay any liability arising out of the Reimbursement Agreement except from the Gas Works Revenues or the proceeds of Refunding Notes. Any Reimbursement Obligation shall not be a general obligation of the City and shall not pledge its general credit or taxing power or create any debt or charge against the general revenues of the City.

ARTICLE V

SINKING FUND

Section 5.01. Establishment of Sinking Fund. Each Resolution shall establish a Sinking Fund for the benefit and security of the holders of the Notes of a particular series.

The City covenants to deposit in the Sinking Fund from the Gas Works Revenues, such amounts as will, together with interest and profits earned and to be earned on investments held therein, be sufficient to pay, on or before each payment date of the Notes, the amounts required, after taking into account any amounts paid from the proceeds of Refunding Notes or pursuant to a Credit Support Instrument, to pay the Notes then becoming due and payable.

Section 5.02. Fiscal Agent. Such state or federally chartered bank, bank and trust company or trust company as may from time to time be appointed by the Bond Committee in a Resolution, shall act as Fiscal Agent in respect of one or more series of Notes issued under this Ordinance. The Fiscal Agent shall also act as Sinking Fund Depositary of the Sinking Fund, and as authenticating agent and paying agent of the Notes in respect of which it is the Fiscal Agent. A Credit Support Entity may also act as Fiscal Agent. Nothing in this Ordinance shall be construed to prevent the City from engaging other or additional Fiscal Agents from time to time or from engaging other or additional Sinking Fund Depositaries, authenticating agents or paying agents of the Notes

City of Philadelphia

or any series thereof, but there shall be only one Fiscal Agent at a particular time for a series of Notes.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of accounts and records, the authentication of Notes, the disposal of canceled Notes, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of this Ordinance.

Section 5.03. Payments from the Sinking Fund. The Fiscal Agent shall liquidate investments on direction of the Director of Finance, or, if for any reason he or she should fail to give such direction, as necessary so as to have available in cash not later than the due date thereof, an amount required to pay the Notes.

Except as otherwise provided in a Resolution, any excess moneys in the Sinking Fund and moneys for the payment of the Notes unclaimed after the due date for two (2) years, shall be repaid to the City accounts maintained for Gas Works Revenues, but such repayment shall not discharge the obligation, if any, for which such moneys were previously held in the Sinking Fund.

Section 5.04. Management of the Sinking Fund. Except as otherwise provided in a Resolution, all moneys deposited by the City held in the Sinking Fund, to the extent not currently required, shall be invested as authorized by the Act, or deposited in interest-bearing accounts authorized by the Act, all at the direction of the Director of Finance. All deposits, including interest-bearing deposits, of moneys deposited by the City in the Sinking Fund, to the extent not insured as provided in the Act, shall be secured as required by the Act. Interest and profits from such investments shall be added to the Sinking Fund and credited in reduction of or to complete required deposits by the City into the Sinking Fund.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Defaults and Statutory Remedies. If the City shall fail or neglect to pay or to cause to be paid any Note when due, or if the City shall fail to comply with any provision of the Notes or with any covenant of the City contained in this Ordinance or a Resolution then, under and subject to the terms and conditions stated in the Act, the holder or holders of any Note or Notes shall be entitled to all of the rights and remedies, including the appointment of a trustee, provided in the Act.

City of Philadelphia

Section 6.02. Remedies Not Exclusive; Effect of Delay in Exercise of Remedies. No remedy herein or in the Act conferred upon or reserved to the trustee, if any, or to the holder of any Note is intended to be exclusive (except as specifically provided in the Act) of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission of the trustee, if one be appointed, or of any Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VI, by the Act or otherwise may be exercised from time to time, and as often as may be deemed expedient.

Section 6.03. Remedies to be Enforced Only Against Gas Works Revenues. Any decree or judgment for the payment of money against the City by reason of default hereunder shall be enforceable only against the Gas Works Revenues and no decree or judgment against the City upon an action brought hereunder shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

ARTICLE VII

AMENDMENTS AND MODIFICATIONS

Section 7.01. Amendments and Modifications. This Ordinance may be supplemented, modified or amended:

(a) to cure any ambiguity or defective or inconsistent provision, omission or mistake, or manifest error herein or therein;

(b) to grant to or confer upon Noteholders, or a trustee, if any, for the benefit of Noteholders, any additional rights, remedies, powers, authority, or security that may be lawfully granted or conferred;

(c) to add to, modify or delete any of the provisions hereof in a manner which will affect only Notes issued after the amendment or modification becomes effective;

(d) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Notes, but no amendment or modification shall be made with respect to any outstanding Notes to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon without the written consent of the holders of all affected Outstanding Notes; and

City of Philadelphia

(e) except as aforesaid, in such other respect as may be authorized in writing by the holders of a majority in principal amount of the Notes Outstanding and affected.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Ordinance and Resolutions are Contracts with Noteholders. This Ordinance and Resolutions adopted pursuant hereto are contracts with the holders of all Notes from time to time Outstanding hereunder and thereunder and shall be enforceable in accordance with the provisions of Article VI hereof and the laws of the Commonwealth of Pennsylvania.

Section 8.02. Repeals. All ordinances and parts of ordinances heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

City of Philadelphia

BILL NO. 130766 continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on November 21, 2013. The Bill was Signed by the Mayor on December 4, 2013.

Michael A. Decker
Chief Clerk of the City Council

II. RATE OF RETURN

II.A.13. Attach copies of the summaries of the projected 2 year's Company's budgets (revenue, expense and capital).

RESPONSE:

The following budget summaries are attached:

- PGW's Fiscal Year 2020 Compliance Capital Budget and Forecast
- PGW's Fiscal Year 2020 Compliance Operating Budget Filing
- PGW's Fiscal Year 2021 Capital Budget and Forecast

Please note that PGW's Fiscal Year 2021 Operating Budget will be filed with the Philadelphia Gas Commission in March 2020.

PHILADELPHIA GAS WORKS

COMPLIANCE
FISCAL 2020 CAPITAL BUDGET
AND
FORECAST FISCAL 2021 - 2025

WITH

FISCAL 2020 FINANCING PLAN

APRIL 12, 2019

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2020 AND FORECAST 2021 THROUGH 2025

	COMPLIANCE 2020 CAPITAL BUDGET	2021 - 2025 FORECAST	TOTAL 6 YEARS
GAS PROCESSING			
ADDITIONS	270,000	3,150,000	3,420,000
REPLACEMENTS	3,182,000	36,795,100	39,977,100
TOTAL	3,452,000	39,945,100	43,397,100
DISTRIBUTION			
ADDITIONS	13,920,000	75,969,000	89,889,000
REPLACEMENTS	84,837,000	443,470,000	528,307,000
GROSS TOTAL	98,757,000	519,439,000	618,196,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	(4,682,404)	(22,894,000)	(27,576,404)
NET TOTAL	94,074,596	496,545,000	590,619,596
FIELD SERVICES			
ADDITIONS	5,453,000	14,275,000	19,728,000
REPLACEMENTS	6,436,000	36,341,000	42,777,000
GROSS TOTAL	11,889,000	50,616,000	62,505,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	11,889,000	50,616,000	62,505,000
FLEET OPERATIONS			
ADDITIONS	84,000		84,000
REPLACEMENTS	2,669,000	27,532,000	30,201,000
GROSS TOTAL	2,753,000	27,532,000	30,285,000
LESS: SALVAGE			
NET TOTAL	2,753,000	27,532,000	30,285,000

PHILADELPHIA GAS WORKS

PROPOSED CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

DEPARTMENT	2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs 2019 COMPL BUDGET AMOUNT DIFFERENCE	2020 BUDGET vs 2019 COMPL BUDGET PERCENT DIFFERENCE	2020 BUDGET vs 2020 FORECAST AMOUNT DIFFERENCE	2020 BUDGET vs 2020 FORECAST PERCENT DIFFERENCE
GAS PROCESSING							
ADDITIONS	598,000	91,000	270,000	(328,000)	-54.8%	179,000	196.7%
REPLACEMENTS	5,695,000	9,154,000	3,182,000	(2,513,000)	-44.1%	(5,972,000)	-65.2%
TOTAL GAS PROCESSING	6,293,000	9,245,000	3,452,000	(2,841,000)	-45.1%	(5,793,000)	-62.7%
DISTRIBUTION							
ADDITIONS	13,177,000	13,479,000	13,920,000	743,000	5.6%	441,000	3.3%
REPLACEMENTS	80,826,000	81,882,000	84,837,000	4,011,000	5.0%	2,955,000	3.6%
GROSS TOTAL DISTRIBUTION	94,003,000	95,361,000	98,757,000	4,754,000	5.1%	3,396,000	3.6%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	(1,882,767)	(1,920,000)	(4,682,404.00)	(2,799,637)	148.7%	(2,762,404)	143.9%
NET TOTAL DISTRIBUTION	92,120,233	93,441,000	94,074,596	1,954,363	2.1%	633,596	0.7%
FIELD SERVICES							
ADDITIONS	7,812,000	4,968,000	5,453,000	(2,359,000)	-30.2%	485,000	9.8%
REPLACEMENTS	5,554,000	5,677,000	6,436,000	882,000	15.9%	759,000	13.4%
GROSS TOTAL FIELD SERVICES	13,366,000	10,645,000	11,889,000	(1,477,000)	-11.1%	1,244,000	11.7%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	13,366,000	10,645,000	11,889,000	(1,477,000)	-11.1%	1,244,000	11.7%

PHILADELPHIA GAS WORKS

FISCAL YEAR 2020 CAPITAL BUDGET

SUMMARY ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	20,405,000	17,769,000	107,303,000	79,841,000	127,708,000	97,610,000
YEAR 1		2,636,000		27,462,000		30,098,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	20,405,000	20,405,000	107,303,000	107,303,000	127,708,000	127,708,000

GAS PROCESSING DEPARTMENT

FISCAL YEAR 2020 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

	CATEGORY		2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs 2019 COMPL BUDGET $ DIFFERENCE	2020 BUDGET vs 2019 COMPL BUDGET % DIFF.	2020 BUDGET vs 2020 FORECAST $ DIFFERENCE	2020 BUDGET vs 2020 FORECAST % DIFF.
53-01	NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	ADDITIONS	-	-	-	-	N/A	0	N/A
		REPLACEMENTS	996,000	-	-	(996,000)	-100.0%	0	N/A
		TOTAL	996,000	-	-	(996,000)	-100.0%	0	N/A
53-02	SUPPLEMENTAL GAS FACILITIES	ADDITIONS	411,000	-	179,000	(232,000)	-56.4%	179,000	N/A
		REPLACEMENTS	3,125,000	8,838,000	2,946,000	(179,000)	-5.7%	(5,892,000)	-66.7%
		TOTAL	3,536,000	8,838,000	3,125,000	(411,000)	-11.6%	(5,713,000)	-64.6%
53-03	BUILDING AND GROUNDS	ADDITIONS	98,000	-	-	(98,000)	-100.0%	0	N/A
		REPLACEMENTS	721,000	-	-	(721,000)	-100.0%	0	N/A
		TOTAL	819,000	-	-	(819,000)	-100.0%	0	N/A
53-04	MISC CAPITAL REQUIREMENTS	ADDITIONS	89,000	91,000	91,000	2,000	2.2%	0	0.0%
		REPLACEMENTS	309,000	316,000	236,000	(73,000)	-23.6%	(80,000)	-25.3%
		TOTAL	398,000	407,000	327,000	(71,000)	-17.8%	(80,000)	-19.7%
	2017 REAUTHORIZATION	REPLACEMENTS	544,000	-	-	-	0.0%	0	N/A
		TOTAL GAS PROCESSING	6,293,000	9,245,000	3,452,000	(2,297,000)	-36.5%	(5,793,000)	-62.7%

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL 2020 CAPITAL BUDGET

P	CATEGORY			AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 1					
1	GP-2	53-02-1-05	INSTALL BOLLARDS AND BARRIERS AROUND EXPANDER PLANT - RICHMOND	179,000	179,000	-		
1	GP-2	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	-	-	-		
1	GP-2	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	-	-	-		
1	GP-3	53-03-2-02	INSTALL CANOPY OVER TRANSFORMERS AT MAIN SWITCHGEAR BUILDING - R	-	-	-		
				-	-	-		
1	GP-3	53-03-2-03	REPLACE SHOP BOILERS IN FRONT OFFICE - RICHMOND PLANT	-	-	-		
				-	-	-		
1	GP-3	53-03-2-05	REMODEL SECURITY FRONT OFFICE AND CCTV BUILDING- RICHMOND PLANT	-	-	-		
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	91,000	91,000	-		
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	236,000	236,000	-		
1	GP-2	53-02-2-17	RELOCATE STEAM SILENCER - PASSYUNK	151,000	55,000	96,000		
1	GP-2	53-02-2-23	REPLACE LNG TANK DELUGE PIPING - PASSYUNK	498,000	483,000	15,000		
1	GP-2	53-02-2-24	UTILITY POLE REPLACEMENT - PASSYUNK	382,000	138,000	244,000		
1	GP-2	53-02-2-25	REPLACE CONTROLS ON LNG VAPORIZERS - RICHMOND	573,000	72,000	501,000		
1	GP-2	53-02-2-26	REPLACE ESD PANEL FOR V-101 - RICHMOND	92,000	36,000	56,000		
1	GP-2	53-02-2-27	REPLACE DRAIN LINE FROM E-22F VAPORIZER	1,250,000	405,000	845,000		
			PRIORITY 2					
2	GP-2	53-02-1-03	LIQUIFACTION FEEDGAS CO2 AND ETHANE REMOVAL - RICHMOND	-	-	-		
2	GP-2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE -RICHMOND AND PASSYUN	-	-	-		
2	GP-2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	-	-	-		
			TOTAL GAS PROCESSING DEPARTMENT:	3,452,000	1,695,000	1,757,000		

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2020 CAPITAL BUDGET

SUMMARY

CATEGORY	ADDITIONS	REPLACEMENTS	GROSS TOTAL	REIMBURSEMENT**	CONTRIBUTIONS*	SALV.	NET TOTAL
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	2,091,000	1,898,000	3,989,000				3,989,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,545,000	59,645,000	62,190,000	(4,312,504)			57,877,496
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	175,000	911,000	1,086,000	(369,900)			716,100
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	345,000	1,028,000	1,373,000				1,373,000
52-24 SERVICES	8,764,000	19,739,000	28,503,000				28,503,000
52-29 OTHER DISTRIBUTION FACILITIES		1,616,000	1,616,000				1,616,000
52-99 COST OF REMOVAL AND ABANDONMENT							
TOTAL DISTRIBUTION	13,920,000	84,837,000	98,757,000	(4,682,404)			94,074,596

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2020 CAPITAL BUDGET

DISTRIBUTION COMPRESSED CATEGORIES

Category	2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET
MAIN ADDITIONS	3,893,000	3,980,000	4,811,000
MAIN REPLACEMENTS	59,319,000	59,899,000	62,454,000
SERVICE ADDITIONS	8,655,000	8,847,000	8,764,000
SERVICE REPLACEMENTS	19,135,000	19,557,000	19,739,000
METER/REGULATOR/CORROSION	1,484,000	1,526,000	1,373,000
TOOLS	1,517,000	1,552,000	1,616,000
GROSS TOTAL DISTRIBUTION	94,003,000	95,361,000	98,757,000

DISTRIBUTION DEPARTMENT

FISCAL 2020 CAPITAL BUDGET

P			AMOUNT	FEET UNITS
	D-22	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER		
4	52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	175,000	205
3	52-22-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	500,000	391
3	52-22-2-02	MAIN FOR MAJOR ENFORCED RELOCATION	411,000	391
		GROSS TOTAL D-22	1,086,000	
		LESS: REIMBURSEMENT**	(369,900)	
		NET TOTAL D-22	716,100	
	D-23	CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)		
4	52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	345,000	
1	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	542,000	
2	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	486,000	
		GROSS TOTAL D-23	1,373,000	
		LESS: REIMBURSEMENT**		
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
		NET TOTAL D-23	1,373,000	

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2020 CAPITAL BUDGET

P	CATEGORY			AMOUNT	FEET UNITS	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 1						
1	D-21	52-21-2-02	PRUDENT MAIN REPLACEMENTS	20,162,000	83,707	13,909,000	6,253,000		
1	D-21	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC	33,000,000		17,325,000	15,675,000		
1	D-23	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	542,000		542,000			
1	D-24	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	991,000	126	991,000			
1	D-24	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	18,748,000	9,414	16,121,000	2,627,000		
1	D-24	52-24-2-03	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT INCREMENTAL SERVICE WORK						
			PRIORITY 2						
2	D-23	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND	486,000		486,000			
2	D-29	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT						
2	D-29	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK	1,616,000		1,616,000			

PHILADELPHIA GAS WORKS

FISCAL YEAR 2020 CAPITAL BUDGET

DISTRIBUTION DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	13,920,000	13,920,000	84,837,000	59,272,000	98,757,000	73,192,000
YEAR 1				25,565,000		25,565,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	13,920,000	13,920,000	84,837,000	84,837,000	98,757,000	98,757,000

FIELD SERVICES DEPARTMENT

FISCAL YEAR 2020 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

	CATEGORY		2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs $ DIFFERENCE	2019 COMPL BUDGET % DIFF.	2020 BUDGET vs 2020 FORECAST $ DIFFERENCE	2020 BUDGET vs 2020 FORECAST % DIFF.
50-30	METERS	ADDITIONS	2,008,000	2,053,000	2,197,000	189,000	9.4%	144,000	7.0%
		REPLACEMENTS	2,706,000	2,766,000	2,496,000	(210,000)	-7.8%	(270,000)	-9.8%
		TOTAL	4,714,000	4,819,000	4,693,000	(21,000)	-0.4%	(126,000)	-2.6%
50-32	SERVICE REGULATORS	ADDITIONS	68,000	70,000	60,000	(8,000)	-11.8%	(10,000)	-14.3%
	AND INSTALLATIONS	REPLACEMENTS	42,000	43,000	72,000	30,000	71.4%	29,000	67.4%
		TOTAL	110,000	113,000	132,000	22,000	20.0%	19,000	16.8%
50-33	TELEMETERING	ADDITIONS	146,000	150,000	82,000	(64,000)	-43.8%	(68,000)	-45.3%
	AND INSTALLATIONS	REPLACEMENTS	126,000	128,000	91,000	(35,000)	-27.8%	(37,000)	-28.9%
		TOTAL	272,000	278,000	173,000	(99,000)	-36.4%	(105,000)	-37.8%
50-34	METER SHOP	ADDITIONS		2,500,000	0	0	N/A	(2,500,000)	-100.0%
	EQUIPMENT	REPLACEMENTS	23,000	24,000	0	(23,000)	-100.0%	(24,000)	-100.0%
		TOTAL	23,000	2,524,000	0	(23,000)	-100.0%	(2,524,000)	-100.0%
50-35	SERVICE SECTION	ADDITIONS	5,400,000		2,900,000	(2,500,000)	-46.3%	2,900,000	N/A
	EQUIPMENT	REPLACEMENTS			0	0	N/A	0	N/A
		TOTAL	5,400,000		2,900,000	(2,500,000)	-46.3%	2,900,000	N/A
50-36	AUTOMATIC METER	ADDITIONS	190,000	195,000	214,000	24,000	12.6%	19,000	9.7%
	READING	REPLACEMENTS	2,657,000	2,716,000	3,777,000	1,120,000	42.2%	1,061,000	39.1%
		TOTAL	2,847,000	2,911,000	3,991,000	1,144,000	40.2%	1,080,000	37.1%
50-99	COST OF REMOVAL				0	0	N/A	0	N/A
	GROSS TOTAL FIELD SERVICES		13,366,000	10,645,000	11,889,000	(1,477,000)	-11.1%	1,244,000	11.7%
	LESS: SALVAGE				0	0	N/A	0	N/A
	LESS: CONTRIBUTIONS*				0	0	N/A	0	N/A
	NET TOTAL FIELD SERVICES		13,366,000	10,645,000	11,889,000	(1,477,000)	-11.1%	1,244,000	11.7%

* FIELO SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT

LISTING BY PRIORITY

FISCAL 2020 CAPITAL BUDGET

P	CATEGORY			AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 1					
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	72,000	72,000			
1	C-33	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	91,000	91,000			
1	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	82,000	82,000			
1	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,496,000	2,496,000			
			PRIORITY 4					
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR	2,197,000	2,197,000			
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	60,000	60,000			
			PRIORITY 5					
5	C-35	50-35-1-01	ADVANCED METER INFRASTRUCTURE	2,900,000	500,000	2,400,000		
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	214,000	214,000			
5	C-36	50-36-2-01	REPLACE AMR DEVICES	3,777,000	3,777,000			
			TOTAL FIELD SERVICES DEPARTMENT:	11,889,000	9,489,000	2,400,000		

FLEET OPERATIONS DEPARTMENT

FISCAL YEAR 2020 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY	2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs 2019 COMPL BUDGET $ DIFFERENCE	2020 BUDGET vs 2019 COMPL BUDGET % DIFF.	2020 BUDGET vs 2020 FORECAST $ DIFFERENCE	2020 BUDGET vs 2020 FORECAST % DIFF.
73-01-1-03 VEHICLE ADDITIONS	-	-	84,000	84,000	N/A	84,000	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	12,000	-	23,000	11,000	91.7%	23,000	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENT	415,000	900,000	773,000	358,000	86.3%	(127,000)	-14.1%
73-01-2-03 VEHICLE REPLACEMENTS	1,608,000	3,708,000	1,873,000	265,000	16.5%	(1,835,000)	-49.5%
GROSS TOTAL FLEET OPERATIONS	2,035,000	4,608,000	2,753,000	718,000	35.3%	(1,855,000)	-40.3%
LESS: SALVAGE					N/A		N/A
NET TOTAL FLEET OPERATIONS	2,035,000	4,608,000	2,753,000	718,000	35.3%	(1,855,000)	-40.3%

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL 2020 CAPITAL BUDGET

P.	CATEGORY		AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
		PRIORITY 1					
1	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	773,000	773,000			
1	73-01-1-03	VEHICLE ADDITIONS	84,000	84,000			
		PRIORITY 2					
2	73-01-2-01	SHOP EQUIPMENT REPLACEMENTS	23,000	23,000			
2	73-01-2-03	VEHICLE REPLACEMENTS	1,873,000	1,873,000			
		TOTAL FLEET OPERATIONS DEPARTMENT:	2,753,000	2,753,000			

FACILITIES

FISCAL YEAR 2020 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY		2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs 2019 COMPL BUDGET $ DIFF.	2020 BUDGET vs 2019 COMPL BUDGET % DIFF.	2020 BUDGET vs 2020 FORECAST $ DIFF.	2020 BUDGET vs 2020 FORECAST % DIFF.
72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	150,000	-	0.0%	-	0.0%
72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	8,000	12,000	12,000	4,000	50.0%	-	0.0%
72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000	397,000	418,000	-	0.0%	21,000	5.3%
72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	24,000	48,000	48,000	24,000	100.0%	-	0.0%
72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	34,000	60,000	60,000	26,000	76.5%	-	0.0%
72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	61,000	61,000	75,000	14,000	23.0%	14,000	23.0%
72-01-2-05	REPLACE MODULAR FURNITURE	67,000	67,000	100,000	33,000	49.3%	33,000	49.3%
72-01-2-06	REPLACE 800 AHU HW, CHW CONTROL VALVES, DAMPER ACTUATORS	1,040,000	-	226,000	(814,000)	-78.3%	226,000	N/A
72-01-2-07	REPLACE 1800 ROOF	-	-	3,105,000	3,105,000	N/A	3,105,000	N/A
72-01-2-08	REPLACE 1800 BOILER #2	-	-	228,000	228,000	N/A	228,000	N/A
72-01-2-09	WPDO REAR WALL STRCTUREAL REPLAIRS & REPLACE REAR WINDOWS	-	-	572,000	572,000	N/A	572,000	N/A
72-01-2-10	CIS TEAM SPACE FIT-OUT	-	-	349,000	349,000	N/A	349,000	N/A
72-01-2-11	150KW SOLAR ARRAY PASSYUNK PLANT	-	-	276,000	276,000	N/A	276,000	N/A
72-01-2-XX	EXPENSES IF NO BUILDING CONSOLIDATION	-	11,951,590	-	-	N/A	(11,951,590)	-100.0%
	TOTAL FACILITIES	1,802,000	12,746,590	5,619,000	3,817,000	211.8%	(7,127,590)	-55.9%

OTHER DEPARTMENTS

FISCAL YEAR 2020 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY		2019 COMPL BUDGET	2020 FORECAST	2020 COMPL BUDGET	2020 BUDGET vs 2019 COMPL BUDGET $ DIFFERENCE	2020 BUDGET vs 2019 COMPL BUDGET % DIFF.	2020 BUDGET vs 2020 FORECAST $ DIFFERENCE	2020 BUDGET vs 2020 FORECAST % DIFF.
FACILITIES	ADDITIONS	158,000	162,000	162,000	4,000	2.5%	-	0.0%
	REPLACEMENTS	1,644,000	12,584,590	5,457,000	3,813,000	231.9%	(7,127,590)	-56.6%
	TOTAL	1,802,000	12,746,590	5,619,000	3,817,000	211.8%	(7,127,590)	-55.9%
INFORMATION SERVICES	ADDITIONS	574,000	461,000	516,000	(58,000)	-10.1%	55,000	11.9%
	REPLACEMENTS	15,391,000	13,030,000	525,000	(14,866,000)	-96.6%	(12,505,000)	-96.0%
	TOTAL	15,965,000	13,491,000	1,041,000	(14,924,000)	-93.5%	(12,450,000)	-92.3%
CHIEF OPERATING OFFICER	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	750,000	750,000	4,142,000	3,392,000	452.3%	3,392,000	452.3%
	TOTAL	750,000	750,000	4,142,000	3,392,000	452.3%	3,392,000	452.3%
VP TECHNICAL COMPLIANCE	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	4,000,000	-	-	N/A	(4,000,000)	-100.0%
	TOTAL	-	4,000,000	-	-	N/A	(4,000,000)	-100.0%
CHEMICAL SERVICES	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	-	55,000	55,000	N/A	55,000	N/A
	TOTAL	-	-	55,000	55,000	N/A	55,000	N/A
SECURITY & LOST PREVENTION	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	327,000	-	-	(327,000)	-100.0%	-	N/A
	TOTAL	327,000	-	-	(327,000)	-100.0%	-	N/A
TOTAL OTHER DEPARTMENTS		18,844,000	30,987,590	10,857,000	(7,987,000)	-42.4%	(20,130,590)	-65.0%

OTHER DEPARTMENTS

FISCAL 2020 CAPITAL BUDGET

P			AMOUNT
		CHIEF OPERATING OFFICER	
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	3,387,010
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	169,445
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	585,545
		TOTAL CHIEF OPERATING OFFICER	4,142,000
		CHEMICAL SERVICES	
1	31-01-1-01	ODORANT INJECTION SYSTEM / ETHANE IDENTIFIER	55,000
		TOTAL SECURITY & LOST PREVENTION	55,000
		TOTAL OTHER DEPARTMENTS	10,857,000

PHILADELPHIA GAS WORKS

FISCAL YEAR 2020 CAPITAL BUDGET

OTHER DEPARTMENTS ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	678,000	442,000	10,179,000	10,039,000	10,857,000	10,481,000
YEAR 1		236,000		140,000		376,000
YEAR 2						
YEAR 3						
YEAR 4 AND BEYOND						
TOTAL	678,000	678,000	10,179,000	10,179,000	10,857,000	10,857,000

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2020 AND FORECAST 2021 THROUGH 2025

DEPARTMENT	2020 CAPITAL BUDGET	FORECAST 2021	2022	2023	2024	2025	TOTAL 6 YEARS
GAS PROCESSING							
ADDITIONS	270,000	93,000	254,000	97,000	2,605,000	101,000	3,420,000
REPLACEMENTS	3,182,000	10,975,700	6,263,400	7,054,000	4,559,000	7,943,000	39,977,100
TOTAL GAS PROCESSING	3,452,000	11,068,700	6,517,400	7,151,000	7,164,000	8,044,000	43,397,100
ACQUIRE ASSETS LEASE	3,452,000	11,068,700	6,517,400	7,151,000	7,164,000	8,044,000	43,397,100
DISTRIBUTION							
ADDITIONS	13,920,000	14,482,000	14,829,000	15,185,000	15,550,000	15,923,000	89,889,000
REPLACEMENTS	84,837,000	86,083,000	87,357,000	88,662,000	90,000,000	91,368,000	528,307,000
GROSS TOTAL DISTRIBUTION	98,757,000	100,565,000	102,186,000	103,847,000	105,550,000	107,291,000	618,196,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	(4,312,504)	(4,399,000)	(4,487,000)	(4,577,000)	(4,669,000)	(4,762,000)	(27,206,504)
NET TOTAL DISTRIBUTION	94,444,496	96,166,000	97,699,000	99,270,000	100,881,000	102,529,000	590,989,496
ACQUIRE ASSETS LEASE	94,444,496	96,166,000	97,699,000	99,270,000	100,881,000	102,529,000	590,989,496

PHILADELPHIA GAS WORKS

FISCAL YEAR 2020 AND FORECAST 2021 THROUGH 2025

DEPARTMENT	2020 CAPITAL BUDGET	FORECAST 2021	2022	2023	2024	2025	TOTAL 6 YEARS
OTHER							
ADDITIONS	678,000	300,350	307,533	314,888	322,589	330,480	2,253,840
REPLACEMENTS	10,179,000	46,418,590	18,351,749	17,450,581	17,769,443	18,095,909	128,265,272
TOTAL OTHER	10,857,000	46,718,940	18,659,282	17,765,469	18,092,032	18,426,389	130,519,112
ACQUIRE ASSETS LEASE	10,857,000	46,718,940	18,659,282	17,765,469	18,092,032	18,426,389	130,519,112
TOTAL							
ADDITIONS	17,505,000	17,523,350	18,099,533	18,448,888	21,458,589	19,439,480	112,474,840
REPLACEMENTS	110,203,000	157,706,290	123,998,149	124,598,581	127,688,443	128,232,909	772,427,372
GROSS TOTAL	127,708,000	175,229,640	142,097,682	143,047,469	149,147,032	147,672,389	884,902,212
LESS: SALVAGE							
LESS: REIMBURSEMENT**	(4,312,504)	(4,399,000)	(4,487,000)	(4,577,000)	(4,669,000)	(4,762,000)	(27,206,504)
LESS: CONTRIBUTIONS*							
NET TOTAL	123,395,496	170,830,640	137,610,682	138,470,469	144,478,032	142,910,389	857,695,708
ACQUIRE ASSETS LEASE	123,395,496	170,830,640	137,610,682	138,470,469	144,478,032	142,910,389	857,695,708

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

PHILADELPHIA GAS WORKS

PROPOSED 2021 - 2025 FORECAST

(COMPARISON)

DEPARTMENT	2020 - 2024 FORECAST	2021 - 2025 FORECAST	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
FLEET OPERATIONS				
ADDITIONS	84,000		(84,000)	
REPLACEMENTS	19,399,000	27,532,000	8,133,000	41.9%
GROSS TOTAL FLEET OPERATIONS	19,483,000	27,532,000	8,049,000	41.3%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	19,483,000	27,532,000	8,049,000	41.3%
OTHER				
ADDITIONS	3,281,050	14,370,746	11,089,696	338.0%
REPLACEMENTS	94,552,950	118,086,272	23,533,322	24.9%
TOTAL OTHER	97,834,000	132,457,018	34,623,018	35.4%
TOTAL				
ADDITIONS	93,661,050	107,764,746	14,103,696	15.1%
REPLACEMENTS	602,310,950	662,224,372	59,913,422	9.9%
GROSS TOTAL	695,972,000	769,989,118	74,017,118	10.6%
LESS: SALVAGE				
LESS: REIMBURSEMENT**	(9,990,000)	(22,894,000)	(12,904,000)	129.2%
LESS: CONTRIBUTIONS*				
NET TOTAL	685,982,000	747,095,118	61,113,118	8.9%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2021 THROUGH 2025

			2019 COMPLIANCE BUDGET	2020 COMPLIANCE BUDGET	2021	2022	2023	2024	2025	TOTAL FORECAST
2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	149,000							
2	53-02-2-22	ISOLATE PIPING IN #77 HOUSE BASEMENT - RICHMOND			287,700					287,700
2	53-02-2-23	Replace LNG Tank Deluge Piping - Passyunk		498,000						
2	53-02-2-24	Utility pole replacement - Passyunk		382,000						
2	53-02-2-25	Replace controls on LNG Vaporizers - Richmond		573,000						
2	53-02-2-26	Replace ESD Panel for V-101 - Richmond		92,000						
2	53-02-2-27	Replace Drain Line from E-22F Vaporizer		1,250,000						
2	53-02-2-28	Upgrade Main Gate Guard Shack - Passyunk			495,000					495,000
		TOTAL GP-2	3,536,000	3,125,000	8,933,700	6,174,400	5,000,000	3,805,000	2,676,000	26,083,100
		GP-3 BUILDING AND GROUNDS								
2	53-03-2-01	RELOCATE TRAINING FACILLITY - RICHMOND							5,000,000	5,000,000
2	53-03-2-04	CONSOLIDATE ALL MAINTENANCE SHOPS AND CONSTRUCT NEW SHOP AREA - PASSYUNK						3,000,000		3,000,000
		TOTAL GP-3	819,000					3,000,000	5,000,000	8,000,000
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	89,000	91,000	93,000	95,000	97,000	99,000	101,000	485,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	309,000	236,000	242,000	248,000	254,000	260,000	267,000	1,271,000
		TOTAL GP-4	398,000	327,000	335,000	343,000	351,000	359,000	368,000	1,756,000
		2017 REAUTHORIZATION								
1	53-02-2-08	REPLACE P-106 PUMP - RICHMOND	544,000							
		TOTAL GAS PROCESSING DEPARTMENT	6,293,000	3,452,000	11,068,700	6,517,400	7,151,000	7,164,000	8,044,000	39,945,100
		ACQUIRE ASSETS LEASE	6,293,000	3,452,000	11,068,700	6,517,400	7,151,000	7,164,000	8,044,000	39,945,100

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2021 THROUGH 2025

			2019 COMPLIANCE BUDGET	2020 COMPLIANCE BUDGET	2021	2022	2023	2024	2025	TOTAL FORECAST
		D-22 12 INCH AND LARGER I. P. AND L. P. MAIN								
4	52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	129,000	175,000	179,000	183,000	187,000	191,000	196,000	936,000
3	52-22-2-01	MAIN FOR MAJOR ENFORCED RELOCATION	487,000	500,000	512,000	524,000	537,000	550,000	563,000	2,686,000
	52-2X-X-XX	NON-RECURRING ITEMS		411,000	421,000	431,000	441,000	452,000	463,000	
		GROSS TOTAL D-22	616,000	1,086,000	1,112,000	1,138,000	1,165,000	1,193,000	1,222,000	3,622,000
	52-22-2-97	LESS: REIMBURSEMENT**								
		LESS: CONTRIBUTIONS*								
		NET TOTAL D-22	616,000	1,086,000	1,112,000	1,138,000	1,165,000	1,193,000	1,222,000	3,622,000
		D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4	52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	479,000	345,000	353,000	361,000	370,000	379,000	388,000	1,851,000
1	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	531,000	542,000	555,000	568,000	582,000	596,000	610,000	2,911,000
2	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	474,000	486,000	498,000	510,000	522,000	535,000	548,000	2,613,000
		GROSS TOTAL D-23	1,484,000	1,373,000	1,406,000	1,439,000	1,474,000	1,510,000	1,546,000	7,375,000
		LESS: REIMBURSEMENT**								
		LESS: CONTRIBUTIONS*								
		TOTAL D-23	1,484,000	1,373,000	1,406,000	1,439,000	1,474,000	1,510,000	1,546,000	7,375,000

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2021 THROUGH 2025

			2019 COMPLIANCE BUDGET	2020 COMPLIANCE BUDGET	2021	2022	2023	2024	2025	TOTAL FORECAST
		C-30 METERS								
4	50-30-1-01	ADDITIONS AND INSTALLATIONS	2,008,000	2,197,000	2,284,000	2,370,000	2,486,000	2,590,000	2,701,000	12,431,000
1	50-30-2-01	REPLACEMENTS	2,706,000	2,496,000	2,768,000	2,822,000	2,908,000	2,978,000	3,051,000	14,527,000
		TOTAL C-30	4,714,000	4,693,000	5,052,000	5,192,000	5,394,000	5,568,000	5,752,000	26,958,000
		C-32 SERVICES REGULATORS								
4	50-32-1-01	ADDITIONS AND INSTALLATIONS	68,000	60,000	61,000	62,000	64,000	66,000	67,000	320,000
1	50-32-2-01	REPLACEMENTS	42,000	72,000	76,000	78,000	80,000	82,000	84,000	400,000
		TOTAL C-32	110,000	132,000	137,000	140,000	144,000	148,000	151,000	720,000
		C-33 TELEMETERING								
1	50-33-1-01	ADDITIONS AND INSTALLATIONS	146,000	82,000	84,000	85,000	88,000	90,000	93,000	440,000
1	50-33-2-01	REPLACEMENTS	126,000	91,000						
		TOTAL C-33	272,000	173,000	84,000	85,000	88,000	90,000	93,000	440,000

FLEET OPERATIONS DEPARTMENT
FORECAST - FISCAL YEARS 2021 THROUGH 2025

	2019 COMPLIANCE BUDGET	2020 COMPLIANCE BUDGET	2021	2022	2023	2024	2025	TOTAL FORECAST
73-01-1-03 VEHICLE ADDITIONS		84,000.00						
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	12,000	23,000						
73-01-2-02 MOBILE EQUIPMENT REPLACEMENTS	415,000	773,000	925,000	1,091,000	778,000	2,616,000	227,000	5,637,000
73-01-2-03 VEHICLE REPLACEMENTS	1,608,000	1,873,000	5,207,000	2,802,000	3,483,000	6,042,000	4,361,000	21,895,000
73-98-2-98 LESS: SALVAGE								
NET TOTAL FLEET OPERATIONS DEPARTMENT	2,035,000	2,753,000	6,132,000	3,893,000	4,261,000	8,658,000	4,588,000	27,532,000
ACQUIRE ASSETS	2,035,000	2,753,000	6,132,000	3,893,000	4,261,000	8,658,000	4,588,000	27,532,000
LEASE								

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2021 THROUGH 2025

			2019 COMPLIANCE	2020 COMPLIANCE	2021	2022	2023	2024	2025	TOTAL FORECAST
		INFORMATION SERVICES								
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	62,000	59,000	60,475	61,987	63,537	65,125	66,753	317,877
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	205,000	75,000	76,875	78,797	80,767	82,786	84,856	404,081
2	47-01-1-03	SYSTEM & NETWORK MONITORING APPLIANCE ADDITIONS	185,000	382,000						
1	47-01-1-04	ENVIRONMENTAL MANAGEMENT SYSTEM	230,000							
2	47-01-1-05	AIMS CORROSION	400,000							
2	47-01-1-06	GIS IMPLEMENTATION	1,225,000							
2	47-01-2-01	REPLACEMENT	484,000	475,000	51,000	52,000	53,000	54,000	55,000	265,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	50,000	51,000	52,000	53,000	54,000	55,000	265,000
2	47-01-2-03	PRI TO SIP CONVERSION REPLACEMENTS	310,000							
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	12,692,000		19,970,000					19,970,000
		2017 REAUTHORIZATION								
5	10-01-1-01	DSM DATABASE	87,000							
5	10-01-1-02	PUC LIURP	35,000							
		TOTAL INFORMATION SERVICES	15,965,000	1,041,000	20,209,350	244,784	250,304	255,911	261,609	21,221,958

FISCAL 2020 FINANCING PLAN

PHILADELPHIA GAS WORKS
CAPITAL FINANCING PLAN

As a result of the FY 2011 Operating Budget proceedings, a motion was approved that directed PGW to begin with its FY 2012 Capital Budget filing to include with each proposed Capital Budget and Capital Budget Amendment a proposed Capital Funding plan pursuant to Section IV.2.b of the Management Agreement.

In this section of the Management Agreement, funds required to be supplied must be identified between:

i. Funds generated within the business through charges to customer or otherwise; and
ii. Funds to be obtained through capital loans.

Capital Spending in FY 2020 Compliance

• Spending from FY 2020 Program	$ 88,807,000
• Spending Carryover from FY 2019	$ 38,650,000
• Total FY 2020 Spending	$ 127,457,000
• Projected Reimbursement	$ 4,313,000
• Salvage	$ 465,000
• Construction Contributions	$ 1,113,000
• **Net FY 2020 Capital Spending**	**$ 121,566,000**

Capital Funding Sources:

• Capital Bond Proceeds	$ 60,805,000
• DSIC	$ 33,000,000
• Internally Generated Funds	$ 27,761,000
• **FY 2020 Capital Funding**	**$ 121,566,000**

The funding plan is based upon current financial projections and is subject to changes based upon PGW's financial conditions at the time funds are required to support the FY 2020 Capital Program.

PHILADELPHIA GAS WORKS
800 West Montgomery Avenue • Philadelphia, PA 19122

August 26, 2019

Gemela McClendon, Esq.
Executive Director
Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, Ninth Floor
Philadelphia, PA 19102

RE: PGW's Fiscal Year 2020 Compliance Operating Budget

Dear Ms. McClendon:

As directed in the Motion approved by the Philadelphia Gas Commission at its August 13, 2019 meeting, enclosed is an original along with five (5) copies of PGW's Fiscal Year 2020 Compliance Operating Budget.

I would like to commend the Commission's efforts in granting this approval prior to the beginning of PGW's FY 2020 Fiscal Year. This accomplishment allowed PGW to avoid the need to prepare an interim budget as in the past, thereby improving the efficiency of the budget review process. Thank you.

Sincerely,

William J. Gallagher
Vice President Budget and Strategic Development

cc: Service List

Exhibit A-1-1

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

Line No.		Actual 2017-18	Budget 2018-19	Estimate 2018-19	Budget 2019-20	Adjustments	Compliance Budget 2019-20
	OPERATING REVENUES						
1.	Non-Heating	23,492	22,559	23,898	23,203	-	23,203
2.	Gas Transportation Service	51,682	54,525	59,847	61,882	-	61,882
3.	Heating	588,624	606,349	604,756	598,875	-	598,875
4.	Revenue Enhancement / Cost Reduction	-	-	-	-	-	-
5.	Weather Normalization Adjustment	(3,806)	606	437	436	-	436
6.	Pro Forma Adjustment 20HDD Avg.	-	-	-	-	-	-
7.	Unbilled Gas Adjustment	(912)	20	175	(191)	-	(191)
8.	Total Gas Revenues	659,080	684,059	689,113	684,205	-	684,205
9.	Appropriation for Uncollectible Reserve	(30,826)	(30,983)	(31,464)	(30,588)	-	(30,588)
10.	Appliance Repair & Other Revenues	8,121	7,909	7,112	6,835	-	6,835
11.	Other Operating Revenues	11,124	11,658	11,469	11,397	-	11,397
12.	Total Other Operating Revenues	(11,581)	(11,416)	(12,883)	(12,356)	-	(12,356)
13.	**Total Operating Revenues**	647,499	672,643	676,230	671,849	-	671,849
	OPERATING EXPENSES						
14.	Natural Gas	186,254	194,920	206,344	195,123	-	195,123
15.	Other Raw Material	11	10	5	10	-	10
16.	Sub-Total Fuel	186,265	194,930	206,349	195,133	-	195,133
17.	**CONTRIBUTION MARGINS**	**461,234**	**477,713**	**469,881**	**476,716**	**-**	**476,716**
18.	Gas Processing	21,644	19,930	19,630	22,512	-	22,512
19.	Field Services	39,291	-	-	-	-	-
20.	Distribution	47,762	-	-	-	-	-
21.	Field Operations	-	83,067	82,450	85,188	-	85,188
22.	Collection	4,097	4,390	4,390	4,383	-	4,383
23.	Customer Service	13,904	15,327	15,327	15,433	(185)	15,248
24.	Account Management	7,878	8,805	8,805	9,206	-	9,206
25.	Marketing	3,751	4,683	4,683	4,999	-	4,999
26.	Administrative & General	69,179	81,389	81,435	84,596	(522)	84,074
27.	Health Insurance	22,242	23,652	23,652	26,124	(784)	25,340
28.	Environmental	-	-	-	792	-	792
29.	Capitalized Fringe Benefits	(10,767)	(10,322)	(11,090)	(9,664)	-	(9,664)
30.	Capitalized Administrative Charges	(16,396)	(14,028)	(16,152)	(17,050)	-	(17,050)
31.	Pensions	43,159	32,672	37,451	29,531	-	29,531
32.	Taxes	8,758	8,853	8,887	9,280	-	9,280
33.	Other Post Employement Benefits	32,889	30,325	23,520	17,892	-	17,892
35.	Cost/ Labor Savings	-	(2,776)	(1,286)	114	-	114
36.	Sub-Total Other Oper.& Maintenance	287,391	285,967	281,702	283,336	(1,491)	281,845
37.	Depreciation	57,583	58,113	56,996	60,602	-	60,602
38.	Cost of Removal	6,387	4,500	4,500	4,500	-	4,500
39.	To Clearing Accounts	(7,516)	(6,905)	(6,905)	-	-	-
		56,454	55,708	54,591	65,102	-	65,102
40.	Sub-Total Other Oper.& Maint. & Depreciation	343,845	341,675	336,293	348,438	(1,491)	346,947
41.	**TOTAL OPERATING EXPENSES**	530,110	536,605	542,642	543,571	(1,491)	542,080
42.	**OPERATING INCOME**	117,389	136,038	133,588	128,278	1,491	129,769
43.	Interest Gain / (Loss) and Other Income	4,634	3,003	4,996	3,885	-	3,885
44.	INCOME BEFORE INTEREST	122,023	139,041	138,584	132,163	1,491	133,654
	INTEREST						
45.	Long-Term Debt	48,351	46,704	46,704	44,020	-	44,020
46.	Other	(10,618)	(10,516)	(10,383)	(9,716)	-	(9,716)
47.	AFUDC	(1,353)	(1,374)	(1,654)	(1,959)	-	(1,959)
48.	Loss From Extinguishment of Debt	5,560	5,262	5,262	4,845	-	4,845
49.	Total Interest	41,940	40,076	39,929	37,190	-	37,190
50.	**NET INCOME**	**$ 80,083**	**$ 98,965**	**$ 98,655**	**$ 94,973**	**$ 1,491**	**$ 96,464**
51	City Payment	18,000	18,000	18,000	18,000	-	18,000
52	**NET EARNINGS**	**$ 62,083**	**$ 80,965**	**$ 80,655**	**$ 76,973**	**$ 1,491**	**$ 78,464**

Exhibit A-1

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

Line No.		Actual 2017-18	Budget 2018-19	Estimate 2018-19	Budget 2019-20	Adjustments	Compliance Budget 2019-20
	OPERATING REVENUES						
1.	Non-Heating	23,492	22,559	23,898	23,203	-	23,203
2.	Gas Transportation Service	51,682	54,525	59,847	61,882	-	61,882
3.	Heating	588,624	606,349	604,756	598,875	-	598,875
4.	Revenue Enhancement / Cost Reduction	-	-	-	-	-	-
5.	Weather Normalization Adjustment	(3,806)	606	437	436	-	436
6.	Unbilled Gas Adjustment	(912)	20	175	(191)	-	(191)
7.	Total Gas Revenues	659,080	684,059	689,113	684,205	-	684,205
8.	Appropriation for Uncollectible Reserve	(30,826)	(30,983)	(31,464)	(30,588)	-	(30,588)
9.	Appliance Repair & Other Service Revenues	8,121	7,909	7,112	6,835	-	6,835
10.	Other Operating Revenues	11,124	11,658	11,469	11,397	-	11,397
11.	Total Other Revenues	(11,581)	(11,416)	(12,883)	(12,356)	-	(12,356)
12.	Total Operating Revenues	647,499	672,643	676,230	671,849	-	671,849
	OPERATING EXPENSES						
13.	Natural Gas	186,254	194,920	206,344	195,123	-	195,123
14.	Other Raw Material	11	10	5	10	-	10
15.	Sub-Total Fuel	186,265	194,930	206,349	195,133	-	195,133
16.	Contribution Margins	461,234	477,713	469,881	476,716	-	476,716
17.	Labor & Fringe Benefits	217,238	175,015	182,655	184,842	(784)	184,058
18.	Other Expenses & Depreciation	126,607	166,660	153,638	163,596	(707)	162,889
19.	Sub-Total Other O&M & Depreciation	343,845	341,675	336,293	348,438	(1,491)	346,947
20.	Total Operating Expenses	530,110	536,605	542,642	543,571	(1,491)	542,080
21.	**Operating Income**	117,390	136,038	133,588	128,278	1,491	129,769
22.	Interest Gain / (Loss) and Other Income	4,634	3,003	4,996	3,885	-	3,885
23.	Income Before Interest	122,023	139,041	138,584	132,163	1,491	133,654
	INTEREST						
24.	Long Term Debt	48,351	46,704	46,704	44,020	-	44,020
25.	Other Interest	(10,618)	(10,516)	(10,383)	(9,716)	-	(9,716)
26.	AFUDC	(1,353)	(1,374)	(1,654)	(1,959)	-	(1,959)
27.	Loss from Extinguishment of Debt	5,560	5,262	5,262	4,845	-	4,845
28.	Total Interest	41,940	40,076	39,929	37,190	-	37,190
29.	**Net Income**	**$ 80,083**	**$ 98,965**	**$ 98,655**	**$ 94,973**	**$ 1,491**	**$ 96,464**
30.	City Payment	18,000	18,000	18,000	18,000	-	18,000
31.	**Net Earnings**	**$ 62,083**	**$ 80,965**	**$ 80,655**	**$ 76,973**	**$ 1,491**	**$ 78,464**

Exhibit A-2

PHILADELPHIA GAS WORKS
CASH FLOW STATEMENT
(Dollars in Thousands)

Line No.		Actual 2017-18	Budget 2018-19	Estimate 2018-19	Budget 2019-20	Adjustments	Compliance Budget 2019-20
	SOURCES						
1.	Net Income	80,083	98,965	98,655	94,973	1,491	96,464
2.	Depreciation & Amortization	51,717	52,525	51,404	55,396	-	55,396
3.	Earnings on Restricted Funds	(2,898)	(3,217)	(4,130)	2,011	-	2,011
4.	Proceeds from Bond Refunding to Pay Cost of Issuance	-	-	-	-	-	-
5.	Increased/(Decreased) Other Assets/Liabilities	(1,282)	(16,228)	(19,598)	(33,128)	-	(33,128)
6.	Available From Operations	127,619	132,045	126,330	119,252	1,491	120,743
7.	Drawdown of Bond Proceeds	55,000	61,000	49,500	60,805	-	60,805
8.	Grant Income	-	-	-	-	-	-
9.	Release of Sinking Fund Asset	-	-	-	-	-	-
10.	Release of Bond Proceeds to Pay Temporary Financing	-	-	-	-	-	-
11.	Temporary Financing	-	-	-	10,000	-	10,000
12.	**TOTAL SOURCES**	**$ 182,619**	**$ 193,045**	**$ 175,830**	**$ 190,057**	**$ 1,491**	**$ 191,548**
	USES						
13.	Net Construction Expenditures	123,427	124,205	99,184	135,739	-	135,739
14.	Funded Debt Reduction:	-	-	-	-	-	-
15.	Revenue Bonds	38,425	51,820	51,820	52,870	-	52,870
16.	Revenue Bonds Subordinate Debt	-	-	-	-	-	-
19.	Temporary Financing Repayment	-	-	-	-	-	-
20.	Distribution of Earnings	18,000	18,000	18,000	18,000	-	18,000
	Additions to (Reductions of):						-
21.	Non-Cash Working Capital	(39,749)	(1,961)	13,832	(1,969)	-	(1,969)
22.	Cash Needs	140,103	192,064	182,836	204,640	-	204,640
23.	Cash Surplus (Shortfall)	42,516	981	(7,006)	(14,583)	1,491	(13,092)
24.	**TOTAL USES**	**$ 182,619**	**$ 193,045**	**$ 175,830**	**$ 190,057**	**$ 1,491**	**$ 191,548**
25.	Cash - Beginning of Period	88,535	114,954	131,051	124,045	-	124,045
26.	Cash - Surplus (Shortfall)	42,516	981	(7,006)	(14,583)	1,491	(13,092)
27.	**Ending Cash**	**$ 131,051**	**$ 115,935**	**$ 124,045**	**$ 109,463**	**$ 1,491**	**$ 110,954**
28.	Outstanding Commercial Paper - Working Capital	-	-	-	-	-	-
29.	Outstanding Commercial Paper - Capital	-	-	-	10,000	-	10,000
30.	Incremental DSIC Revenue	33,000	33,000	33,000	33,000	-	33,000
31.	Internally Generated Funds	35,427	30,205	16,684	31,934	-	31,934
32.	**TOTAL IGF + Incremental DSIC Revenue**	68,427	63,205	49,684	64,934	-	64,934

Exhibit A-3

PHILADELPHIA GAS WORKS
DEBT SERVICE COVERAGE
(Dollars in Thousands)

Line No.		Actual 2017-18	Budget 2018-19	Estimate 2018-19	Budget 2019-20	Adjustments	Compliance Budget 2019-20
	FUNDS PROVIDED						
1.	Total Gas Revenues	659,080	684,059	689,113	684,205	-	684,205
2.	Other Operating Revenues	(11,581)	19,567	(12,883)	(12,356)	-	(12,356)
3.	Total Operating Revenues	647,499	703,626	676,230	671,849	-	671,849
4.	Other Income Inc. / (Dec.) Restricted Funds	4,634	(214)	866	5,896	-	5,896
5.	AFUDC (Interest)	1,353	1,374	1,654	1,959	-	1,959
6.	**TOTAL FUNDS PROVIDED**	653,486	704,786	678,749	679,705	-	679,705
	FUNDS APPLIED						
7.	Fuel Costs	186,265	194,930	206,349	195,133	-	195,133
8.	Other Operating Costs	343,845	372,658	336,293	348,438	(1,491)	346,947
9.	Total Operating Expenses	530,110	567,588	542,642	543,571	(1,491)	542,080
10.	Less: Non-Cash Expenses	82,846	70,823	74,148	70,588	-	70,588
11.	**TOTAL FUNDS APPLIED**	447,264	496,765	468,494	472,983	(1,491)	471,492
12.	Funds Available to Cover Revenue Bond Debt	206,222	208,022	210,256	206,721	1,491	208,212
13.	1975 Ordinance Bonds Debt Service	-	-	-	-	-	-
14.	**Debt Service Coverage 1975 Revenue Bonds**	-	-	-	-	-	-
15.	Net Available after Prior Debt Service	206,222	208,022	210,256	206,721	1,491	208,212
16.	Equipment Leasing Debt Service	-	-	-	-	-	-
17.	Net Available After Prior Capital Leases	206,222	208,022	210,256	206,721	1,491	208,212
18.	1998 Ordinance Bonds Debt Service	87,690	99,051	99,051	97,534	-	97,534
19.	1999 Ordinance Subordinate Bonds Debt Service - (TXCP)	-	-	-	-	-	-
20.	Total New Debt Service	87,690	99,051	99,051	97,534	-	97,534
21.	**Debt Service Coverage 1998 Revenue Bonds**	**2.35**	**2.10**	**2.12**	**2.12**	-	**2.13**
22.	**Net Available After 1998 Debt Service**	**$118,532**	**$108,971**	**$111,205**	**$109,187**	**$1,491**	**$110,678**
23.	**Aggregate Debt Service (Combined Liens)**	87,690	99,051	99,051	97,534	-	97,534
24.	**Fixed Coverage Charge (Combined Liens)**	**2.35**	**2.10**	**2.12**	**2.12**	-	**2.13**
25.	**Fixed Coverage Charge including $18.0MM City Fee**	**2.15**	**1.92**	**1.94**	**1.93**	-	**1.95**

Exhibit A-4

PHILADELPHIA GAS WORKS
BALANCE SHEET
(Dollars in Thousands)

Line No.		Actual 2017-18	Budget 2018-19	Estimate 2018-19	Budget 2019-20	Adjustments	Compliance Budget 2019-20
	ASSETS						
1.	Utility Plant Net	1,403,956	1,471,065	1,446,144	1,521,281	-	1,521,281
2.	Sinking Fund Reserve	103,255	105,170	104,985	106,837	-	106,837
3.	Capital Improvement Fund	111,815	47,326	64,695	-	-	-
4.	Capital Expenditures	-	-	-	-	-	-
5.	Restricted Investment Worker Comp Fund & Health Insurance Escrow	2,646	2,688	2,667	2,693	-	2,693
6.	Cash	131,051	115,935	124,045	109,463	1,491	110,954
	Accounts Receivable:						
7.	Gas Receivable	141,346	142,232	138,742	135,204	-	135,204
8.	Other	2,964	2,311	2,007	2,007	-	2,007
9.	Accrued Gas Revenues	4,628	5,538	5,713	5,522	-	5,522
10.	Reserve for Uncollectible	(66,328)	(67,146)	(65,791)	(64,479)	-	(64,479)
11.	**Accounts Receivable Net**	**82,610**	**82,935**	**80,671**	**78,254**	**-**	**78,254**
12.	Materials & Supplies	52,368	53,550	55,893	53,116	-	53,116
13.		2,501	483	2,344	2,348	-	2,348
14.	Deferred Debits	15,499	10,427	15,474	16,266	-	16,266
15.	Unamortized Bond Issuance Expense	290	259	259	233	-	233
16.	Unamortized Extraordinary Loss	42,054	36,792	36,792	31,946	-	31,946
17.	Deferred Environmental	31,593	29,115	31,527	30,735	-	30,735
18.	Deferred Pension Outflows	24,943	-	29,950	18,375	-	18,375
19.	Deferred OPEB Outflows	81,048	-	81,168	65,792	-	65,792
20.	Other Assets	9,650	20,503	30,736	28,817	-	28,817
21.	**TOTAL ASSETS**	**$2,095,279**	**$1,976,248**	**$2,107,349**	**$2,066,156**	**$1,491**	**$2,067,647**
	EQUITY & LIABILITIES						
22.	City Equity	$111,700	$193,201	$192,355	$269,328	$1,491	$270,819
	Long Term Debt:						
23.	Revenue Bonds	1,016,300	964,480	964,480	911,610	-	911,610
24.	Unamortized Discount	(64)	(60)	(60)	(56)	-	(56)
25.	Unamortized Premium	109,237	98,352	98,352	88,270	-	88,270
26.	Notes Payable	-	-	-	10,000	-	10,000
	Accounts Payable:						
27.	Natural Gas	12,423	13,206	14,391	13,814	-	13,814
28.	General	60,197	44,060	57,869	57,593	-	57,593
29.	Customer Deposits	2,644	3,094	2,532	2,425	-	2,425
30.	Other Current Liabilities	5,942	5,829	3,228	6,321	-	6,321
31.	Pension Liability	261,261	249,695	259,449	257,484	-	257,484
32.	OPEB Liability	378,888	-	310,852	288,239	-	288,239
33.	Deferred Credits	16,494	3,338	7,819	3,606	-	3,606
34.	Deferred Pension Inflows	13,266	13,488	28,739	20,405	-	20,405
35.	Deferred OPEB Inflows	36,134	-	79,554	54,991	-	54,991
	Accrued Credits:						
36.	Interest	8,080	7,883	7,355	6,827	-	6,827
37.	Taxes & Wages	3,889	4,169	4,042	4,222	-	4,222
38.	Distribution to City	3,000	3,000	3,000	3,000	-	3,000
39.	Other Liabilities	55,888	372,513	73,392	68,077	-	68,077
40.	**TOTAL EQUITY & LIABILITIES**	**$2,095,279**	**$1,976,248**	**$2,107,349**	**$2,066,156**	**$1,491**	**$2,067,647**
41.	**Debt to Equity**	**91.0%**	**84.8%**	**84.7%**	**78.8%**	**0.0%**	**78.7%**

Philadelphia Gas Works
Fiscal Year 2020
Operating Budget Adjustment

Statement of Income

a) The $784,000 overall decrease in Health Insurance Expense is due to a downward adjustment to active employee costs due to revised projections from PGW Health Insurance Actuaries.

b) The $522,000 overall decrease in Administrative & General Expenses reflects a downward adjustment to PFMC purchase services consistent with the historical level of funding.

c) The $185,000 overall decrease in Customer Service reflects the closure of the Center City District Office.

Cash Flow Statement

d) Net Income increases by $1,491,000 which is described in detail in the previously mentioned adjustments.

Debt Service Coverage

e) Other Operating Costs decreases by $1,491,000; please reference a), b) and c0 for rhe explanation.

Balance Sheet

f) Cash increase by $1,491,000; please refer to the previously mentioned adjustments on the Statement of Income and Cash Flow Statement.

g) City Equity increases by $1,491,000; this is due to the revised 2020 net income.

PHILADELPHIA GAS WORKS

FISCAL 2021 CAPITAL BUDGET
AND
FORECAST FISCAL 2022 - 2026

WITH

FISCAL 2021 FINANCING PLAN

JANUARY 2, 2020

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2021 AND FORECAST 2022 THROUGH 2026

	2021 CAPITAL BUDGET	2022 - 2026 FORECAST	TOTAL 6 YEARS
GAS PROCESSING			
ADDITIONS	103,000	810,000	913,000
REPLACEMENTS	6,083,000	130,681,000	136,764,000
TOTAL	6,186,000	131,491,000	137,677,000
DISTRIBUTION			
ADDITIONS	15,075,000	80,972,000	96,047,000
REPLACEMENTS	89,306,000	476,626,000	565,932,000
GROSS TOTAL	104,381,000	557,598,000	661,979,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
LESS: REIMBURSEMENTS**	(4,366,319)	(23,235,000)	(27,601,319)
NET TOTAL	100,014,681	534,363,000	634,377,681
FIELD SERVICES			
ADDITIONS	3,676,000	18,537,000	22,213,000
REPLACEMENTS	8,044,000	42,768,000	50,812,000
GROSS TOTAL	11,720,000	61,305,000	73,025,000
LESS: SALVAGE			
LESS: CONTRIBUTIONS*			
NET TOTAL	11,720,000	61,305,000	73,025,000
FLEET OPERATIONS			
ADDITIONS			
REPLACEMENTS	3,966,000	27,989,000	31,955,000
GROSS TOTAL	3,966,000	27,989,000	31,955,000
LESS: SALVAGE			
NET TOTAL	3,966,000	27,989,000	31,955,000

PHILADELPHIA GAS WORKS

PROPOSED
CAPITAL BUDGET

FISCAL YEAR 2021 AND FORECAST 2022 THROUGH 2026

	2021 CAPITAL BUDGET	2022 - 2026 FORECAST	TOTAL 6 YEARS
OTHER DEPARTMENTS			
ADDITIONS	788,000	1,321,783	2,109,783
REPLACEMENTS	156,515,000	21,429,493	177,944,493
TOTAL	157,303,000	22,751,276	180,054,276
TOTAL			
ADDITIONS	19,642,000	101,640,783	121,282,783
REPLACEMENTS	263,914,000	699,493,493	963,407,493
GROSS TOTAL	283,556,000	801,134,276	1,084,690,276
LESS: SALVAGE			
LESS: REIMBURSEMENTS**	(4,366,319)	(23,235,000)	(27,601,319)
LESS: CONTRIBUTIONS*			
NET TOTAL	279,189,681	777,899,276	1,057,088,957

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS
** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

PHILADELPHIA GAS WORKS

PROPOSED CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

DEPARTMENT	2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs AMOUNT DIFFERENCE	2020 COMPL BUDGET PERCENT DIFFERENCE	2021 BUDGET vs 2021 FORECAST AMOUNT DIFFERENCE	2021 BUDGET vs 2021 FORECAST PERCENT DIFFERENCE
GAS PROCESSING							
ADDITIONS	270,000	93,000	103,000	(167,000)	-61.9%	10,000	10.8%
REPLACEMENTS	3,182,000	10,975,700	6,083,000	2,901,000	91.2%	(4,892,700)	-44.6%
TOTAL GAS PROCESSING	3,452,000	11,068,700	6,186,000	2,734,000	79.2%	(4,882,700)	-44.1%
DISTRIBUTION							
ADDITIONS	13,920,000	14,482,000	15,075,000	1,155,000	8.3%	593,000	4.1%
REPLACEMENTS	84,837,000	86,083,000	89,306,000	4,469,000	5.3%	3,223,000	3.7%
GROSS TOTAL DISTRIBUTION	98,757,000	100,565,000	104,381,000	5,624,000	5.7%	3,816,000	3.8%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
LESS: REIMBURSEMENT**	(4,682,404)	(4,399,000)	(4,366,319)	316,085	-6.8%	32,681	-0.7%
NET TOTAL DISTRIBUTION	94,074,596	96,166,000	100,014,681	5,940,085	6.3%	3,848,681	4.0%
FIELD SERVICES							
ADDITIONS	5,453,000	3,048,000	3,676,000	(1,777,000)	-32.6%	628,000	20.6%
REPLACEMENTS	6,436,000	7,697,000	8,044,000	1,608,000	25.0%	347,000	4.5%
GROSS TOTAL FIELD SERVICES	11,889,000	10,745,000	11,720,000	(169,000)	-1.4%	975,000	9.1%
LESS: SALVAGE					N/A		N/A
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL FIELD SERVICES	11,889,000	10,745,000	11,720,000	(169,000)	-1.4%	975,000	9.1%

PHILADELPHIA GAS WORKS

PROPOSED CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

DEPARTMENT	2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET AMOUNT DIFFERENCE	2021 BUDGET vs 2020 COMPL BUDGET PERCENT DIFFERENCE	2021 BUDGET vs 2021 FORECAST AMOUNT DIFFERENCE	2021 BUDGET vs 2021 FORECAST PERCENT DIFFERENCE
FLEET OPERATIONS							
ADDITIONS	84,000	-	-	(84,000)	-100.0%	-	N/A
REPLACEMENTS	2,669,000	6,132,000	3,966,000	1,297,000	48.6%	(2,166,000)	-35.3%
GROSS TOTAL FLEET OPERATIONS	2,753,000	6,132,000	3,966,000	1,213,000	44.1%	(2,166,000)	-35.3%
LESS: SALVAGE					N/A		N/A
NET TOTAL TRANSPORTATION	2,753,000	6,132,000	3,966,000	1,213,000	44.1%	(2,166,000)	-35.3%
OTHER							
ADDITIONS	678,000	300,350	788,000	110,000	16.2%	487,650	162.4%
REPLACEMENTS	10,179,000	46,418,590	156,515,000	146,336,000	1437.6%	110,096,410	237.2%
TOTAL OTHER	10,857,000	46,718,940	157,303,000	146,446,000	1348.9%	110,584,060	236.7%
TOTAL							
ADDITIONS	20,405,000	17,923,350	19,642,000	(763,000)	-3.7%	1,718,650	9.6%
REPLACEMENTS	107,303,000	157,306,290	263,914,000	156,611,000	146.0%	106,607,710	67.8%
GROSS TOTAL	127,708,000	175,229,640	283,556,000	155,848,000	122.0%	108,326,360	61.8%
LESS: SALVAGE					N/A		N/A
LESS: REIMBURSEMENT**	(4,682,404)	(4,399,000)	(4,366,319)	316,085	-6.8%	32,681	-0.7%
LESS: CONTRIBUTIONS*					N/A		N/A
NET TOTAL	123,025,596	170,830,640	279,189,681	156,164,085	126.9%	108,359,041	63.4%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

SUMMARY ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	19,642,000	19,513,000	263,914,000	112,986,000	283,556,000	132,499,000
YEAR 1	-	129,000		64,117,000	-	64,246,000
YEAR 2	-	-	-	13,007,000	-	13,007,000
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	19,642,000	19,642,000	263,914,000	190,110,000	283,556,000	209,752,000

GAS PROCESSING DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

SUMMARY

	CATEGORY	ADDITIONS	REPLACEMENTS	COST OF REMOVAL	TOTAL
53-01	NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	-	1,211,000	-	1,211,000
53-02	SUPPLEMENTAL GAS FACILITIES	-	3,199,000	-	3,199,000
53-03	BUILDING AND GROUNDS	-	1,357,000	-	1,357,000
53-04	MISC CAPITAL REQUIREMENTS	103,000	316,000	-	419,000
					-
TOTAL GAS PROCESSING		103,000	6,083,000	-	6,186,000

GAS PROCESSING DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

	CATEGORY		2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFF.	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFF.	2021 BUDGET vs 2021 FORECAST % DIFF.
53-01	NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	ADDITIONS	-	-	-	-	N/A	0	N/A
		REPLACEMENTS	-	1,800,000	1,211,000	1,211,000	N/A	(589,000)	-32.7%
		TOTAL	-	1,800,000	1,211,000	1,211,000	N/A	(589,000)	-32.7%
53-02	SUPPLEMENTAL GAS FACILITIES	ADDITIONS	179,000	-	-	(179,000)	-100.0%	0	N/A
		REPLACEMENTS	2,946,000	8,933,700	3,199,000	253,000	8.6%	(5,734,700)	-64.2%
		TOTAL	3,125,000	8,933,700	3,199,000	74,000	2.4%	(5,734,700)	-64.2%
53-03	BUILDING AND GROUNDS	ADDITIONS	-	-	-	-	N/A	0	N/A
		REPLACEMENTS	-	-	1,357,000	1,357,000	N/A	1,357,000	N/A
		TOTAL	-	-	1,357,000	1,357,000	N/A	1,357,000	N/A
53-04	MISC CAPITAL REQUIREMENTS	ADDITIONS	91,000	93,000	103,000	12,000	13.2%	10,000	10.8%
		REPLACEMENTS	236,000	242,000	316,000	80,000	33.9%	74,000	30.6%
		TOTAL	327,000	335,000	419,000	92,000	28.1%	84,000	25.1%
		TOTAL GAS PROCESSING	3,452,000	11,068,700	6,186,000	2,734,000	79.2%	(4,882,700)	-44.1%

GAS PROCESSING DEPARTMENT
FISCAL 2021 CAPITAL BUDGET

P			AMOUNT
	GP-1	NATURAL GAS MEASUREMENT AND CONTROL FACILITIES	
1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,211,000
		TOTAL GP-1	1,211,000
	GP-2	SUPPLEMENTAL GAS FACILITIES	
1	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	1,407,000
2	53-02-2-22	ISOLATE PIPING IN #77 HOUSE BASEMENT - RICHMOND	325,000
1	53-02-2-29	REPLACE GAS PIPING UPSTREAM OF H-1 HEATER FULE LINE - RICHMOND	481,000
1	53-02-2-33	REPLACE TWO PHASE POWER SYSTEMS - PASSYUNK	841,000
1	53-02-2-34	REPLACE ESD PANEL FOR V-101 - RICHMOND	145,000
		TOTAL GP-2	3,199,000
1	53-03-2-05	REPLACE FRONT OFFICE BUILDING ROOF - PASSYUNK	817,000
1	53-03-2-06	INCREASE WATER LINE TO LNG CONTROL ROOM - RICHMOND	365,000
1	53-03-2-07	RENOVATE TWO AREAS OF FSD TRAINING CENTER - PASSYUNK	175,000
		TOTAL GP-3	1,357,000
	GP-4	MISCELLANEOUS CAPITAL REQUIREMENTS	
1	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	103,000
1	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	316,000
		TOTAL GP-4	419,000
		TOTAL GAS PROCESSING DEPARTMENT	6,186,000

GAS PROCESSING DEPARTMENT
LISTING BY PRIORITY
FISCAL 2021 CAPITAL BUDGET

P	CATEGORY			AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 1					
1	GP-2	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	1,211,000	1,110,000	101,000	-	-
1	GP-2	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	1,407,000	1,397,000	10,000	-	-
1	GP-3	53-03-2-05	REPLACE FRONT OFFICE BUILDING ROOF - PASSYUNK	817,000	817,000	-	-	-
1	GP-3	53-03-2-06	INCREASE WATER LINE TO LNG CONTROL ROOM - RICHMOND	365,000	365,000	-	-	-
1	GP-3	53-03-2-07	RENOVATE TWO AREAS OF FSD TRAINING CENTER - PASSYUNK	175,000	175,000	-	-	-
1	GP-4	53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	103,000	103,000	-	-	-
1	GP-4	53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	316,000	316,000	-	-	-
1	GP-2	53-02-2-29	REPLACE GAS PIPING UPSTREAM OF H-1 HEATER FULE LINE - RICHMC	481,000	112,000	369,000	-	-
1	GP-2	53-02-2-33	REPLACE TWO PHASE POWER SYSTEMS - PASSYUNK	841,000	841,000	-	-	-
1	GP-2	53-02-2-34	REPLACE ESD PANEL FOR V-101 - RICHMOND	145,000	131,000	14,000	-	-
			PRIORITY 2					
2	GP-2	53-02-2-22	ISOLATE PIPING IN #77 HOUSE BASEMENT - RICHMOND	325,000	297,000	28,000	-	-
			TOTAL GAS PROCESSING DEPARTMENT:	6,186,000	5,664,000	522,000	-	-

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

GAS PROCESSING DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	103,000	103,000	6,083,000	5,561,000	6,186,000	5,664,000
YEAR 1	-	-	-	522,000	-	522,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	103,000	103,000	6,083,000	6,083,000	6,186,000	6,186,000

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

SUMMARY

CATEGORY	ADDITIONS	REPLACEMENTS	GROSS TOTAL	REIMBURSEMENT**	CONTRIBUTIONS*	CONDITIONED RESERVED	NET TOTAL
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	2,742,000	1,698,000	4,440,000	-	-	-	4,440,000
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	2,641,000	61,016,000	63,657,000	(3,402,419)	-	-	60,254,581
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	177,000	2,107,000	2,284,000	(963,900)	-	-	1,320,100
52-23 CUST MTR & REG INSTALL, PRESSURE REGULATION & CORROSION CONTROL FACILITIES	376,000	955,000	1,331,000	-	-	-	1,331,000
52-24 SERVICES	9,139,000	19,493,000	28,632,000	-	-	-	28,632,000
52-29 OTHER DISTRIBUTION FACILITIES	-	996,000	996,000	-	-	-	996,000
CONDITIONED FUDNING RESERVE	-	-	-	-	-	3,041,000	3,041,000
TOTAL DISTRIBUTION	15,075,000	86,265,000	101,340,000	(4,366,319)	-	3,041,000	100,014,681

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY		2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFF.	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFF.	2021 BUDGET vs 2021 FORECAST % DIFF.
52-20 GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS)	ADDITIONS	2,091,000	2,370,000	2,742,000	651,000	31.1%	372,000	15.7%
	REPLACEMENTS	1,898,000	1,944,000	1,698,000	(200,000)	-10.5%	(246,000)	-12.7%
	TOTAL	3,989,000	4,314,000	4,440,000	451,000	11.3%	126,000	2.9%
52-21 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER	ADDITIONS	2,545,000	2,606,000	2,641,000	96,000	3.8%	35,000	1.3%
	REPLACEMENTS	59,645,000	60,285,000	61,016,000	1,371,000	2.3%	731,000	1.2%
	TOTAL	62,190,000	62,891,000	63,657,000	1,467,000	2.4%	766,000	1.2%
52-22 GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER	ADDITIONS	175,000	179,000	177,000	2,000	1.1%	(2,000)	-1.1%
	REPLACEMENTS	911,000	933,000	2,107,000	1,196,000	131.3%	1,174,000	125.8%
	TOTAL	1,086,000	1,112,000	2,284,000	1,198,000	110.3%	1,172,000	105.4%
52-23 CUST MTR & REG INST, PRESSURE REGULATION AND CORROSION CONTROL FACILITIES	ADDITIONS	345,000	353,000	376,000	31,000	9.0%	23,000	6.5%
	REPLACEMENTS	1,028,000	1,053,000	955,000	(73,000)	-7.1%	(98,000)	-9.3%
	TOTAL	1,373,000	1,406,000	1,331,000	(42,000)	-3.1%	(75,000)	-5.3%
52-24 SERVICES	ADDITIONS	8,764,000	8,974,000	9,139,000	375,000	4.3%	165,000	1.8%
	REPLACEMENTS	19,739,000	20,213,000	19,493,000	(246,000)	-1.2%	(720,000)	-3.6%
	TOTAL	28,503,000	29,187,000	28,632,000	129,000	0.5%	(555,000)	-1.9%
52-29 OTHER DISTRIBUTION FACILITIES	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	1,616,000	1,655,000	996,000	(620,000)	-38.4%	(659,000)	-39.8%
	TOTAL	1,616,000	1,655,000	996,000	(620,000)	-38.4%	(659,000)	-39.8%
SUB-TOTAL DISTRIBUTION		98,757,000	100,565,000	101,340,000	2,583,000	2.6%	775,000	0.8%
CONDITIONED FUNDING RESERVE (3%)		-	-	3,041,000	3,041,000	N/A	3,041,000	N/A
GROSS TOTAL DISTRIBUTION DEPARTMENT		98,757,000	100,565,000	104,381,000	5,624,000	5.7%	3,816,000	3.8%
52-99 COST OF REMOVAL AND ABANDONMENT		-	-	-	-	N/A	-	N/A
LESS: SALVAGE		-	-	-	-	N/A	-	N/A
LESS: CONTRIBUTIONS*		-	-	-	-	N/A	-	N/A
LESS: REIMBURSEMENT**		(4,682,404)	(4,399,000)	(4,366,319)	316,085	-6.8%	32,681	-0.7%
NET TOTAL DISTRIBUTION		94,074,596	96,166,000	100,014,681	5,940,085	6.3%	3,848,681	4.0%

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

DISTRIBUTION DEPARTMENT

FISCAL 2021 CAPITAL BUDGET

P				AMOUNT	FEET UNITS
	D-20	GAS MAINS - HIGH PRESSURE (WITH ASSOCIATED VALVES AND REGULATORS			
4	52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS		2,742,000	10,565
3	52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK		1,698,000	658
			GROSS TOTAL D-20	4,440,000	
	52-20-2-97		LESS: REIMBURSEMENT**		
			LESS: POTENTIAL CUSTOMER CONTRIBUTIONS		
			NET TOTAL D-20	4,440,000	
	D-21	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 8 INCH AND SMALLER			
4	52-21-1-01	MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY		2,641,000	13,472
3	52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK		5,894,000	26,501
1	52-21-2-02	PRUDENT MAIN REPLACEMENTS		20,122,000	79,785
1	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC		35,000,000	
			GROSS TOTAL D-21	63,657,000	
	52-21-2-97		LESS: REIMBURSEMENT**	(3,402,419)	
			NET TOTAL D-21	60,254,581	

DISTRIBUTION DEPARTMENT

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT	FEET UNITS
	D-22	GAS MAINS - LOW AND INTERMEDIATE PRESSURE - 12 INCH AND LARGER		
4	52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	177,000	208
3	52-22-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	1,036,000	2,727
3	52-22-2-02	MAIN FOR MAJOR ENFORCED RELOCATION	1,071,000	391
		GROSS TOTAL D-22	2,284,000	
		LESS: REIMBURSEMENT**	(963,900)	
		NET TOTAL D-22	1,320,100	
	D-23	CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES (NOT INCLUDED IN D-20 OR D-22)		
4	52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	376,000	
1	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	511,000	
2	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	444,000	
		GROSS TOTAL D-23	1,331,000	
		LESS: REIMBURSEMENT**		
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
		NET TOTAL D-23	1,331,000	

DISTRIBUTION DEPARTMENT

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT	FEET UNITS
	D-24	SERVICES		
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	6,829,000	2,063
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,310,000	189
1	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	18,456,000	9,409
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	1,037,000	125
		GROSS TOTAL D-24	28,632,000	
		LESS: REIMBURSEMENT**		
		NET TOTAL D-24	28,632,000	
	D-29	OTHER DISTRIBUTION FACILITIES		
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	996,000	
		NET TOTAL D-29	996,000	
		SUB-TOTAL DISTRIBUTION DEPARTMENT	101,340,000	
		CONDITIONED FUNDING RESERVE (3%)	3,041,000	
		GROSS TOTAL DISTRIBUTION DEPARTMENT	104,381,000	
		LESS: REIMBURSEMENT**	(4,366,319)	
		LESS: POTENTIAL CUSTOMER CONTRIBUTIONS*		
	52-98-2-98	LESS: SALVAGE		
		NET TOTAL DISTRIBUTION DEPARTMENT	100,014,681	

* DISTRIBUTION DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

DISTRIBUTION DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

DISTRIBUTION COMPRESSED CATEGORIES

CATEGORIES	2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET
MAIN ADDITIONS	4,811,000	5,155,000	5,560,000
MAIN REPLACEMENTS	62,454,000	63,162,000	64,821,000
SERVICE ADDITIONS	8,764,000	8,974,000	9,139,000
SERVICE REPLACEMENTS	19,739,000	20,213,000	19,493,000
METER/REGULATOR/CORROSION	1,373,000	1,406,000	1,331,000
TOOLS	1,616,000	1,655,000	996,000
CONDITIONED FUNDING RESERVE	-	-	3,041,000
GROSS TOTAL DISTRIBUTION	98,757,000	100,565,000	104,381,000

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2021 CAPITAL BUDGET

P	CATEGORY			AMOUNT	FEET UNITS	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
PRIORITY 1									
1	D-21	52-21-2-02	PRUDENT MAIN REPLACEMENTS	20,122,000	79,785	13,884,000	6,238,000	-	-
1	D-21	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC	35,000,000		18,564,000	16,436,000	-	-
1	D-23	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	511,000		511,000	-	-	-
1	D-24	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	1,037,000	125	1,037,000	-	-	-
1	D-24	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT	18,456,000	9,409	15,802,000	2,654,000	-	-
PRIORITY 2									
2	D-23	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND	444,000		444,000	-	-	-
2	D-29	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT	-		-	-	-	-
2	D-29	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK	996,000		996,000			

DISTRIBUTION DEPARTMENT
LISTING BY PRIORITY
FISCAL 2021 CAPITAL BUDGET

P	CATEGORY			AMOUNT	FEET UNITS	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 3						
3	D-20	52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,698,000	658	1,698,000	-	-	-
3	D-21	52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	5,894,000	26,501	4,976,000	918,000	-	-
3	D-22	52-22-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER	1,036,000	2,727	1,036,000	-	-	-
3	D-22	52-22-2-02	MAIN FOR MAJOR ENFORCED RELOCATION	1,071,000	391	1,071,000	-	-	-
			PRIORITY 4						
4	D-20	52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND	2,742,000	10,565	2,742,000	-	-	-
4	D-21	52-21-1-01	MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	2,641,000	13,472	2,641,000	-	-	-
4	D-23	52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	376,000		376,000	-	-	-
4	D-22	52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR	177,000	208	177,000	-	-	-
4	D-24	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH,	6,829,000	2,063	6,829,000	-	-	-
4	D-24	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH,	2,310,000	189	2,310,000	-	-	-
			TOTAL DISTRIBUTION DEPARTMENT:	101,340,000		75,094,000	26,246,000	-	-

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

DISTRIBUTION DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	15,075,000	15,075,000	89,306,000	60,019,000	104,381,000	75,094,000
YEAR 1	-	-	-	26,246,000	-	26,246,000
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	15,075,000	15,075,000	89,306,000	86,265,000	104,381,000	101,340,000

FIELD SERVICES DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

SUMMARY

	CATEGORY	ADDITIONS	REPLACEMENTS	TOTAL
50-30	METERS & INSTALLATION	2,819,000	2,640,000	5,459,000
50-32	SERVICE REGULATORS AND INSTALLATION	89,000	64,000	153,000
50-33	COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	41,000	1,073,000	1,114,000
50-35	SERVICE SECTION EQUIPMENT	500,000	-	500,000
50-36	AUTOMATIC METER READING	227,000	4,267,000	4,494,000
	GROSS TOTAL FIELD SERVICES	3,676,000	8,044,000	11,720,000
	LESS: SALVAGE			
	LESS: CONTRIBUTIONS*			
NET TOTAL FIELD SERVICES		3,676,000	8,044,000	11,720,000

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

	CATEGORY		2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFFERENCE	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFFERENCE	2021 BUDGET vs 2021 FORECAST % DIFF.
50-30	METERS	ADDITIONS	2,197,000	2,284,000	2,819,000	622,000	28.3%	535,000	23.4%
		REPLACEMENTS	2,496,000	2,768,000	2,640,000	144,000	5.8%	(128,000)	-4.6%
		TOTAL	4,693,000	5,052,000	5,459,000	766,000	16.3%	407,000	8.1%
50-32	SERVICE REGULATORS	ADDITIONS	60,000	61,000	89,000	29,000	48.3%	28,000	45.9%
	AND INSTALLATIONS	REPLACEMENTS	72,000	76,000	64,000	(8,000)	-11.1%	(12,000)	-15.8%
		TOTAL	132,000	137,000	153,000	21,000	15.9%	16,000	11.7%
50-33	TELEMETERING	ADDITIONS	82,000	84,000	41,000	(41,000)	-50.0%	(43,000)	-51.2%
	AND INSTALLATIONS	REPLACEMENTS	91,000	-	1,073,000	982,000	1079.1%	1,073,000	N/A
		TOTAL	173,000	84,000	1,114,000	941,000	543.9%	1,030,000	1226.2%
50-34	METER SHOP	ADDITIONS	-	-	-	-	N/A	-	N/A
	EQUIPMENT	REPLACEMENTS	-	-	-	-	N/A	-	N/A
		TOTAL	-	-	-	-	N/A	-	N/A
50-35	SERVICE SECTION	ADDITIONS	2,900,000	400,000	500,000	(2,400,000)	-82.8%	100,000	25.0%
	EQUIPMENT	REPLACEMENTS	-	-	-	-	N/A	-	N/A
		TOTAL	2,900,000	400,000	500,000	(2,400,000)	-82.8%	100,000	25.0%
50-36	AUTOMATIC METER	ADDITIONS	214,000	219,000	227,000	13,000	6.1%	8,000	3.7%
	READING	REPLACEMENTS	3,777,000	4,853,000	4,267,000	490,000	13.0%	(586,000)	-12.1%
		TOTAL	3,991,000	5,072,000	4,494,000	503,000	12.6%	(578,000)	-11.4%
	GROSS TOTAL FIELD SERVICES		11,889,000	10,745,000	11,720,000	(169,000)	-1.4%	975,000	9.1%
	LESS: SALVAGE		-	-	-	-	N/A	-	N/A
	LESS: CONTRIBUTIONS*		-	-	-	-	N/A	-	N/A
	NET TOTAL FIELD SERVICES		11,889,000	10,745,000	11,720,000	(169,000)	-1.4%	975,000	9.1%

* FIELD SERVICES DEPARTMENT CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

FIELD SERVICES DEPARTMENT

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT
	C-30	METERS	
4	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR NEW CUSTOMERS	2,819,000
1	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,640,000
		TOTAL C-30	5,459,000
	C-32	SERVICE REGULATORS	
4	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	89,000
1	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	64,000
		TOTAL C-32	153,000
	C-33	COMMERCIAL & INDUSTRIAL TELEMETERING SYSTEMS	
1	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	41,000
1	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	1,073,000
		TOTAL C-33	1,114,000
	C-35	SERVICE SECTION EQUIPMENT	
5	50-35-1-01	ADVANCED METER INFRASTRUCTURE	500,000
		TOTAL C-35	500,000
	C-36	AUTOMATIC METER READING	
5	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	227,000
5	50-36-2-01	REPLACE AMR DEVICES	4,267,000
		TOTAL C-36	4,494,000
		GROSS TOTAL FIELD SERVICES DEPARTMENT	11,720,000
	50-98-2-98	LESS: ESTIMATED SALVAGE	
		LESS: CONTRIBUTIONS*	
		NET TOTAL FIELD SERVICES DEPARTMENT	11,720,000

FIELD SERVICES DEPARTMENT

LISTING BY PRIORITY

FISCAL 2021 CAPITAL BUDGET

P	CATEGORY			AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
			PRIORITY 1					
1	C-32	50-32-2-01	PURCHASE VARIOUS SIZE SERVICE REGULATORS AS REPLACEMENTS	64,000	64,000	-	-	-
1	C-33	50-33-2-01	REPLACE METRETEK UNITS, EQUIPMENT, AND INSTRUMENTATION	1,073,000	1,073,000	-	-	-
1	C-33	50-33-1-01	PURCHASE AND INSTALLATION OF EQUIPMENT AND INSTRUMENTATION	41,000	41,000	-	-	-
1	C-30	50-30-2-01	PURCHASE METERS TO SUPPORT AUTOMATIC METER READING	2,640,000	2,640,000	-	-	-
			PRIORITY 4					
4	C-30	50-30-1-01	PURCHASE AND INSTALLATION OF METERS TO PROVIDE FOR	2,819,000	2,819,000	-	-	-
4	C-32	50-32-1-01	PURCHASE AND INSTALLATION OF SERVICE REGULATORS	89,000	89,000	-	-	-
			PRIORITY 5					
5	C-35	50-35-1-01	ADVANCED METER INFRASTRUCTURE	500,000	500,000	-	-	-
5	C-36	50-36-1-01	PURCHASE AND INSTALLATION OF ERT DEVICES FOR AMR	227,000	227,000	-	-	-
5	C-36	50-36-2-01	REPLACE AMR DEVICES	4,267,000	4,267,000	-	-	-
			TOTAL FIELD SERVICES DEPARTMENT:	11,720,000	11,720,000	-	-	-

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

FIELD SERVICES DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	3,676,000	3,676,000	8,044,000	8,044,000	11,720,000	11,720,000
YEAR 1	-	-	-	-	-	-
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	3,676,000	3,676,000	8,044,000	8,044,000	11,720,000	11,720,000

FLEET OPERATIONS DEPARTMENT

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY	2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFFERENCE	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFFERENCE	2021 BUDGET vs 2021 FORECAST % DIFF.
73-01-1-03 VEHICLE ADDITIONS	84,000	-	-	(84,000)	-100.0%	-	N/A
73-01-2-01 SHOP EQUIPMENT REPLACEMENTS	23,000	-	-	(23,000)	-100.0%	-	N/A
73-01-2-02 MOBILE EQUIPMENT REPLACEMENT	773,000	925,000	967,000	194,000	25.1%	42,000	4.5%
73-01-2-03 VEHICLE REPLACEMENTS	1,873,000	5,207,000	2,999,000	1,126,000	60.1%	(2,208,000)	-42.4%
GROSS TOTAL FLEET OPERATIONS	2,753,000	6,132,000	3,966,000	1,213,000	44.1%	(2,166,000)	-35.3%
LESS: SALVAGE					N/A		N/A
NET TOTAL FLEET OPERATIONS	2,753,000	6,132,000	3,966,000	1,213,000	44.1%	(2,166,000)	-35.3%

FLEET OPERATIONS DEPARTMENT

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT
1	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	967,000
2	73-01-2-03	VEHICLE REPLACEMENTS	2,999,000
		GROSS TOTAL FLEET OPERATIONS	3,966,000
		NET TOTAL FLEET OPERATIONS	3,966,000

FLEET OPERATIONS DEPARTMENT
LISTING BY PRIORITY
FISCAL 2021 CAPITAL BUDGET

P	CATEGORY		AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
		PRIORITY 1					
1	73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	967,000	967,000	-	-	-
		PRIORITY 2					
2	73-01-2-03	VEHICLE REPLACEMENTS	2,999,000	2,999,000	-	-	-
		TOTAL FLEET OPERATIONS DEPARTMENT:	3,966,000	3,966,000	-	-	-

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

FLEET OPERATIONS DEPARTMENT ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	-	-	3,966,000	3,966,000	3,966,000	3,966,000
YEAR 1	-	-	-	-	-	-
YEAR 2	-	-	-	-	-	-
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL			3,966,000	3,966,000	3,966,000	3,966,000

FACILITIES

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY		2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFF.	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFF.	2021 BUDGET vs 2021 FORECAST % DIFF.
72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	150,000	-	0.0%	-	0.0%
72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	12,000	13,000	4,000	(8,000)	-66.7%	(9,000)	-69.2%
72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000	404,000	471,000	53,000	12.7%	67,000	16.6%
72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	48,000	49,000	22,000	(26,000)	-54.2%	(27,000)	-55.1%
72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	60,000	61,000	9,000	(51,000)	-85.0%	(52,000)	-85.2%
72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	75,000	75,000	40,000	(35,000)	-46.7%	(35,000)	-46.7%
72-01-2-05	REPLACE MODULAR FURNITURE	100,000	75,000	75,000	(25,000)	-25.0%	-	0.0%
72-01-2-06	REPLACE 800 AHU HW, CHW CONTROL VALVES, DAMPER ACTUATORS	226,000	-	-	(226,000)	-100.0%	-	N/A
72-01-2-07	REPLACE 1800 ROOF	3,105,000	-	-	(3,105,000)	-100.0%	-	N/A
72-01-2-08	REPLACE 1800 BOILER #2	228,000	-	-	(228,000)	-100.0%	-	N/A
72-01-2-09	WPDO REAR WALL STRCTUREAL REPLAIRS & REPLACE REAR WINDOWS	572,000	-	-	(572,000)	-100.0%	-	N/A
72-01-2-10	CIS TEAM SPACE FIT-OUT	349,000	-	-	(349,000)	-100.0%	-	N/A
72-01-2-11	150KW SOLAR ARRAY PASSYUNK PLANT	276,000	-	-	(276,000)	-100.0%	-	N/A
72-01-2-08	LEASE	-	-	70,013,000	70,013,000	N/A	70,013,000	N/A
72-01-2-09	BUILDING COSOLIDATION	-	-	53,250,000	53,250,000	N/A	53,250,000	N/A
72-01-2-10	800 BUILDING RESTROOM RENOVATIONS	-	-	2,135,000	2,135,000	N/A	2,135,000	N/A
72-01-2-11	REPLACE METERSHOP ROOF	-	-	108,000	108,000	N/A	108,000	N/A
72-01-2-12	REPLACE 1849 BUILDING VEHICLE REPLAIR SHOP	-	-	541,000	541,000	N/A	541,000	N/A
72-01-2-XX	COST IF NO BUILDING CONSOLIDATION	-	11,951,590	-	-	N/A	(11,951,590)	-100.0%
72-01-XX-XX	NON-RECURRING ITEMS	-	4,900,000	-	-	N/A	(4,900,000)	-100.0%
	TOTAL FACILITIES	5,619,000	17,678,590	126,818,000	121,199,000	2156.9%	109,139,410	617.4%

OTHER DEPARTMENTS

FISCAL YEAR 2021 CAPITAL BUDGET

SUMMARY

CATEGORY	ADDITIONS	REPLACEMENTS	TOTAL
FACILITIES	154,000	126,664,000	126,818,000
INFORMATION SERVICES	634,000	28,972,000	29,606,000
CHIEF OPERATING OFFICER	-	750,000	750,000
CHEMICAL SERVICES	-	129,000	129,000
TOTAL OTHER DEPARTMENTS	788,000	156,515,000	157,303,000

OTHER DEPARTMENTS

FISCAL YEAR 2021 CAPITAL BUDGET

BUDGET/FORECAST COMPARISON

CATEGORY		2020 COMPL BUDGET	2021 FORECAST	2021 BUDGET	2021 BUDGET vs 2020 COMPL BUDGET $ DIFFERENCE	2021 BUDGET vs 2020 COMPL BUDGET % DIFF.	2021 BUDGET vs 2021 FORECAST $ DIFFERENCE	2021 BUDGET vs 2021 FORECAST % DIFF.
FACILITIES	ADDITIONS	162,000	163,000	154,000	(8,000)	-4.9%	(9,000)	-5.5%
	REPLACEMENTS	5,457,000	17,515,590	126,664,000	121,207,000	2221.1%	109,148,410	623.2%
	TOTAL	5,619,000	17,678,590	126,818,000	121,199,000	2156.9%	109,139,410	617.4%
INFORMATION SERVICES	ADDITIONS	516,000	137,350	634,000	118,000	22.9%	496,650	361.6%
	REPLACEMENTS	525,000	20,072,000	28,972,000	28,447,000	5418.5%	8,900,000	44.3%
	TOTAL	1,041,000	20,209,350	29,606,000	28,565,000	2744.0%	9,396,650	46.5%
CHIEF OPERATING OFFICER	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	4,142,000	4,142,000	750,000	(3,392,000)	-81.9%	(3,392,000)	-81.9%
	TOTAL	4,142,000	4,142,000	750,000	(3,392,000)	-81.9%	(3,392,000)	-81.9%
VP TECHNICAL COMPLIANCE	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	4,689,000	-	-	N/A	(4,689,000)	-100.0%
	TOTAL	-	4,689,000	-	-	N/A	(4,689,000)	-100.0%
CHEMICAL SERVICES	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	55,000	-	-	(55,000)	-100.0%	-	N/A
	TOTAL	55,000	-	-	(55,000)	-100.0%	-	N/A
SECURITY & LOST PREVENTION	ADDITIONS	-	-	-	-	N/A	-	N/A
	REPLACEMENTS	-	-	129,000	129,000	N/A	129,000	N/A
	TOTAL	-	-	129,000	129,000	N/A	129,000	N/A
TOTAL OTHER DEPARTMENTS		10,857,000	46,718,940	157,303,000	146,446,000	1348.9%	110,584,060	236.7%

OTHER DEPARTMENTS

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT
		FACILITIES	
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	4,000
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	471,000
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	22,000
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	9,000
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	40,000
2	72-01-2-05	REPLACE MODULAR FURNITURE - ALL LOCATIONS	75,000
5	72-01-2-08	LEASE	70,013,000
5	72-01-2-09	BUILDING COSOLIDATION	53,250,000
5	72-01-2-10	800 BUILDING RESTROOM RENOVATIONS	2,135,000
1	72-01-2-11	REPLACE METERSHOP ROOF	108,000
2	72-01-2-12	REPLACE 1849 BUILDING VEHICLE REPLAIR SHOP	541,000
		TOTAL FACILITIES	126,818,000
		INFORMATION SERVICES	
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	59,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	575,000
2	47-01-2-01	MISC SERVER AND NETWORK HARDWARE REPLACEMENT	411,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	75,000
2	47-01-2-03	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	19,970,000
		2019 REAUTHORIZATION	
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	8,516,000
		TOTAL INFORMATION SERVICES	29,606,000

OTHER DEPARTMENTS

FISCAL 2021 CAPITAL BUDGET

P			AMOUNT
		CHIEF OPERATING OFFICER	
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	250,000
		TOTAL CHIEF OPERATING OFFICER	750,000
		SECURITY	
2	31-01-1-01	REPLACE VIDEO RECORDING SYSTEM	129,000
		TOTAL SECURITY & LOST PREVENTION	129,000
		TOTAL OTHER DEPARTMENTS	157,303,000

OTHER DEPARTMENTS
LISTING BY PRIORITY
FISCAL 2021 CAPITAL BUDGET

P	CATEGORY		AMOUNT	BUDGET YR	YEAR 1	YEAR 2	YEAR 3
		PRIORITY 1					
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	-	-	-
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	4,000	4,000	-	-	-
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	471,000	471,000	-	-	-
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	22,000	22,000	-	-	-
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	9,000	9,000	-	-	-
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	40,000	40,000	-	-	-
1	72-01-2-11	REPLACE METERSHOP ROOF	108,000	108,000	-	-	-
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	250,000	-	-	-	-
		PRIORITY 2					
2	72-01-2-05	REPLACE MODULAR FURNITURE - ALL LOCATIONS	75,000	75,000	-	-	-
2	72-01-2-12	REPLACE 1849 BUILDING VEHICLE REPLAIR SHOP	541,000	541,000	-	-	-
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	59,000	30,000	29,000	-	-
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	575,000	475,000	100,000	-	-
2	47-01-2-01	MISC SERVER AND NETWORK HARDWARE REPLACEMENT	411,000	255,000	156,000	-	-
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	75,000	30,000	45,000	-	-
2	47-01-2-03	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	19,970,000	3,000,000	12,694,000	4,276,000	-
2	31-01-1-01	REPLACE VIDEO RECORDING SYSTEM	129,000	129,000	-	-	-
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE 2019 REAUTHORIZATION	250,000	-	-	-	-
2	47-01-2-04	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	8,516,000	8,516,000	-	-	-
		PRIORITY 4					
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD G	250,000	-	-	-	-
		PRIORITY 5					
5	72-01-2-08	LEASE	70,013,000	-	-	-	-
5	72-01-2-09	BUILDING COSOLIDATION	53,250,000	20,065,000	24,454,000	8,731,000	-
5	72-01-2-10	800 BUILDING RESTROOM RENOVATIONS	2,135,000	2,135,000	-	-	-
		TOTAL OTHER DEPARTMENTS:	157,303,000	36,055,000	37,478,000	13,007,000	-

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 CAPITAL BUDGET

OTHER DEPARTMENTS ESTIMATE OF ENCUMBERANCE AND EXPENDITURE

	ADDITIONS		REPLACEMENTS		TOTAL	
FISCAL YEAR	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED	ENCUMBERED	EXPENDED
CURRENT BUDGET	788,000	659,000	156,515,000	35,396,000	157,303,000	36,055,000
YEAR 1	-	129,000	-	37,349,000	-	37,478,000
YEAR 2	-	-	-	13,007,000	-	13,007,000
YEAR 3	-	-	-	-	-	-
YEAR 4 AND BEYOND	-	-	-	-	-	-
TOTAL	788,000	788,000	156,515,000	85,752,000	157,303,000	86,540,000

FIVE YEAR FORECAST

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 AND FORECAST 2022 THROUGH 2026

DEPARTMENT	2021 CAPITAL BUDGET	FORECAST 2022	2023	2024	2025	2026	TOTAL 6 YEARS
GAS PROCESSING							
ADDITIONS	103,000	265,000	200,000	112,000	115,000	118,000	913,000
REPLACEMENTS	6,083,000	4,894,000	7,552,000	8,014,000	12,625,000	97,596,000	136,764,000
TOTAL GAS PROCESSING	6,186,000	5,159,000	7,752,000	8,126,000	12,740,000	97,714,000	137,677,000
ACQUIRE ASSETS LEASE	6,186,000	5,159,000	7,752,000	8,126,000	12,740,000	97,714,000	137,677,000
DISTRIBUTION							
ADDITIONS	15,075,000	15,436,000	15,806,000	16,184,000	16,574,000	16,972,000	96,047,000
REPLACEMENTS	89,306,000	92,644,000	93,953,000	95,292,000	96,666,000	98,071,000	565,932,000
GROSS TOTAL DISTRIBUTION	104,381,000	108,080,000	109,759,000	111,476,000	113,240,000	115,043,000	661,979,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
LESS: REIMBURSEMENT**	(4,366,319)	(4,457,000)	(4,550,000)	(4,645,000)	(4,742,000)	(4,841,000)	(27,601,319)
NET TOTAL DISTRIBUTION	100,014,681	103,623,000	105,209,000	106,831,000	108,498,000	110,202,000	634,377,681
ACQUIRE ASSETS LEASE	100,014,681	103,623,000	105,209,000	106,831,000	108,498,000	110,202,000	634,377,681

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 AND FORECAST 2022 THROUGH 2026

DEPARTMENT	2021 CAPITAL BUDGET	FORECAST 2022	2023	2024	2025	2026	TOTAL 6 YEARS
FIELD SERVICES							
ADDITIONS	3,176,000	3,371,000	3,538,000	3,713,000	3,878,000	4,037,000	21,713,000
REPLACEMENTS	8,544,000	10,170,000	9,329,000	8,270,000	7,746,000	7,253,000	51,312,000
GROSS TOTAL FIELD SERVICES	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	73,025,000
LESS: SALVAGE							
LESS: CONTRIBUTIONS*							
NET TOTAL FIELD SERVICES	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	73,025,000
ACQUIRE ASSETS	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	73,025,000
LEASE							
FLEET OPERATIONS							
ADDITIONS							
REPLACEMENTS	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	31,955,000
ROSS TOTAL FLEET OPERATIONS	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	31,955,000
LESS: SALVAGE							
NET TOTAL FLEET OPERATIONS	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	31,955,000
ACQUIRE ASSETS	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	31,955,000
LEASE							

PHILADELPHIA GAS WORKS

FISCAL YEAR 2021 AND FORECAST 2022 THROUGH 2026

DEPARTMENT	2021 CAPITAL BUDGET	FORECAST 2022	2023	2024	2025	2026	TOTAL 6 YEARS
OTHER							
ADDITIONS	788,000	250,000	257,075	264,252	271,534	278,922	2,109,783
REPLACEMENTS	156,515,000	9,538,000	4,436,100	1,456,553	1,473,307	4,525,533	177,944,493
TOTAL OTHER	157,303,000	9,788,000	4,693,175	1,720,805	1,744,841	4,804,455	180,054,276
ACQUIRE ASSETS LEASE	157,303,000	9,788,000	4,693,175	1,720,805	1,744,841	4,804,455	180,054,276
TOTAL							
ADDITIONS	19,142,000	19,322,000	19,801,075	20,273,252	20,838,534	21,405,922	120,782,783
REPLACEMENTS	264,414,000	126,295,000	119,600,100	121,093,553	122,863,307	209,641,533	963,907,493
GROSS TOTAL	283,556,000	145,617,000	139,401,175	141,366,805	143,701,841	231,047,455	1,084,690,276
LESS: SALVAGE							
LESS: REIMBURSEMENT**	(4,366,319)	(4,457,000)	(4,550,000)	(4,645,000)	(4,742,000)	(4,841,000)	(27,601,319)
LESS: CONTRIBUTIONS*							
NET TOTAL	279,189,681	141,160,000	134,851,175	136,721,805	138,959,841	226,206,455	1,057,088,957
ACQUIRE ASSETS LEASE	279,189,681	141,160,000	134,851,175	136,721,805	138,959,841	226,206,455	1,057,088,957

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

PHILADELPHIA GAS WORKS

PROPOSED 2022 - 2026 FORECAST

(COMPARISON)

DEPARTMENT	2021 - 2025 FORECAST	2022 - 2026 FORECAST	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
GAS PROCESSING				
ADDITIONS	3,150,000	810,000	(2,340,000)	-74.3%
REPLACEMENTS	36,795,100	130,681,000	93,885,900	255.2%
TOTAL GAS PROCESSING	39,945,100	131,491,000	91,545,900	229.2%
DISTRIBUTION				
ADDITIONS	75,969,000	80,972,000	5,003,000	6.6%
REPLACEMENTS	443,470,000	476,626,000	33,156,000	7.5%
GROSS TOTAL DISTRIBUTION	519,439,000	557,598,000	38,159,000	7.3%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
LESS: REIMBURSEMENT**	(22,894,000)	(23,235,000)	(341,000)	1.5%
			-	
NET TOTAL DISTRIBUTION	519,439,000	534,363,000	14,924,000	2.9%
FIELD SERVICES				
ADDITIONS	14,275,000	18,537,000	4,262,000	29.9%
REPLACEMENTS	36,341,000	42,768,000	6,427,000	17.7%
GROSS TOTAL FIELD SERVICES	50,616,000	61,305,000	10,689,000	21.1%
LESS: SALVAGE	-	-	-	
LESS: CONTRIBUTIONS*	-	-	-	
NET TOTAL FIELD SERVICES	50,616,000	61,305,000	10,689,000	21.1%

PHILADELPHIA GAS WORKS

PROPOSED 2022 - 2026 FORECAST

(COMPARISON)

DEPARTMENT	2021 - 2025 FORECAST	2022 - 2026 FORECAST	AMOUNT DIFFERENCE	PERCENT DIFFERENCE
FLEET OPERATIONS				
ADDITIONS	-	-	-	
REPLACEMENTS	27,532,000	27,989,000	457,000	1.7%
GROSS TOTAL FLEET OPERATIONS	27,532,000	27,989,000	457,000	1.7%
LESS: SALVAGE				
NET TOTAL FLEET OPERATIONS	27,532,000	27,989,000	457,000	1.7%
OTHER				
ADDITIONS	14,370,746	1,321,783	(13,048,963)	-90.8%
REPLACEMENTS	118,086,272	21,429,493	(96,656,779)	-81.9%
TOTAL OTHER	132,457,018	22,751,276	(109,705,742)	-82.8%
TOTAL				
ADDITIONS	107,764,746	101,640,783	(6,123,963)	-5.7%
REPLACEMENTS	662,224,372	699,493,493	37,269,121	5.6%
GROSS TOTAL	769,989,118	801,134,276	31,145,158	4.0%
LESS: SALVAGE	-	-	-	
LESS: REIMBURSEMENT**	(22,894,000)	(23,235,000)	(341,000)	1.5%
LESS: CONTRIBUTIONS*	-	-	-	
NET TOTAL	747,095,118	777,899,276	30,804,158	4.1%

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		GP-1 NATURAL GAS MEASUREMENT AND CONTROL FACILITIES								
1	53-01-2-03	NEW HEATER, GENERATOR AND STATION MODIFICATIONS	-	1,211,000	-	1,800,000	-	1,800,000	-	3,600,000
	53-01-2-04	REPLACE NATURAL GAS DRIVEN POSITIONERS AND ACTUATORS	-	-	-	300,000	-	300,000	-	600,000
		TOTAL GP-1	-	1,211,000	-	2,100,000	-	2,100,000	-	4,200,000
		GP-2 SUPPLEMENTAL GAS FACILITIES								
2	53-02-1-03	LIQUIFACTION FEEDGAS CO2 AND ETHANE REMOVAL - RICHMOND	-	-	-	-	-	-	-	-
2	53-02-1-04	INSTALL REPORTING HARDWARE AND SOFTWARE -RICHMOND AND PASSYUNK PLANTS	-	-	159,000	-	-	-	-	159,000
2	53-02-1-05	INSTALL BOLLARDS AND BARRIERS AROUND EXPANDER PLANT - RICHMOND	179,000	-	-	-	-	-	-	-
2	53-02-1-06	INSTALL NEW CARD READERS & TURNSTILES AT MAIN GATE & BOILER AREA - PASSYUNK	-	-	-	-	-	-	-	-
2	53-02-1-07	ADD CAMERAS TO THE LNG TANK DIKE AREA - PASSYUNK	-	-	-	91,000	-	-	-	91,000
2	53-02-2-05	REPLACE FIBER OPTIC - PASSYUNK PLANT	-	-	-	-	1,299,000	-	-	1,299,000
2	53-02-2-06	REPLACE FIBER OPTIC - RICHMOND PLANT	-	-	-	-	-	2,472,000	-	2,472,000
2	53-02-2-07	REPLACE PUBLIC ADDRESS SYSTEM - PASSYUNK	-	-	-	-	-		-	-
1	53-02-2-08	REPLACE LNG SWITCHGEAR-RICHMOND	-	-	1,350,000	2,500,000	2,500,000		-	6,350,000
1	53-02-2-09	REPLACE RIVER WATER PUMP SWITCHGEAR AND RIVER WATER PUMPS -RICHMOND	-	-	-	-	-	5,000,000	-	5,000,000
1	53-02-2-11	REPLACE HAZARD DETECTION SYSTEM - PASSYUNK	-	1,407,000	-	-	-	-	-	-
1	53-02-2-12	DCS UPGRADES - RICHMOND	-	-	-	-	875,000	-	-	875,000
1	53-02-2-13	EXPANDER LIQUEFIER TSA SYSTEM UPGRADES - RICHMOND	-	-	2,000,000	-	-	-	-	2,000,000
2	53-02-2-14	REMODEL CENTRAL CONTROL ROOM - PASSYUNK	-	-	521,000	-	-	-	-	521,000
2	53-02-2-17	RELOCATE STEAM SILENCER - PASSYUNK	151,000	-	-	-	-	-	-	-
2	53-02-2-18	ISOLATE NATURAL GAS HEATERS - PASSYUNK	-	-	194,000	-	-		-	194,000
2	53-02-2-19	REPLACE H20 ANALYZER - RICHMOND PLANT	-	-	-	-	-	204,000	-	204,000
2	53-02-2-20	UPGRADE H-1 HEATER CONTROLS - RICHMOND	-	-	-	2,620,000	-		-	2,620,000

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
2	53-02-2-21	REPLACE STEAM HEATING IN SWITCHGEAR BUILDING - PASSYUNK	-	-	-	-	-	-	-	-
2	53-02-2-22	ISOLATE PIPING IN #77 HOUSE BASEMENT - RICHMOND	-	325,000	-	-	-	-	-	-
2	53-02-2-23	Replace LNG Tank Deluge Piping - Passyunk	498,000	-	-	-	-	-	-	-
2	53-02-2-24	Utility pole replacement - Passyunk	382,000	-	-	-	-	-	-	-
2	53-02-2-25	Replace controls on LNG Vaporizers - Richmond	573,000	-	-	-	-	-	-	-
2	53-02-2-26	Replace ESD Panel for V-101 - Richmond	92,000	-	-	-	-	-	-	-
2	53-02-2-27	Replace Drain Line from E-22F Vaporizer	1,250,000	-	-	-	-	-	-	-
2	53-02-2-28	Upgrade Main Gate Guard Shack - Passyunk	-	-	505,000	-	-	-	-	505,000
2	53-02-2-29	Replace Gas Piping upstream of H-1 Heater Fuel line - Richmond	-	481,000	-	-	-	-	-	-
2	53-02-2-30	Replace Vaporizer Bundles - Richmond	-	-	-	-	-	-	500,000	500,000
2	53-02-2-31	Replace Fire Systems for Expander Plant and River Pump house	-	-	-	-	-	2,500,000	-	2,500,000
2	53-02-2-32	Replace Breakers and Controls for Main Switchgear - Passyunk	-	-	-	-	-	-	2,500,000	2,500,000
2	53-02-2-33	Replace Two phase power systems - Passyunk	-	841,000	-	-	-	-	-	-
2	53-02-2-34	Replace ESD Panel for V-101 - Richmond	-	145,000	-	-	-	-	-	-
2	53-02-2-35	Replace MCC 1,2,3 - Richmond	-	-	-	-	-	-	1,738,000	1,738,000
2	53-02-2-36	H-1 Heater Replacement	-	-	-	-	-	-	2,500,000	2,500,000
2	53-02-2-37	Replace Liquefier - Richmond	-	-	-	-	-	-	85,000,000	85,000,000
		TOTAL GP-2	3,125,000	3,199,000	4,729,000	5,211,000	4,674,000	10,176,000	92,238,000	117,028,000
		GP-3 BUILDING AND GROUNDS								
2	53-03-2-01	RELOCATE TRAINING FACILLITY - RICHMOND	-	-	-	-	-	-	5,000,000	5,000,000
2	53-03-2-02	INSTALL CANOPY OVER TRANSFORMERS AT MAIN SWITCHGEAR BUILDING - RICHMOND	-	-	-	-	-	-	-	-
2	53-03-2-03	REPLACE SHOP BOILERS IN FRONT OFFICE - RICHMOND PLANT	-	-	-	-	-	-	-	-

GAS PROCESSING DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

		2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
2 53-03-2-04	CONSOLIDATE ALL MAINTENANCE SHOPS AND CONSTRUCT NEW SHOP AREA - PASSYUNK	-	-	-	-	3,000,000	-	-	3,000,000
2 53-03-2-05	REMODEL SECURITY FRONT OFFICE AND CCTV BUILDING- RICHMOND PLANT	-	817,000	-	-	-	-	-	-
53-03-2-06	Increase Water line to LNG Control Room - Richmond	-	365,000	-	-	-	-	-	-
S3-03-2-07	Renovate two areas of FSD Training Center - Passyunk	-	175,000	-	-	-	-	-	-
	TOTAL GP-3	-	1,357,000	-	-	3,000,000	-	5,000,000	8,000,000
1 53-04-1-01	MISCELLANEOUS CAPITAL ADDITIONS	91,000	103,000	106,000	109,000	112,000	115,000	118,000	560,000
1 53-04-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS	236,000	316,000	324,000	332,000	340,000	349,000	358,000	1,703,000
	TOTAL GP-4	327,000	419,000	430,000	441,000	452,000	464,000	476,000	2,263,000
	2018 REAUTHORIZATION								
1 53-02-1-01	REPLACE/ADD SHUTOFF VALVE AT LNG TANK - PASSYUNK	650,000	-	-	-	-	-	-	-
2 53-02-2-03	RELOCATE LNG SWITCHGEAR AT PASSYUNK	649,000	-	-	-	-	-	-	-
	TOTAL REAUTHORIZATION	1,299,000	-	-	-	-	-	-	-
									-
	TOTAL GAS PROCESSING DEPARTMENT	4,751,000	6,186,000	5,159,000	7,752,000	8,126,000	12,740,000	97,714,000	131,491,000
									-
	ACQUIRE ASSETS LEASE	4,751,000	6,186,000	5,159,000	7,752,000	8,126,000	12,740,000	97,714,000	131,491,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		D-20 HIGH PRESSURE MAINS								
4	52-20-1-01	INSTALLATIONS TO PROVIDE FOR AHEAD-OF-PAVING AND EXTENSIONS TO SUPPLY ADDITIONAL LOADS	2,091,000	2,742,000	2,808,000	2,875,000	2,944,000	3,015,000	3,087,000	14,729,000
3	52-20-2-01	ENFORCED RELOCATIONS CAUSED BY CITY AND STATE WORK	1,898,000	1,698,000	1,739,000	1,781,000	1,824,000	1,868,000	1,913,000	9,125,000
		GROSS TOTAL D-20	3,989,000	4,440,000	4,547,000	4,656,000	4,768,000	4,883,000	5,000,000	23,854,000
	52-20-2-97	LESS: REIMBURSEMENT**								
		LESS: CONTRIBUTIONS*								
		NET TOTAL D-20	3,989,000	4,440,000	4,547,000	4,656,000	4,768,000	4,883,000	5,000,000	23,854,000
		D-21 8 INCH AND SMALLER I. P. AND L. P. MAIN								
4	52-21-1-01	MAINS TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INCREASED CAPACITY	2,545,000	2,641,000	2,704,000	2,769,000	2,835,000	2,903,000	2,973,000	14,184,000
3	52-21-2-01	ENFORCED RELOCATIONS CAUSED BY CITY, STATE AND OTHER WORK	6,483,000	5,894,000	6,035,000	6,180,000	6,328,000	6,480,000	6,636,000	31,659,000
1	52-21-2-02	PRUDENT MAIN REPLACEMENTS	20,162,000	20,122,000	20,605,000	21,100,000	21,606,000	22,125,000	22,656,000	108,092,000
1	52-21-2-03	LONG TERM INFRASTRUCTURE PLAN - DSIC	33,000,000	35,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	185,000,000
		GROSS TOTAL D-21	62,190,000	63,657,000	66,344,000	67,049,000	67,769,000	68,508,000	69,265,000	338,935,000
	52-21-2-97	LESS: REIMBURSEMENT**	(4,312,504)	(3,402,419)	(3,470,000)	(3,539,000)	(3,610,000)	(3,682,000)	(3,756,000)	(18,057,000)
		LESS: CONTRIBUTIONS*								
		NET TOTAL D-21	57,877,496	60,254,581	62,874,000	63,510,000	64,159,000	64,826,000	65,509,000	320,878,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		D-22 12 INCH AND LARGER I. P. AND L. P. MAIN								
4	52-22-1-01	TO SUPPLY NEW CUSTOMERS AND TO PROVIDE FOR INSTALLATION OF MAINS AHEAD-OF-PAVING	175,000	177,000	181,000	185,000	189,000	194,000	199,000	948,000
3	52-22-2-01	MAIN FOR MAJOR ENFORCED RELOCATION	500,000	1,036,000	1,061,000	1,086,000	1,112,000	1,139,000	1,166,000	5,564,000
	52-2X-X-XX	NON-RECURRING ITEMS	411,000	1,071,000	1,097,000	1,123,000	1,150,000	1,178,000	1,206,000	5,754,000
		GROSS TOTAL D-22	1,086,000	2,284,000	2,339,000	2,394,000	2,451,000	2,511,000	2,571,000	12,266,000
	52-22-2-97	LESS: REIMBURSEMENT**	(369,900)	(963,900)	(987,000)	(1,011,000)	(1,035,000)	(1,060,000)	(1,085,000)	(5,178,000)
		LESS: CONTRIBUTIONS*								
		NET TOTAL D-22	716,100	1,320,100	1,352,000	1,383,000	1,416,000	1,451,000	1,486,000	7,088,000
		D-23 CUSTOMER METERING & REGULATOR INSTALLATION, AND PRESSURE REGULATION & CORROSION CONTROL FACILITIES								
4	52-23-1-01	CUSTOMER METERING AND REGULATOR INSTALLATION	345,000	376,000	385,000	394,000	403,000	413,000	423,000	2,018,000
1	52-23-2-01	REPLACEMENT/REHABILITATION OF HIGH PRESSURE MAIN VALVES	542,000	511,000	523,000	536,000	549,000	562,000	575,000	2,745,000
2	52-23-2-02	REPLACEMENT OF VARIOUS PRESSURE REGULATING AND CORROSION CONTROL FACILITIES	486,000	444,000	455,000	466,000	477,000	488,000	500,000	2,386,000
		GROSS TOTAL D-23	1,373,000	1,331,000	1,363,000	1,396,000	1,429,000	1,463,000	1,498,000	7,149,000
		LESS: REIMBURSEMENT**								
		LESS: CONTRIBUTIONS*								
		TOTAL D-23	1,373,000	1,331,000	1,363,000	1,396,000	1,429,000	1,463,000	1,498,000	7,149,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		D-24 SERVICES								
4	52-24-1-01	INSTALLATION OF NEW 1-1/4" AND SMALLER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	6,557,000	6,829,000	6,993,000	7,161,000	7,333,000	7,509,000	7,689,000	36,685,000
4	52-24-1-02	INSTALLATION OF NEW 2 INCH AND LARGER SERVICES, HIGH, INTERMEDIATE AND LOW PRESSURE	2,207,000	2,310,000	2,365,000	2,422,000	2,480,000	2,540,000	2,601,000	12,408,000
1	52-24-2-01	RENEWAL OF 1-1/4" AND SMALLER SERVICES FOR PRUDENT REASONS, AS A RESULT OF LEAK SURVEYS, CUSTOMER COMPLAINTS OR CITY AND STATE WORK	18,748,000	18,456,000	18,899,000	19,353,000	19,817,000	20,293,000	20,780,000	99,142,000
1	52-24-2-02	RENEWAL OF 2" AND LARGER SERVICES	991,000	1,037,000	1,062,000	1,087,000	1,113,000	1,140,000	1,167,000	5,569,000
		GROSS TOTAL D-24	28,503,000	28,632,000	29,319,000	30,023,000	30,743,000	31,482,000	32,237,000	153,804,000
	52-24-2-97	LESS: REIMBURSEMENT**								
		LESS: CONTRIBUTIONS*								
		TOTAL D-24	28,503,000	28,632,000	29,319,000	30,023,000	30,743,000	31,482,000	32,237,000	153,804,000

DISTRIBUTION DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		D-29 OTHER DISTRIBUTION FACILITIES								
2	52-29-1-01	ADDITIONAL TOOLS AND WORK EQUIPMENT								
2	52-29-2-01	REPLACEMENT OF OBSOLETE TOOLS, RADIOS, AND WORK EQUIPMENT	1,616,000	996,000	1,020,000	1,044,000	1,069,000	1,095,000	1,121,000	5,349,000
		TOTAL D-29	1,616,000	996,000	1,020,000	1,044,000	1,069,000	1,095,000	1,121,000	5,349,000
		SUB-TOTAL DISTRIBUTION DEPARTMENT	98,757,000	101,340,000	104,932,000	106,562,000	108,229,000	109,942,000	111,692,000	541,357,000
		CONDITIONED FUNDING RESERVE (3%)	-	3,041,000	3,148,000	3,197,000	3,247,000	3,298,000	3,351,000	16,241,000
		GROSS TOTAL DISTRIBUTION DEPARTMENT	98,757,000	104,381,000	108,080,000	109,759,000	111,476,000	113,240,000	115,043,000	557,598,000
	52-98-2-98	LESS: SALVAGE								
		LESS: CONTRIBUTIONS*								
		LESS: REIMBURSEMENT**	(4,682,404)	(4,366,319)	(4,457,000)	(4,550,000)	(4,645,000)	(4,742,000)	(4,841,000)	(23,235,000)
		NET TOTAL DISTRIBUTION DEPARTMENT	94,074,596	100,014,681	103,623,000	105,209,000	106,831,000	108,498,000	110,202,000	534,363,000
		ACQUIRE ASSETS	94,074,596	100,014,681	103,623,000	105,209,000	106,831,000	108,498,000	110,202,000	534,363,000
		LEASE								

* CONTRIBUTIONS ARE POTENTIAL CUSTOMER CONTRIBUTIONS

** REIMBURSEMENT TO PGW FOR RELOCATING STRUCTURES & EQUIPMENT AND/OR LOAD GROWTH

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		C-30 METERS								
4	50-30-1-01	ADDITIONS AND INSTALLATIONS	2,197,000	2,819,000	3,029,000	3,191,000	3,338,000	3,496,000	3,652,000	16,706,000
1	50-30-2-01	REPLACEMENTS	2,496,000	2,640,000	2,774,000	2,856,000	2,922,000	2,991,000	3,057,000	14,600,000
		TOTAL C-30	4,693,000	5,459,000	5,803,000	6,047,000	6,260,000	6,487,000	6,709,000	31,306,000
		C-32 SERVICES REGULATORS								
4	50-32-1-01	ADDITIONS AND INSTALLATIONS	60,000	89,000	84,000	87,000	89,000	91,000	93,000	444,000
1	50-32-2-01	REPLACEMENTS	72,000	64,000	65,000	67,000	68,000	70,000	72,000	342,000
		TOTAL C-32	132,000	153,000	149,000	154,000	157,000	161,000	165,000	786,000
		C-33 TELEMETERING								
1	50-33-1-01	ADDITIONS AND INSTALLATIONS	82,000	41,000	42,000	44,000	45,000	46,000	47,000	224,000
1	50-33-2-01	REPLACEMENTS	91,000	1,073,000	1,158,000	91,000	93,000	95,000	98,000	1,535,000
		TOTAL C-33	173,000	1,114,000	1,200,000	135,000	138,000	141,000	145,000	1,759,000

FIELD SERVICES DEPARTMENT

FORECAST - FISCAL YEARS 2022 THROUGH 2026

		2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
	C-35 SERVICE SECTION EQUIPMENT								
5 50-35-1-01	REPLACEMENTS	2,900,000	500,000	500,000	500,000	500,000	500,000	500,000	2,500,000
	TOTAL C-35	2,900,000	500,000	500,000	500,000	500,000	500,000	500,000	2,500,000
	C-36 AUTOMATIC METER READING								
5 50-36-1-01	ADDITIONS	214,000	227,000	216,000	216,000	241,000	245,000	245,000	1,163,000
5 50-36-2-01	REPLACEMENTS	3,777,000	4,267,000	5,673,000	5,815,000	4,687,000	4,090,000	3,526,000	23,791,000
	TOTAL C-36	3,991,000	4,494,000	5,889,000	6,031,000	4,928,000	4,335,000	3,771,000	24,954,000
	GROSS TOTAL FIELD SERVICES DEPARTMENT	11,889,000	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	61,305,000
50-98-2-98	LESS: SALVAGE								
50-94-1-94	LESS: CONTRIBUTIONS								
	NET TOTAL FIELD SERVICES DEPARTMENT	11,889,000	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	61,305,000
	ACQUIRE ASSETS	11,889,000	11,720,000	13,541,000	12,867,000	11,983,000	11,624,000	11,290,000	61,305,000
	LEASE								

FLEET OPERATIONS DEPARTMENT
FORECAST - FISCAL YEARS 2022 THROUGH 2026

		2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
73-01-1-03	VEHICLE ADDITIONS	84,000	-	-	-	-	-	-	-
73-01-2-01	SHOP EQUIPMENT REPLACEMENTS	23,000	-	-	-	-	-	-	-
73-01-2-02	MOBILE EQUIPMENT REPLACEMENTS	773,000	967,000	1,578,000	811,000	1,962,000	227,000	614,000	5,192,000
73-01-2-03	VEHICLE REPLACEMENTS	1,873,000	2,999,000	7,471,000	3,519,000	6,099,000	4,126,000	1,582,000	22,797,000
73-98-2-98	LESS: SALVAGE								
	NET TOTAL FLEET OPERATIONS DEPARTMENT	2,753,000	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	27,989,000
	ACQUIRE ASSETS	2,753,000	3,966,000	9,049,000	4,330,000	8,061,000	4,353,000	2,196,000	27,989,000
	LEASE								

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE BUDGET	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		FACILITIES								
1	72-01-1-01	MISCELLANEOUS CAPITAL ADDITIONS	150,000	150,000	150,000	153,750	157,594	161,534	165,572	788,450
1	72-01-1-02	MISCELLANEOUS CAPITAL ADDITIONS - GAS PROCESSING	12,000	4,000	13,000	13,325	13,658	14,000	14,350	68,333
1	72-01-2-01	MISCELLANEOUS CAPITAL REPLACEMENTS/STRUCTURAL REPAIRS	418,000	471,000	404,000	414,100	424,453	435,004	445,940	2,123,497
1	72-01-2-02	MISCELLANEOUS CAPITAL REPLACEMENTS - GAS PROCESSING	48,000	22,000	49,000	50,225	53,481	52,768	54,087	259,561
1	72-01-2-03	MISC CAPITAL REPL - STRUCTURAL REPAIRS - GAS PROCESSING	60,000	9,000	61,000	62,525	64,088	65,690	67,333	320,636
1	72-01-2-04	REPLACE CARPETS - ALL LOCATIONS	-	40,000	-	-	-	-	-	-
2	72-01-2-05	REPLACE MODULAR FURNITURE - ALL LOCATIONS	-	75,000	-	-	-	-	-	-
5	72-01-2-08	LEASE	75,000	70,013,000	30,000	-	-	-	-	30,000
5	72-01-2-09	BUILDING COSOLIDATION	100,000	53,250,000	50,000	51,250	52,531	53,845	55,191	262,817
5	72-01-2-10	800 BUILDING RESTROOM RENOVATIONS	-	2,135,000	-	-	-	-	-	-
1	72-01-2-11	REPLACE METERSHOP ROOF	-	108,000	-	-	-	-	-	-
2	72-01-2-12	REPLACE 1849 BUILDING VEHICLE REPLAIR SHOP	-	541,000	-	-	-	-	-	-
1	72-01-2-06	REPLACE 800 AHU HW, CHW CONTROL VALVES, DAMPER ACTUATORS	226,000	-	-	-	-	-	-	-
2	72-01-2-07	REPLACE 1800 ROOF	3,105,000	-	-	-	-	-	-	-
	72-01-XX-XX	NON-RECURRING ITEMS	1,425,000	-	3,400,000	3,000,000	-	-	3,032,982	9,432,982
		TOTAL FACILITIES	5,619,000	126,818,000	4,157,000	3,745,175	765,805	782,841	3,835,455	13,286,276

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		INFORMATION SERVICES								-
2	47-01-1-01	MISCELLANEOUS SERVER, NETWORK, & HARDWARE ADDITIONS	59,000	59,000	61,000	63,000	65,000	67,000	69,000	325,000
2	47-01-1-02	MISCELLANEOUS SOFTWARE ADDITIONS	75,000	575,000	26,000	27,000	28,000	29,000	30,000	140,000
2	47-01-1-03	SYSTEM & NETWORK MONITORING APPLIANCE ADDITIONS	382,000	-	-	-	-	-	-	-
1	47-01-1-04	ENVIRONMENTAL MANAGEMENT SYSTEM	-	-	-	-	-	-	-	-
2	47-01-2-01	REPLACEMENT	475,000	411,000	52,000	54,000	56,000	58,000	60,000	280,000
2	47-01-2-02	MISCELLANEOUS SOFTWARE REPLACEMENTS	50,000	75,000	52,000	54,000	56,000	58,000	60,000	280,000
2	47-01-2-03	CUSTOMER INFORMATION SYSTEMS (CIS/BCCS) REPLACEMENTS	-	19,970,000	-	-	-	-	-	-
		2019 REAUTHORIZATION								
2	47-01-2-04	(CIS/BCCS) REPLACEMENTS	-	8,516,000	-	-	-	-	-	-
		TOTAL INFORMATION SERVICES	1,041,000	29,606,000	191,000	198,000	205,000	212,000	219,000	1,025,000

OTHER DEPARTMENTS

FORECAST - FISCAL YEARS 2022 THROUGH 2026

			2020 COMPLIANCE	2021 BUDGET	2022	2023	2024	2025	2026	TOTAL FORECAST
		CHIEF OPERATING OFFICER								
1	13-01-2-01	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO SAFETY	3,387,010	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
2	13-01-2-02	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO RELIABILITY OF SERVICE	169,445	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
4	13-01-2-03	CONDITIONAL FUNDING FOR CAPITAL NEEDS RELATED TO COST-JUSTIFIED LOAD GROWTH	585,545	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
		TOTAL CHIEF OPERATING OFFICER	4,142,000	750,000	750,000	750,000	750,000	750,000	750,000	3,750,000
		VP TECHNICAL COMPLIANCE								-
1	38-01-1-01	BIOSPARGE AND SOIL VAPOR EXTRACTION SYSTEM	-	-	4,690,000	-	-	-	-	4,690,000
		TOTAL VP TECHNICAL COMPLIANCE	-	-	4,690,000	-	-	-	-	4,690,000
										-
		CHEMICAL SERVICES								
1	31-01-1-01	LAB EQUIPMENT-XRF ANALYZER	55,000	-	-	-	-	-	-	-
		TOTAL CHEM SERVICES	55,000	-	-	-	-	-	-	-
		SECURITY & LOST PREVENTION								
1	65-01-2-01	VIDEO AND RECORDING DEVICE REPLACEMENT	-	129,000	-	-	-	-	-	-
		TOTAL SECURITY & LOST PREVENTION	-	129,000	-	-	-	-	-	-
		TOTAL OTHER DEPARTMENTS	10,857,000	157,303,000	9,788,000	4,693,175	1,720,805	1,744,841	4,804,455	22,751,276
		ACQUIRE ASSETS								
		LEASE								

FISCAL 2021 FINANCING PLAN

PHILADELPHIA GAS WORKS
CAPITAL FINANCING PLAN

As a result of the FY 2011 Operating Budget proceedings, a motion was approved that directed PGW to begin with its FY 2012 Capital Budget filing to include with each proposed Capital Budget and Capital Budget Amendment a proposed Capital Funding plan pursuant to Section IV.2.b of the Management Agreement.

In this section of the Management Agreement, funds required to be supplied must be identified between:

i. Funds generated within the business through charges to customer or otherwise; and
ii. Funds to be obtained through capital loans.

Capital Spending in FY 2021

• Spending from FY 2021 Program	$ 132,850,000
• Spending Carryover from FY 2020	$ 27,241,000
• Total FY 2021 Spending	$ 160,091,000
• Projected Reimbursement	$ 4,312,000
• Salvage	$ 523,000
• Construction Contributions	$ 1,172,000
• **Net FY 2021 Capital Spending**	**$ 154,084,000**

Capital Funding Sources:

• Capital Bond Proceeds	$ 77,084,000
• DSIC	$ 35,000,000
• Internally Generated Funds	$ 42,000,000
• **FY 2021 Capital Funding**	**$ 154,084,000**

The funding plan is based upon current financial projections and is subject to changes based upon PGW's financial conditions at the time funds are required to support the FY 2021 Capital Program.

II. RATE OF RETURN

II.A.14. Describe long-term debt reacquisitions by Company and Parent as follows:

II.A.14.a. Reacquisitions by issue by year.

II.A.14.b. Total gain on reacquisitions by issue by year.

II.A.14.c. Accounting of gain for income tax and book purposes.

RESPONSE:

PGW does not have any long-term debt reacquisitions.

II. RATE OF RETURN

II.A.15. Set forth amount of compensating bank balances required under each of the following rate base bases:

II.A.15.a. Annualized test year operations.

II.A.15.b. Operations under proposed rates.

RESPONSE:

PGW does not have compensating bank balances under either scenario.

II. RATE OF RETURN

II.A.16. Provide the following information concerning compensating bank balance requirements for actual test year:

II.A.16.a. Name of each bank.

II.A.16.b. Address of each bank.

II.A.16.c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).

II.A.16.d. Average Daily Balance in each account.

II.A.16.e. Amount and percentage requirements for compensating bank balance at each bank.

II.A.16.f. Average daily compensating bank balance at each bank.

II.A.16.g. Documents from each bank explaining compensating bank balance requirements.

II.A.16.h. Interest earned on each type of account.

RESPONSE:

Please see the response to II.A.15.

II. RATE OF RETURN

II.A.17. Provide the following information concerning bank notes payable for actual test year:

II.A.17.a. Line of Credit at each bank.

II.A.17.b. Average daily balances of notes payable to each bank, by name of bank.

II.A.17.c. Interest rate charged on each bank note (Prime rate, formula rate or other).

II.A.17.d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).

II.A.17.e. Prospective future need for this type of financing.

RESPONSE:

PGW does not have any bank notes payable for the actual test year.

II. RATE OF RETURN

II.A.18. Set forth amount of total cash (all cash accounts) on hand from balance sheets for last 24-calendar months preceding test year-end.

RESPONSE:

PHILADELPHIA GAS WORKS
MONTHLY CASH BALANCES

FY	Month	Account 131 $	Account 136 $	Account 135 $	Total $
2019	August	7,048,716	117,052,340	44,324	124,145,380
2019	July	6,762,646	165,078,216	51,729	171,892,591
2019	June	5,380,819	180,839,861	52,681	186,273,361
2019	May	4,708,347	177,182,645	59,897	181,950,889
2019	April	5,246,148	168,257,374	62,895	173,566,417
2019	March	6,532,131	145,255,309	72,587	151,860,027
2019	February	11,513,130	97,239,391	55,180	108,807,702
2019	January	7,810,043	94,440,471	50,934	102,301,448
2019	December	10,904,125	77,249,099	44,717	88,197,940
2019	November	8,197,743	70,009,207	61,296	78,268,246
2019	October	7,733,635	63,235,305	72,123	71,041,063
2019	September	6,543,865	100,957,716	82,284	107,583,865
2018	August	10,840,785	120,148,295	61,662	131,050,742
2018	July	6,003,062	130,486,045	45,300	136,534,407
2018	June	9,556,846	130,628,863	78,663	140,264,371
2018	May	10,223,733	128,750,503	78,516	139,052,751
2018	April	6,371,669	120,421,473	72,237	126,865,379
2018	March	17,319,367	86,026,166	62,457	103,407,990
2018	February	11,046,343	50,611,899	63,491	61,721,733
2018	January	36,322,492	12,595,400	60,188	48,978,080
2018	December	7,822,968	12,571,301	61,281	20,455,549
2018	November	4,739,666	22,553,166	61,093	27,353,925
2018	October	2,739,786	30,536,990	79,622	33,356,398
2018	September	3,264,622	67,905,893	83,692	71,254,207

II. RATE OF RETURN

II.A.19. Submit details on Company or Parent common stock offerings (past 5 years to present) as follows:

II.A.19.a. Date of Prospectus

II.A.19.b. Date of offering

II.A.19.c. Record date

II.A.19.d. Offering period—dates and number of days

II.A.19.e. Amount and number of shares of offering

II.A.19.f. Offering ratio (if rights offering)

II.A.19.g. Percent subscribed

II.A.19.h. Offering price

II.A.19.i. Gross proceeds per share

II.A.19.j. Expenses per share

II.A.19.k. Net proceeds per share (i-j)

II.A.19.l. Market price per share

II.A.19.l.1. At record date

II.A.19.1.2. At offering date

II.A.19.1.3. One month after close of offering

II.A.19.m. Average market price during offering

II.A.19.m.1. Price per share

II.A.19.m.2. Rights per share—average value of rights

II.A.19.n. Latest reported earnings per share at time of offering

II.A.19.o. Latest reported dividends at time of offering

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.20. Provide latest available balance sheet and income statement for Company, Parent and System (consolidated).

RESPONSE:

Please see attached.

UNAUDITED
PGW
STATEMENT OF INCOME
MONTH OF JANUARY 2020 AND 2019 WITH COMPARISONS
(Thousands of Dollars)

Line No.	FY2019 Actual		FY2020 Actual	FY2020 Budget	Increase/(Decrease) Actual FY2020 vs. Budget Amount	Increase/(Decrease) Actual FY2020 vs. Budget %
		Operating revenues				
1	$ 3,803	Non-heating	$ 3,009	$ 3,291	$ (282)	(9)
2	9,552	Gas transport service	10,211	11,003	(792)	(7)
3	98,743	Heating	91,773	113,183	(21,410)	(19)
4	18,701	Unbilled gas adjustment	12,011	30,303	(18,292)	(60)
5	(5,647)	Appropriation for uncollectible reserve	(6,118)	(6,118)	-	-
6	125,152	Total gas revenues	110,886	151,662	(40,776)	(27)
7	492	Appliance & other revenues	466	568	(102)	(18)
8	2,308	Other operating revenues	1,325	1,004	321	32
9	127,952	Total operating revenues	112,677	153,234	(40,557)	(26)
		Operating expenses				
10	40,987	Natural gas	29,516	41,177	(11,661)	(28)
11	-	Other raw material	-	1	(1)	-
12	40,987	Sub-total fuel	29,516	41,178	(11,662)	(28)
13	86,965	CONTRIBUTION MARGIN	83,161	112,056	(28,895)	(26)
14	2,038	Gas processing	4,582	2,165	2,417	-
15	6,686	Field operations	7,547	8,350	(803)	(10)
16	302	Collection	389	368	21	6
17	1,113	Customer services	1,261	1,336	(75)	(6)
18	714	Account management	527	762	(235)	(31)
19	304	Marketing	349	402	(53)	(13)
20	8,459	Administrative & general	5,480	7,075	(1,595)	(23)
21	2,121	Health insurance	2,173	2,112	61	3
22	(847)	Capitalized fringe benefits	(1,062)	(638)	(424)	66
23	(1,721)	Capitalized admin. charges	(1,158)	(1,125)	(33)	3
24	2,891	Pensions	2,572	2,461	111	5
25	2,527	Other post-employment benefits	1,491	1,491	-	-
26	633	Taxes	885	907	(22)	(2)
27	-	Cost savings	-	395	(395)	-
28	25,220	Total operating expenses	25,036	26,061	(1,025)	(4)
29	61,745	Operating income before depreciation	58,125	85,995	(27,870)	(32)
30	5,263	Net depreciation	5,324	5,425	(101)	(2)
31	71,470	Total operating expenses	59,876	72,664	(12,788)	(18)
32	56,482	Operating income	52,801	80,570	(27,769)	(34)
33	1,240	Investments gain (loss) and other income	803	396	407	-
34	57,722	Income before interest	53,604	80,966	(27,362)	(34)
		Interest				
35	5,719	Long-term debt	3,749	3,668	81	2
36	(437)	Other	(410)	(406)	(4)	1
37	(101)	Allowance for funds used during construction	(135)	(129)	(6)	5
38	5,181	Net interest expense	3,204	3,133	71	2
39	$ 52,541	Net income	$ 50,400	$ 77,833	$ (27,433)	
40	$ (1,500)	Distribution to the City	$ (1,500)	$ (1,500)		
41	$ 51,041	Net Earnings after distribution to the City	$ 48,900	$ 76,333		

UNAUDITED
PGW
STATEMENT OF INCOME
FIVE MONTHS ENDED JANUARY 2020 AND 2019 WITH COMPARISONS
(Thousands of Dollars)

Line No.	FY2019 Actual		FY2020 Actual	FY2020 Budget	Increase/(Decrease) Actual FY2020 vs. Budget Amount	Increase/(Decrease) Actual FY2020 vs. Budget %
		Operating revenues				
1	$ 11,193	Non-heating	$ 11,548	$ 10,249	$ 1,299	13
2	28,255	Gas transport service	30,377	28,878	1,499	5
3	265,118	Heating	253,992	268,091	(14,099)	(5)
4	56,679	Unbilled gas adjustment	47,833	60,471	(12,638)	(21)
5	(13,897)	Appropriation for uncollectible reserve	(13,778)	(13,778)	-	-
6	347,348	Total gas revenues	329,972	353,911	(23,939)	(7)
7	3,013	Appliance & other revenues	2,908	2,921	(13)	-
8	5,164	Other operating revenues	4,456	3,706	750	20
9	355,525	Total operating revenues	337,336	360,538	(23,202)	(6)
		Operating expenses				
10	114,272	Natural gas	92,889	105,617	(12,728)	(12)
11	8	Other raw material	7	5	2	40
12	114,280	Sub-total fuel	92,896	105,622	(12,726)	(12)
13	241,245	CONTRIBUTION MARGIN	244,440	254,916	(10,476)	(4)
14	7,274	Gas processing	10,573	9,525	1,048	11
15	32,171	Field operations	34,291	35,392	(1,101)	(3)
16	1,533	Collection	1,623	1,804	(181)	(10)
17	5,654	Customer services	5,863	6,325	(462)	(7)
18	3,400	Account management	3,158	3,954	(796)	(20)
19	1,733	Marketing	1,834	2,142	(308)	(14)
20	33,083	Administrative & general	28,789	33,529	(4,740)	(14)
21	8,973	Health insurance	10,609	10,558	51	-
22	(4,357)	Capitalized fringe benefits	(4,616)	(3,343)	(1,273)	38
23	(4,475)	Capitalized administrative charges	(3,091)	(5,897)	2,806	(48)
24	13,479	Pensions	12,820	12,305	515	4
25	12,635	Other post-employment benefits	7,455	7,455	-	-
26	3,418	Taxes	3,801	3,924	(123)	(3)
27	-	Cost savings	-	731	(731)	-
28	114,521	Total operating expenses	113,109	118,404	(5,295)	(4)
29	126,724	Operating income before depreciation	131,331	136,512	(5,181)	(4)
30	26,209	Net depreciation	26,311	27,126	(815)	(3)
31	255,010	Total operating expenses	232,316	251,152	(18,836)	(7)
32	100,515	Operating income	105,020	109,386	(4,366)	(4)
33	2,454	Investments gain (loss) and other income	3,165	1,922	1,243	65
34	102,969	Income before interest	108,185	111,308	(3,123)	(3)
		Interest				
35	21,342	Long-term debt	18,803	18,342	461	3
36	(2,192)	Other	(1,975)	(2,029)	54	(3)
37	(365)	Allowance for funds used during construction	(903)	(678)	(225)	33
38	18,785	Net interest expense	15,925	15,635	290	2
39	$ 84,184	Net income	$ 92,260	$ 95,673	$ (3,413)	
40	$ (7,500)	Distribution to the City	$ (7,500)	$ (7,500)		
41	$ 76,684	Net earnings after distribution to the City	$ 84,760	$ 88,173		

PGW
BALANCE SHEETS JANUARY 2020 AND 2019
(Thousands of Dollars)

ASSETS

Line No.		FY2020	FY2019
	Non-current assets		
	Utility plant, at original cost		
1	In service	$ 2,488,069	$ 2,414,288
2	Under construction	109,747	90,309
3	Total	2,597,816	2,504,597
4	Less accumulated depreciation	(1,146,216)	(1,087,479)
5	Utility plant - net	1,451,600	1,417,118
6	Sinking fund - revenue bonds	107,649	103,504
7	Capital improvement funds	-	11,723
8	Unamortized bond issuance cost	247	277
9	Regulatory asset - environmental	37,102	31,593
10	Other non-current assets	6,033	9,138
11	**Total non-current assets**	1,602,631	1,573,354
	Current assets		
12	Cash and temporary investments	113,490	102,301
13	Current portion of capital improvement fund	9,302	61,000
14	Restricted investment workers' compensation	2,730	2,673
	Accounts receivable		
15	Customers	212,126	204,772
16	Others	4,534	7,155
17	Accrued gas revenues	52,781	61,307
18	Accumulated provisions for uncollectible accounts	(63,320)	(61,266)
19	Accounts receivable - net	206,121	211,968
20	Materials and supplies	48,705	47,613
21	Other current assets and deferred debits	18,192	21,765
22	**Total current assets**	398,540	447,320
	Deferred outflows of resources		
23	Accumulated fair value of hedging derivatives	10,923	1,186
24	Unamortized loss on bond refunding	34,645	39,845
25	Deferred outflows related to pension	14,421	24,943
26	Deferred outflows related to OPEB	91,175	81,048
27	**Total deferred outflows of resources**	151,164	147,022
28	**Total assets and deferred outflows of resources**	$ 2,152,335	$ 2,167,696

PGW
BALANCE SHEETS JANUARY 2020 AND 2019
(Thousands of Dollars)

EQUITY AND LIABILITIES

			FY2020	FY2019	Line No.
Long term debt					
City of Philadelphia bonds					
Issued	Original amount	Current portion			
2004	207,820	-	30,000	30,000	1
2009	313,285	-	122,810	122,810	2
2010	150,000	3,755	57,080	60,835	3
2011	88,855	4,410	14,750	19,160	4
2015	261,770	15,720	177,970	193,690	5
2016	312,425	21,680	231,885	253,565	6
2017	273,140	4,445	255,435	259,880	7
Total issued		50,010	889,930	939,940	8
Unamortized debt discount/premium		9,748	83,799	93,930	9
Total long-term bond debt		59,758	973,729	1,033,870	10
Current liabilities					
Current portion of revenue bonds			$ 59,758	$ 68,524	11
Notes payable			-	-	12
Accounts payable			47,610	61,635	13
Current portion of long-term liabilities			7,107	8,349	14
Customers' deposits			3,059	2,933	15
Other current liabilities and deferred credits			26,388	27,638	16
Accrued accounts:					
Interest, taxes and wages			9,102	24,467	17
Distribution to the City			6,000	10,500	18
Total current liabilities			159,024	204,047	19
Non-current liabilities					
Long-term revenue bonds			973,729	1,033,870	20
Net pension liabilities			247,246	261,261	21
Net OPEB liabilities			335,825	383,815	22
Other non-current liabilities			65,486	55,888	23
Total non-current liabilities			1,622,286	1,734,834	24
Deferred inflows of resources					
Deferred inflows related to pension			18,762	15,312	25
Deferred inflows related to OPEB			59,942	25,118	26
Total deferred inflows of resources			78,704	40,431	27
Net position			292,322	188,384	28
Total liabilities, deferred inflows of resources, and net position			$ 2,152,335	$ 2,167,696	29

II. RATE OF RETURN

II.A.21. Provide Original Cost, Trended Original Cost and Fair Value rate base claims.

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.22. Provide Operating Income claims under:

II.A.22.(i) Present rates

II.A.22.(ii) Pro forma present rates (annualized & normalized)

II.A.22.(iii) Proposed rates (annualized & normalized)

RESPONSE:

Please see the response provided to Exh. A- III.A.17.

II.A.22.b. Provide Rate of Return on Original Cost and Fair Value claims under:

II.A.22.b.(i) Present rates

II.A.22.b.(ii) Pro forma present rates

II.A.22.b.(iii) Proposed rates

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.23. List details and sources of ''Other Property and Investment,'' ''Temporary Cash Investments'' and ''Working Funds'' on test year-end balance sheet.

RESPONSE:

Major items in FERC Account 121 - Non-Utility Property, FERC Account 124 - Other Investments, FERC Account 135 - Working Funds, and FERC Account 136 - Temporary Cash Investments as of August 31, 2019 are detailed below:

FERC Account 121 - Non-Utility Property
Zero

FERC Account 124 - Other Investments
Zero

FERC Account 135 - Working Funds
The balance of petty cash and other employee advances as of August 31, 2019 is $44,324.

FERC Account 136 - Temporary Cash Investments
The balance of temporary cash investments as of August 31, 2019 is $117,052,340 which consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.

II. RATE OF RETURN

II.A.24. Attach chart explaining Company's corporate relationship to its affiliates (System Structure).

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

II.A.25.a. Claimed capitalization and capitalization ratios with supporting data.

II.A.25.b. Claimed cost of long-term debt with supporting data.

II.A.25.c. Claimed cost of short-term debt with supporting data.

II.A.25.d. Claimed cost of total debt with supporting data.

II.A.25.e. Claimed cost of preferred stock with supporting data.

II.A.25.f. Claimed cost of common equity with supporting data.

RESPONSE:

Not applicable.

II. RATE OF RETURN

II.A.26. Provide the following income tax data:

II.A.26.a. Consolidated income tax adjustments, if applicable.

II.A.26.b. Interest for tax purposes (basis).

RESPONSE:

Not applicable.

II. RATE OF RETURN

C. GAS UTILITIES ONLY, IN ADDITION TO PROVIDING THE INFORMATION REQUESTED IN "A." HEREINABOVE:

II.C.1. Provide test year monthly balances for "Current Gas Storage" and notes financing such storage.

RESPONSE:

The following volumes are in MCFs. We do not finance storage therefore, there are no notes.

FULLY PROJECTED FUTURE TEST YEAR – FY 2021

MONTH	LNG	STORAGES
September	3,438,729	16,264,291
October	3,533,311	18,490,646
November	3,789,878	18,710,678
December	3,800,236	16,137,603
January	3,631,219	10,714,127
February	3,549,780	6,787,173
March	3,813,129	4,109,827
April	3,961,708	5,378,178
May	3,977,130	7,923,977
June	3,900,066	10,129,815
July	3,816,987	12,308,938
August	3,733,909	14,487,696

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

RESPONSE:

Provided below are comparative balance sheets.

III. BALANCE SHEET AND OPERATING STATEMENT

PHILADELPHIA GAS WORKS
BALANCE SHEET
(Dollars in Thousands)

NO.		ACTUAL 8/31/18	ACTUAL 8/31/19	ESTIMATE 2019-20	BUDGET 2020-21	NO.
	ASSETS					
1.	Utility Plant Net	1,403,956	1,451,470	1,505,541	1,591,691	1.
2.	Leasehold Asset	-	-	-	852	2.
3.	Sinking Fund Reserve	103,255	106,509	125,588	127,803	3.
4.	Capital Improvement Fund - Current	61,000	68,634	78,084	88,177	4.
5.	Capital Improvement Fund - Long Term	50,815	-	167,333	81,621	5.
6.	Workers' Compensation Fund -					6.
7.	& Health Insurance Escrow	2,646	2,711	2,731	2,759	7.
8.	Cash	131,051	124,146	101,805	45,160	8.
9.	Accounts Receivable:					9.
10.	Gas	141,346	146,018	144,249	140,752	10.
11.	Other	2,964	1,775	1,800	1,825	11.
12.	Accrued Gas Revenues	4,628	4,947	5,564	5,528	12.
13.	Reserve for Uncollectible	(66,328)	(66,751)	(67,015)	(65,657)	13.
14.	Total Accounts Receivable:	82,610	85,989	84,598	82,448	14.
15.	Materials & Supplies	52,368	51,691	51,546	50,851	15.
16.	Other Current Assets	2,501	3,258	3,000	3,160	16.
17.	Deferred Debits	15,499	14,885	12,867	12,940	17.
18.	Unamortized Bond Issuance Expense	290	258	232	209	18.
19.	Unamortized Loss on Reacquired Debt	42,054	36,776	31,931	27,471	19.
20.	Deferred Environmental	31,593	37,102	48,168	47,108	20.
21.	Deferred Pension Outflows	24,943	14,421	12,560	8,590	21.
22.	Deferred OPEB Outflows	81,048	91,175	71,633	52,091	22.
23.	Other Assets	9,650	16,387	29,174	28,934	23.
24.	**TOTAL ASSETS**	2,095,279	2,105,410	2,326,791	2,251,864	24.
	EQUITY & LIABILITIES					
25.	City Equity	111,700	207,562	261,603	312,249	25.
26.	Revenue Bonds	1,016,300	964,476	1,171,606	1,116,650	26.
27.	Unamortized Discount	(64)	(56)	(52)	(48)	27.
28.	Unamortized Premium	109,237	98,000	87,919	78,577	28.
29.	Long Term Debt	1,125,473	1,062,420	1,259,473	1,195,179	29.
30.	Lease Obligations	-	-	-	852	30.
32.	Accounts Payable	72,620	67,530	68,782	68,769	32.
33.	Customer Deposits	2,644	3,090	2,956	2,828	33.
34.	Other Current Liabilities	5,942	4,207	3,733	4,647	34.
35.	Pension Liability	261,261	247,246	244,136	244,675	35.
36.	OPEB Liability	378,888	336,079	316,130	293,105	36.
37.	Deferred Credits	16,494	8,284	3,848	4,013	37.
38.	Deferred Pension Inflows	13,266	18,230	18,166	6,344	38.
39.	Deferred OPEB Inflows	36,134	69,874	45,987	22,099	39.
40.	Accrued Interest	8,080	8,326	7,601	7,073	40.
41.	Accrued Taxes & Wages	3,889	4,080	4,042	4,222	41.
42.	Accrued Distribution to City	3,000	3,000	3,000	3,000	42.
43.	Other Liabilities	55,888	65,482	87,334	82,810	43.
44.	**TOTAL EQUITY & LIABILITIES**	2,095,279	2,105,410	2,326,791	2,251,864	44.
	CAPITALIZATION					
45.	Total Capitalization	1,237,173	1,253,628	1,521,076	1,507,428	45.
46.	Total Long Term Debt	1,125,473	1,062,772	1,259,473	1,195,179	46.
47.	Debt to Equity Ratio	90.97%	84.78%	82.80%	79.29%	47.
48.	Capitalization Ratio	10.08	5.57	4.81	3.83	48.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.2. Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

RESPONSE:

There are no items included in Account 121 – Non-Utility Property or Account 124 – Other Investments.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.3. Supply the amounts and purpose of Special Cash Accounts of all types, such as:

III.A.3.a. Interest and Dividend Special Deposits.

III.A.3.b. Working Funds other than general operating cash accounts.

III.A.3.c. Other special cash accounts and amounts (Temporary cash investments).

RESPONSE:

The amounts and purpose of Special Cash Accounts as of August 31, 2019 are as follows:

FERC Account 128 – Other Special Funds
Zero

FERC Account 132 – Interest Special Deposits
Zero

FERC Account 133 – Dividend Special Deposits
Zero

FERC Account 134 – Other Special Deposits
The balance of PGW's Workers Compensation Escrow Fund as of August 31, 2019 is $2,710,667 and consists primarily of money market accounts.

FERC Account 135 – Working Funds
The balance of petty cash and other employee advances as of August 31, 2019 is $44,324.

FERC Account 136 - Temporary Cash Investments
The balance of temporary cash investments as of August 31, 2019 is $117,052,340 and consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.

The amounts and purpose of Special Cash Accounts as of August 31, 2018 are as follows:

FERC Account 128 – Other Special Funds
Zero

FERC Account 132 – Interest Special Deposits
Zero

FERC Account 133 – Dividend Special Deposits
Zero

III. BALANCE SHEET AND OPERATING STATEMENT

FERC Account 134 – Other Special Deposits
The balance of PGW's Workers Compensation Escrow Fund as of August 31, 2018 is $2,646,482 and consists primarily of money market accounts.

FERC Account 135 – Working Funds
The balance of petty cash and other employee advances as of August 31, 2018 is $61,662.

FERC Account 136 - Temporary Cash Investments
The balance of temporary cash investments as of August 31, 2018 is $120,148,295 and consists primarily of bank deposits, U.S. Treasury and government agency obligations, corporate obligations, and money market accounts.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.

RESPONSE:

The amounts and nature of notes receivable and other accounts receivable as of August 31, 2019 are as follows:

FERC Account 141 – Notes Receivable
There were no notes receivables outstanding as of August 31, 2019.

FERC Account 143 – Other Accounts Receivable

Reimbursements for projects on PGW property	$1,752,830	
Reimbursements for payments to pension beneficiaries	$	19,188

The amounts and nature of notes receivable and other accounts receivable as of August 31, 2018 are as follows:

FERC Account 141 – Notes Receivable
There were no notes receivables outstanding as of August 31, 2018.

FERC Account 143 – Other Accounts Receivable

Reimbursements for projects on PGW property	$1,495,066	
Reimbursements for payments to pension beneficiaries	$	276

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

RESPONSE:

Accumulated Provision for Uncollectible Accounts, Accruals, Write-Offs, and Recoveries for the Twelve Months Ended August 31, 2016, 2017, 2018, and 2019 are listed below:

Period Ending	Beginning Balance	Accrual JE #2101	Write-offs JE #2102	Recoveries & Other #3505,3510,3512, 3516,3550	Ending Balance
8/31/2016	(102,029,427)	(27,133,085)	63,154,534	(8,278,087)	(74,286,066)
8/31/2017	(74,286,066)	(29,994,426)	44,238,004	(5,081,890)	(65,124,378)
8/31/2018	(65,124,378)	(30,849,984)	36,321,795	(6,674,452)	(66,327,019)
8/31/2019	(66,327,019)	(29,941,172)	33,388,466	(3,871,377)	(66,751,102)

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.6. Provide a list of prepayments and give an explanation of special prepayments.

RESPONSE:

ACCOUNT 165 - PREPAYMENT	AUGUST 31, 2019	AUGUST 31, 2018
Software Prepayment Balance represents outstanding amount of software maintenance contracts	$ 942,777	$ 894,211
Swap Prepayments Balance represents overpayment of Swap interest expenses which will be amortized over time to offset future Swap interest expenses.	658,498	-
Prepaid Postage Balance represents outstanding amount of postage meter	401,291	160,932
Prepaid Insurance Balance represents unamortized portion of insurance premiums which are expensed over the period of insurance coverage	277,113	568,152
Prepayment State Sales Taxes Balance represents sales tax payment made to PA state prior to the month's sales activity	172,000	164,000
Miscellaneous	12,175	12,175
TOTAL	**2,463,854**	**1,799,470**

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.7. Explain in detail any other significant (in amount) current assets listed on balance sheet.

RESPONSE:

Current Asset Detail	August 31, 2019	August 31, 2018
Account 142 - Customer Accounts Receivable		
Gas Accounts Receivable	145,989,243	141,334,368
Merchandise Receivable	28,621	11,531
Total Customer Accounts Receivable	146,017,864	141,345,899
Account 154 - Plant Material & Operating Supplies		
General Storeroom	10,363,970	10,644,411
Odorant & Gas Holders	64,395	67,602
Total Plant Material & Operating Supplies	10,428,365	10,712,013
Account 164 - Gas Storage		
Pipeline Storage	27,080,225	29,145,358
LNG Storage	14,182,897	12,506,842
Total Gas Storage	41,263,122	41,652,200
Account 173 - Accrued Utility Revenue	4,947,371	4,627,721

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

III.A.8.a. Origin of these accounts.

III.A.8.b. Probable changes to this account in the near future.

III.A.8.c. Amortization of these accounts currently charged to operations or to be charged in the near future.

III.A.8.d. Method of determining yearly amortization for the following accounts:

—Temporary Facilities
—Miscellaneous Deferred Debits
—Research and Development
—Property Losses
—Any other deferred accounts that effect operating results.

RESPONSE:

As of August 31, 2019:

8.a.
ACCOUNT 183.2
OTHER PRELIMINARY SURVEY AND INVESTIGATION

1832.1144	Advanced Engineering	$1,670,846

Account 1832.1144 represents the preparation of plans, design specifications, prototyping, and cost estimates associated with developing the technology and production processes of the Philadelphia Gas Works' natural gas plant facilities and distribution system.

ACCOUNT 186.0
MISCELLANEOUS DEFERRED DEBITS

The deferred asset account is maintained by the following sub-accts:

1860.1100	Jobs Costs Accumulated Unbilled	$1,003,861
1860.1145	Environmental Remediation	$37,101,805
1860.1170	State Sales – Uncollectible Gas Accounts	$392,273
1860.1183	Accumulated W/O Reimbursable	$8,457,623
1860.1196	Market Incentive Program	$(197,416)
1860.1197	Mains & Service	$224,741
1860.1200	Long Term Portion Deferred Operating Expenses	$391,737
1860.1202	PUC Management Audit	$81,377

III. BALANCE SHEET AND OPERATING STATEMENT

1860.1133	I & D Reserve – Workers' Compensation	$2,699,851
1860.1175	I & D Reserve – Suits & Claims	$2,935,314
1860.1237	Accumulated fair value of hedging derivative	$10,331,735
1860.1238	Deferred outflows – Pension	$14,421,074
1860.1246	Deferred outflows – OPEB	$91,175,147
1860.1176	Deferred Gas Under-recovery	$2,298,994
1860.1229	PUC Rate Case	$310,361
1860.xxxx	Miscellaneous accounts	$649,154

Account 1860.1100
Represents costs that PGW accumulates when working on a project (i.e. labor).

Account 1860.1145
Represents the long term portion of environmental remediation costs projected to occur between September 1, 2017 and August 31, 2047.

Account 1860.1170
Represents sales tax PGW paid to the state of Pennsylvania for customer's accounts that were never collected.

Account 1860.1183
Represents estimates for accrued reimbursements due PGW.

Account 1860.1196
Represents promotional incentives paid to customers, which are expected to be returned to PGW in accordance with the terms and conditions of each individual contract.

Account 1860.1197
Represents incentives that pay for customer's mains and services to customers which are expected to be remitted to PGW in accordance with the terms and conditions of each individual contract.

Account 1860.1200
Represents the long-term portion of amortized costs associated with rate case filings and mandated management audits.

Account 1860.1202
Represents the unamortized portion of expenses associated with the last PUC Management Audit which is being amortized over a seven year period.

Account 1860.1133
Represents the reserve money that is set aside to be paid out for workers' compensation claims.

III. BALANCE SHEET AND OPERATING STATEMENT

Account 1860.1175
Represents the reserve money that is set aside to pay out the claims for suits and damages.

Account 1860.1237
Represents the value hedge investment position taken to protect a company specific asset.

Account 1860.1238
Represents part of the pension expense not recognized in the financial statements as expense in the year in which it took place.

Account 1860.1246
Represents expense not recognized in the financial statements as expense in the year in which it took place.

Account 1860.1176
Represents income from gas customers not recognized in the financial statements as income in the year in which it took place.

Account 1860.1229
Represents expense associate with PUC rate case not recognized in the financial statements as expense in the year in which it took place.

8.b. There will be no significant changes to the accounts in the near future.

8.c. Amortization is currently being charged to the aforementioned operating accounts.

8.d. Yearly amortization method:

- Temporary Facilities – Not Applicable
- Miscellaneous Deferred Debits – Please see description of accounts above.
- Research and Development – Not Applicable
- Property Losses – Not Applicable
- Any other deferred accounts that effect operating results – Please see description of accounts above.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.

RESPONSE:

PGW has no associated companies.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.10. Provide details of other deferred credits as to their origin and disposition policy (e.g.—amortization).

RESPONSE:

Please see attached.

ACCOUNT 253
OTHER DEFERRED CREDITS AS OF AUGUST 31

FERC	Sub-Account	Description	2019	2018
2530	1145	**Environmental Clean-Up**	$ 36,733,000	$ 33,128,000
2531	1145	Deferred environmental remediation.	2,388,250	1,116,000
2531	4305	**Appliance Parts & Labor Plans** Payments received from customers which will be amoritized over the life of the Plan.	916,123	958,629
2530	2108	**Unidentified Customer Payments** Payments received from customers that are in the process of being researched to be properly applied to the correct customers' accounts.	505,236	420,610
2530	2109	**Meter Test Deposits** Customer deposits on meters that are being tested.	4,783	3,782
2530	1236	**Net OPEB Liability** Other post-employment benefits.	336,078,560	378,888,494
2530	1239	**Net Pension Liability** Present value of projected benefit payments to be provided through the pension plan for current active employees, retirees, and vested employees.	247,245,925	261,261,399
2530	1237	**Interest Rate Swap** Swap associated with variable rate bonds (8th Series Bonds)	23,113,576	14,795,874
2530	1238	**Deferred Inflows - Pension** Pension expense or income not recognized on the Income Statement.	18,230,367	13,266,004
2530	1246	**Deferred Inflows - OPEB** Other post-employment benefit expense or income not recognized on the Income Statement.	69,873,699	36,133,851
2530	1176	**Deferred - GCR** Gas cost over-recovery.	(3)	9,153,442
2530	0000	**Miscellaneous** Natural gas deferred refunds.	4,469,277	4,842,383
			$ 739,558,793	**$ 753,968,468**

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.11. Supply basis for Injury and Damages reserve and amortization thereof.

RESPONSE:

The accumulated provision for injuries and damages at August 31, 2019 is as follows:

ACCOUNT 228.2	$3,924,848
ACCOUNT 228201 RESERVE FOR SUITS AND CLAIMS	$1,371,830

This amount represents the reserve for third party injuries and damages. The reserve is evaluated on a semi-annual basis and includes specifically identified accruals for known, probable future expenses, as determined by Risk Management.

ACCOUNT 228202 RESERVE FOR WORKERS COMPENSATION	$2,553,018

This amount represents the reserve for workers' compensation injuries and damages. The reserve is evaluated on a semi-annual basis and includes not only specifically identified accruals for known, probable future expenses, but also expenses which were incurred but not reported for both the current and prior periods.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.12. Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on balance sheet.

RESPONSE:

ACCOUNT 242 Accrued Wages as of August 31	**FY 2019**	**FY 2018**
Compensated Absences This amount represents unused employee vacation time earned during the period	$4,080,000	$3,889,000
Workers Compensation This amount represents the estimated current liability for Worker's Compensation applicable to on-duty employee accidents	2,699,851	4,041,113
Payment to the City This amount represents the current liability for the City payment	3,000,000	3,000,000

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.13. Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.

RESPONSE:

Philadelphia Gas Works
Unappropriated Retained Earnings
(Dollars in Thousands)

	Fiscal Years ended August 31,			
	Actual 2018	Actual 2019	Projected 2020	Projected 2021
Balance, Beginning of Year	49,617	111,700	207,562	261,603
Balance, Transferred from Income	62,083	95,862	54,041	118,493
Balance, End of Year	111,700	207,562	261,603	380,096

	Calendar Years ended December 31,		
	Actual 2016 [1]	Actual 2017	Actual 2018
Balance, Beginning of Year	252,167	10,659	57,619
Balance, Transferred from Income	45,252	46,960	79,724
Balance, Transferred to Other Liabilities	(286,760)	-	-
Balance, End of Year	10,659	57,619	137,343

[1] Calendar Year 2016 change occurred as a result of the implementation of GASB 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.14. Provide schedules and data in support of the following working capital items:

III.A.14.a. Prepayments—List and identify all items

III.A.14.b. Federal Excise Tax accrued or prepaid

III.A.14.c. Federal Income Tax accrued or prepaid

III.A.14.d. Pa. State Income Tax accrued or prepaid

III.A.14.e. Pa. Gross Receipts Tax accrued or prepaid

III.A.14.f. Pa. Capital Stock Tax accrued or prepaid

III.A.14.g. Pa. Public Utility Realty Tax accrued or prepaid

III.A.14.h. State sales tax accrued or prepaid

III.A.14.i. Payroll taxes accrued or prepaid

III.A.14.j. Any adjustment related to the above items for ratemaking purposes.

RESPONSE:

14.a. Prepayments: See the response to III.A.6 for list of prepayments.

14.b through g.: Not applicable

14.h. State sales tax accrued or prepaid:

August 31, 2018	$0
August 31, 2019	$0

14.i. Payroll taxes accrued or prepaid:

August 31, 2018	None
August 31, 2019	None

14. j. Not applicable

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.15. Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.

III.A.15.a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.

III.A.15.b. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed (exclude telephone).

RESPONSE

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.16. Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.17. Prepare a Statement of Income for the various time frames of the rate proceeding including:

Col. 1—Book recorded statement for the test year.

2—Adjustments to book record to annualize and normalize under present rates.

3—Income statement under present rates after adjustment in Col. 2

4—Adjustment to Col. 3 for revenue increase requested.

5—Income statement under requested rates.

III.A.17.a. Expenses may be summarized by the following expense classifications for purposes of this statement:

Operating Expenses (by category)
Depreciation
Amortization
Taxes, Other than Income Taxes
Total Operating Expense

Operating Income Before Taxes
Federal Taxes
State Taxes
Deferred Federal
Deferred State
Income Tax Credits
Other Credits
Other Credits and Charges, etc.
Total Income Taxes

Net Utility Operating Income

Other Income & Deductions
Other Income
Detailed listing of Other Income used in Tax Calculation
Other Income Deduction
Detailed Listing
Taxes Applicable to Other Income and Deductions
Listing
Income Before Interest Charges

III. BALANCE SHEET AND OPERATING STATEMENT

Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues

Total Interest

Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

RESPONSE:

Please see attached schedule.

PHILADELPHIA GAS WORKS
STATEMENT OF PROJECTED INCOME AT PRESENT AND PROPOSED RATES
TWELVE MONTHS ENDING AUGUST 31, 2021

	(1) Annualized Twelve Months Ended August 31, 2021	(2) Adjustments Under Annualized Rates	(3) Annualized Twelve Months Ended August 31, 2021	(4) Adjustments Under Proposed Rates	(5) Adjusted Twelve Months Ended August 31, 2021
Operating Revenues					
Gas Service Revenues	$565,147,000	-	$565,147,000	$70,000,000	$635,147,000
Transportation Revenues	67,767,000	-	67,767,000	-	67,767,000
Other Operating Revenue	20,125,000	-	20,125,000	-	20,125,000
Total Operating Revenue	653,039,000	-	653,039,000	70,000,000	723,039,000
Operating & Maintenance Expenses					
Natural Gas Costs	191,548,000	-	191,548,000	-	191,548,000
Other Expenses	298,733,000	-	298,733,000	2,153,000	300,886,000
Depreciation	72,434,000	-	72,434,000	-	72,434,000
Total Operating & Maintenance Expenses	562,715,000	-	562,715,000	2,153,000	564,868,000
Revenue From Non-Operating Operations					
Interest Gain / (Loss) and Other Income	7,400,000	-	7,400,000	-	7,400,000
Interest Expense					
Long Term Debt	54,442,000	-	54,442,000	-	54,442,000
Other Interest Expense	(9,612,000)	-	(9,612,000)	-	(9,612,000)
AFUDC	(2,212,000)	-	(2,212,000)	-	(2,212,000)
Loss From Extinguishment of Debt	4,460,000	-	4,460,000	-	4,460,000
Total Interest Expense	47,078,000	-	47,078,000	-	47,078,000
Net Earnings	$50,646,000	$0	$50,646,000	$67,847,000	$118,493,000

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.18. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

RESPONSE:

Please see attached for comparative statements of the Philadelphia Gas Works for Fiscal Year ended August 31, 2020 and 2021.

Account 480.0 – Residential Sales ($5,790,871)

The 1.2% decrease in residential sales is primarily related to a 1% decrease in projected sales volume.

Account 481.0 – Commercial Sales & Industrial Sales ($2,173,593)

The 2.3% decrease in Commercial & Industrial Sales is primarily related to a 7% decrease in sales volumes. This is partially outset by increased DSIC surcharges.

Account 489.3 – Gas Transportation Service Sales $1,389,904

The 2.1% increase in Gas Transportation services revenue is primarily related to a 2.1% increase in sales volumes.

Account 495.0 – Other Gas Revenues $1,591,998

The increase in Other Gas Revenues is due to the reversal in FY 2020 of an under-recovery from FY 2019. This reversal amounts to $2.1 million which is offset by a $0.5 million decrease in Other Gas Revenue.

8040-8130 – Other Gas Supply Expenses ($3,848,029)

The decrease in Other Gas Supply expenses is related to a 0.6% decrease in send out as well as a $0.4 million decrease in projected demand charges.

8701-8930 – Distribution Expenses $1,447,925

The increase in distribution expenses is related to a $0.5 million increase in costs of Maintenance of Mains, a $0.4 million increase in Gate Station Measuring & Regulating Expenses, a $0.3 million increase in expenses related to Customer Installations and a $0.2 million increase in other distribution expenses.

9200-9310 – Administrative & General ($3,482,563)

The decrease in Administrative & General expenses is primarily due to a projected decrease in the cost of Employee Benefits & Pension.

4190.0 – Interest & Dividend Income $4,218,597

III. BALANCE SHEET AND OPERATING STATEMENT

The increase in interest & dividend income is due to higher invested balances in the Bond Sinking Fund and Capital Improvement Fund from proceeds of the estimated $260.0 million bond sale in late FY 2020.

4270.0 – Interest on Long Term Debt $4,770.000

The increase in interest expense is a result of an estimated $260.0 million bond sale planned for late FY 2020.

PHILADELPHIA GAS WORKS
COMPARATIVE OPERATING STATEMENTS
TWELVE MONTHS ENDED AUGUST 31, 2020 & 2021

		PERIOD		Increase/
		FY 2020	FY 2021	Decrease
OPERATING REVENUES				
	SALES OF GAS			
4800	Residential Sales	502,250,858	496,459,987	(5,790,871)
4810	Commercial Sales & Industrial Sales	94,780,493	92,606,900	(2,173,593)
4820	Public Authority Sales	9,173,456	9,135,984	(37,472)
4830	Sales for Resale	7,192	7,131	(61)
4893	Gas Transportation Service Sales	66,375,347	67,765,251	1,389,904
4950	Other Gas Revenues	(1,354,000)	237,998	1,591,998
	Total Gas Revenues	671,233,346	666,213,251	(5,020,095)
	OTHER OPERATING REVENUE			
4870	Forfeited Discounts	9,349,000	9,228,000	(121,000)
4880	Misc. Service Revenue	1,718,000	1,738,000	20,000
		11,067,000	10,966,000	(101,000)
	TOTAL OPERATING REVENUE	682,300,346	677,179,251	(5,121,095)
OPERATING & MAINTENANCE EXPENSES				
7000-7100	STEAM PRODUCTION	1,324,543	1,279,118	(45,425)
7120-7170	MANUFACTURED GAS PRODUCTION	762,909	736,746	(26,163)
7340-7420	GAS RAW MATERIAL	2,083,492	2,012,044	(71,448)
8040-8130	OTHER GAS SUPPLY EXPENSES	197,075,539	193,227,510	(3,848,029)
8400-8439	OTHER STORAGE EXPENSES	14,136,561	13,652,128	(484,433)
8500-8700	TRANSMISSION EXPENSES OPERATION SUPERVISION & ENGINEERING	3,279,453	3,275,252	(4,201)
8701-8930	DISTRIBUTION EXPENSES	77,568,653	79,016,578	1,447,925
9010-9080	CUSTOMER ACCOUNTS EXPENSES	66,009,106	65,723,960	(285,146)
9200-9310	ADIMISTRATIVE & GENERAL	132,134,090	128,651,527	(3,482,563)
	TOTAL OPERATING EXPENSES	494,374,346	487,574,863	(6,799,483)
OTHER EXPENSES				
4030	DEPRECIATION EXPENSE	70,102,000	72,434,000	2,332,000
4081	TAXES OTHER THAN INCOME TAXES, UTILITY OPERATING INCOME	9,280,000	9,435,000	155,000
	TOTAL DEPRECIATION & TAXES	79,382,000	81,869,000	2,487,000
OTHER INCOME				
4150	REVENUES FROM MERCHANDISING, JOBBING AND CONTRACT WORK	18,936	**0**	(18,936)
4170	NON UTILITY REVENUE	147,418	0	(147,418)
4171	EXPENSE NON-UTILITY OPERATIONS	542	0	(542)
4180	NON OPERATING RENTAL INCOME	324	258,000	257,676
4190	INTEREST & DIVIDEND INCOME	1,878,403	6,097,000	4,218,597
4210	MISC. NON-OPERATING INCOME	2,323,782	1,045,000	(1,278,782)
4263	PENALTIES	(405)	0	405
		4,369,000	7,400,000	3,030,595
INTEREST EXPENSES				
4270	INTEREST ON LONG TERM DEBT (DR)	49,083,000	53,853,000	4,770,000
4280	AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	43,601	34,602	(8,999)
4281	AMORTIZATION OF LOSS ON REACQUIRED DEBT	4,775,000	3,789,402	(985,598)
4290	AMORTIZATION OF PREMIUM ON DEBT	(13,908,153)	(11,037,401)	2,870,752
4310	OTHER INTERST EXPENSE	2,597,552	2,061,397	(536,155)
4320	ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION (CR)	(1,718,000)	(2,212,000)	(494,000)
	TOTAL INTEREST EXPENSES	40,873,000	46,489,000	5,616,000
	NET INCOME	72,040,000	68,646,388	(9,455,207)

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.19. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.20. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

RESPONSE:

Base Rate Case Expenses

Legal Counsel Costs	$ 400,000
Communications	150,000
Rate Case Consultant	1,150,000
Total	$1,700,000

The aforementioned projected base rate costs are expected to be incurred by PGW in FY 2020 as a result of the upcoming rate case proceeding. These costs are anticipated to be amortized over a five-year period or approximately $340,000 annually in FY 2020, FY 2021, FY 2022, FY 2023, and FY 2024.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:

III.A.21.a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.

III.A.21.b. Date, percentage increase, and annual amount of each general payroll increase during the test year.

III.A.21.c. Dates and annual amounts of merit increases or management salary adjustments.

III.A.21.d. Total annual payroll increases in the test year.

III.A.21.e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).

III.A.21.f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.

III.A.21.g. Support the annualized pension cost figures.

III.A.21.g (i) State whether these figures include any unfunded pension costs. Explain.

III.A.21.g.(ii) Provide latest actuarial study used for determining pension accrual rates.

III.A.21.h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

RESPONSE:

See next page.

III. BALANCE SHEET AND OPERATING STATEMENT

21.a.

Payroll expense by categories of operating expenses for the twelve months ended August 31, 2021.

	Operations	Maintenance	Total
Steam Production	$318,642	$266,830	$585,472
Manufactured Gas Production	1,230,710	656,110	1,886,820
Other Storage	2,952,784	2,762,447	5,715,231
Transmission	2,096,309	0	2,096,309
Other Gas Supply	1,408,339	0	1,408,339
Distribution	31,711,004	21,727,718	53,438,722
Customer Accounts	18,612,163	0	18,612,163
Customer Service	2,903,970	0	2,903,970
Administrative & General	21,693,709	0	21,693,709
	$82,927,630	$25,413,105	$108,340,735
Total Labor Charged to Stores Expense	$6,208,000	$0	$6,208,000
Total Labor Charged to Clearing Expense	$10,977,000	0	$10,977,000
	$17,185,000	$0	$17,185000
Total Labor Charged	$100,112,630	$25,413,105	$125,525,735

Neither the Uniform System of Accounts nor Company records distinguish between regular and overtime labor charged to functional accounts.

21.b.

Date, percentage increase, and annual amount of each general payroll increase during the test year (twelve months ended August 31, 2021).

	Date Effective	Percent Increase	Estimated FY 2021 Impact
Bargaining Group Local 686, Utility Workers' Union of America	May 15, 2021	2.50%	$1,192,163

III. BALANCE SHEET AND OPERATING STATEMENT

21.c.

Dates and annual amounts of merit increases or management salary adjustments.

	Date Effective	Percent Increase	Estimated Annual Amount
Supervisory/Management	May 15, 2021	2.50%	$730,680

21.d.

Total annual payroll increases in the test year.

	Estimated Annual Amount
Bargaining Group Local 686, Utility Workers' Union of America	$1,192,163
Supervisory/Management	$730,680

21.e.

Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).

Total Labor charged to Operating and Maintenance Expenses

Per Twelve Months Ended August 31, 2020	$123,602,892
Salary/Wage Adjustments	1,922,843
Normalized August 31, 2021	$125,525,735

21.f.

Detail list of employee benefits and costs thereof for union and non-union personnel.

Twelve Months ending August 31, 2021:

Hospitalization Insurance - Active Employees	27,151,000
401 + 457(K) Plan	1,653,000
Dental Plan - Active Employees	681,000
Legal Services	316,000
Tuition Reimbursement	316,000
OPEB	25,422,000
Pension	23,577,000
Total Benefits	$79,116,000

III. BALANCE SHEET AND OPERATING STATEMENT

21.g.

Support the annualized pension cost figures.

(i) State whether these figures included any unfunded pension costs. Explain

The figures in the attached actuarial study include unfunded pensions costs.

(ii) Provide latest actuarial study used for determining pension accrual rates.

Aon's actuarial report for the plan year ending June 30, 2019 is attached.

21.h.

Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

No deferred income or consultant fees to corporate officers or employees are being claimed in this rate proceeding.

Proprietary and Confidential

Philadelphia Gas Works Pension Plan

Actuarial Valuation Report for the Fiscal Year Ending June 30, 2019 – Accounting under GASB 67/68

AON
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Introduction

This report documents the results of the actuarial valuation for the fiscal year ending June 30, 2019 of the Philadelphia Gas Works Pension Plan. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of June 30, 2019. The information provided in this report is intended strictly for documenting information relating to company and plan disclosure and reporting requirements.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Philadelphia Gas Works' auditors. Additional disclosures may be required under GASB 67.

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. However, an assessment and disclosure of risks pertaining to the funding valuation as required by the actuarial standards of practice is being provided in a separate report.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for Philadelphia Gas Works and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by Philadelphia Gas Works as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Philadelphia Gas Works selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to Philadelphia Gas Works has any material direct or indirect financial interest in Philadelphia Gas Works. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for Philadelphia Gas Works.

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October 2019

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A. Comparative Summary of Principal Valuation Results

	Actuarial Valuation for Fiscal Year Ending		
	June 30, 2018	***June 30, 2019***	***Percent Change***
1. **Participant Data**			
Active Participants	1,213	1,195	(1.5) %
Retired Participants	2,193	2,178	(0.7) %
Vested Terminated Participants	323	317	(1.9) %
Total	3,729	3,690	(1.0) %
Total Payroll	101,270,528	98,453,547	(2.8) %
Average Pay	83,488	82,388	(1.3) %
Average Age	44.58	44.44	(0.3) %
Average Past Service	15.19	14.96	(1.5) %

A. Comparative Summary of Principal Valuation Results (continued)

	Actuarial Valuation for Fiscal Year Ending		
	June 30, 2019	***June 30, 2020***	***Percent Change***
1. **Contribution Range**			
Normal Cost *(Exhibit D)*	$ 7,760,389	$ 7,281,627	(6.2) %
Indicated Midyear -			
20 Year Contribution *(Exhibit E)*	$ 28,796,913	$ 26,844,381	(6.8) %
30 Year Contribution *(Exhibit E)*	$ 26,436,938	$ 24,914,161	(5.8) %
20 Year Contribution as Percentage of Compensation	28.44%	27.27%	(4.1) %
30 Year Contribution as Percentage of Compensation	26.11%	25.31%	(3.1) %

The Normal Cost above represents the cost of benefits being earned by additional years of service with PGW net of employee contributions. This figure has decreased since the previous year as the result of a decrease in expected payroll and an increase in expected employee contributions.

The contribution levels are the sum of the Normal Cost and a level dollar amortization of the unfunded actuarial liability. The contribution amounts have decreased over the prior period (20-year basis) for several reasons:

a) Net Normal Cost: The portion of the contribution associated with the net normal cost decreased compared to last year. This decreased the contribution by $0.5 million (0.5% of pay).

b) Open amortization policy: The 20-year contribution is based on an open amortization period. An open amortization period leads to a decrease in the contribution amount year-over-year assuming no experience gains or losses. The effect of this policy is a decrease of $0.5 million (0.5% of pay).

c) Demographic changes: The accrued actuarial liability as of July 1, 2019 was approximately $9.7 million lower than expected based on the prior year valuation. A significant driver of this decrease was a 1.3% decrease in average pay. This decreased the annual contribution by $0.8 million (0.8% of pay).

d) Investment returns: The investment return for the period ending June 30, 2019 was approximately $34.3 million. Based on the 7.30% assumption in place on July 1, 2018, a return of $38.7 million would have been expected over this period. The asset performance not meeting expectations led to an increase in the annual contribution of less than $0.1 million (0.1% of pay). Recognizing a smoothed value of assets reduces the impact of the asset returns.

e) Mortality Table Assumption: A change in the mortality table assumption to the RP-2014 mortality table generationally projected with scale MP-2018 for heathy lives decreased the Accrued Actuarial Liability by approximately $1.7 million (or approximately 0.2%). This decreased the annual contribution by approximately $0.2 million (0.2% of pay).

A. Comparative Summary of Principal Valuation Results (continued)

	Actuarial Valuation for Plan Year Beginning		
	July 1, 2018	***July 1, 2019***	***Percent Change***
1. **Assets**			
Market Asset Value *(Exhibit C)*	$ 543,245,785	$ 553,239,562	1.8 %

Plan assets are invested in a mix of stocks and bonds held by the Sinking Fund Commission. The long-term asset allocation strategy is an equity allocation of 65% of the portfolio and a fixed income allocation of 35% of the portfolio. The total fund asset return provided by PFM was 6.73% for the fiscal year ending June 30, 2019. This represented an underperformance of plan investments versus the actuarial assumption of 7.30% for the period, but not necessarily an underperformance versus independent investment benchmarks. Review of performance against those benchmarks is outside the scope of this report.

B. Discussion

Since the last actuarial valuation performed as of July 1, 2018, the demographics of the plan participants has changed as follows:

- The number of plan participants decreased 1.0%
- The total number of actives in the plan decreased 1.5%
- Total payroll decreased 2.8%
- Average pay decreased 1.3%
- Average age of active plan participants decreased 0.3%

PGW has indicated they plan to contribute the larger of a 20-year open amortization period and a 30-year closed amortization period of the unfunded liability. Both schedules were included in the range of potential contribution levels and both are expected to gradually improve the funded status of the plan.

At the October 1, 2019 meeting of the Sinking Fund Commission, the Board of Commissioners decided to seek approval for PGW to make an additional contribution to the Plan to maintain the current funding level through June 30, 2020. The request for the additional contribution has been approved by the Office of the City Finance Director. Therefore, PGW is expected to contribute $28.8 million during valuation year 7/1/2019 which exceeds the amount under the historical contribution policy for the valuation year and is the contribution amount calculated under the historical contribution policy in the prior year valuation.

C. Financial Summary[1]

Assets as of June 30, 2018		$ 543,245,785
Receipts		
Employer Contribution	28,569,807	
Employee Contribution	1,248,941	
Investment return *	34,259,618	
Total Receipts		$ 64,078,366
Disbursements		
Benefit Payments	53,892,944	
Administrative Expenses	191,645	
Total Disbursements		$ 54,084,589
Assets as of June 30, 2019		$ 553,239,562

Asset Information as of June 30, 2019

Asset Allocations	**Current Allocation**	**Target Allocation**
Equity	67.25%	65.00%
Total Fixed Income	29.95%	35.00%
Other	2.80%	0.00%

Annual Rate of Return	**Market Value**	**Assumed Rate**
Rate[2]	6.73%	7.30%

**Net of any additional fund expenses not included in Administrative Expenses under Disbursements*

[1] Asset information as reported by the City of Philadelphia.
[2] The total fund asset return of 6.73% for the fiscal year ending June 30, 2019 was provided by PFM.

D. Plan Reporting – Unfunded Liability and Normal Cost

The following table illustrates the assets and liabilities as of the end of the Plan Year used for the development of the plan reporting information under GASB 67

		June 30, 2018	June 30, 2019
1.	Fair Market Value of Plan Assets	$ 543,245,785	$ 553,239,562
2.	Accrued Liability		
	a) Active	$ 251,813,576	$ 244,404,599
	b) Inactive (not in pay status)	$ 15,470,065	$ 14,437,435
	c) Inactive (in pay status)	$ 537,223,543	$ 541,643,453
	d) Total	$ 804,507,184	$ 800,485,487
3.	Unfunded Liability	$ 261,261,399	$ 247,245,925
4.	Assets as a percent of liability	67.53%	69.11%

Valuation Date: Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

Discount Rate: The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from PGW will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

E. GASB 67 and 68 Reports

GASB 68 Reporting – Expense

The following table illustrates the development of the plan expense under GASB 68

		June 30, 2018	June 30, 2019
1.	Service Cost	$ 6,102,724	$ 6,553,990
2.	Interest Cost		
	a) Total Pension Liability at Measurement Date	$ 783,470,882	$ 804,507,184
	b) Normal Cost at Measurement Date	$ 6,102,724	$ 6,553,990
	c) Actual Benefit Payments	$ (52,626,957)	$ (53,892,944)
	d) Discount Rate	7.30%	7.30%
	e) Interest Cost	$ 55,717,989	$ 57,240,373
3.	Expected Investment Return		
	a) Plan Fiduciary Net Position at Measurement Date	$ 521,525,584	$ 543,245,785
	b) Actual Contributions-Employer	$ 29,143,382	$ 28,569,807
	c) Actual Contributions-Employee	$ 1,078,192	$ 1,248,941
	d) Actual Benefit Payments	$ (52,626,957)	$ (53,892,944)
	e) Administrative Expenses	$ (184,334)	$ (191,645)
	f) Discount Rate	7.30%	7.30%
	g) Expected Return	$ 37,246,843	$ 38,771,239
4.	Pension Expense under GASB 68		
	a) Service Cost	$ 6,102,724	$ 6,553,990
	b) Interest Cost	$ 55,717,989	$ 57,240,373
	c) Expected Investment Return	$ (37,246,843)	$ (38,771,239)
	d) Employee Contributions	$ (1,078,192)	$ (1,248,941)
	e) Administrative Expenses	$ 184,334	$ 191,645
	f) Plan Changes	$ -	$ -
	g) Amortization of:		
	i) Liability (Gain)/Loss	$ 9,300,043	$ (533,030)
	ii) Asset (Gain)/Loss	$ (4,617,254)	$ 4,237,129
	iii) Assumption Changes	$ 14,795,577	$ 2,598,273
	h) Total Expense/(Income)	$ 43,158,378	$ 30,268,200

E. GASB 67 and 68 Reports (continued)

GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2018 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date

Date Established	Type of Base	Period		Balance		Annual Payment for Fiscal Year
		Original	Remaining at Fiscal Year End	Original	Remaining at Fiscal Year End	
7/1/2014	Liability (Gain)/Loss	4.18	0.00	$ 59,325,855	$ 0	$ 2,554,703
7/1/2014	Asset (Gain)/Loss	5.00	0.00	$ (39,760,297)	$ 0	$ (7,952,060)
7/1/2015	Liability (Gain)/Loss	3.97	0.00	$ 17,960,374	$ 0	$ 4,388,302
7/1/2015	Asset (Gain)/Loss	5.00	1.00	$ 15,253,464	$ 3,050,692	$ 3,050,692
7/1/2015	Assumption Changes	3.97	0.00	$ 44,875,785	$ 0	$ 10,964,613
7/1/2016	Liability (Gain)/Loss	3.89	0.89	$ (8,841,025)	$ (2,022,754)	$ (2,272,757)
7/1/2016	Asset (Gain)/Loss	5.00	2.00	$ 35,037,599	$ 14,015,039	$ 7,007,520
7/1/2016	Assumption Changes	3.89	0.89	$ 26,747,943	$ 6,119,709	$ 6,876,078
7/1/2017	Liability (Gain)/Loss	3.89	1.89	$ 2,181,777	$ 1,060,041	$ 560,868
7/1/2017	Asset (Gain)/Loss	5.00	3.00	$ (26,553,956)	$ (15,932,374)	$ (5,310,791)
7/1/2017	Assumption Changes	3.89	1.89	$ (7,951,953)	$ (3,863,545)	$ (2,044,204)
7/1/2018	Liability (Gain)/Loss	3.86	2.86	$ 15,706,057	$ 11,637,130	$ 4,068,927
7/1/2018	Asset (Gain)/Loss	5.00	4.00	$ (7,063,075)	$ (5,650,460)	$ (1,412,615)
7/1/2018	Assumption Changes	3.86	2.86	$ (3,863,511)	$ (2,862,601)	$ (1,000,910)
	Total Charges			$ 123,055,037	$ 5,550,877	$ 19,478,366

E. GASB 67 and 68 Reports (continued)

GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2018 Fiscal Year (continued)

Deferred Inflows/Outflows

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date June 30, 2016 – Experience	$ -	$ (2,022,754)
b) Measurement Date June 30, 2016 – Assumption Changes	$ 6,119,709	$ -
c) Measurement Date June 30, 2017 – Experience	$ 1,060,041	$ -
d) Measurement Date June 30, 2017 – Assumption Changes	$ -	$ (3,863,545)
e) Measurement Date June 30, 2018 – Experience	$ 11,637,130	$ -
f) Measurement Date June 30, 2018 – Assumption Changes	$ -	$ (2,862,601)
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date June 30, 2015	$ 3,050,692	$ -
b) Measurement Date June 30, 2016	$ 14,015,039	$ -
c) Measurement Date June 30, 2017	$ -	$ (15,932,374)
d) Measurement Date June 30, 2018	$ -	$ (5,650,460)
3. Total, Before Contributions	$ 35,882,611	$ (30,331,734)
4. Contributions made after the Measurement Date	6,126,592	$ -
5. Total, After Contributions	42,009,203	$ (30,331,734)

E. GASB 67 and 68 Reports (continued)

GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2019 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date

Date Established	Type of Base	Period		Balance		Annual Payment for Fiscal Year
		Original	Remaining at Fiscal Year End	Original	Remaining at Fiscal Year End	
7/1/2015	Asset (Gain)/Loss	5.00	0.00	$ 15,253,464	$ 0	$ 3,050,692
7/1/2016	Liability (Gain)/Loss	3.89	0.00	$ (8,841,025)	$ 0	$ (2,022,754)
7/1/2016	Asset (Gain)/Loss	5.00	1.00	$ 35,037,599	$ 7,007,519	$ 7,007,519
7/1/2016	Assumption Changes	3.89	0.00	$ 26,747,943	$ 0	$ 6,119,709
7/1/2017	Liability (Gain)/Loss	3.89	0.89	$ 2,181,777	$ 499,173	$ 560,868
7/1/2017	Asset (Gain)/Loss	5.00	2.00	$ (26,553,956)	$ (10,621,583)	$ (5,310,791)
7/1/2017	Assumption Changes	3.89	0.89	$ (7,951,953)	$ (1,819,341)	$ (2,044,204)
7/1/2018	Liability (Gain)/Loss	3.86	1.86	$ 15,706,057	$ 7,568,203	$ 4,068,927
7/1/2018	Asset (Gain)/Loss	5.00	3.00	$ (7,063,075)	$ (4,237,845)	$ (1,412,615)
7/1/2018	Assumption Changes	3.86	1.86	$ (3,863,511)	$ (1,861,691)	$ (1,000,910)
7/1/2019	Liability (Gain)/Loss	3.85	2.85	$ (12,089,275)	$ (8,949,204)	$ (3,140,071)
7/1/2019	Asset (Gain)/Loss	5.00	4.00	$ 4,511,621	$ 3,609,297	$ 902,324
7/1/2019	Assumption Changes	3.85	2.85	$ (1,833,841)	$ (1,357,519)	$ (476,322)
	Total Charges			$ 31,241,825	$ (10,162,991)	$ 6,302,372

E. GASB 67 and 68 Reports (continued)

GASB 68 Reporting – Amortization of Deferred Inflows/Outflows – 2019 Fiscal Year (continued)

Deferred Inflows/Outflows

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date June 30, 2017 – Experience	$ 499,173	$ -
b) Measurement Date June 30, 2017 – Assumption Changes	$ -	$ (1,819,341)
c) Measurement Date June 30, 2018 – Experience	$ 7,568,203	$ -
d) Measurement Date June 30, 2018 – Assumption Changes	$ -	$ (1,861,691)
e) Measurement Date June 30, 2019 – Experience	$ -	$ (8,949,204)
f) Measurement Date June 30, 2019 – Assumption Changes	$ -	$ (1,357,519)
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date June 30, 2016	$ 7,007,519	$ -
b) Measurement Date June 30, 2017	$ -	$ (10,621,583)
c) Measurement Date June 30, 2018	$ -	$ (4,237,845)
d) Measurement Date June 30, 2019	$ 3,609,297	$ -
3. Total, Before Contributions	$ 18,684,192	$ (28,847,183)
4. Contributions made after the Measurement Date	6,353,698	$ -
5. Total, After Contributions	$ 25,037,890	$ (28,847,183)

E. GASB 67 and 68 Reports (continued)

Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the Fiscal Year Ending June 30, 2019:

	1% Decrease 6.30%	Current Rate 7.30%	1% Increase 8.30%
1. Total Pension Liability	$ 891,597,040	$ 800,485,487	$ 724,431,385
2. Plan Fiduciary Net Position	$ 553,239,562	$ 553,239,562	$ 553,239,562
3. Net Pension Liability	$ 338,357,478	$ 247,245,925	$ 171,191,823

Valuation Date: Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the Fiscal Year Ending June 30, 2018:

	1% Decrease 6.30%	Current Rate 7.30%	1% Increase 8.30%
1. Total Pension Liability	$ 897,271,387	$ 804,507,184	$ 727,158,192
2. Plan Fiduciary Net Position	$ 543,245,785	$ 543,245,785	$ 543,245,785
3. Net Pension Liability	$ 354,025,602	$ 261,261,399	$ 183,912,407

Valuation Date: Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

E. GASB 67 and 68 Reports (continued)

Changes in Net Pension Liability and Related Ratios

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Pension Liability										
Service Cost	N/A	N/A	N/A	N/A	8,924,073	4,890,358	5,399,272	5,822,919	6,102,724	6,553,990
Interest Cost	N/A	N/A	N/A	N/A	47,098,448	52,377,230	55,903,452	55,442,502	55,717,989	57,240,373
Changes in Benefit Terms	N/A	N/A	N/A	N/A	0	0	0	0	0	0
Differences between expected and actual experience	N/A	N/A	N/A	N/A	59,325,855	17,960,374	(8,841,025)	2,181,777	15,706,057	(12,089,275)
Changes in assumptions	N/A	N/A	N/A	N/A	0	44,875,785	26,747,943	(7,951,953)	(3,863,511)	(1,833,841)
Benefit Payments	N/A	N/A	N/A	N/A	(42,913,000)	(46,916,787)	(50,446,550)	(51,375,532)	(52,626,957)	(53,892,944)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	72,435,376	73,186,960	28,763,092	4,119,713	21,036,302	(4,021,697)
Total Pension Liability (Beginning)	N/A	N/A	N/A	N/A	604,965,741	677,401,117	750,588,077	779,351,169	783,470,882	804,507,184
Total Pension Liability (Ending)	N/A	N/A	N/A	604,965,741	677,401,117	750,588,077	779,351,169	783,470,882	804,507,184	800,485,487
Plan Fiduciary Net Position										
Contributions-Employer	N/A	N/A	N/A	N/A	24,934,000	21,106,136	21,122,557	27,918,136	29,143,382	28,569,807
Contributions-Employee	N/A	N/A	N/A	N/A	239,000	392,884	602,287	851,744	1,078,192	1,248,941
Net Investment Income	N/A	N/A	N/A	N/A	75,303,000	24,472,345	2,872,187	61,002,008	44,309,918	34,259,618
Benefit Payments	N/A	N/A	N/A	N/A	(42,913,000)	(46,916,787)	(50,446,550)	(51,375,532)	(52,626,957)	(53,892,944)
Administrative Expense	N/A	N/A	N/A	N/A	(732,000)	(1,480,245)	(1,610,866)	(129,434)	(184,334)	(191,645)
Other	N/A	N/A	N/A	N/A	(613)	0	0	0	0	0
Net Change in Fiduciary Net Position	N/A	N/A	N/A	N/A	56,830,387	(2,425,667)	(27,460,385)	38,266,922	21,720,200	9,993,777
Plan Fiduciary Net Position (Beginning	N/A	N/A	N/A	N/A	456,314,327	513,144,714	510,719,047	483,258,662	521,525,584	543,245,785
Plan Fiduciary Net Position (Ending)	N/A	N/A	N/A	456,314,327	513,144,714	510,719,047	483,258,662	521,525,584	543,245,785	553,239,562
Net Pension Liability (Ending)	N/A	N/A	N/A	148,651,414	164,256,403	239,869,030	296,092,507	261,945,298	261,261,399	247,245,925

Valuation Date: Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

E. GASB 67 and 68 Reports (continued)

Schedule of Net Pension Liability

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Pension Liability	N/A	N/A	N/A	N/A	677,401,117	750,588,077	779,351,169	783,470,882	804,507,184	800,485,487
Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	513,144,714	510,719,047	483,258,662	521,525,584	543,245,785	553,239,562
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	164,256,403	239,869,030	296,092,507	261,945,298	261,261,399	247,245,925
Net Position as a % of Pension Liability	N/A	N/A	N/A	N/A	75.75%	68.04%	62.01%	66.57%	67.53%	69.11%
Covered Employee Payroll	N/A	N/A	N/A	N/A	103,529,519	95,186,942	90,860,364	94,767,845	101,270,528	98,453,547
Net Pension Liability as a % of Payroll	N/A	N/A	N/A	N/A	158.66%	252.00%	325.88%	276.41%	257.98%	251.13%

Valuation Date: Actuarial liabilities and assets are calculated as of the Fiscal Year end date.

E. GASB 67 and 68 Reports (continued)

Actuarially Determined Contribution

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	24,385,017	21,525,928	26,475,652	29,260,334	28,394,739	28,796,913
Contributions made	N/A	N/A	N/A	N/A	24,385,017	21,106,136	21,122,557	27,918,136	29,143,382	28,569,807
Contribution Deficiency/(Excess)	N/A	N/A	N/A	N/A	0	419,792	5,353,095	1,342,198	(748,643)	227,106
Covered Employee Payroll	N/A	N/A	N/A	N/A	$103,529,519	$ 95,186,942	$ 90,860,364	$ 94,767,845	$ 101,270,528	$ 98,453,547
Contributions as a percent of covered employee payroll	N/A	N/A	N/A	N/A	23.55%	22.61%	29.14%	30.88%	28.04%	29.25%

Notes to schedule:

Actuarial liabilities and assets are calculated as of July 1 immediately following the end of the Fiscal Year in which contributions are reported.

Methods and Assumptions used to determine contribution rates:

Measurement Date: July 1

Actuarial Cost Method: Projected Unit Credit

Asset Valuation Method: Assets smoothed over a 5 year period beginning in 2016. Valued using Market Value prior to 2016.

Amortization Method: Contributions based on greater of 20 year level dollar open amortization method and 30 year level dollar closed amortization method

Salary Increases: 4.50%

General Inflation: 2.00%

Investment Rate of Return: 7.30% in 2016–2019, 7.65% in 2015, 7.95% in 2014

Cost of Living: N/A

Mortality Rates: Aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2018 for the year 2019

F. Estimated 10-Year Benefit Pay-Out Projections

Figures Shown in Thousands

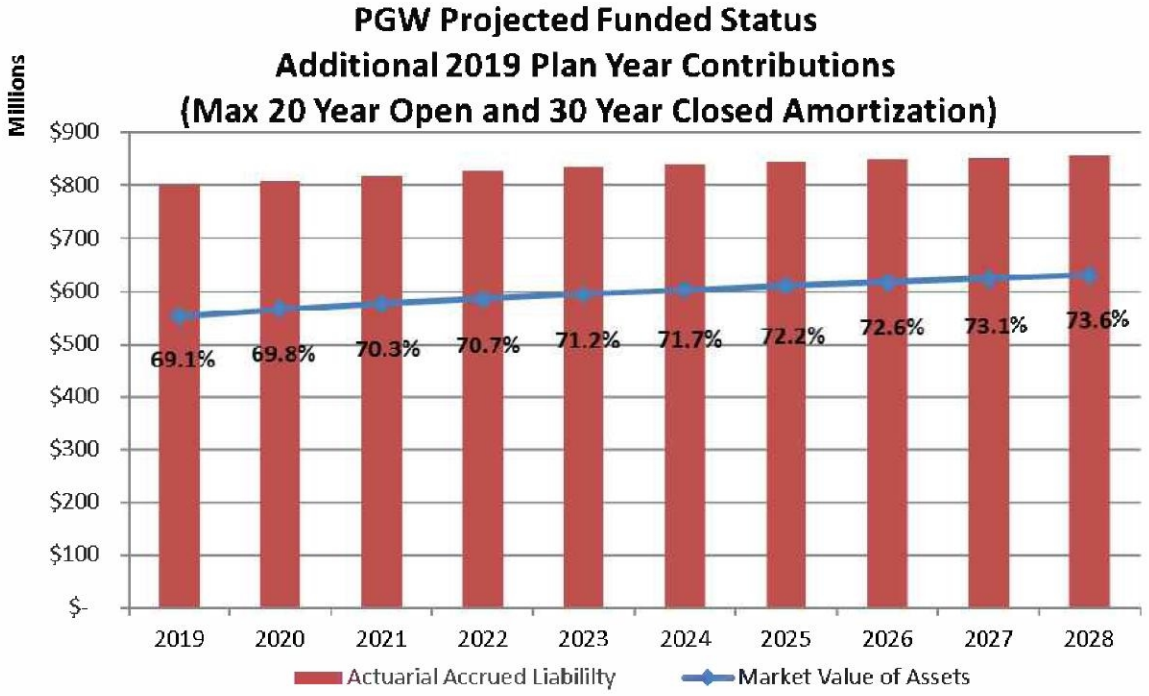
Plan Year Beginning July 1	Expected Annual Benefit Pay-Out During Plan Year	Expected PGW Contributions During Plan Year	Expected Employee Contributions During Plan Year	Expected Benefits Paid from Plan Assets
2019	$56,484	$28,797	$1,310	$26,377
2020	57,826	26,513	1,414	29,899
2021	58,897	25,642	1,539	31,716
2022	59,820	25,303	1,677	32,840
2023	60,756	24,949	1,826	33,981
2024	61,610	24,385	1,975	35,250
2025	62,414	23,944	2,113	36,357
2026	63,078	23,993	2,268	36,817
2027	63,639	23,825	2,434	37,380
2028	64,133	23,699	2,601	37,833

Note: The above projected pay-outs recognized expected mortality, termination, and incidence of disability and assume all benefits will commence at Assumed Retirement Date. No assumption has been made regarding possible retirements prior to Assumed Retirement Date or anticipation of new entrants. Investment returns assumed to be 7.30% per year. Covered payroll projected to increase by 4.5% per year. Expected PGW contributions calculated assuming contributions made based on greater of 20 year open amortization policy and 30 year closed amortization policy. PGW has indicated they will contribute $28.8 million during valuation year 7/1/2019 which is reflected in the expected PGW contribution figures shown above. Expected employee contributions assume 50% of new employees select the PGW defined benefit pension plan and employee contribution rate remains 6% of pay.

G. Schedule of Prospective Funded Status

G. Schedule of Prospective Funded Status – Additional Contribution for 7/1/2019 Plan Year[1]
(Funding Policy - Max 20 Year Open and 30 Year Closed Amortization) (*$ thousands*)

Actuarial Valuation Date	Market Value of Assets	Total Pension Liability	Net Pension Liability	Mid-Year Contribution	Funded Ratio	Covered Payroll	Contribution as % of Covered Payroll	NPL as a % of Covered Payroll
7/1/2019	$553,240	$800,485	$247,246	$28,797[1]	69.11%	$98,454	29.25%	251.13%
7/1/2020	566,286	810,868	244,582	26,513	69.84%	102,884	25.77%	237.73%
7/1/2021	576,634	820,021	243,387	25,642	70.32%	107,514	23.85%	226.38%
7/1/2022	585,855	828,134	242,278	25,303	70.74%	112,352	22.52%	215.64%
7/1/2023	594,584	835,087	240,503	24,949	71.20%	117,408	21.25%	204.84%
7/1/2024	602,768	840,859	238,091	24,385	71.68%	122,691	19.88%	194.06%
7/1/2025	610,233	845,662	235,429	23,944	72.16%	128,212	18.68%	183.62%
7/1/2026	617,096	850,051	232,955	23,993	72.60%	133,982	17.91%	173.87%
7/1/2027	623,983	853,912	229,929	23,825	73.07%	140,011	17.02%	164.22%
7/1/2028	630,790	857,122	226,332	23,699	73.59%	146,311	16.20%	154.69%



[1] PGW has expressed an intention to contribute $28.8 million during valuation year 7/1/2019

Investment returns assumed to be 7.30% per year.

Covered payroll projected to increase by 4.5% per year.

Projections calculated assuming contributions made based on policy stated on this page.

H. Distribution of Inactive Participants by Age and Years of Retirement

1. Receiving Benefits

Years Receiving Benefits as of July 1, 2019									
								Annual Benefits	
Age	***0-4***	***5-9***	***10-14***	***15-19***	***20-24***	***25+***	***Total***	***Total***	***Average***
15-44	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*$0*	*$0*
45-49	*2*	*3*	*0*	*0*	*0*	*0*	*5*	*84,397*	*16,879*
50-54	*41*	*6*	*2*	*0*	*0*	*0*	*49*	*1,764,142*	*36,003*
55-59	*164*	*59*	*13*	*4*	*0*	*2*	*242*	*7,347,190*	*30,360*
60-64	*190*	*191*	*50*	*15*	*7*	*2*	*455*	*14,123,196*	*31,040*
65-69	*80*	*140*	*104*	*93*	*11*	*4*	*432*	*11,422,980*	*26,442*
70-74	*28*	*78*	*67*	*99*	*53*	*6*	*331*	*7,964,076*	*24,061*
75-79	*22*	*23*	*26*	*42*	*84*	*8*	*205*	*4,154,598*	*20,266*
80-84	*19*	*20*	*5*	*17*	*97*	*24*	*182*	*3,591,186*	*19,732*
85-89	*11*	*21*	*14*	*12*	*29*	*63*	*150*	*2,165,619*	*14,437*
90+	*5*	*12*	*10*	*11*	*17*	*72*	*127*	*1,477,483*	*11,634*
Total	***562***	***553***	***291***	***293***	***298***	***181***	***2,178***	***54,094,867***	***24,837***
Average Age: 70.85				*Average Years Receiving Benefits: 12.50*					

2. Vested Terminated

		Annual Benefits	
Age	***Number***	***Total***	***Average***
15-44	*109*	*$845,166*	*$7,754*
45-49	*35*	*429,911*	*12,283*
50-54	*85*	*985,370*	*11,593*
55-59	*60*	*735,962*	*12,266*
60-64	*23*	*299,224*	*13,010*
65+	*5*	*59,463*	*11,893*
Total	***317***	***$3,355,095***	***$10,584***

I. Distribution of Active Participants by Age and Service

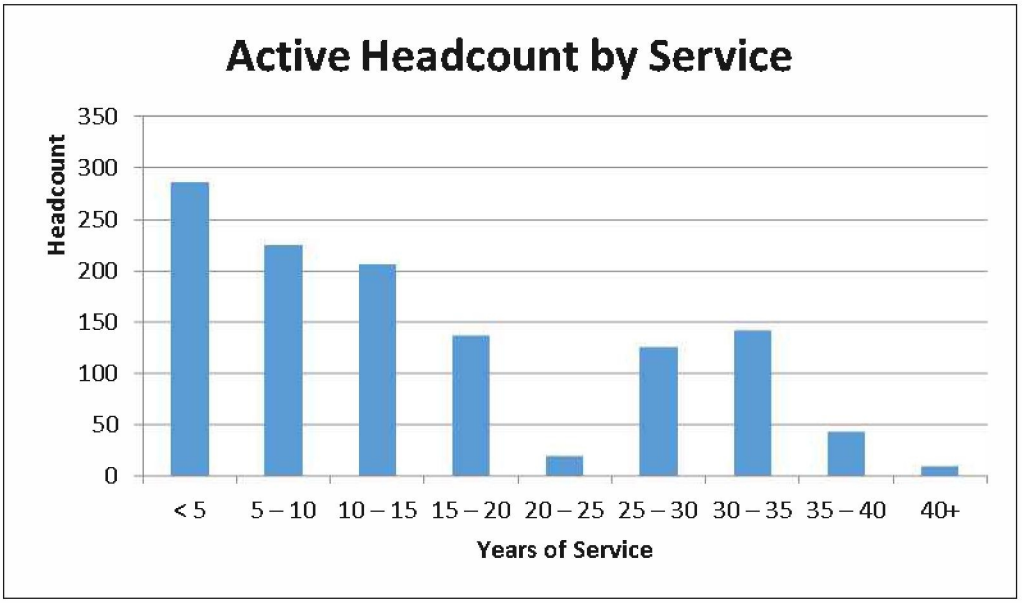
(Showing Number of Employees and Average Earnings)

Completed Years of Service as of July 1, 2019

Age	00-00	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	Earnings Total	Average
15-19	3	-	-	-	-	-	-	-	-	-	3	0	0
	36,535	-	-	-	-	-	-	-	-	-	-		
20-24	21	23	1	-	-	-	-	-	-	-	45	2,201,920	48,932
	42,282	54,439	61,904	-	-	-	-	-	-	-	48,932		
25-29	18	51	34	2	-	-	-	-	-	-	105	6,783,664	64,606
	44,872	60,177	80,504	84,897	-	-	-	-	-	-	64,606		
30-34	12	48	82	50	3	-	-	-	-	-	195	14,635,078	75,052
	44,864	60,304	81,573	84,684	92,980	-	-	-	-	-	75,052		
35-39	3	21	37	44	27	-	-	-	-	-	132	11,100,996	84,098
	45,046	67,499	85,453	87,668	93,675	-	-	-	-	-	84,098		
40-44	5	20	23	37	31	1	3	-	-	-	120	10,021,608	83,513
	55,537	69,709	84,955	89,404	88,868	59,272	91,225	-	-	-	83,513		
45-49	3	21	20	18	26	-	26	5	-	-	119	10,079,302	84,700
	74,694	63,540	86,228	83,497	93,533	-	94,047	83,260	-	-	84,700		
50-54	3	17	8	29	28	8	36	60	5	-	194	17,403,402	89,708
	57,032	63,711	91,065	89,133	90,270	101,539	87,953	97,458	96,437	-	89,708		
55-59	2	10	11	12	16	6	38	52	17	3	167	14,805,666	88,657
	78,617	70,826	86,397	79,044	90,185	108,211	85,160	91,508	90,853	136,679	88,657		
60-64	1	2	6	11	4	3	20	22	19	3	91	9,062,665	99,590
	76,092	55,321	70,947	90,297	75,773	109,493	89,926	102,189	132,448	87,402	99,590		
65-69	-	2	3	3	2	1	3	3	1	2	20	1,773,330	88,667
	-	69,219	70,218	75,888	98,601	177,777	72,494	79,885	97,534	133,464	88,667		
70+	-	-	1	1	-	-	-	-	1	1	4	476,309	119,077
	-	-	222,717	78,507	-	-	-	-	95,015	80,070	119,077		
	71	215	226	207	137	19	126	142	43	9	1,195	98,453,547	82,388
Total	47,675	62,336	83,479	86,498	90,991	106,690	88,391	95,141	110,134	113,249	82,388		

Average Age: *44.44* ***Average Service*** *: 14.96*

I. Distribution of Active Participants by Service (continued)



Service	***Active Headcount***
< 5	*286*
5 – 10	*226*
10 – 15	*207*
15 – 20	*137*
20 – 25	*19*
25 – 30	*126*
30 – 35	*142*
35 – 40	*43*
40+	*9*
Total	***1,195***

J. Data Reconciliation

		Actives	*Term Vested*	*Retiree**	*Total*
1. Participants as of 7/1/2018		**1,213**	**323**	**2,193**	**3,729**
a.	New Participants	71	0	0	**71**
b.	Return from Retirement	0	0	0	**0**
c.	Retirements	(49)	(17)	66	**0**
d.	Surviving Spouses	0	0	0	**0**
e.	Rehires	0	0	0	**0**
f.	Terminations	(11)	11	0	**0**
g.	Nonvested Terminations	(30)	0	0	**(30)**
h.	Deaths w/ Beneficiary	0	0	(27)	**(27)**
i.	New Beneficiary	0	0	27	**27**
j.	Deaths w/o Beneficiary	(5)	0	(84)	**(89)**
k.	Data Corrections	6	0	2	**8**
l.	New QDRO	0	0	1	**1**
m.	Total Increase / (Decrease)	(18)	(6)	(15)	**(39)**
2. Actual Participants as of 6/30/2019		**1,195**	**317**	**2,178**	**3,690**

**Includes Surviving Spouses and Alternate Payees*

K. Actuarial Methods and Assumptions

1. *Cost Methods*

The Cost Method is called the Entry Age Normal Cost Method. The Normal Cost is calculated for each participant as the contribution required, as a level percentage of compensation over the participant's entire period of credited service, to provide his or her projected pension benefits. This contribution is assumed to be payable over a period commencing on the date on which the participant first met the funding eligibility conditions and ending on the assumed retirement date. That percentage, applied to the current year compensation, yields the current year Normal Cost for that participant. The total Normal Cost is the aggregate of the individual Normal Costs. The Plan Sponsor's Normal Cost is the total Normal Cost less that part of the total participant contributions due to be made during the year which is expected to be available at assumed retirement date.

The Plan Sponsor's Accrued Actuarial Liability, as of any date, is determined as the excess of the total present value of benefits for both active and non-active lives, over the total present value of both future normal costs and future employee contributions. This is also equal to the accumulated total of past Normal Costs, assuming this cost method and these assumptions, for this group of participants.

Each year actuarial gains and losses occur since actuarial experience under the Plan will vary from the actuarial assumptions. All gains and losses will be determined each year and amortized from date of inception.

2. *Asset Valuation Technique*

The Actuarial Asset Value is equal to the value of fund assets as reported by the City of Philadelphia with no adjustments.

3. *Accounting Information*

GASB Statement 67
- Measurement Date: June 30, 2019
- Valuation Date: June 30, 2019

GASB Statement 68
- Measurement Date: June 30, 2019
- Valuation Date: June 30, 2019

K. Actuarial Methods and Assumptions (continued)

4. *Actuarial Assumptions*

(Unless otherwise specified, the same assumptions have been used for the determination of the Contribution Range and Accumulated Plan Benefits)

a. *Mortality:* Healthy Lives: The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2018:

Percentage of Healthy, Pre-Commencement Participants Expected to Die in the Next Year Prior to Applying Generational Improvement Scale

Age	Males	Females	Age	Males	Females
20	.0510%	.0202%	45	.1207%	.0758%
25	.0545%	.0186%	50	.1979%	.1151%
30	.0470%	.0209%	55	.2967%	.1735%
35	.0557%	.0301%	60	.4954%	.2795%
40	.0750%	.0471%	65	.9486%	.4482%

Disabled Lives: Disabled mortality rates are used for anticipated future disablements and current disabled lives. Sample percentages are as follows:

Percentage of Disabled Participants Expected to Die in the Next Year

Age	Males	Females	Age	Males	Females
20	2.4583%	0.9650%	45	4.3033%	2.3988%
25	2.7457%	1.1974%	50	4.8004%	2.7961%
30	3.0661%	1.4843%	55	5.3120%	3.2594%
35	3.4184%	1.7654%	60	5.8118%	3.7993%
40	3.8373%	2.0579%	65	6.3669%	4.4287%

b. *Interest:* 7.30%, compounded annually.

K. Actuarial Methods and Assumptions (continued)

c. *Turnover:* A scale varying by age and service with illustrative annual rates of turnover as follows:

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5**
20	23.2%	17.4%	14.4%	11.6%	8.8%	5.8%
25	18.8%	14.0%	11.8%	9.4%	7.0%	4.6%
30	14.8%	11.0%	9.2%	7.4%	5.6%	3.6%
35	11.2%	8.4%	7.0%	5.6%	4.2%	2.8%
40	8.8%	6.6%	5.6%	4.4%	3.4%	2.2%
45	7.2%	5.4%	4.6%	3.6%	2.8%	1.8%
50	5.2%	3.8%	3.2%	2.6%	2.0%	1.2%
55	0	0	0	0	0	0

d. *Disability* A scale varying by age with illustrative annual rates of disability as follows:

Percentage of Participants Expected to Become Disabled in the Next Year	
Age	**Percentage**
30	0.0600%
35	0.0700%
40	0.1100%
45	0.2200%
50	0.4600%
55	1.0200%
60	1.6200%

e. *Salary Increase*

Determination of Contribution Range Salaries are assumed to increase by an amount equal to 4.5% of the salary for the current year.

Accumulated Plan Benefits Past salaries are discounted at the same rate as described above. Future salaries are assumed to remain at the same level as on the valuation date.

K. Actuarial Methods and Assumptions (continued)

f. *Retirement Age* Retirements are assumed to occur at the following ages:

Age	Service < 30	Service > 30	Age	Service < 30	Service > 30
55	10%	15%	63	25%	50%
56	10%	15%	64	25%	50%
57	10%	15%	65	50%	50%
58	10%	15%	66	50%	50%
59	10%	15%	67	50%	50%
60	10%	15%	68	50%	50%
61	10%	30%	69	50%	50%
62	25%	50%	70+	100%	100%

g. *Salary* Current year salary is assumed to be the greater of the annualized 2019 Taxable Gross Wages based on actual wages through June 30, 2019 and the annual pay rate as provided by Philadelphia Gas Works.

5. Change in Actuarial Assumptions

The mortality table generational projection scale was changed from MP-2017 to Scale MP-2018 to better reflect actual and future mortality experience.

L. Summary of the Principal Plan Provisions

Any ambiguities or questionable provisions of this summary should be resolved by reference to the official Plan Document. This summary is not intended to be a source document, but merely an instrument of convenience for the administration of the Plan.

1. *Effective Date:* March 24, 1967, most recently amended as of June 26, 2002.

2. *Eligibility:* Full-time employees hired prior to March 24, 1967 who will have completed 15 years of Credited Service at normal retirement occurring prior to January 1, 1979 or 5 years Credited Service at normal retirement occurring on or after January 1, 1979 became participants on March 24, 1967. Employees hired on or after March 24, 1967 will become participants on their date of employment. A full-time employee is one who works regularly for 20 or more hours each week.

3. *Contribution:* Philadelphia Gas Works pays the entire cost of the Plan for all employees hired prior to May 21, 2011. Union employees hired on or after May 21, 2011 and Non-Union employees hired on or after December 21, 2011 have the option to participate in the Philadelphia Gas Works Pension Plan and contribute 6% of applicable wages to the Plan, or they may elect to participate in the 401(a) Plan with Philadelphia Gas Works contributing 5.5% of applicable wages.

4. *Credited Service:* Years and months of service credited prior to March 24, 1967 and years and months of continuous service thereafter; continuous service is reduced for periods of approved unpaid leaves (except for military leave) in excess of one month. Layoff periods are also excluded and, if in excess of one year, when approved, the employee is considered terminated.

5. *Final Average Compensation:* Average of the five highest consecutive calendar years' earnings during the last 10 years of Credited Service. Compensation includes overtime, bonus, shift differential, and any other special compensation. Per the amendment approved on November 14, 1986, compensation includes amounts deferred under the PGW Employees' Deferred Compensation Plan.

6. *Retirement Dates*

    a. *Normal Retirement:* First of the month next following attainment of age 65 and completion of 5 years of Credited Service.

    b. *Early Retirement*: First of any month after attaining age 55 and completing 15 years of Credited Service, or after completing 30 years of credited service.

    c. *Late Retirement:* First of any month after Normal Retirement up to age 70.

    d. *Disability Retirement*: If permanently disabled and has attained age 45 and completed at least 15 years of Credited Service, provided age plus years of Credited Service equals at least 65. Or after completion of at least 20 years of Credited Service regardless of age, upon recommendation of the Medical Director of the Company.

L. Summary of the Principal Plan Provisions (continued)

7. *Benefit Formula*

   a. *Normal Retirement:* The monthly equivalent of the greater of (i) or (ii) below, payable for life.

      i. 1.25% of the first $6,600 of Final Average Earnings plus 1.75% of the excess of Final Average Earnings over $6,600, times Credited Service; maximum of 60% of the highest annual earnings during any one of the last 10 years of Credited Service; applicable to all participants.

      ii. 2% of total earnings received during period of Credited Service plus 22.5% of the first $1,200 of such amount; applicable only to participants who were employees on or prior to March 24, 1967.

   b. *Early Retirement:* Same as 7(a) above, based upon Final Average Earnings and Credited Service as of the early retirement date and reduced by the percentage described in 8 below depending upon Credited Service as of the early retirement date.

   c. *Late Retirement:* Same as Normal Retirement Benefit based on Final Average Compensation and Credited Service as of Late Retirement Date.

   d. *Disability Retirement:* Same as Normal Retirement Benefit, based on Final Average Compensation and Credited Service as of date of disability.

8. *Benefits Upon Termination of Employment - Vesting:* All participants who terminate after having completed at least 5 years of Credited Service are entitled to a benefit as described in 7(a) above, based upon Final Average Compensation and Credited Service as of the date of termination.

   Early Commencement of Payments: A former participant who is entitled to a deferred benefit may elect to have his benefit commence on the first day of any month between his 55th and 65th birthdays. Such benefit will be reduced by 3% for each of the first 5 years and 5% for each of the next 5 years by which commencement of payments precedes age 65. If the participant has completed 25 years of Credited Service, his benefit will be unreduced for the first 3 years and reduced by 3% for each of the next 2 years and by 5% for the following 5 years by which commencement of payments precedes age 65.

   If a participant has completed 30 or more years of credited service, payments are not reduced.

L. Summary of the Principal Plan Provisions (continued)

9. *Death Benefits*

a. *Before Retirement:* Spouses of deceased active participants or of former participants are entitled to vested benefits, provided such participants died after having attained age 45 and completed at least 15 years of Credited Service and whose age plus years of Credited Service equals at least 65 years or who have completed at least 15 years of Credited Service regardless of age.

   The benefit payable is an amount for the spouse's remaining lifetime equal to the amount the beneficiary of the participant would have received had the participant retired due to disability on the day preceding his death and elected the 100% Contingent Annuitant Option.

b. *After Retirement:* None except as provided by election of an optional form.

10. *Normal Form of Benefits:* Life annuity

11. *Optional Benefit Forms:* 100%, 75%, or 50% Contingent Annuitant option, 75% or 50% Joint and Last Survivor option.

About Aon

Aon empowers organizations and individuals to secure a better future through innovative retirement, health, and talent solutions. We advise and design a wide range of solutions that enable our clients' success. Our teams of experts help clients navigate the risks and opportunities to optimize financial security; redefine health solutions for greater choice, affordability, and wellbeing; and achieve sustainable growth by driving business performance through people performance. We serve more than 20,000 clients through our 15,000 professionals located in 50 countries around the world.

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III. BALANCE SHEET AND OPERATING STATEMENT

III.A.22. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:

III.A.22.a. Supply a copy of contracts, if applicable.

III.A.22.b. Explain the nature of the services provided.

III.A.22.c. Explain basis on which charges are made.

III.A.22.d. If charges allocated, identify allocation factors used.

III.A.22.e. Supply the components and amounts comprising the expense in this account.

III.A.22.f. Provide details of initial source of charge and reason thereof.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.23. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

RESPONSE:

The Philadelphia Gas Works has leasing arrangements with various companies for the leasing of office and computer equipment, vehicles, mobile equipment, and other types of equipment. Listed below are the long-term leases with an explanation of the method used for calculating the monthly or annual payments.

	Annual Payments
Air Gas East	$27,311.86

Under this agreement, the Philadelphia Gas Works rents or leases gas cylinders for use in its operations. The lease has a term of two years. The monthly payments are based on a predetermined rental rate and remain constant throughout the term of the lease agreement.

Amquip Corportation	$142,750.50

Under this agreement, the Philadelphia Gas Works procures the short-term rental of mobile equipment (cranes, dump trucks, gradalls, backhoe/loaders, etc.) as needed for use in its operation. The rental of each unit ranges from one week to six months; however, the contract has a term of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Canon Financial Services, Inc.	$16,808.48

Under this agreement, the Philadelphia Gas Works leases Canon office technology equipment and supplies including meter usage and print charges for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate constant throughout the term of the lease agreement.

Carmel Realty Associates	$ 39,657.23

Under this agreement, the Philadelphia Gas Works leases space for the Frankford district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Charles Weiner	$ 4,680.00

Under this agreement, the Philadelphia Gas Works leases parking space for the Center City district office. The payments are based on a predetermined rental rate which remains constant throughout the term (4years) of the lease agreement.

III. BALANCE SHEET AND OPERATING STATEMENT

Chestnut Emerald Partners, LLC. $16,600.00
Under this agreement, the Philadelphia Gas Works leases parking space for the West Philadelphia district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

1101 Chestnut Street LP $ 185,585.76
Under this agreement, the Philadelphia Gas Works leases space for the Center City district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement, which ended in July 2019.

Clean Ventures, Inc. $7,473.23
Under this agreement, the Philadelphia Gas Works procured the short-term rental of roll-off waste equipment and supplies for use in its operation. The lease schedule has a term of one year. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Department of Public Property $ 39,898.47
Under this agreement, the Philadelphia Gas Works leases space for the Philadelphia Gas Commission offices. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Dell Financial Services $200,905.84
Under this agreement, the Philadelphia Gas Works leases Dell office technology equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Eastern Lift Truck Co. $82,946.44
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of forklifts as needed for use in its operations. The rental of each unit typically ranged from one to six months; however, the contract has a term of two years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Enterprise Rent A Car $24,202.83
Under this agreement, the Philadelphia Gas Works procures the short-term rentals of cars and light duty pickup trucks as needed for use in its operations. The rental of each unit typically ranged from one week to six months and the contract has a term limit of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Germantown Realty Investment Group LP $ 83,833.28
Under this agreement, the Philadelphia Gas Works leases space for the Germantown district office. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

III. BALANCE SHEET AND OPERATING STATEMENT

General Asphalt Paving Company of Philadelphia $33,447.88
Under this agreement, the Philadelphia Gas Works procures the long-term rental and transportation of a mobile office trailer as needed for use in its operations. The rental of each unit typically ranges for the life of the contract, and the contract has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Hertz Rental, Inc. $207,268.78
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of equipment (e.g. man lifts, towable air compressors, etc.) as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of three years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

J.J. Clark Company $7,682.50
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of electric and propane fueled forklifts as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of three years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

J.J. White, Inc. $64,464.60
Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of electric and propane fueled forklifts as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of three years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Lenovo Financial Services $512,605.34
Under this agreement, the Philadelphia Gas Works leases Lenovo technology equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

MailFinance $50,346.48
Under this agreement, the Philadelphia Gas Works leases postage and mailing equipment and supplies for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Maxim Crane Works $5,700.00
Under this agreement, the Philadelphia Gas Works procures the short-term rental of a rough terrain crane as needed for use in its operation. The rental of each unit ranges from one day to six months; however, the contract has a term less than one year. The payments are based on a predetermined rental rate which remain constant throughout the term of the lease agreement.

III. BALANCE SHEET AND OPERATING STATEMENT

Mr. John, Inc. $10,469.59

Under this agreement, the Philadelphia Gas Works rents or leases portable restroom services as needed for use in its operation. The rental of each unit ranges from one week to six months; however, the contract has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Praxair Distribution $5,978.94

Under this agreement, the Philadelphia Gas Works rents or leases propane gas cylinders for use in its operations. The lease has a term of three years. The monthly payments are based on a predetermined rental rate and remain constant throughout the term of the lease agreement.

Proact Services Corporation $639,946.25

Under this agreement, the Philadelphia Gas Works rents or leases a thermal oxidizer for use in its operations. The lease had a term of six months. The monthly payments are based on a predetermined rental rate and remain constant throughout the term of the lease agreement.

Sunbelt Rentals $97,878.05

Under this agreement, the Philadelphia Gas Works procures the short-term rental and transport of towable air compressors, water pumps, and electrical generators as needed for use in its operations. The rental of each unit typically ranges from one to six months; however, the contract has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

Xerox Corporation $176,914.43

Under this agreement, the Philadelphia Gas Works leases Xerox office technology equipment and supplies including meter usage and print charges for use in its operation. The lease schedule has a term of four years. The payments are based on a predetermined rental rate which remains constant throughout the term of the lease agreement.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.24. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

RESPONSE:

None.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.25. Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:

III.A.25.a. Public health and safety

III.A.25.b. Conservation of energy

III.A.25.c. Explanation of Billing Practices, Rates, etc.

III.A.25.d. Provision of factual and objective data programs in educational institutions

III.A.25.e. Other advertising programs

III.A.25.f. Total advertising expense

RESPONSE:

Please see next page.

III. BALANCE SHEET AND OPERATING STATEMENT

	Period Ending 8/31/2019	Period Ending 8/31/2020	Period Ending 8/31/2021
PRINT			
a. Public Health & Safety	$ 15,000	$ 25,000	$ 25,000
b. Conservation	12,500	25,000	25,000
c. Billing, Rates, Supply, etc.	5,500	10,000	10,000
d. Education Institution Programs		15,000	15,000
e. Advertising Programs	20,760	30,000	30,000
Total Print Expense	$ 145,210	$ 145,210	$ 145,210
TELEVISION			
a. Public Health & Safety	$ 300,000	$ 300,000	$ 300,000
b. Conservation	117,000	125,000	125,000
c. Billing, Rates, Supply, etc.	112,000	112,000	112,000
d. Education Institution Programs	-	-	-
e. Advertising Programs	307,760	507,760	507,760
Total Television Expense	$ 836,760	$ 1,044,760	$ 1,044,760
RADIO			
a. Public Health & Safety	$ 310,500	$ 340,500	$ 340,500
b. Conservation	81,500	88,000	88,000
c. Billing, Rates, Supply, etc.	150,500	175,000	175,000
d. Education Institution Programs	-	-	-
e. Advertising Programs	315,240	315,240	315,240
Total Radio Expense	$ 857,740	$ 918,740	$ 918,740
OUT OF HOME (BILLBOARD, BUS SHELTERS, SUBWAY CARDS, ETC.)			
a. Public Health & Safety	$ 85,000	$ 94,000	$ 94,000
b. Conservation	70,000	85,000	85,000
c. Billing, Rates, Supply, etc.	50,000	60,000	60,000
d. Education Institution Programs	-	-	-
e. Advertising Programs	380,300	380,300	380,300
Total Out of Home Expense	$ 585,300	$ 619,300	$ 619,300
DIGITAL			
a. Public Health & Safety	$ 46,500	$ 55,000	$ 55,000
b. Conservation	18,360	25,000	25,000
c. Billing, Rates, Supply, etc.	21,000	35,000	35,000
d. Education Institution Programs	-	77,990	77,990
e. Advertising Programs	92,861	115,000	115,000
Total Digital Expense	$ 178,721	$ 307,990	$ 307,990
GRAND TOTAL	$ 2,603,731	$ 3,036,000	$ 3,036,000

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.26. Provide a list of reports, data, or statements requested by and submitted to the Commission during and subsequent to the test year.

RESPONSE:

- Section 1307(f) Gas Cost Rate Filings
  - Annual Pre-Filings
  - Annual Filings
  - Quarterly Filings
- DSIC
  - Quarterly Filings
  - Quarterly Leak Reports
  - Annual Reconciliation
  - Annual Asset Optimization Plan
- LTIIP
- Annual Integrated Resource Planning Report
- NGDC Switching Statistics
- Supplier Security Report
- Gas Annual Report
- Annual Diversity Report
- Annual Unaccounted for Gas Report
- DSM
  - Annual Implementation Plan
  - Annual Report
- LIURP Annual Report
- Chapter 56 Monthly Reporting Requirements
- Chapter 56 Annual Reporting Requirements
- Customer Service Performance Report
- Universal Service and Collections Report
- Cold Weather Survey
- Cold Weather Re-Survey
- Quality of Service Report
- Universal Service and Energy Conservation Plan (Amended)
- Annual Residential Arrearages over $10,000
- Annual Medical Certificates and Renewals accepted by the Company
- Winter Reliability Submission
- Public Utility Security Planning and Readiness Self-Certification
- Gas Safety Division FL-1
- PUC Assessment Report
- PUC Management Audit
- Leak Detection Pilot Program Report

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.27. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

RESPONSE:

There were no social and /or service memberships paid during the test year by the Philadelphia Gas Works.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expenses, for the test year and prior two comparable years.

RESPONSE:

See below:

PHILADELPHIA GAS WORKS
ACCOUNT 923.0 - OUTSIDE SERVICES EMPLOYEED

		August 31, 2021	August 31, 2020	August 31, 2019
1700	Purchased Services	4,015,000	3,087,000	3,106,783
	Total	$ 4,015,000	$ 3,087,000	$ 3,106,783

ACCOUNT 928.0 - REGULATORY COMMISSION EXPENSES

		August 31, 2021	August 31, 2020	August 31, 2019
0100	Labor	661,000	615,000	535,980
0200	Taxes	52,000	48,000	40,017
0300	Expense of Employees	3,000	1,000	6,160
500	Natural Gas	0	0	0
600	Odorant	0	0	0
0700	Material	2,000	5,000	1,865
800	Tools and Uniforms	0	0	0
1000	Electric	0	0	0
1100	Water	0	0	0
1200	Gas Used by Utility	0	0	0
1300	Postage	1,000	1,000	250
1400	Advertising	19,000	21,000	5,437
1500	Promotion	0	0	0
1600	Dues and Subscriptions	2,915,000	2,845,000	2,578,526
1700	Purchased Services	919,000	890,000	194,164
1800	Insurance	41,000	41,000	40,579
1900	Equipment Rental	7,000	7,000	5,616
2000	Other Rents	55,000	51,000	39,898
2900	IT Allocations	15,000	15,000	10,648
3100	Telecommunication Allocations	0	0	1,375

III. BALANCE SHEET AND OPERATING STATEMENT

4020	Amort Deferred Oper & Maint Expense	842,000	821,000	391,737
	Total	$ 5,532,000	$ 5,361,000	$ 3,852,254

ACCOUNT 930.2 - MISCELLANEOUS GENERAL EXPENSES

		August 31, 2021	August 31, 2020	August 31, 2019
100	Labor	0	0	162,904
200	Taxes	0	0	5,000
300	Expense of Employees	0	0	2,590
700	Material	10,000	10,000	197
1300	Postage	5,000	5,000	0
1600	Dues and Subscriptions	967,000	1,010,000	944,085
1700	Purchased Services	0	1,874,856	111,135
2900	IT Allocations	21,000	20,502	17,741
3802	Management Fee	1,259,000	706,498	510,673
4020	Amort Deferred Oper & Maint Expense	25,000	25,000	0
5111	PGW Contribution-457 Plan	1,653,000	1,579,000	398,070
5117	Contribution - 401A Deferred Compensation Plan	0	0	1,580,567
5703	Unbilled Gas Adjustment	0	0	0
9001	AFUDC	0	0	0
	Total	$ 3,940,000	$ 5,230,856	$ 3,732,962

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

RESPONSE:

No research and development expenditures were incurred during the fiscal year ending August 31, 2019.

There are currently no research and development expenditures expected to be incurred during the fiscal year ending August 31, 2020 and August 31, 2021.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

RESPONSE:

Twelve Months ending August 31, 2021	
Utility Emergency Service fund	$267,000

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.31. Provide a detailed analysis of Special Services—Account 795.

RESPONSE:

The Philadelphia Gas Works' system of accounts does not include Account number 795 as Special Services.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.32. Provide a detailed analysis of Miscellaneous General Expense—Account No. 801.

RESPONSE:

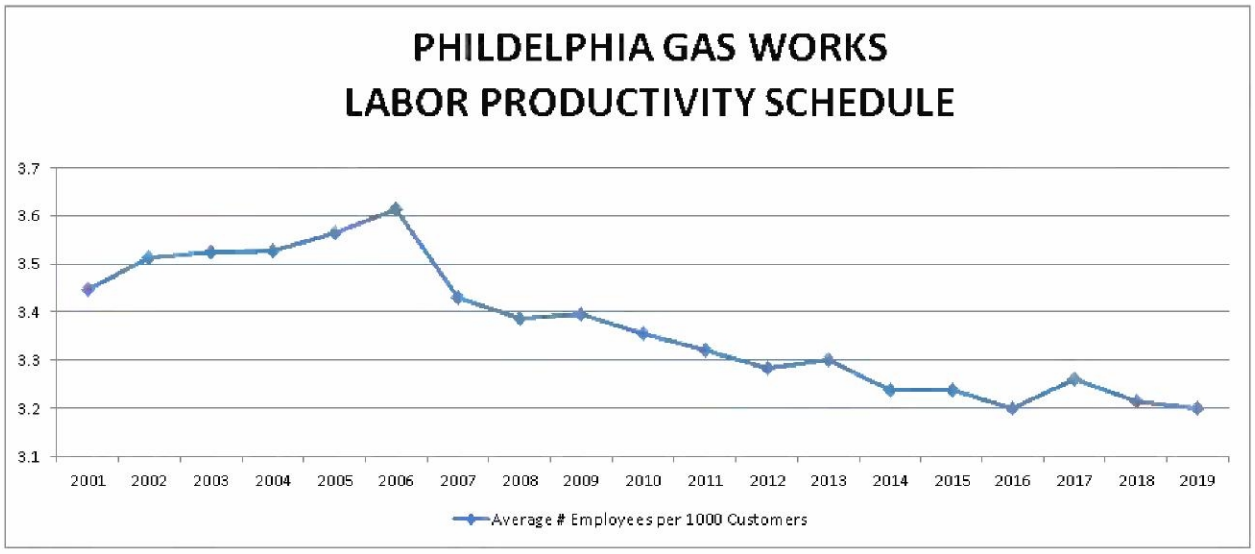
The Philadelphia Gas Works' system of accounts does not include Account number 801 as Miscellaneous General Expense.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.33. Provide a labor productivity schedule.

RESPONSE:

See chart below.



III. BALANCE SHEET AND OPERATING STATEMENT

III.A.34. List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

RESPONSE:

Philadelphia Gas Works does not have non-recurring or extraordinary expenses included in the test year.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.—Non-yearly maintenance programs, etc.)

RESPONSE:

There are no expenses that fall into this category within the fully projected future test year for the Philadelphia Gas Works.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.36. Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

RESPONSE:

PGW has reflected the adoption of GASB 87 as part of the pro forma statements provided in response to III.A.18. A FY 2021 amortization schedule for the long-term leases is provided. GASB 87 sets forth that all leases are financings and creates a single, symmetrical model for lessees and lessors. The new rules eliminate distinctions between operating and capital leases and treat all leases as financings (similar to today's capital lease accounting).

Also provided is a detail of journal entries made in FY 2020 and FY 2021 for these transactions.

Please note GASB 87 goes into effect for all fiscal years starting after December 15, 2019.

PHILADELPHIA GAS WORKS
TWELVE MONTHS ENDED AUGUST 31,

	FERC	FY 2021	FY 2020
Lease Liability	2530	262,972	
Interest Expense	4270	50,798	
Cash	1310	(313,770)	
Total		-	-
Lease Asset	1010		1,135,400
Lease Liability	2530		(1,135,400)
Total		-	-
Depreciation Expense	1080	283,850	
Accumulated Depreciation	4030	(283,850)	
Total		-	-

AMORTIZATION SCHEDULE **III.A.36**

Principal Amount:	1,135,400.00
Annual Interest Rate:	5.00%
Periodic Interest Rate:	0.42%
Payments In Years:	4
Payments In Months:	48

Payment Number	Principal Amount	Interest Amount	Total Payment	Remaining Principal
1 FY2021	21,416.63	4,730.83	26,147.46	1,113,983.37
2 FY2021	21,505.86	4,641.60	26,147.46	1,092,477.51
3 FY2021	21,595.47	4,551.99	26,147.46	1,070,882.04
4 FY2021	21,685.45	4,462.01	26,147.46	1,049,196.59
5 FY2021	21,775.81	4,371.65	26,147.46	1,027,420.78
6 FY2021	21,866.54	4,280.92	26,147.46	1,005,554.24
7 FY2021	21,957.65	4,189.81	26,147.46	983,596.59
8 FY2021	22,049.14	4,098.32	26,147.46	961,547.45
9 FY2021	22,141.01	4,006.45	26,147.46	939,406.44
10 FY2021	22,233.27	3,914.19	26,147.46	917,173.17
11 FY2021	22,325.91	3,821.55	26,147.46	894,847.27
12 FY2021	22,418.93	3,728.53	26,147.46	872,428.34
	262,971.66	50,797.86	313,769.52	

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

RESPONSE:

For PGW's fiscal year 2021 test year, $4,500,000 of cost of removal expenses are included.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

RESPONSE:

Since the previous rate case PGW has implemented the accounting and financial reporting requirements related to recent pronouncements of the Governmental Accounting Standards Board. The accounting and financial reporting impact of these pronouncements is reflected in PGW's financial statements. The reference for any impact is noted in the Management Discussion and Analysis as well as in the Notes to the Financial Statements.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.39. Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.

RESPONSE:

PGW Statement No. 2 – Joseph F. Golden, Jr.

- Sponsoring: Financial Statements; Expenses; Taxes (where applicable); Property Valuation, etc.; Historical, Future, and Fully Projected Future Test Year; *Pro forma* Revenues at Present Rates; *Pro forma* Adjustments; P*ro forma* revenues at proposed rates.

PGW Statement No. 6 – Kenneth S. Dybalski

- Sponsoring: Additional *Pro Forma* Revenue Adjustments and Explanations; Rate Allocation Explanations; Proposed Tariff Supplement Changes.

PGW Statement No. 7 – Douglas A. Moser

- Sponsoring: Results of Ongoing Efforts to Reduce Employee Benefit Costs.

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.40. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

RESPONSE:

Please see the following:

PGW Statement No. 2 – Joseph F. Golden, Jr. and accompanying schedules
PGW Statement No. 6 – Kenneth S. Dybalski and accompanying schedules

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.41. Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.

RESPONSE:

Please see PGW Statement No. 2 – Joseph F. Golden, Jr. and accompanying schedules.

PGW reserves the right to add additional witnesses sponsoring direct or rebuttal testimony. If so, PGW will clearly identify the subject of such testimony.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.42. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.43. If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.44. Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.45. Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

RESPONSE:

The current allocations of revenues, expenses, depreciation and taxes utilizes the methodologies found in "Gas Rate Fundamentals" published by the American Gas Association and utilizes the Average and Excess method. This method is different than what was used in the prior rate case.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.46. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

RESPONSE:

Any party to the proceeding requiring access to audit reports will be afforded the opportunity upon request and a determination of need, subject to the provisions of a Confidentiality Agreement to be entered into between such party and the Company pursuant to a Protective Order.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.47. Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.48. Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.49. Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

RESPONSE:

Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.50. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

a. social security

b. unemployment

c. capital stock

d. public utility realty

e. P.U.C. assessment

f. other property

g. any other appropriate categories

RESPONSE:

a. Social Security

PGW's employer share of Social Security and Medicare Taxes is as follows:

Fiscal Year Ending August 31, 2019	$9,797,771
Fiscal Year Ending August 31, 2020	$10,287,000
Fiscal Year Ending August 31, 2021	$10,513,000

b. Unemployment

PGW's employer Pennsylvania Unemployment Tax Reimbursable is as follows:

Fiscal Year Ending August 31, 2019	$89,333
Fiscal Year Ending August 31, 2020	$108,000
Fiscal Year Ending August 31, 2021	$144,000

c. Capital Stock - Not applicable.

d. Public Utility Realty - Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

e. P.U.C. Assessment

PGW's P.U.C. assessment is expensed as follows:

Fiscal Year Ending August 31, 2019	$2,576,315
Fiscal Year Ending August 31, 2020	$2,840,000
Fiscal Year Ending August 31, 2021	$2,911,000

f. Other Property - Not applicable.

g. Any Other Appropriate Categories - Not applicable.

III. BALANCE SHEET AND OPERATING STATEMENT

III.A.51 – III.A.71. Income Taxes

RESPONSE:

This section is not applicable to PGW as a tax-exempt municipally-owned company.