



**PHILADELPHIA GAS WORKS**

Joseph F. Golden, Jr. • Executive Vice President & Acting Chief Financial Officer

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August 19, 2014

The Honorable Marian B. Tasco  
Chairwoman  
PHILADELPHIA GAS COMMISSION  
One Parkway Building  
1515 Arch Street, 9th Floor  
Philadelphia, PA 19102

**Re: Philadelphia Gas Works' Five-Year Forecast – FY 2016-2020**

Dear Chairwoman Tasco:

Enclosed is an original along with six (6) copies of PGW's Five-Year Forecast for the fiscal periods 2016 through 2020. PGW's Forecast was reviewed by the PFMC Board at a board meeting held on August 18, 2014. The resolution approving the submission of PGW's Forecast is also included with this filing. The Finance Director's letter will be provided as soon as it is available.

Please feel free to call me if you have any questions regarding the enclosed forecast.

Very truly yours,

A handwritten signature in black ink that reads "Joseph F. Golden, Jr." in a cursive script.

JFG/de

Enclosure

cc: All Gas Commissioners  
Robert W. Ballenger, Esq.  
Philip A. Bertocci, Esq.  
Michael A. Bleiweis  
Andre C. Dasent, Esq.  
William J. Gallagher  
Keith Holmes  
Joseph R. Horan  
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Janet Parrish, Esq.  
Gregory J. Stunder, Esq.  
Craig E. White

**PHILADELPHIA GAS WORKS**  
**FISCAL YEAR 2015 OPERATING BUDGET**  
**AND**  
**FIVE-YEAR FORECAST**  
**FISCAL YEARS 2016 THROUGH 2020**



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Projected Revenue, Net Income, and GCR



### Business Assumptions

- Current base rates are in effect throughout the FY 2017 forecasted period.
- Proposed \$40.0 million rate increase is in effect throughout the FY 2018, FY 2019, and FY 2020 forecasted periods.
- WNA Revenue projected through August 31, 2017:
  - FY 2015 = \$5.0 million
  - FY 2016 = \$5.0 million
  - FY 2017 = \$5.0 million
- Customer Responsibility Program average participant levels of 73,708 are projected throughout each year of the forecasted period.
- DSM or Energy Sense Program Surcharge is in place until August 31, 2015.
- DSIC Revenue based on incremental capital spending:
 

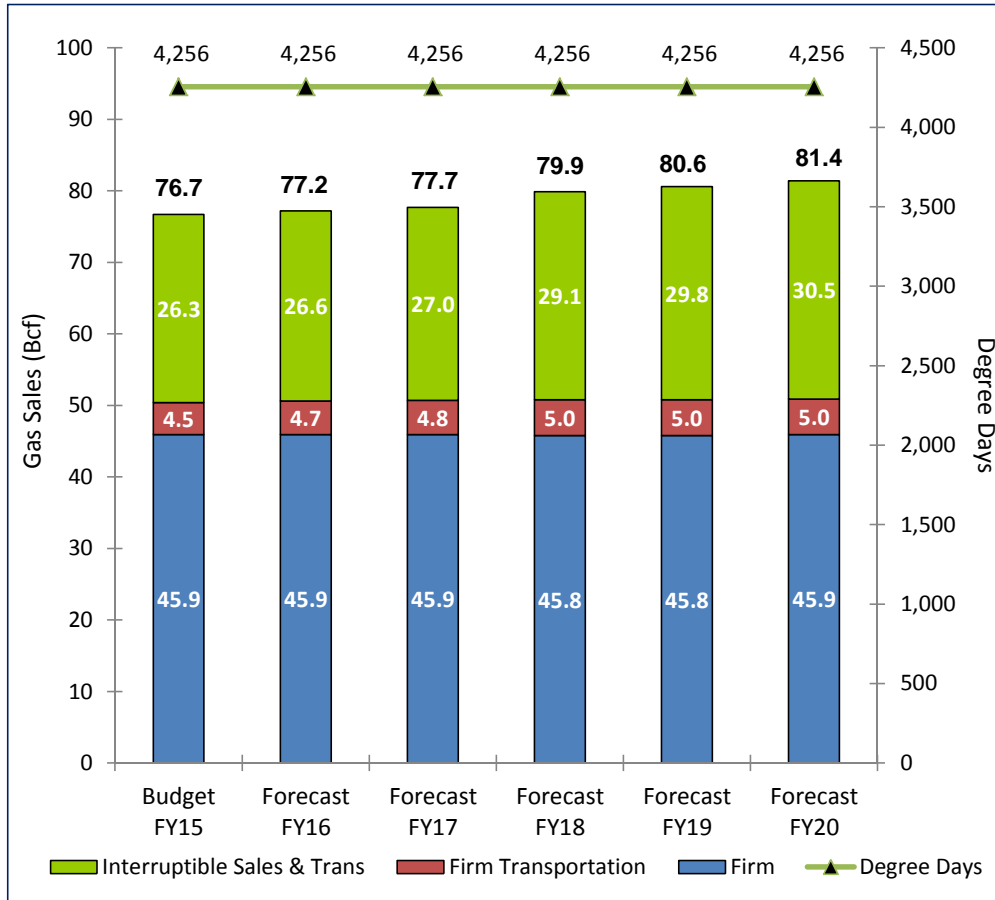
- FY 2015 = \$22.8 million	- FY 2018 = \$21.8 million
- FY 2016 = \$21.8 million	- FY 2019 = \$21.9 million
- FY 2017 = \$21.8 million	- FY 2020 = \$22.0 million
- Interruptible billed revenues are expected to increase by \$9.6 million reflecting expanded LNG sales.
- Other operating revenue is expected to increase by \$5.6 million reflecting additional margin on LNG sales.



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Gas Sales By Category, and Degree Days



### Business Assumptions

- Sales forecast (net) utilized for the six-year period are as follows:

	Billed Gas Revenues (\$'000's)			
	Firm	Interrupt	Transport	Total
FY 2015	\$705,669	\$6,212	\$44,072	\$755,953
FY 2016	\$661,340	\$4,157	\$43,638	\$709,135
FY 2017	\$661,531	\$3,154	\$44,907	\$709,592
FY 2018	\$660,304	\$12,769	\$45,843	\$718,916
FY 2019	\$664,971	\$12,968	\$46,875	\$724,814
FY 2020	\$672,811	\$13,308	\$47,862	\$733,981

- Firm Non-heating and Heating sales are anticipated to remain constant throughout the forecast period.
- Firm Transportation volumes are projected to increase by approximately 0.5 Bcf or 11.14% in the FY 2020 Forecasted period when compared to the FY 2015 Budget period.
- Interruptible sales, more specifically, LNG Sales are expected to increase by 1.5 Bcf during the FY 2018 though FY 2020 forecasted periods.

#### Interruptible LNG Sales / Revenue / Margin (\$'000)

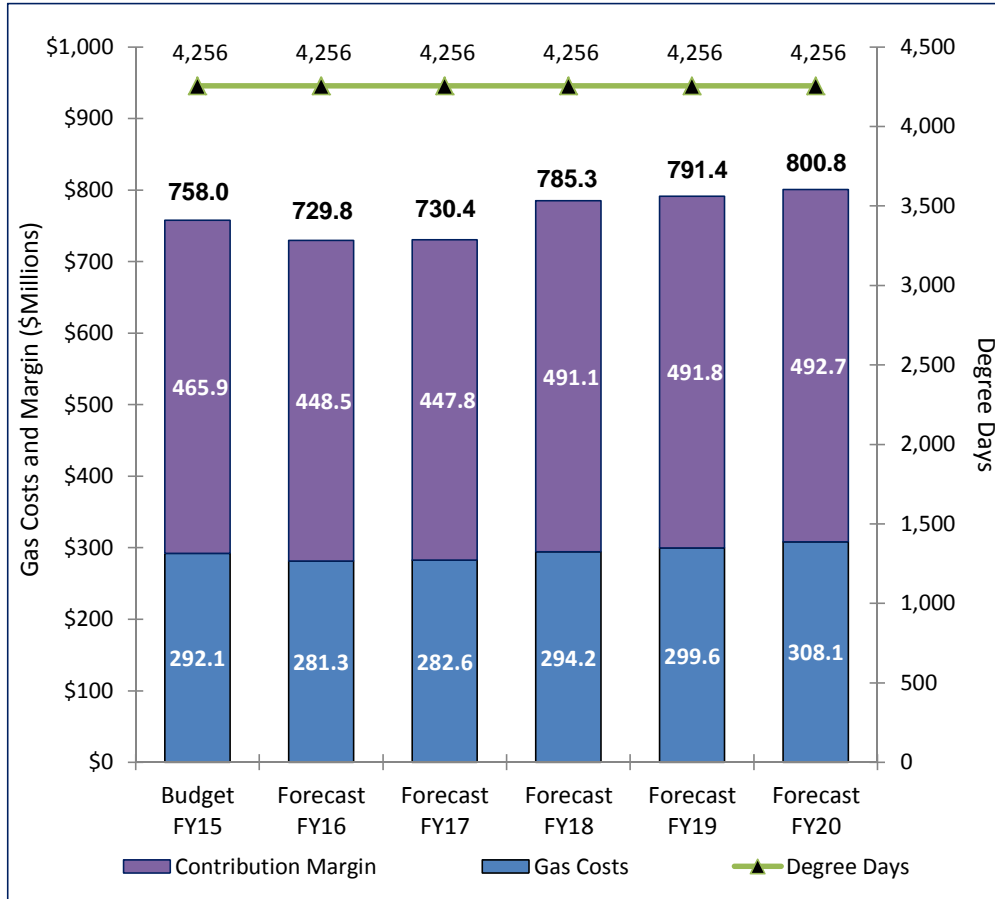
	MCF	Revenue	Margin	Total
FY 2015	991	\$6,071	\$3,649	\$9,720
FY 2016	662	\$4,018	\$2,438	\$6,456
FY 2017	500	\$3,015	\$1,875	\$4,890
FY 2018	2,000	\$12,628	\$7,500	\$20,128
FY 2019	2,000	\$12,825	\$7,500	\$20,325
FY 2020	2,000	\$13,162	\$7,500	\$20,662



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Gas Costs, Margin, and Degree Days



### Business Assumptions

- 4,256 Degree Day basis of normal weather utilized for sales and utilization projections.

#### Gas Costs / Margin (\$ Millions)

	MCF	Gas Cost	Margin
FY 2015	50,391	\$292.1	\$465.9
FY 2016	49,998	\$281.3	\$448.5
FY 2017	49,765	\$282.6	\$447.8
FY 2018	51,434	\$294.2	\$491.1
FY 2019	51,391	\$299.6	\$491.8
FY 2020	51,409	\$308.1	\$492.7

- Average cost per MCF is anticipated to remain constant throughout the forecast period.

FY 2015	\$5.7967
FY 2016	\$5.6262
FY 2017	\$5.6787
FY 2018	\$5.7200
FY 2019	\$5.8298
FY 2020	\$5.9931

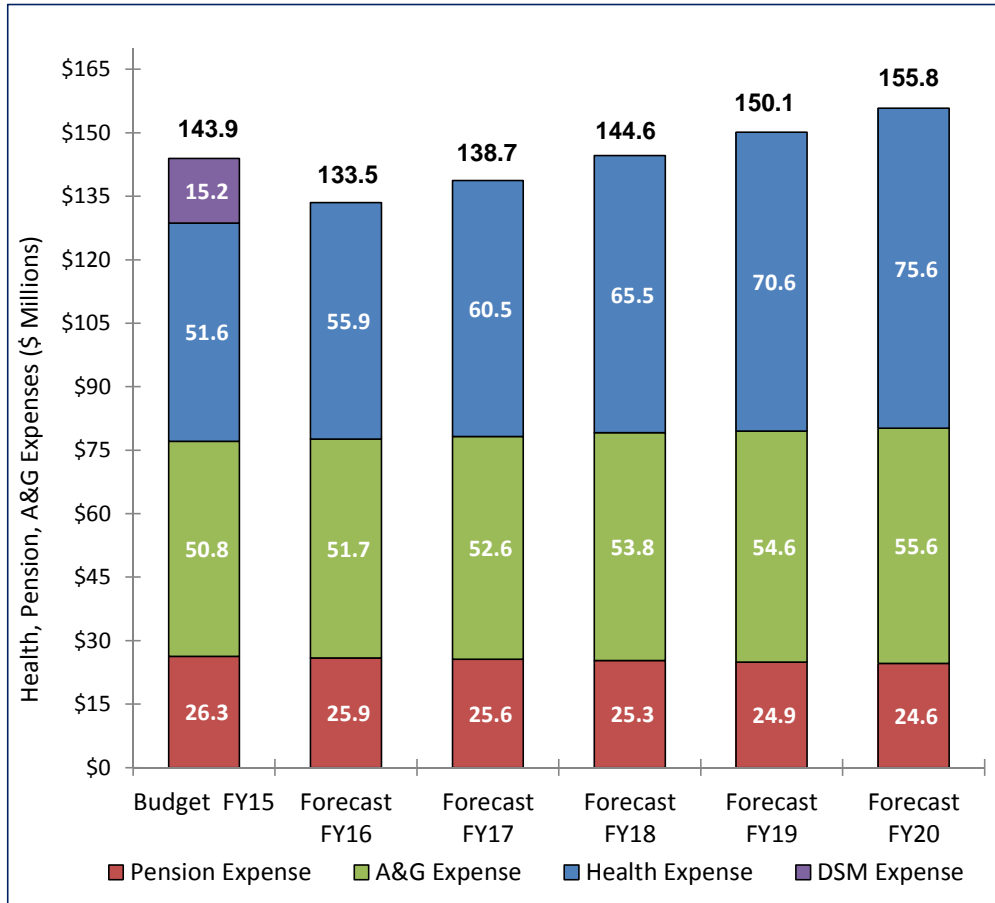
- Contribution margin decrease in the fiscal year 2016 period reflecting the end of the DSM program.
- Contribution margin increase in the FY 2018 forecasted period reflecting a \$40.0 million rate increase.



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Health, Pension, and A&G Expenses



### Business Assumptions

- Personnel levels are expected to remain constant at 1,640 throughout the FY 2017 forecasted period. As a result of the BT-Building Consolidation initiative, personnel levels have been reduced to 1,600 in the FY 2018, FY 2019 and FY 2020 periods.
- General inflation rates of 2.0% were utilized throughout the forecast period absent any specific departmental information regarding expenses, i.e. health insurance.
- Health insurance costs were projected to increase by approximately 9.0% based on information provided by PGW's healthcare consultant.

#### Health Premiums (\$000's)

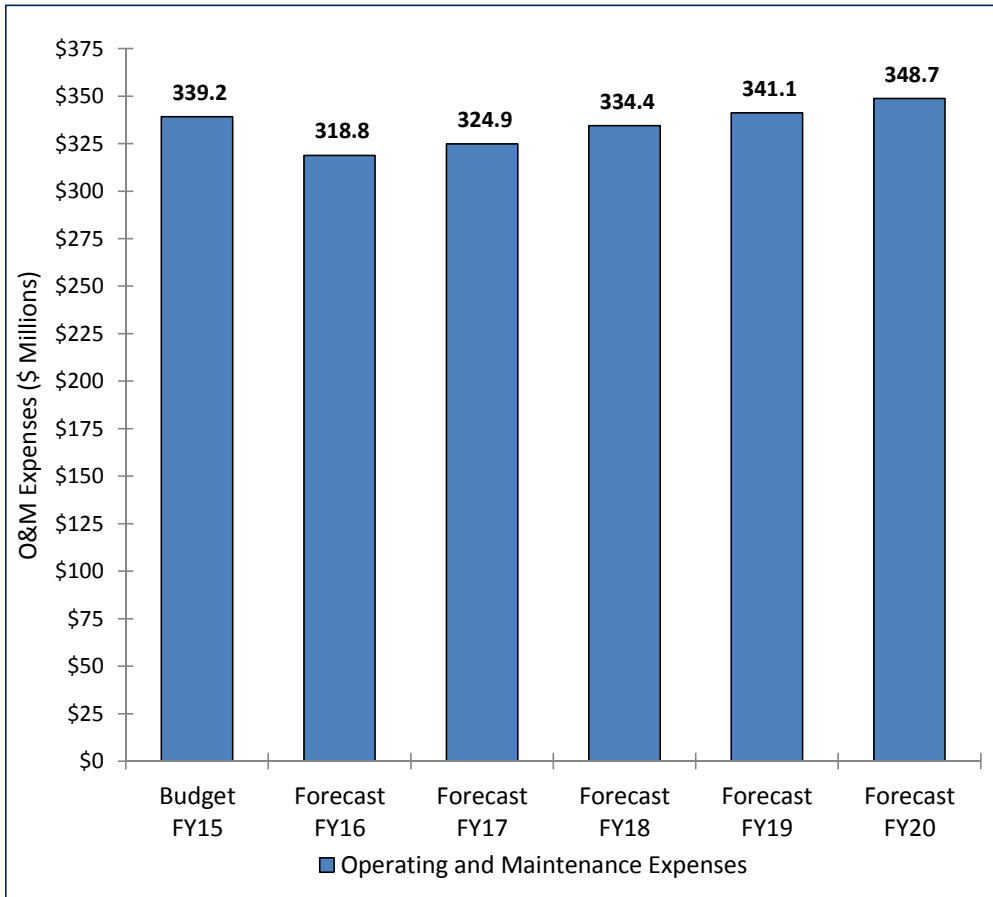
	Active	Retiree	Total
FY 2015	\$27,313	\$24,256	\$51,569
FY 2016	\$29,655	\$26,211	\$55,866
FY 2017	\$32,175	\$28,293	\$60,468
FY 2018	\$34,914	\$30,605	\$65,519
FY 2019	\$37,637	\$32,960	\$70,597
FY 2020	\$40,258	\$35,346	\$75,604

- Pension expense based on an actuarial report prepared by PGW's actuarial consultant dated October 2013 with updated information.



## PHILADELPHIA GAS WORKS FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Operating and Maintenance Expenses (O&M)



### Business Assumptions

- Forecasted period does not include expenses related to a possible sale of PGW.
- DSM or Energy Sense Program Surcharge is in place until August 31, 2015.
- Environmental expenditures are expected to be covered by proceeds from insurance settlements through FY 2017.
- General inflation rates of 2.0% were utilized throughout the forecast period absent any specific departmental information regarding expenses, i.e. health insurance.
- Property & Public Liability Insurance premiums forecasted to rise by 2.5% annually.
- Beginning in FY 2017, BT-Building Consolidation benefits, net of costs, are projected to be:
 

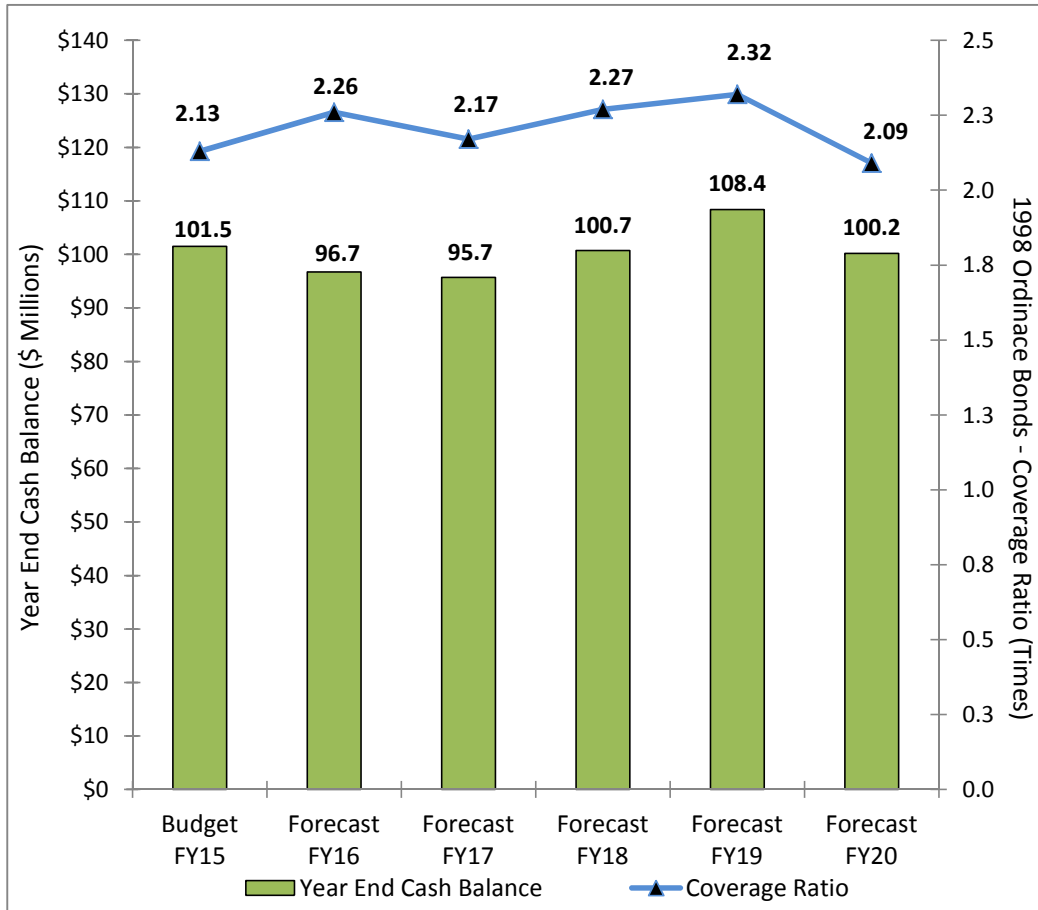
FY 2017	\$0.5 million - Cost
FY 2018	(\$4.0) million - Savings
FY 2019	(\$4.1) million - Savings
FY 2020	(\$4.3) million - Savings
- Collection factor projected at 92.7% of billed revenues in FY 2014, 96.0% of billed revenues in FY 2015 and throughout the forecasted period.



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Year End Cash Balance, and Coverage Ratio



### Business Assumptions

- Interest earning rates on temporary investments and restricted funds assumed at or below 0.5%.
- City of Philadelphia \$18.0 million payment made throughout the forecasted period.
- \$18.5 million payment made to partially fund OPEB's in each year of the forecasted period.

- Debt Service Coverage Ratios were forecasted at the following levels:

	Coverage Rates (Times)		
	1975	1998	Fixed
FY 2015	6.60	2.13	1.73
FY 2016	8.03	2.26	1.84
FY 2017	8.74	2.17	1.76
FY 2018	10.79	2.27	1.95
FY 2019	11.44	2.32	2.00
FY 2020	12.11	2.09	1.84

- Commercial Paper Program outstanding level and cash balance assumptions at 8/31:

	TXCP / Liquidity (\$ Millions)			
	Maximum	Available	Cash	Liquidity
FY 2015	\$120.0	\$85.3	\$101.5	\$186.8
FY 2016	\$120.0	\$21.0	\$96.7	\$117.7
FY 2017	\$60.0	\$60.0	\$95.7	\$155.7
FY 2018	\$60.0	\$60.0	\$100.7	\$160.7
FY 2019	\$60.0	\$60.0	\$108.4	\$168.4
FY 2020	\$60.0	\$60.0	\$100.2	\$160.2

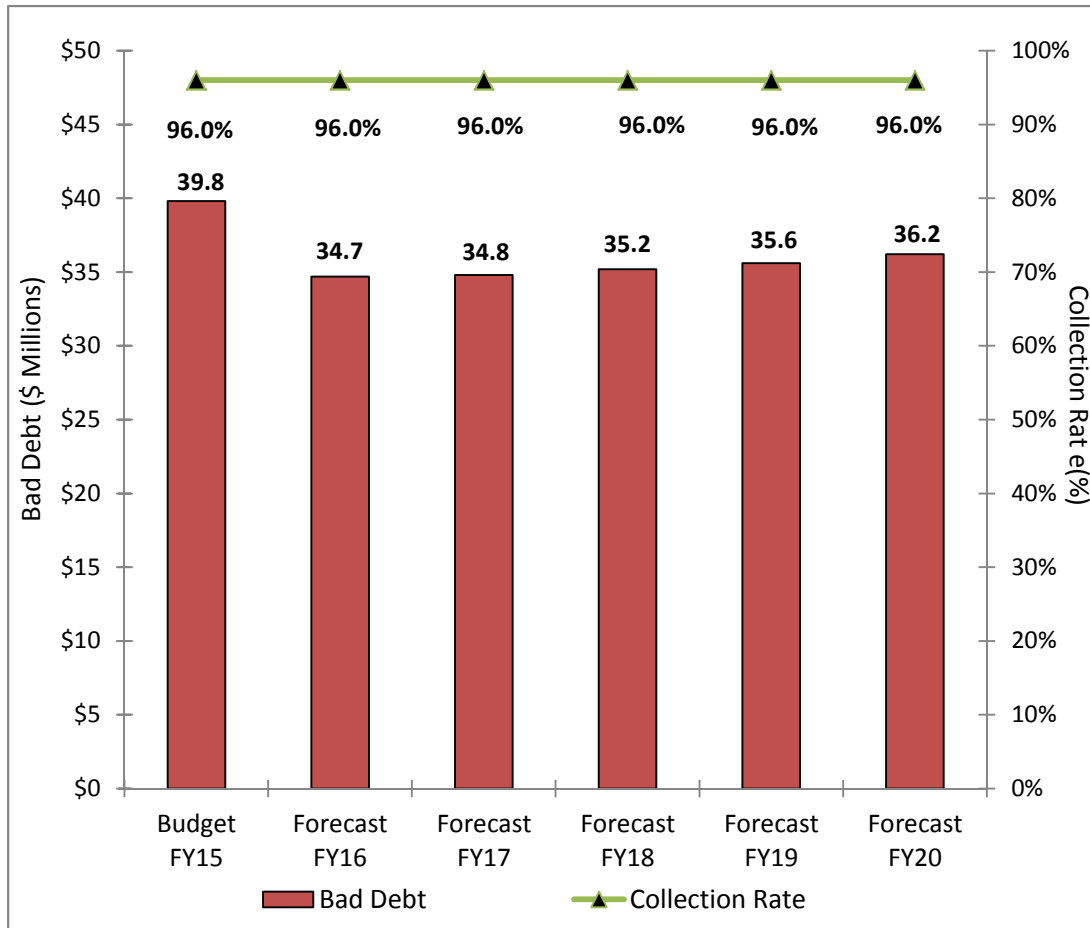




# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Collection Rate, and Bad Debt



### Business Assumptions

- Collection factor projected at 92.7% of billed revenues in FY 2014, 96.0% of billed revenues in FY 2015 and throughout the forecasted period.

#### Bad Debt and Ending Balances @ 8/31 (\$000's)

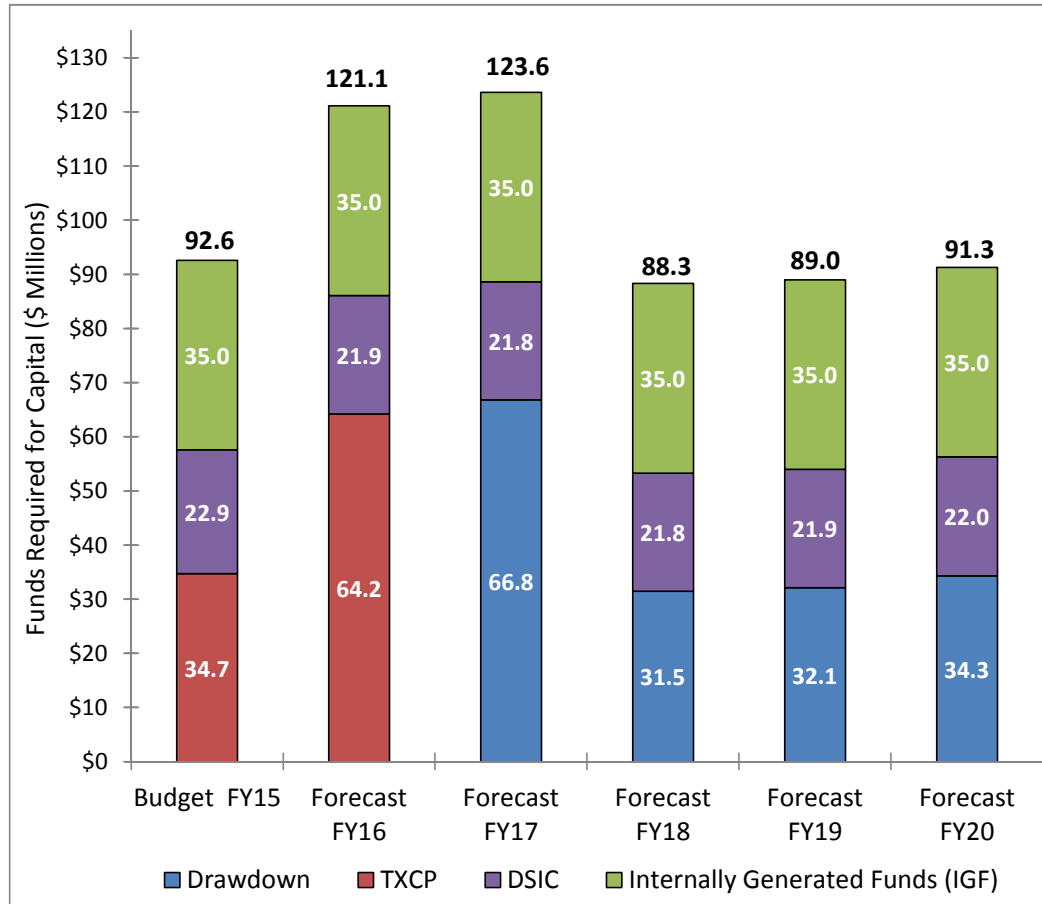
	<u>A/R Balance</u>	<u>Unbilled Balance</u>	<u>Bad Debt</u>	<u>Bad Debt % of A/R</u>
FY 2015	\$209,647	\$7,828	\$39,833	18.32%
FY 2016	\$204,263	\$8,121	\$34,725	16.35%
FY 2017	\$198,880	\$7,814	\$34,804	16.84%
FY 2018	\$195,727	\$7,838	\$35,231	17.31%
FY 2019	\$192,819	\$7,884	\$35,672	17.77%
FY 2020	\$190,293	\$7,922	\$36,156	18.24%



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Funds Required for Capital Expenditures



### Business Assumptions

- Capital Spending and the funding sources are forecasted at the following levels:

	Capital Spending	CIF Draw	TXCP Draw	IGF + DSIC Funding
FY 2015	\$92,550	-	\$34,706	\$57,844
FY 2016	\$121,083	-	\$64,265	\$56,818
FY 2017	\$123,598	\$66,798	-	\$56,800
FY 2018	\$88,293	\$31,450	-	\$56,843
FY 2019	\$88,986	\$32,100	-	\$56,886
FY 2020	\$91,262	\$34,293	-	\$56,969

- \$250.0 million long-term debt financing issued in September 2016 to support capital expenditures and reduce \$99.0 million of outstanding TXCP - Capital.
- \$100.0 million long-term debt financing issued in September 2019 to support capital expenditures.
- Capital Improvement Fund balances for capital expenditures at 8/31:

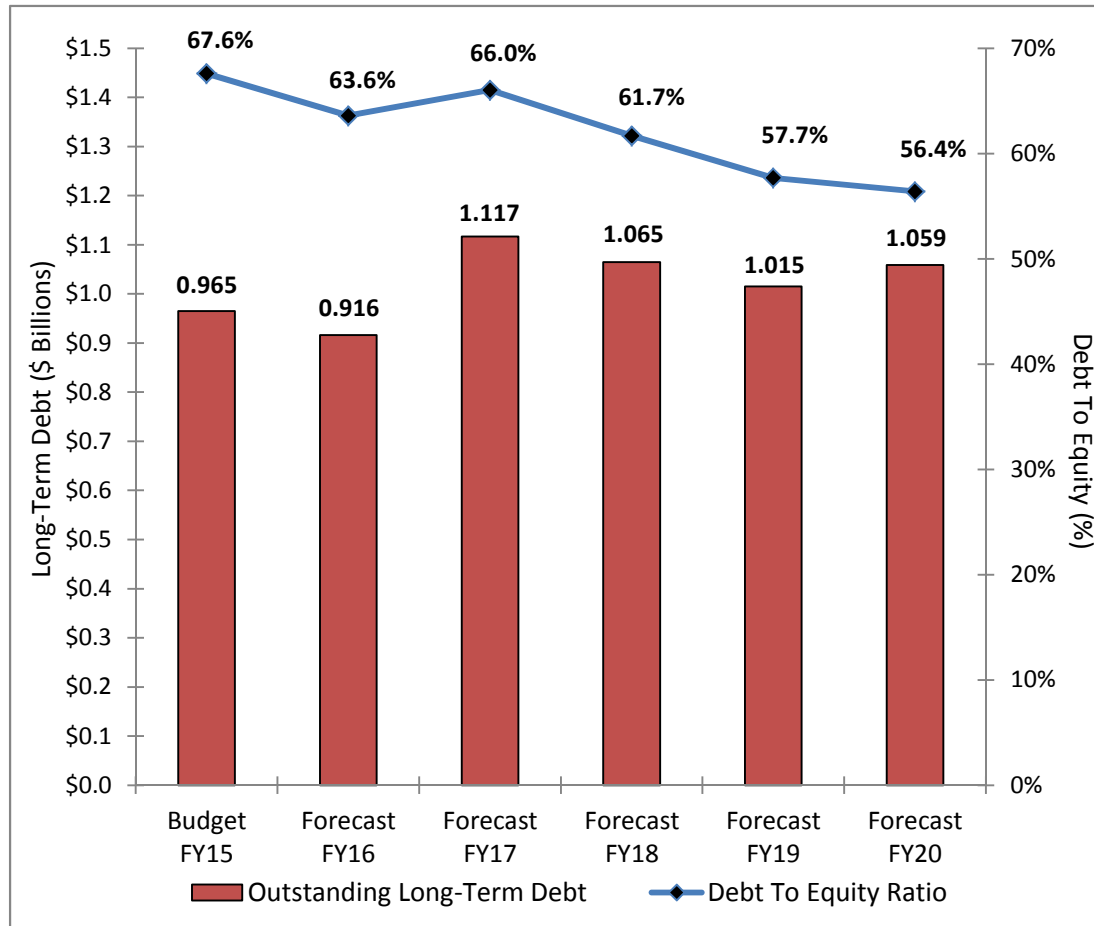
FY 2015	-	
FY 2016	-	
FY 2017	\$64,066	includes \$250.0 million new bond
FY 2018	\$32,832	
FY 2019	\$823	
FY 2020	\$58,527	includes \$100.0 million new bond



# PHILADELPHIA GAS WORKS

## FISCAL YEAR 2015 OPERATING BUDGET & FIVE-YEAR FORECAST

### FY15 - FY20 Long-Term Debt, and Debt To Equity Ratio



### Business Assumptions

- Debt Ratios & City Equity:

#### Long-Term Debt and City Equity (\$ Millions)

	<u>% Debt to Equity</u>	<u>Long-Term Debt</u>	<u>Total Capital</u>	<u>City Equity</u>
FY 2015	67.6%	\$981	\$1,451	\$471
FY 2016	63.6%	\$930	\$1,462	\$533
FY 2017	66.0%	\$1,128	\$1,708	\$580
FY 2018	61.7%	\$1,074	\$1,741	\$667
FY 2019	57.7%	\$1,022	\$1,773	\$750
FY 2020	56.4%	\$1,065	\$1,890	\$825

- Long-Term Debt includes both unamortized Discount and Premium.



**PHILADELPHIA GAS WORKS**  
**STATEMENT OF INCOME**  
(Dollars in Thousands)

<u>LINE NO.</u>	<u>ACTUAL 2012-13</u>	<u>BUDGET 2013-14</u>	<u>ESTIMATE 2013-14</u>	<u>BUDGET 2014-15</u>	<u>FORECAST 2015-16</u>	<u>FORECAST 2016-17</u>	<u>FORECAST 2017-18</u>	<u>FORECAST 2018-19</u>	<u>FORECAST 2019-20</u>	<u>LINE NO.</u>	
<b>OPERATING REVENUES</b>											
1.	Non-Heating	\$ 35,262	\$ 39,786	\$ 38,239	\$ 35,071	\$ 29,913	\$ 27,189	\$ 35,150	\$ 33,770	\$ 32,627	1.
2.	Gas Transport Service	36,747	39,239	44,909	43,815	43,370	44,631	45,843	46,875	47,862	2.
3.	Heating	593,354	661,412	677,045	650,957	630,150	633,263	637,866	644,131	653,451	3.
4.	Proposed Rate Increase	-	-	-	-	-	-	40,000	40,000	40,000	4.
5.	Weather Normalization Adjustment	8,392	-	(12,942)	5,031	5,039	5,044	-	-	-	5.
6.	Unbilled Adjustment	1,398	(118)	253	277	293	(307)	24	46	38	6.
7.	Total Gas Revenues	675,153	740,319	747,504	735,151	708,765	709,820	758,883	764,822	773,978	7.
8.	Appliance Repair & Other Revenues	8,333	8,102	7,971	8,300	8,383	8,467	8,551	8,637	8,723	8.
9.	Other Operating Revenues	9,984	9,864	14,760	14,547	12,685	12,143	17,838	17,921	18,049	9.
10.	Total Other Operating Revenues	18,317	17,966	22,731	22,847	21,068	20,610	26,389	26,558	26,772	10.
11.	<b>Total Operating Revenues</b>	<b>693,470</b>	<b>758,285</b>	<b>770,235</b>	<b>757,998</b>	<b>729,833</b>	<b>730,430</b>	<b>785,272</b>	<b>791,380</b>	<b>800,750</b>	11.
<b>OPERATING EXPENSES</b>											
12.	Natural Gas	255,496	298,128	311,819	292,111	281,339	282,603	294,134	299,659	308,153	12.
13.	Other Raw Material	5	6	10	10	10	10	10	10	10	13.
14.	Sub-Total Fuel	255,501	298,134	311,829	292,121	281,349	282,613	294,144	299,669	308,163	14.
15.	<b>CONTRIBUTION MARGINS</b>	<b>437,969</b>	<b>460,151</b>	<b>458,406</b>	<b>465,877</b>	<b>448,484</b>	<b>447,817</b>	<b>491,128</b>	<b>491,711</b>	<b>492,587</b>	15.
16.	Gas Processing	17,592	15,907	17,257	15,747	15,589	15,660	16,262	17,572	17,895	16.
17.	Field Services	34,926	37,558	36,855	38,524	38,883	39,607	40,355	41,141	41,958	17.
18.	Distribution	30,259	29,841	34,058	33,243	33,707	34,132	34,775	35,270	35,976	18.
19.	Collection	3,766	3,360	3,261	3,287	3,276	3,342	3,409	3,477	3,546	19.
20.	Customer Service	11,102	12,318	11,872	12,971	13,054	13,315	13,581	13,852	14,128	20.
21.	Account Management	7,531	7,957	7,675	8,178	8,206	8,371	8,537	8,708	8,883	21.
22.	Bad Debt Expense	39,971	35,119	42,812	39,833	34,725	34,804	35,231	35,672	36,156	22.
23.	Marketing	6,789	7,192	7,045	7,491	7,558	7,659	7,813	7,970	8,129	23.
24.	Administrative & General	45,029	49,601	48,838	50,797	51,681	52,579	53,755	54,603	55,623	24.
25.	Energy Sense Program (DSM)	9,708	14,244	10,775	15,163	-	-	-	-	-	25.
26.	Health Insurance	42,787	50,090	45,026	51,569	55,866	60,468	65,519	70,597	75,604	26.
27.	Environmental	-	-	-	-	-	-	2,237	958	1,018	27.
28.	Capitalized Fringe Benefits	(10,958)	(12,625)	(10,801)	(12,139)	(14,095)	(14,819)	(13,638)	(14,162)	(14,931)	28.
29.	Capitalized Administrative Charges	(8,360)	(9,833)	(10,529)	(9,065)	(12,420)	(13,095)	(8,910)	(9,006)	(9,258)	29.
30.	Pensions	23,614	27,715	27,192	26,313	25,908	25,572	25,262	24,929	24,573	30.
31.	Taxes	7,220	7,464	7,737	7,699	7,764	7,919	8,078	8,240	8,404	31.
32.	Other Post Employment Benefits	16,492	16,030	12,759	10,241	7,037	4,618	1,801	-	-	32.
33.	BT Building Consolidation - Cost / (Savings)	-	-	-	-	-	500	(4,014)	(4,143)	(4,274)	33.
34.	Cost / Labor Savings	-	(2,425)	(988)	(1,687)	-	-	-	-	-	34.
35.	Sub-Total Other Operating & Maintenance	277,468	289,513	290,844	298,165	276,739	280,632	290,053	295,678	303,430	35.
36.	Depreciation	43,037	44,393	43,643	44,727	45,925	47,241	48,546	49,783	49,788	36.
37.	Cost of Removal	2,875	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	37.
38.	To Clearing Accounts	(4,870)	(4,348)	(5,772)	(5,662)	(5,875)	(4,996)	(6,227)	(6,390)	(6,545)	38.
39.	<b>Sub-Total Other Operating Expenses</b>	<b>318,510</b>	<b>331,558</b>	<b>330,715</b>	<b>339,230</b>	<b>318,789</b>	<b>324,877</b>	<b>334,372</b>	<b>341,071</b>	<b>348,673</b>	39.
40.	<b>TOTAL OPERATING EXPENSES</b>	<b>574,011</b>	<b>629,692</b>	<b>642,544</b>	<b>631,351</b>	<b>600,138</b>	<b>607,490</b>	<b>628,516</b>	<b>640,740</b>	<b>656,836</b>	40.
41.	<b>OPERATING INCOME</b>	<b>119,459</b>	<b>128,593</b>	<b>127,691</b>	<b>126,647</b>	<b>129,695</b>	<b>122,940</b>	<b>156,756</b>	<b>150,640</b>	<b>143,914</b>	41.
42.	<b>Interest Gain / (Loss) and Other Income</b>	<b>1,147</b>	<b>3,405</b>	<b>2,846</b>	<b>2,820</b>	<b>2,910</b>	<b>3,499</b>	<b>3,289</b>	<b>3,256</b>	<b>3,571</b>	42.
43.	<b>INCOME BEFORE INTEREST</b>	<b>120,606</b>	<b>131,998</b>	<b>130,537</b>	<b>129,467</b>	<b>132,605</b>	<b>126,439</b>	<b>160,045</b>	<b>153,896</b>	<b>147,485</b>	43.
44.	<b>INTEREST</b>										44.
45.	Long-Term Debt	49,655	48,546	48,397	46,413	43,685	53,800	51,114	48,565	50,954	45.
46.	Other	5,619	6,588	4,412	5,270	5,981	4,979	1,953	2,039	2,292	46.
47.	AFUDC	(430)	(946)	(635)	(555)	(726)	(742)	(530)	(534)	(548)	47.
48.	Loss From Extinguishment of Debt	5,121	4,739	4,518	4,076	3,592	3,182	2,767	2,455	2,142	48.
49.	<b>Total Interest</b>	<b>59,965</b>	<b>58,927</b>	<b>56,692</b>	<b>55,204</b>	<b>52,532</b>	<b>61,219</b>	<b>55,304</b>	<b>52,525</b>	<b>54,840</b>	49.
50.	<b>NET INCOME</b>	<b>60,641</b>	<b>73,071</b>	<b>73,845</b>	<b>74,263</b>	<b>80,073</b>	<b>65,220</b>	<b>104,741</b>	<b>101,371</b>	<b>92,645</b>	50.

**PHILADELPHIA GAS WORKS**  
**CASH FLOW STATEMENT**  
(Dollars in Thousands)

<u>LINE NO.</u>	<u>ACTUAL 2012-13</u>	<u>BUDGET 2013-14</u>	<u>ESTIMATE 2013-14</u>	<u>BUDGET 2014-15</u>	<u>FORECAST 2015-16</u>	<u>FORECAST 2016-17</u>	<u>FORECAST 2017-18</u>	<u>FORECAST 2018-19</u>	<u>FORECAST 2019-20</u>	<u>LINE NO.</u>
<b>SOURCES</b>										
1.	\$ 60,641	\$ 73,071	\$ 73,845	\$ 74,263	\$ 80,073	\$ 65,220	\$ 104,741	\$ 101,371	\$ 92,645	1.
2.	46,895	48,723	47,154	48,061	48,937	50,040	51,131	52,140	52,082	2.
3.	(360)	(616)	(387)	(532)	(546)	6,939	(776)	(669)	(908)	3.
4.	-	-	-	-	-	-	-	-	-	4.
5.	(5,053)	(2,807)	(3,819)	(8,166)	(11,011)	(15,499)	(16,944)	(21,253)	(24,202)	5.
6.	102,123	118,371	116,793	113,626	117,453	106,700	138,152	131,589	119,617	6.
7.	45,018	30,200	44,150	-	-	66,798	31,450	32,100	34,293	7.
8.	-	-	-	-	-	-	-	-	-	8.
9.	-	-	-	-	-	-	-	-	-	9.
10.	-	-	-	-	-	-	-	-	-	10.
11.	-	-	-	-	-	7,000	-	-	-	11.
12.	-	-	-	-	-	98,971	-	-	-	12.
13.	-	17,889	-	34,706	64,265	-	-	-	-	13.
14.	147,141	166,460	160,943	148,332	181,718	279,469	169,602	163,689	153,910	14.
<b>USES</b>										
15.	72,375	105,089	100,246	92,550	121,083	123,598	88,293	88,986	91,262	15.
16.										16.
17.	27,720	49,800	49,800	50,975	49,155	48,395	52,366	50,237	55,488	17.
18.	-	-	-	-	-	98,971	-	-	-	18.
19.	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	19.
20.	3,939	(4,695)	(3,982)	(16,917)	(1,716)	(8,482)	5,927	(1,151)	(2,723)	20.
21.	122,034	168,194	164,064	144,608	186,522	280,482	164,586	156,072	162,027	21.
22.	25,107	(1,734)	(3,121)	3,724	(4,804)	(1,013)	5,016	7,617	(8,117)	22.
23.	147,141	166,460	160,943	148,332	181,718	279,469	169,602	163,689	153,910	23.
24.	75,826	93,352	100,933	97,812	101,536	96,732	95,719	100,735	108,352	24.
25.	25,107	(1,734)	(3,121)	3,724	(4,804)	(1,013)	5,016	7,617	(8,117)	25.
26.	<b>\$ 100,933</b>	<b>\$ 91,618</b>	<b>\$ 97,812</b>	<b>\$ 101,536</b>	<b>\$ 96,732</b>	<b>\$ 95,719</b>	<b>\$ 100,735</b>	<b>\$ 108,352</b>	<b>\$ 100,236</b>	26.
27.	-	-	-	-	-	-	-	-	-	27.
28.	-	17,889	-	34,706	98,971	-	-	-	-	28.
28.	681	22,000	19,827	22,844	21,818	21,800	21,843	21,886	21,969	28.
29.	26,676	35,000	36,269	35,000	35,000	35,000	35,000	35,000	35,000	29.
30.	27,357	57,000	56,096	57,844	56,818	56,800	56,843	56,886	56,969	30.

**PHILADELPHIA GAS WORKS  
DEBT SERVICE COVERAGE  
(Dollars in Thousands)**

<u>LINE NO.</u>	<u>ACTUAL 2012-13</u>	<u>BUDGET 2013-14</u>	<u>ESTIMATE 2013-14</u>	<u>BUDGET 2014-15</u>	<u>FORECAST 2015-16</u>	<u>FORECAST 2016-17</u>	<u>FORECAST 2017-18</u>	<u>FORECAST 2018-19</u>	<u>FORECAST 2019-20</u>	<u>LINE NO.</u>
<b>FUNDS PROVIDED</b>										
1.	\$ 675,153	\$ 740,319	\$ 747,504	\$ 735,151	\$ 708,765	\$ 709,820	\$ 758,883	\$ 764,822	\$ 773,978	1.
2.	18,317	17,966	22,731	22,847	21,068	20,610	26,389	26,558	26,772	2.
3.	693,470	758,285	770,235	757,998	729,833	730,430	785,272	791,380	800,750	3.
4.	787	2,789	2,459	2,288	2,364	10,438	2,513	2,587	2,663	4.
5.	-	-	-	-	-	-	-	-	-	5.
6.	430	946	635	555	726	742	530	534	548	6.
7.	694,687	762,020	773,329	760,841	732,923	741,610	788,315	794,501	803,961	7.
<b>FUNDS APPLIED</b>										
8.	255,501	298,134	311,829	292,121	281,349	282,613	294,144	299,669	308,163	8.
9.	318,510	331,558	330,715	339,230	318,789	324,877	334,372	341,071	348,673	9.
10.	574,011	629,692	642,544	631,351	600,138	607,490	628,516	640,740	656,836	10.
11.	47,512	47,712	47,894	48,065	49,077	50,534	51,730	52,986	53,011	11.
12.	526,499	581,980	594,650	583,286	551,061	556,956	576,786	587,754	603,825	12.
13.	168,188	180,040	178,679	177,556	181,862	184,654	211,529	206,747	200,136	13.
14.	30,163	28,592	28,592	26,904	22,653	21,125	19,598	18,069	16,532	14.
15.	<b>5.58</b>	<b>6.30</b>	<b>6.25</b>	<b>6.60</b>	<b>8.03</b>	<b>8.74</b>	<b>10.79</b>	<b>11.44</b>	<b>12.11</b>	15.
16.	138,025	151,448	150,087	150,652	159,209	163,529	191,931	188,678	183,604	16.
17.	-	-	-	-	-	-	-	-	-	17.
18.	138,025	151,448	150,087	150,652	159,209	163,529	191,931	188,678	183,604	18.
19.	47,668	70,178	70,028	70,827	70,593	75,339	84,506	81,271	87,962	19.
	-	-	-	-	-	-	-	-	-	
	47,668	70,178	70,028	70,827	70,593	75,339	84,506	81,271	87,962	
20.	<b>2.90</b>	<b>2.16</b>	<b>2.14</b>	<b>2.13</b>	<b>2.26</b>	<b>2.17</b>	<b>2.27</b>	<b>2.32</b>	<b>2.09</b>	20.
21.	90,357	81,270	80,059	79,825	88,616	88,190	107,425	107,407	95,642	21.
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
	<b>162,078</b>	<b>174,989</b>	<b>171,043</b>	<b>171,087</b>	<b>175,381</b>	<b>171,426</b>	<b>204,894</b>	<b>199,823</b>	<b>193,276</b>	
	<b>78,898</b>	<b>100,990</b>	<b>99,375</b>	<b>99,079</b>	<b>95,142</b>	<b>97,219</b>	<b>104,859</b>	<b>100,095</b>	<b>105,249</b>	
	<b>2.05</b>	<b>1.73</b>	<b>1.72</b>	<b>1.73</b>	<b>1.84</b>	<b>1.76</b>	<b>1.95</b>	<b>2.00</b>	<b>1.84</b>	
	<b>1.67</b>	<b>1.47</b>	<b>1.46</b>	<b>1.46</b>	<b>1.55</b>	<b>1.49</b>	<b>1.67</b>	<b>1.69</b>	<b>1.57</b>	

**PHILADELPHIA GAS WORKS  
BALANCE SHEET  
(Dollars in Thousands)**

LINE NO.	ACTUAL 8/31/13	BUDGET 8/31/14	ESTIMATE 8/31/14	BUDGET 8/31/15	FORECAST 8/31/16	FORECAST 8/31/17	FORECAST 8/31/18	FORECAST 8/31/19	FORECAST 8/31/20	LINE NO.	
<b>ASSETS</b>											
1.	Utility Plant Net	1,154,987	1,226,288	1,211,590	1,259,413	1,334,571	1,410,928	1,450,675	1,489,878	1,531,352	1.
2.	Sinking Fund Reserve	105,280	106,198	105,570	106,099	106,631	108,842	109,387	109,936	117,218	2.
3.	Capital Improvement Fund Workers' Compensation Fund	44,055	807	-	-	-	64,066	32,832	823	58,527	3.
4.	& Health Insurance Escrow	5,820	6,642	5,821	5,824	5,838	5,853	5,867	5,896	5,927	4.
5.	Cash	100,933	91,618	97,812	101,536	96,732	95,719	100,735	108,352	100,236	5.
Accounts Receivable:											
6.	Gas	193,606	176,370	211,909	207,697	202,913	197,530	194,477	191,569	189,143	6.
7.	Other	2,422	1,450	2,150	1,950	1,350	1,350	1,250	1,250	1,150	7.
8.	Accrued Gas Revenues	7,298	7,846	7,551	7,828	8,121	7,814	7,838	7,884	7,922	8.
9.	Reserve for Uncollectible	(105,577)	(98,190)	(110,389)	(114,172)	(113,847)	(113,601)	(113,782)	(114,404)	(115,510)	9.
10.	Total Accounts Receivable:	97,749	87,476	111,221	103,303	98,537	93,093	89,783	86,299	82,705	10.
11.	Materials & Supplies	80,234	84,150	71,212	72,953	75,471	79,579	84,130	85,348	87,709	11.
12.	Other Current Assets	1,249	631	825	640	791	851	851	856	856	12.
13.	Deferred Debits	14,946	4,605	24,792	3,513	3,510	4,155	4,158	4,180	4,149	13.
14.	Unamortized Bond Issuance Expense	15,736	18,416	14,136	12,627	11,219	12,342	10,996	9,750	9,570	14.
15.	Unamortized Loss on Reacquired Debt	31,772	27,024	27,255	23,179	19,587	16,405	13,638	11,183	9,041	15.
16.	Deferred Environmental	24,723	24,027	28,433	28,433	28,433	28,433	26,195	25,238	24,219	16.
17.	Other Assets	33,529	50,370	33,770	32,551	30,714	29,066	30,619	32,140	33,660	17.
18.	<b>TOTAL ASSETS</b>	<u>1,711,013</u>	<u>1,728,252</u>	<u>1,732,437</u>	<u>1,750,071</u>	<u>1,812,034</u>	<u>1,949,332</u>	<u>1,959,866</u>	<u>1,969,879</u>	<u>2,065,169</u>	18.
<b>EQUITY &amp; LIABILITIES</b>											
19.	City Equity	358,586	397,992	414,431	470,694	532,767	579,987	666,728	750,099	824,744	19.
20.	Revenue Bonds	1,065,720	1,015,920	1,015,920	964,945	915,790	1,117,395	1,065,029	1,014,792	1,059,304	20.
21.	TECA Accretions	-	-	-	-	-	-	-	-	-	21.
22.	Unamortized Discount	(2,408)	(2,160)	(2,160)	(1,927)	(1,710)	(2,969)	(2,705)	(2,457)	(2,811)	22.
23.	Unamortized Premium	23,070	20,216	20,216	17,729	15,525	13,525	11,733	10,141	8,867	23.
24.	Long Term Debt	1,086,382	1,033,976	1,033,976	980,747	929,605	1,127,951	1,074,057	1,022,476	1,065,360	24.
25.	Notes Payable	-	17,889	-	34,706	98,971	-	-	-	-	25.
26.	City Loan	-	-	-	-	-	-	-	-	-	26.
27.	Accounts Payable	59,379	61,128	76,675	67,201	65,988	66,009	65,967	64,779	63,377	27.
28.	Customer Deposits	2,305	3,000	3,400	3,400	3,425	3,450	3,475	3,500	3,525	28.
29.	Other Current Liabilities	5,517	3,253	5,676	4,593	4,267	4,317	4,367	4,417	4,443	29.
30.	Deferred Credits	3,590	2,197	2,366	2,311	2,939	4,439	2,068	2,120	2,111	30.
31.	Accrued Interest	11,372	10,955	10,948	10,605	10,199	15,930	15,406	14,868	16,815	31.
32.	Accrued Taxes & Wages	3,451	4,589	4,402	4,633	5,542	6,066	4,244	4,754	5,627	32.
33.	Accrued Distribution to City	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	33.
34.	Other Liabilities	177,431	190,273	177,563	168,181	155,331	138,183	120,554	99,866	76,167	34.
35.	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>1,711,013</u>	<u>1,728,252</u>	<u>1,732,437</u>	<u>1,750,071</u>	<u>1,812,034</u>	<u>1,949,332</u>	<u>1,959,866</u>	<u>1,969,879</u>	<u>2,065,169</u>	35.

**SECRETARY'S CERTIFICATE**

I, RAQUEL N. GUZMAN, Assistant Secretary of PHILADELPHIA FACILITIES MANAGEMENT CORPORATION, do hereby certify that the following is a true and correct copy of action taken by the Board of Directors of said corporation by unanimous consent to the adoption of this resolution dated August 18, 2014, pursuant to provisions of Section 5727(b) of the Non-Profit Corporation Law of the Commonwealth of Pennsylvania.

**RESOLUTION**  
**APPROVING OPERATING BUDGET FIVE YEAR FORECAST  
FOR FISCAL YEARS 2016-2020**

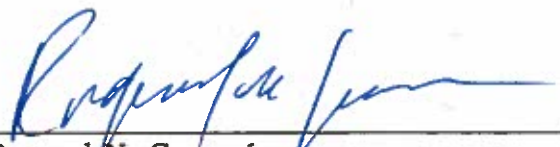
**WHEREAS**, PGW has prepared an Operating Budget Five Year Forecast for Fiscal Years 2016-2020; and

**WHEREAS**, the PFMC Finance Committee conducted a review of the Operating Budget Five Year Forecast for Fiscal Years 2016-2020 and finds it in satisfactory form and content;

**NOW, THEREFORE, BE IT RESOLVED**, that PFMC approves the Operating Budget Five Year Forecast for filing with the Philadelphia Gas Commission.

**IN WITNESS WHEREOF**, I have hereunto set my hand and have caused the corporate seal of said Corporation to be hereunto affixed this 19<sup>th</sup> day of August, 2014.

PHILADELPHIA FACILITIES  
MANAGEMENT CORPORATION

  
\_\_\_\_\_  
Raquel N. Guzmán  
Assistant Secretary