



**PHILADELPHIA GAS WORKS**

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November 30, 2017

The Honorable Derek S. Green  
Chairman  
PHILADELPHIA GAS COMMISSION  
One Parkway Building  
1515 Arch Street, 9th Floor  
Philadelphia, PA 19102

**Re: PGW's Fiscal Year 2018 Compliance Operating Budget**

Dear Chairman Green:

Enclosed is an original along with six (6) copies of the schedules that detail the revisions made to PGW's Fiscal Year 2018 Operating Budget. These adjustments reflect the Commission's Motion adopted at the November 14, 2017 meeting.

If you have any questions regarding the enclosed schedules, please feel free to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William J. Gallagher', is written over a printed name.

William J. Gallagher

WJG/mlo'b  
Enclosures

cc: Service List



**PHILADELPHIA GAS WORKS**

**FISCAL YEAR 2018 COMPLIANCE OPERATING BUDGET**

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

Line No.	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Adjustments	Revised Estimate 2016-17	Filed 5/27/17 Budget 2017-18	Adjustments	PA-OB-37 Budget 2017-18	Adjustments	Compliance Budget 2017-18
<b>OPERATING REVENUES</b>										
1.	21,873	28,732	26,425	(5,239)	21,186	26,230	-	26,230	(4,017)	22,213
2.	38,550	45,674	45,674	(3,619)	42,055	44,614	-	44,614	-	44,614
3.	472,275	530,631	524,234	(6,293)	517,941	534,832	-	534,832	-	534,832
4.	-	-	-	-	-	70,000	(30,000)	40,000	-	40,000
5.	41,479	5,905	5,905	23,711	29,616	-	-	-	-	-
6.	-	-	-	-	-	-	11,824	11,824	-	11,824
7.	(1,830)	(511)	1,673	128	1,891	315	-	315	-	315
8.	572,347	608,891	603,911	6,666	612,599	675,991	(18,176)	657,815	(4,017)	653,798
9.	7,962	8,914	8,142	(60)	8,122	8,265	-	8,265	-	8,265
10.	10,928	13,023	13,023	(2,283)	10,241	12,757	-	12,757	-	12,757
11.	18,890	21,937	21,205	(2,842)	18,363	21,022	-	21,022	(1,491)	19,531
12.	591,237	630,828	625,116	5,646	630,962	697,013	(18,176)	678,837	(5,508)	673,329
<b>OPERATING EXPENSES</b>										
13.	146,515	176,731	176,731	10,323	187,054	184,960	4,074	189,034	(2,833)	187,001
14.	9	10	10	-	10	10	-	10	-	10
15.	146,524	176,741	176,741	10,323	187,064	184,970	4,074	189,044	(2,833)	187,011
16.	444,713	454,097	448,375	(4,477)	443,898	512,043	(23,050)	488,993	(2,675)	486,318
17.	17,948	17,666	17,666	(621)	17,045	17,521	-	17,521	150	17,671
18.	36,276	39,369	39,369	(876)	38,491	40,340	-	40,340	28	40,368
19.	37,173	41,690	41,690	(1,291)	40,399	42,562	-	42,562	1,152	43,714
20.	3,341	4,354	4,354	(664)	3,690	4,420	-	4,420	(400)	4,020
21.	12,432	13,503	13,503	(2)	13,480	13,807	-	13,807	(105)	13,702
22.	7,571	8,399	8,399	(397)	8,002	8,487	-	8,487	(78)	8,409
23.	27,133	28,314	30,654	(474)	30,180	30,073	(1,336)	28,737	311	29,048
24.	3,671	4,355	4,355	(504)	3,851	4,439	-	4,439	-	4,439
25.	67,139	69,025	69,025	(4,844)	64,181	66,334	-	66,334	4,383	70,717
26.	53,370	58,305	58,305	(3,800)	54,505	58,811	-	58,811	(3,753)	55,058
27.	(10,077)	(11,537)	(11,537)	(552)	(12,089)	(11,620)	-	(11,620)	-	(11,620)
28.	(10,778)	(15,791)	(15,791)	2,246	(13,545)	(12,945)	-	(12,945)	-	(12,945)
29.	62,336	50,724	65,022	(133)	64,689	51,800	-	51,800	-	51,800
30.	7,521	8,232	8,232	(133)	8,099	8,437	-	8,437	-	8,437
31.	9,929	7,208	6,632	2,073	6,632	31,028	-	31,028	483	31,511
32.	-	(2,073)	(2,073)	-	-	-	-	-	1,065	1,065
33.	324,945	322,743	337,805	(9,852)	327,943	325,494	(1,336)	324,158	3,236	327,394
34.	47,894	48,842	48,842	2,726	51,568	50,596	-	50,596	-	50,596
35.	3,785	4,100	4,100	-	4,100	4,100	-	4,100	-	4,100
36.	-	(6,231)	(6,771)	-	(6,771)	(7,516)	-	(7,516)	-	(7,516)
37.	45,448	46,171	46,171	2,726	48,897	47,160	-	47,160	-	47,160
38.	370,433	368,914	383,976	(7,136)	376,840	372,674	(1,336)	371,338	3,236	374,574
<b>TOTAL OPERATING EXPENSE:</b>										
39.	516,957	545,655	560,717	3,187	563,904	557,644	3,538	561,182	403	561,585
40.	74,280	85,173	64,399	2,659	67,058	139,369	(21,714)	117,655	(5,911)	111,744
41.	1,393	2,898	2,898	(1,172)	1,726	3,031	-	3,031	-	3,031
42.	75,673	88,071	67,297	1,487	68,784	142,400	(21,714)	120,686	(5,911)	114,775
<b>INTEREST</b>										
43.	40,295	42,562	44,834	(6,593)	38,241	49,160	-	49,160	-	49,160
44.	3,966	690	(4,059)	(665)	(4,724)	(6,893)	-	(6,893)	-	(6,893)
45.	(1,120)	(1,136)	(1,136)	(22)	(1,358)	(920)	-	(920)	-	(920)
46.	4,478	3,776	6,081	(481)	5,600	5,666	-	5,666	-	5,666
47.	47,619	45,912	45,720	(7,481)	38,239	47,013	-	47,013	-	47,013
48.	28,054	42,159	21,577	8,968	30,545	35,387	(21,714)	13,673	(5,911)	7,762
49.	18,000	18,000	18,000	-	18,000	18,000	-	18,000	-	18,000
50.	10,054	24,159	3,577	8,968	12,545	77,387	(21,714)	55,673	(5,911)	49,762

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

Line No.	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Adjustments	Revised Estimate 2016-17	Budget 2017-18	Adjustments	PA-OB-37 Budget 2017-18	Adjustments	Compliance Budget 2017-18
<b>OPERATING REVENUES</b>										
1.	21,873	26,732	26,425	(5,239)	21,186	26,230	-	26,230	(4,017) a)	22,213
2.	38,550	45,674	45,674	(3,619)	42,055	44,614	-	44,614	-	44,614
3.	472,275	530,631	524,234	(6,293)	517,941	534,832	-	534,832	-	534,832
4.	-	-	-	-	-	70,000	(30,000)	40,000	-	40,000
5.	41,479	5,905	5,905	23,711	29,616	-	-	-	-	-
6.	-	-	-	-	-	-	-	11,824	-	11,824
7.	(1,830)	(51)	1,673	128	1,801	315	-	315	-	315
8.	572,347	608,891	603,911	8,688	612,599	675,991	(18,176)	657,815	(4,017)	653,798
9.	7,962	8,914	8,182	(60)	8,122	8,265	-	8,265	-	8,265
10.	10,928	13,023	13,023	(2,782)	10,241	12,757	-	12,757	(1,491) b)	11,266
11.	18,890	21,937	21,205	(2,842)	18,363	21,022	-	21,022	(1,491)	19,531
12.	591,237	630,828	625,116	5,846	630,962	697,013	(18,176)	678,837	(5,508)	673,329
<b>OPERATING EXPENSES</b>										
13.	146,515	176,731	176,731	10,323	187,054	184,960	4,874	189,834	(2,833) c)	187,001
14.	9	10	10	-	10	10	-	10	-	10
15.	146,524	176,741	176,741	10,323	187,064	184,970	4,874	189,844	(2,833)	187,011
16.	444,713	454,087	448,375	(4,477)	443,898	512,043	(23,050)	488,993	(2,675)	486,318
17.	221,725	220,910	235,204	(3,882)	231,322	197,551	-	197,551	(2,317) d)	195,234
18.	27,133	29,314	30,654	(474)	30,180	30,073	(1,336)	28,737	311 e)	29,048
19.	121,575	118,690	118,118	(2,780)	115,338	145,050	-	145,050	5,242 f)	150,292
20.	370,433	368,914	383,976	(7,136)	376,840	372,674	(1,336)	371,338	3,236	374,574
21.	516,957	545,655	560,717	3,187	563,904	557,644	3,538	561,182	403	561,585
22.	74,280	85,173	64,399	2,659	67,058	139,369	(21,714)	117,655	(5,911)	111,744
23.	1,393	2,898	2,898	(1,172)	1,726	3,031	-	3,031	-	3,031
24.	75,673	88,071	67,297	1,487	68,784	142,400	(21,714)	120,686	(5,911)	114,775
<b>INTEREST</b>										
25.	40,295	42,582	44,834	(6,593)	38,241	49,160	-	49,160	-	49,160
26.	3,966	690	(4,059)	(665)	(4,724)	(6,893)	-	(6,893)	-	(6,893)
27.	(1,120)	(1,136)	(1,136)	(223)	(1,359)	(920)	-	(920)	-	(920)
28.	4,478	3,776	6,081	-	6,081	5,666	-	5,666	-	5,666
29.	47,619	45,912	45,720	(7,481)	38,239	47,013	-	47,013	-	47,013
30.	28,054	42,159	21,577	8,968	30,545	95,387	(21,714)	73,673	(5,911)	67,762
31.	18,000	18,000	18,000	-	18,000	18,000	-	18,000	-	18,000
32.	10,054	24,159	3,577	8,968	12,545	77,387	(21,714)	55,673	(5,911)	49,762

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

Line No.	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Adjustments	Revised Estimate 2016-17	Budget 2017-18	Adjustments	PA-OB-37 Budget 2017-18	Adjustments	Compliance Budget 2017-18
<b>SOURCES</b>										
1.	28,054	42,159	21,577	8,968	30,545	95,387	(21,714)	73,673	(5,911) g)	67,762
2.	50,371	47,493	45,049	2,706	47,755	47,000		47,000	20 h)	47,020
3.	23	(1,704)	(1,663)	753	(910)	(1,324)		(1,324)	(501) i)	(1,825)
4.	-	2,700	2,700	-	2,700	-		-		-
5.	28,209	13,759	29,078	825	29,903	(5,274)		(5,274)	(826) j)	(6,100)
6.	106,657	104,407	96,741	13,252	109,993	135,789	(21,714)	114,075	(7,218)	106,857
7.	-	65,000	65,000	(40,000)	25,000	52,000		52,000		52,000
8.	6,673	-	-	-	-	-		-		-
9.	-	71,000	71,000	30,000	101,000	-		-		-
10.	-	-	-	30,000	30,000	-		-		-
11.	41,000	-	-	30,000	30,000	-		-		-
12.	<u>\$ 154,330</u>	<u>\$ 240,407</u>	<u>\$ 232,741</u>	<u>\$ 33,252</u>	<u>\$ 285,993</u>	<u>\$ 187,789</u>	<u>\$ (21,714)</u>	<u>\$ 166,075</u>	<u>\$ (7,218)</u>	<u>\$ 158,857</u>
<b>USES</b>										
13.	100,333	133,415	132,632	(22,108)	110,524	109,010		109,010		109,010
14.	-	-	-	15,000	15,000	-		-		-
15.	53,825	44,740	34,790	-	34,790	51,834		51,834	(15,000) k)	36,834
16.	-	-	-	-	-	-		-		-
19.	-	71,000	71,000	30,000	101,000	-		-		-
20.	18,000	18,000	18,000	-	18,000	18,000		18,000		18,000
21.	4,756	(31,987)	(37,738)	13,561	(24,177)	188	550	738	(7,988) l)	(7,250)
22.	176,914	235,168	218,684	36,453	255,137	179,032	550	179,582	(22,988)	156,594
23.	(22,584)	5,239	14,057	(3,201)	10,856	8,757	(22,264)	(13,507)	15,770 m)	2,263
24.	<u>\$ 154,330</u>	<u>\$ 240,407</u>	<u>\$ 232,741</u>	<u>\$ 33,252</u>	<u>\$ 285,993</u>	<u>\$ 187,789</u>	<u>\$ (21,714)</u>	<u>\$ 166,075</u>	<u>\$ (7,218)</u>	<u>\$ 158,857</u>
25.	114,327	110,901	91,743	-	91,743	105,800		105,800	(3,201) n)	102,599
26.	(22,584)	5,239	14,057	(3,201)	10,856	8,757	(22,264)	(13,507)	15,770	2,263
27.	<u>\$ 91,743</u>	<u>\$ 116,140</u>	<u>\$ 105,800</u>	<u>\$ (3,201)</u>	<u>\$ 102,599</u>	<u>\$ 114,557</u>	<u>\$ (22,264)</u>	<u>\$ 92,293</u>	<u>\$ 12,569</u>	<u>\$ 104,862</u>
28.	-	-	-	-	-	-		-		-
29.	71,000	-	-	-	-	-		-		-
30.	26,253	32,541	32,541	(7,541)	25,000	30,579		30,579		30,579
31.	33,080	35,874	35,091	(4,567)	30,524	26,431		26,431		26,431
32.	59,333	68,415	67,632	(12,108)	55,524	57,010		57,010		57,010

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

Line No.	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Adjustments	Revised Estimate 2016-17	Filed 5/27/17 Budget 2017-18	Adjustments	PA-OB-37 Budget 2017-18	Adjustments	Compliance Budget 2017-18
<b>FUNDS PROVIDED</b>										
1.	572,347	608,891	603,911	8,688	612,599	675,991	(18,176)	657,815	(4,017) o)	653,798
2.	18,890	21,937	21,205	(2,842)	18,363	21,022	-	21,022	(1,491) p)	19,531
3.	591,237	630,828	625,116	5,846	630,962	697,013	(18,176)	678,837	(5,508)	673,329
4.	1,416	1,194	1,235	(419)	816	1,707	-	1,707	(501) q)	1,206
5.	1,120	1,136	1,136	223	1,359	920	-	920	-	920
6.	593,773	633,158	627,487	5,650	633,137	699,640	(18,176)	681,464	(6,009)	675,455
<b>FUNDS APPLIED</b>										
7.	146,524	176,741	176,741	10,323	187,064	184,970	4,874	189,844	(2,833) r)	187,011
8.	370,433	368,914	383,976	(7,136)	376,840	372,674	(1,336)	371,338	3,236 s)	374,574
9.	516,957	545,655	560,717	3,187	563,904	557,644	3,538	561,182	403	561,585
10.	89,059	80,727	92,630	5,429	98,059	78,214	-	78,214	-	78,214
11.	427,898	464,928	468,087	(2,242)	465,845	479,430	3,538	482,968	403	483,371
12.	165,875	168,230	159,400	7,892	167,292	220,210	(21,714)	198,496	(6,412)	192,084
13.	-	-	-	-	-	-	-	-	-	-
14.	-	-	-	-	-	-	-	-	-	-
15.	165,875	168,230	159,400	7,892	167,292	220,210	(21,714)	198,496	(6,412)	192,084
16.	-	-	-	-	-	-	-	-	-	-
17.	165,875	168,230	159,400	7,892	167,292	220,210	(21,714)	198,496	(6,412)	192,084
18.	77,867	82,380	66,868	(400)	66,468	101,720	-	101,720	(15,000) i)	86,720
19.	-	-	-	579	579	-	-	-	-	-
20.	77,867	82,380	66,868	179	67,047	101,720	(0,21)	101,720	(15,000)	86,720
21.	2.13	2.04	2.38	0.11	2.50	2.16	(0.21)	1.95	0.26	2.21
22.	\$88,008	\$85,850	\$92,532	\$7,713	\$100,245	\$118,490	(\$21,714)	\$96,776	\$8,588	\$105,364
23.	77,867	82,380	66,868	179	67,047	101,720	-	101,720	(15,000)	86,720
24.	2.13	2.04	2.38	0.11	2.50	2.16	(0.21)	1.95	0.26	2.21
25.	1.90	1.82	2.11	0.11	2.23	1.99	(0.21)	1.77	0.23	2.01

PHILADELPHIA GAS WORKS  
BALANCE SHEET  
(Dollars in Thousands)

Line No.	Actual 2015-16	Budget 2016-17	Estimate 2016-17	Adjustment	Revised Estimate 2016-17	Filed 5/27/17 Budget 2017-18	Adjustment	PA-OB-37 Budget 2017-18	Adjustment	Compliance Budget 2017-18
<b>ASSETS</b>										
1.	1,284,810	1,368,695	1,368,600	(24,834)	1,343,766	1,427,014		1,427,014	(24,834)	1,402,180
2.	86,652	109,333	105,196	(45)	105,151	106,253		106,253	(45)	106,208
3.	-	113,603	113,603	9,287	122,890	61,864		61,864	9,767	71,651
4.	-	-	-	-	-	-		-	-	-
5.	2,603	2,607	2,610	5	2,615	2,616		2,616	7	2,623
6.	91,743	116,140	105,800	(3,201)	102,599	114,557	(22,264)	92,293	12,569	104,862
<b>Accounts Receivable:</b>										
7.	142,435	148,034	136,100	1,105	137,205	132,838	91	132,929	1,130	134,059
8.	2,046	1,500	1,500	0	1,500	1,525		1,525		1,525
9.	3,368	5,041	5,041	128	5,169	5,356		5,356	128	5,484
10.	(74,285)	(90,022)	(71,890)	(1,121)	(73,011)	(70,389)	459	(69,930)	(1,671)	(71,601)
11.	73,563	64,553	70,751	112	70,863	69,330	550	69,880	(415)	69,467
12.	47,891	47,005	47,005	9,324	56,329	49,220		49,220		49,220
13.	1,642	455	455	0	455	459		459		459
14.	29,376	4,782	4,782	(110)	4,672	4,987		4,987	(207)	4,780
15.	512	582	393	0	393	341		341		341
16.	53,946	21,571	47,865	0	47,865	42,199		42,199		42,199
17.	28,425	28,767	28,767	1,459	30,226	28,767		28,767		28,767
18.	86,043	17,908	41,908	0	41,908	13,952		13,952		13,952
19.	24,357	39,720	39,720	(17,394)	22,326	40,604		40,604		40,604
20.	<b>\$1,813,563</b>	<b>\$1,935,721</b>	<b>\$1,977,455</b>	<b>(\$25,397)</b>	<b>\$1,952,058</b>	<b>\$1,962,163</b>	<b>(\$21,714)</b>	<b>\$1,940,449</b>	<b>(\$3,136)</b>	<b>\$1,937,313</b>
<b>EQUITY &amp; LIABILITIES</b>										
21.	\$286,038	\$323,461	\$30,427	\$8,968	\$39,395	\$107,814		\$86,100	\$3,057	\$89,157
22.	837,830	1,082,875	1,073,041	(15,000)	1,058,041	1,021,208		1,021,208		1,021,208
23.	(110)	(1,613)	(875)	(20)	(895)	(825)		(825)		(825)
24.	86,703	49,013	78,667	0	78,667	69,303		69,303		69,303
25.	71,000	-	-	-	-	-		-		-
<b>Accounts Payable:</b>										
26.	9,515	11,436	11,436	(3,780)	7,656	12,784		12,784		12,784
27.	46,355	44,648	44,648	4,000	48,648	44,437		44,437		44,437
28.	3,308	3,000	3,000	0	3,000	2,870		2,870		2,870
29.	7,792	4,930	4,930	1,271	6,201	4,932		4,932		4,932
30.	296,093	237,239	291,253	0	291,253	285,870		285,870		285,870
31.	5,999	2,091	2,091	213	2,304	4,497		4,497		4,497
32.	0	3,876	0	0	0	0		0		0
<b>Accrued Credits:</b>										
33.	2,808	10,692	15,564	(6,193)	9,371	14,839		14,839	(6,193)	8,646
34.	3,609	5,975	5,975	254	6,229	4,100		4,100		4,100
35.	3,000	3,000	3,000	0	3,000	3,000		3,000		3,000
36.	149,623	155,098	414,298	(15,110)	399,188	387,334		387,334		387,334
37.	<b>\$1,813,563</b>	<b>\$1,935,721</b>	<b>\$1,977,455</b>	<b>(\$25,397)</b>	<b>\$1,952,058</b>	<b>\$1,962,163</b>	<b>(\$21,714)</b>	<b>\$1,940,449</b>	<b>(\$3,136)</b>	<b>\$1,937,313</b>
38.	76.3%	77.7%	97.4%	96.6%	96.6%	91.0%		92.7%		92.4%
<b>Debt to Equity</b>										

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**Statement of Income**

- a) The \$4,017,000 overall decrease in Non-Heating Revenues is due to a downward adjustment to Interruptible LNG Sales – Expander Liquefier revenues due to revised sales forecast.
- b) The \$1,491,000 overall decrease in Other Operating Revenues reflects a \$3,437,000 downward adjustment to LNG Loading and Service Fee revenues due to revised sales forecast and \$1,946,000 increase to projected Finance Charge revenues, based on the most recent three year average of 1.5% of Gas Revenues applied to adjusted Bill Gas Revenues.
- c) The \$2,833,000 overall decrease in Natural Gas Expenses was because it was originally based on a projected 1 Bcf in sales. A revised estimate of only 66 MMcf in LNG sales was provided.
- d) The \$2,317,000 overall decrease in Labor and Fringe Benefits Expenses primarily reflects the impact of the actual experience that was provided by PGW’s consultant and other related healthcare benefit expenses. The breakdown of the savings is as follows:
- \$176,000 increase reflects inadvertently omitted labor expenses associated with one additional FTE in Internal Auditing;
  - \$902,000 increase in retirement benefit allocation expenses;
  - \$163,000 increase in vacation cash-out program expenses;
  - \$3,753,000 decrease reflects the most recent actual experience and information provided by PGW’s consultant for Active Employee Health Insurance;
  - \$148,000 decrease in labor from the Officer Salaries was allocated to the Corporate Planning Department;
  - \$78,000 decrease in labor from the Account Management Department was allocated to the Corporate Planning Department;
  - \$77,000 decrease in labor from the VP Budget & Strategic Planning Department was allocated to the Corporate Planning Department;
  - \$27,000 decrease in Incentive Compensation Bonus, reflects CAO position that will remain unfilled in FY 2018;
  - \$525,000 increase in labor was allocated to the Corporate Planning Department;
- e) The \$311,000 overall increase in Bad Debt Expenses reflects a budgeted collection rate of 96% after incorporating recommended adjustments to Operating Revenues.



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- f) The \$5,242,000 overall increase in Other Expenses and Depreciation costs reflects the following expenditure adjustments:
- \$311,000 increase in the Bad Debt Expenses was previously discussed in e);
  - \$2,317,000 decrease in Labor and Fringe Benefits was previously discussed in d);
  - \$4,017,000 decrease in Non-Heating Revenues was previously discussed in a);
  - \$1,491,000 decrease in Other Operating Revenues was previously discussed in b);
  - \$2,833,000 decrease in Natural Gas Expenses was previously discussed in c);
  - \$150,000 increase in the Gas Processing Department was for LNG Tank Painting;
  - \$28,000 overall increase in the Field Services Department is as follows:
    - \$239,000 increase for Shared Services;
    - \$169,000 decrease was allocated to the Corporate Planning Department;
    - \$8,000 increase for Training Courses and Supplies;
    - \$50,000 decrease for Cold Weather Survey;
  - \$1,152,000 overall increase in the Distribution Department is as follows:
    - \$100,000 decrease for Box Adjustments;
    - \$65,000 increase for Bridge Main Inspections & Repairs;
    - \$406,000 increase for Bridge Mains Inspections & Repairs;
    - \$22,000 increase for Contractor Services;
    - \$24,000 increase for Coring Quality Control Services;
    - \$170,000 decrease was allocated to the Corporate Planning Department;
    - \$690,000 decrease for ECDA;
    - \$10,000 increase for Emergency Response Services;
    - \$29,000 increase for Safety & Training Courses;
    - \$300,000 increase for Scattered Site Paving;
    - \$7,000 increase for Seminars;
    - \$137,000 increase for Shared Services;
    - \$500,000 increase for TP-1 Line Testing;
    - \$240,000 decrease for TP-1 Line Testing (*FY2017 Revised Estimate*);
    - \$29,000 increase for Training - Equipment, Safety, Maps;
    - \$823,000 increase for Transmission & Distribution Integrity;
  - \$400,000 overall decrease for the Collections Department was for Collection Agency Advising.
  - \$105,000 overall decrease for the Customer Services Department is as follows:
    - \$132,000 decrease was allocated to the Corporate Planning Department;
    - \$27,000 increase for Shared Services;

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- \$78,000 overall decrease for the Account Management Department was allocated to the Corporate Planning Department.
- \$267,000 overall increase for the Corporate Communications Department is as follows:
  - \$33,000 decrease for Typographical Error;
  - \$180,000 increase for LNG Expansion;
  - \$45,000 increase for Public Affairs Support Services;
  - \$25,000 increase for Translation Services;
  - \$25,000 increase for CIMR Website;
  - \$25,000 increase for SMS Communications;
- \$2,427,000 overall increase for the Customer Programs Department is as follows:
  - \$2,000 increase for Training;
  - \$25,000 increase for Choice;
  - \$2,400,000 increase for DSM;
- \$6,000 overall increase for the Operation System Support Department is for training.
- \$118,000 overall increase for the Security Department is for Security Guard Services.
- \$403,000 overall increase in Administrative Consulting Department is as follows:
  - \$225,000 increase for LNG Expansion;
  - \$250,000 increase for Building Consolidation;
  - \$72,000 decrease for Special Project Consulting;
- \$220,000 overall increase in VP Regulatory Compliance and Customer Programs Department is as follows:
  - \$82,000 decrease was allocated to the Corporate Planning Department;
  - \$50,000 increase for Conservation Workshop;
  - \$50,000 increase for Soft Skills;
  - \$200,000 increase for Impact Evaluation;
  - \$10,000 increase for Trailer Wraps;
  - \$2,000 increase for Customer Service Week;
  - \$10,000 increase for Misc. VPO;
  - \$20,000 decrease for New Customer Welcome Package;
- \$122,000 overall increase in Organizational Development is as follows:
  - \$75,000 increase for Corporate Video;
  - \$2,000 increase for Affirmative Action;
  - \$5,000 increase for ACE Center;
  - \$5,000 increase for Job Fairs;
  - \$30,000 increase for Selection Testing Validation;
  - \$10,000 decrease for Leadership Development Program;
  - \$20,000 increase for OD Staffing/Talent Management;
  - \$40,000 decrease for Temporary Staffing;
  - \$35,000 increase for Employee Certifications;
- 10,000 overall decrease in Internal Auditing is as follows:

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- \$176,000 increase for Omitted Labor Expenses;
- \$140,000 decrease for Contractor Services;
- \$50,000 decrease for Temporary Agencies;
- \$4,000 increase for Expense of Employees;
- \$401,000 overall decrease for the PFMC Department is for Consultant Services.
- \$175,000 overall decrease in Officer Salaries is as follows:
  - \$148,000 decrease was allocated to the Corporate Planning Department;
  - \$27,000 decrease for CAO – Bonus;
- \$800,000 overall increase in Special Legal is as follows:
  - \$500,000 increase for LNG Expansion;
  - \$300,000 increase for Building Consolidation;
- \$207,000 overall decrease for the PUC Department is for Rate Case Amortization.
- \$77,000 overall decrease for the VP Budget & Strategic Planning Department was allocated to the Corporate Planning Department.
- \$890,000 overall increase in the Corporate Planning Department is as follows:
  - \$525,000 increase for Labor;
  - \$18,000 increase for Expense of Employees;
  - \$4,000 increase for General Material;
  - \$2,000 increase for *Dues & Subscriptions*;
  - \$10,000 increase for Purchased Services;
  - \$176,000 increase for Facilities Management;
  - \$155,000 increase for Information Services;
- \$3,753,000 overall decrease to Health Insurance Expenses is for Active Employee Health Insurance.
- \$483,000 overall increase to OPEB is for OPEB Expense - Change Retiree Insurance.
- \$1,065,000 overall increase to Labor Savings is as follows:
  - \$163,000 increase for Vacation Payout;
  - \$902,000 increase for Retirement Allocation;

**Cash Flow Statement**

- g) Net income decreases by \$5,911,000 which is described in detail in the previously mentioned adjustments.
- h) Depreciation & Amortization increases by \$20,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- i) Earnings on Restricted Funds decreases by \$501,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- j) Other Assets/Liabilities decreases by \$826,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.

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- k) Revenue Bonds decreases by \$15,000,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- l) Non-Cash Working Capital decreases by \$7,988,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- m) Cash Surplus (Shortfall) increases by \$15,770,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- n) Cash - Beginning of Period decreases by \$3,201,000, this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.

**Debt Service Coverage**

- o) Total Gas Revenues decreases by \$4,017,000; please reference a) for the explanation.
- p) Other Operating Revenues decreases by \$1,491,000; please reference b) for the explanation.
- q) Other Income Inc. / (Dec.) Restricted Funds decreases by \$501,000; please reference i) for the explanation.
- r) Fuel Costs decreases by \$2,833,000; please reference c) for the explanation.
- s) Other Operating Costs increases by \$3,236,000; please reference d),e) and f) for the explanation.
- t) 1998 Ordinance Bonds Debt Service decreases by \$15,000,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.

**Balance Sheet**

- u) Utility Plant Net decreases by \$24,834,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- v) Sinking Fund Reserve decreases by \$45,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- w) Capital Improvement Fund increases by \$9,787,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- x) Restricted Investment Worker Comp Fund & Health Insurance Escrow increases by \$7,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- y) Cash increases by \$12,569,000; please refer to the previously mentioned adjustments on the Cash Flow Statement
- z) Gas Receivables increases by \$1,130,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- aa) Accrued Gas Revenues increases by \$128,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.

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- bb) Reserve for Uncollectible decreases by \$1,671,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- cc) Deferred Debits decreases by \$207,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- dd) City Equity increases by \$3,057,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.
- ee) Interest decreases by \$6,193,000; this is due to the revised 2017 estimated balance being adjusted, which changed the 2018 rollover balance.