

In The Matter Of:
PHILADELPHIA GAS WORKS'
FISCAL YEAR 2026-2027
OPERATING BUDGET FILING

Filed: May 15, 2026



PHILADELPHIA GAS WORKS
800 West Montgomery Avenue
Philadelphia, PA 19122

TABLE OF CONTENTS

| | | Page |
|-------|---|-------------|
| A-1 | Statement of Income | 1 |
| A-1-1 | Statement of Income (Conventional Format) | 2 |
| A-2 | Cash Flow Statement | 3 |
| A-3 | Debt Service Coverage | 4 |
| A-4 | Balance Sheet | 5 |
| B | Operating Revenues | 6 |
| B-1 | Reconciliation of Billed Revenues | 7 |
| B-1-1 | Gas Revenues | 8 |
| B-2 | Gas Sales | 9 |
| C-1-1 | Natural Gas Expense 2024-25 Actual | 10 |
| C-1-2 | Natural Gas Expense 2025-26 Estimate | 11 |
| C-1-3 | Natural Gas Expense 2026-27 Budget | 12 |
| C-3 | Expense Labor & Fringe Benefits | 13 |
| C-3-1 | Detail of Direct Labor Expenses | 14 |
| C-4 | Detail of Other Expenses | 15 |
| D-1 | Other Income | 16 |
| E-1 | Revenue Bond Debt Service (Interest) | 17 |
| E-2 | Other Interest Expense | 18 |
| F | Capital Funding & Expenditures | 19 |
| G-1 | Revenue Bond Debt Service (Principal) | 20 |
| H-1 | Working Capital Detail | 21 |
| H-2 | Working Capital Changes | 22 |
| H-3 | Materials & Supplies Balance @ 8/31 | 23 |

TABLE OF CONTENTS, continued**Page**

| | | |
|--------|---|----|
| SD-1 | Detail of Non-Cash Expenses | 24 |
| SD-2 | Insurance Expense | 25 |
| SD-3 | Personnel & Payroll Detail | 26 |
| SD-4 | Remaining Normalized Expenses | 27 |
| SD-4-A | Environmental Expenses | 28 |
| SD-5 | Accounts Receivable & Bad Debt Expense | 29 |
| SD-6 | Collectability Study | 30 |
| SD-7 | Natural Gas Price - Volume Analysis | 31 |
| SD-8 | Detail of Other Operating Revenues | 32 |
| SD-9 | Statement of Cashflow FY 2026 | 33 |
| SD-10 | Statement of Cashflow FY 2027 | 34 |
| | Prepared Direct Testimony of Joseph F. Golden, Jr., William J. Gallagher and Stephen R. Schummer on Behalf of Philadelphia Gas Works | 35 |
| | PFMC Board Resolution for authorization to submit the Philadelphia Gas Works' Fiscal Year 2027 Operating Budget to the Philadelphia Gas Commission for review and approval | 47 |
| | Director of Finance's letter approving the Philadelphia Gas Works' Fiscal Year 2027 Operating Budget in satisfactory form and content for submission to the Philadelphia Gas Commission for review and approval | 49 |

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

| Line No. | Actual 2024-25 | Budget 2025-26 | Estimate 2025-26 | Budget 2026-27 | |
|----------------------------------|---|---------------------------|-----------------------------|---------------------------|-------------------|
| <u>OPERATING REVENUES</u> | | | | | |
| 1. | Non-Heating | 22,823 | 22,348 | 24,718 | 22,670 |
| 2. | Gas Transportation Service | 87,098 | 88,382 | 108,969 | 107,067 |
| 3. | Heating | 592,683 | 554,063 | 714,545 | 635,386 |
| 4. | Revenue Enhancement / Cost Reduction | - | 105,000 | - | - |
| 5. | Weather Normalization Adjustment | 11,860 | - | (13,580) | (1,652) |
| 6. | Unbilled Gas Adjustment | 3,273 | 622 | (5,928) | 61 |
| 7. | Total Gas Revenues | 717,737 | 770,415 | 828,724 | 763,532 |
| 8. | Appropriation for Uncollectible Reserve | (37,561) | (38,626) | (55,368) | (47,894) |
| 9. | Appliance Repair & Other Service Revenues | 6,653 | 6,498 | 6,127 | 6,770 |
| 10. | Other Operating Revenues | 43,164 | 31,336 | 54,826 | 36,641 |
| 11. | Total Other Revenues | 12,256 | (792) | 5,585 | (4,483) |
| 12. | Total Operating Revenues | 729,993 | 769,623 | 834,309 | 759,049 |
| <u>OPERATING EXPENSES</u> | | | | | |
| 13. | Natural Gas | 214,415 | 173,132 | 237,663 | 205,647 |
| 14. | Other Raw Material | 31 | 31 | 31 | 31 |
| 15. | Sub-Total Fuel | 214,446 | 173,163 | 237,694 | 205,678 |
| 16. | Contribution Margins | 515,547 | 596,460 | 596,615 | 553,371 |
| 17. | Labor & Fringe Benefits | 178,829 | 228,980 | 214,659 | 203,166 |
| 18. | Other Expenses & Depreciation | 158,721 | 177,264 | 174,349 | 189,997 |
| 19. | Sub-Total Other O&M & Depreciation | 337,550 | 406,243 | 389,008 | 393,162 |
| 20. | Total Operating Expenses | 551,996 | 579,406 | 626,702 | 598,840 |
| 21. | Operating Income | 177,997 | 190,217 | 207,607 | 160,209 |
| 22. | Interest Gain / (Loss) and Other Income | 29,228 | 22,001 | 19,607 | 15,670 |
| 23. | Income Before Interest | 207,225 | 212,218 | 227,214 | 175,878 |
| <u>INTEREST</u> | | | | | |
| 24. | Long Term Debt | 54,910 | 54,108 | 54,108 | 51,478 |
| 25. | Other Interest | (7,262) | (9,634) | (9,186) | (8,794) |
| 26. | Loss from Extinguishment of Debt | 2,711 | 2,080 | 2,080 | 1,806 |
| 27. | Total Interest | 50,359 | 46,554 | 47,002 | 44,490 |
| 28. | Federal Grant Revenue (PHMSA) | - | 27,987 | 12,323 | 31,488 |
| 29. | Net Income | \$ 156,866 | \$ 193,651 | \$ 192,535 | \$ 162,876 |
| 30. | City Payment | 18,000 | 18,000 | 18,000 | 18,000 |
| 31. | Net Earnings | \$ 138,866 | \$ 175,651 | \$ 174,535 | \$ 144,876 |

PHILADELPHIA GAS WORKS
STATEMENT OF INCOME
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | Budget <u>2025-26</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|----------------------------------|---|--------------------------|----------------------------|--------------------------|
| <u>OPERATING REVENUES</u> | | | | |
| 1. | 22,823 | 22,348 | 24,718 | 22,670 |
| 2. | 87,098 | 88,382 | 108,969 | 107,067 |
| 3. | 592,683 | 554,063 | 714,545 | 635,386 |
| 4. | - | 105,000 | - | - |
| 5. | 11,860 | - | (13,580) | (1,652) |
| 6. | 3,273 | 622 | (5,928) | 61 |
| 7. | Total Gas Revenues | 717,737 | 770,415 | 828,724 |
| 8. | (37,561) | (38,626) | (55,368) | (47,894) |
| 9. | 6,653 | 6,498 | 6,127 | 6,770 |
| 10. | Other Operating Revenues | 43,164 | 31,336 | 54,826 |
| 11. | Total Other Operating Revenues | 12,256 | (792) | (4,483) |
| 12. | Total Operating Revenues | 729,993 | 769,623 | 759,049 |
| <u>OPERATING EXPENSES</u> | | | | |
| 13. | 214,415 | 173,132 | 237,663 | 205,647 |
| 14. | 31 | 31 | 31 | 31 |
| 15. | Sub-Total Fuel | 214,446 | 173,163 | 205,678 |
| CONTRIBUTION MARGINS | | | | |
| | 515,547 | 596,460 | 596,615 | 553,371 |
| 16. | 26,072 | 26,129 | 28,058 | 33,680 |
| 17. | 98,295 | 108,593 | 104,410 | 112,409 |
| 18. | 4,509 | 5,575 | 4,861 | 5,416 |
| 19. | 17,265 | 20,721 | 19,148 | 22,821 |
| 20. | 9,417 | 10,801 | 9,742 | 10,399 |
| 21. | 3,964 | 4,728 | 4,641 | 4,859 |
| 22. | 86,528 | 101,782 | 98,692 | 109,122 |
| 23. | 25,888 | 29,988 | 28,682 | 30,929 |
| 24. | - | - | - | - |
| 25. | (12,554) | (10,152) | (12,553) | (10,429) |
| 26. | (21,447) | (32,214) | (23,382) | (35,783) |
| 27. | 9,380 | 41,412 | 30,473 | 3,220 |
| 28. | 10,236 | 10,884 | 11,073 | 11,594 |
| 29. | 8,675 | 11,006 | 6,047 | 11,174 |
| 30. | - | (434) | - | 1,217 |
| 31. | Sub-Total Other Oper. & Maintenance | 266,228 | 328,819 | 310,628 |
| 32. | 64,138 | 65,061 | 64,331 | 67,299 |
| | GASB 87 Depreciation | 3,783 | 3,993 | 4,010 |
| | GASB 96 Depreciation | 3,300 | 2,492 | 3,498 |
| 33. | 101 | 5,879 | 7,277 | 7,277 |
| | 71,322 | 77,424 | 79,116 | 82,534 |
| 34. | Sub-Total Other Oper. & Maint. & Depreciation | 337,550 | 406,243 | 389,008 |
| 35. | TOTAL OPERATING EXPENSES | 551,996 | 579,406 | 598,840 |
| 36. | OPERATING INCOME | 177,997 | 190,217 | 160,208 |
| 37. | 29,228 | 22,001 | 19,607 | 15,670 |
| 38. | INCOME BEFORE INTEREST | 207,225 | 212,218 | 175,878 |
| <u>INTEREST</u> | | | | |
| 39. | 54,910 | 54,108 | 54,108 | 51,478 |
| 40. | (7,262) | (9,634) | (9,186) | (8,794) |
| 41. | 2,711 | 2,080 | 2,080 | 1,806 |
| 42. | Total Interest | 50,359 | 47,002 | 44,490 |
| 43. | - | 27,987 | 12,323 | 31,488 |
| 44. | NET INCOME | \$ 156,866 | \$ 193,651 | \$ 162,876 |
| 45. | 18,000 | 18,000 | 18,000 | 18,000 |
| 46. | NET EARNINGS | \$ 138,866 | \$ 175,651 | \$ 144,876 |

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

| <u>Line No.</u> | <u>Actual 2024-25</u> | <u>Budget 2025-26</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|---|---------------------------|---------------------------|-----------------------------|---------------------------|
| <u>SOURCES</u> | | | | |
| 1. Net Income | 156,866 | 193,651 | 192,535 | 162,876 |
| 2. Depreciation & Amortization | 71,694 | 62,251 | 70,052 | 74,228 |
| 3. Earnings on Restricted Funds | (15,502) | (16,907) | (14,239) | 28,240 |
| 4. Proceeds from Bond Refunding to Pay Cost of Issuance | - | - | - | - |
| 5. Increased/(Decreased) Other Assets/Liabilities | <u>(54,398)</u> | <u>(25,724)</u> | <u>(34,714)</u> | <u>(60,984)</u> |
| 6. Available From Operations | 158,660 | 213,271 | 213,634 | 204,360 |
| 7. Drawdown of Bond Proceeds | 80,000 | 104,500 | 92,500 | 142,700 |
| 8. Release of Bond Proceeds to Pay Temporary Financing | 35,000 | - | - | - |
| 9. Temporary Financing | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 10. TOTAL SOURCES | <u>\$ 273,660</u> | <u>\$ 317,771</u> | <u>\$ 306,134</u> | <u>\$ 347,060</u> |
| <u>USES</u> | | | | |
| 11. Net Construction Expenditures | 166,563 | 209,000 | 185,000 | 258,000 |
| 12. Revenue Bonds | 56,480 | 58,445 | 58,445 | 59,295 |
| 13. Temporary Financing Repayment | 35,000 | - | - | - |
| 14. GASB 87 Lease Principal Payments | 5,356 | 4,256 | 4,873 | 3,823 |
| 15. Distribution of Earnings | 18,000 | 18,000 | 18,000 | 18,000 |
| Additions to (Reductions of): | | | | |
| 16. Non-Cash Working Capital | <u>25,316</u> | <u>(3,358)</u> | <u>26,022</u> | <u>(17,952)</u> |
| 17. Cash Needs | 306,715 | 286,343 | 292,340 | 321,166 |
| 18. Cash Surplus (Shortfall) | <u>(33,055)</u> | <u>31,428</u> | <u>13,794</u> | <u>25,894</u> |
| 19. TOTAL USES | <u>\$ 273,660</u> | <u>\$ 317,771</u> | <u>\$ 306,134</u> | <u>\$ 347,060</u> |
| 20. Cash - Beginning of Period | 115,612 | 23,520 | 82,557 | 96,350 |
| 21. Cash - Surplus (Shortfall) | <u>(33,055)</u> | <u>31,428</u> | <u>13,793</u> | <u>25,894</u> |
| 22. Ending Cash | <u>\$ 82,557</u> | <u>\$ 54,948</u> | <u>\$ 96,350</u> | <u>\$ 122,245</u> |
| Outstanding Commercial Paper - Capital | - | - | - | - |
| 24. Incremental DSIC Revenue | 38,617 | 36,150 | 44,282 | 42,820 |
| 25. Internally Generated Funds | 47,946 | 68,350 | 48,218 | 72,480 |
| 26. TOTAL IGF + Incremental DSIC Revenue | 86,563 | 104,500 | 92,500 | 115,300 |

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

| Line No. | Actual <u>2024-25</u> | Budget <u>2025-26</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|--|--------------------------|--------------------------|----------------------------|--------------------------|
| <u>FUNDS PROVIDED</u> | | | | |
| 1. Total Gas Revenues | 680,176 | 731,789 | 773,356 | 715,638 |
| 2. Other Operating Revenues | 49,817 | 37,834 | 60,953 | 43,411 |
| 3. Total Operating Revenues | 729,993 | 769,623 | 834,309 | 759,049 |
| 4. Other Income Inc. / (Dec.) Restricted Funds | 13,726 | 5,094 | 5,367 | 43,910 |
| 5. Non Operating Revenue | - | 27,987 | 12,323 | 31,488 |
| 6. TOTAL FUNDS PROVIDED | 743,719 | 802,704 | 852,000 | 834,447 |
| <u>FUNDS APPLIED</u> | | | | |
| 7. Fuel Costs | 214,446 | 173,163 | 237,694 | 205,678 |
| 8. Other Operating Costs | 337,550 | 406,243 | 389,008 | 393,162 |
| 9. Total Operating Expenses | 551,996 | 579,406 | 626,702 | 598,840 |
| 10. Less: Non-Cash Expenses | 29,987 | 70,257 | 59,348 | 35,440 |
| 11. TOTAL FUNDS APPLIED | 522,009 | 509,149 | 567,354 | 563,400 |
| 12. Funds Available to Cover Revenue Bond Debt | 221,710 | 293,555 | 284,646 | 271,046 |
| 13. Net Available after Prior Debt Service | 221,710 | 293,555 | 284,646 | 271,046 |
| 14. 1998 Ordinance Bonds Debt Service | 110,077 | 112,973 | 112,973 | 111,202 |
| 15. 1999 Ordinance Subordinate Bonds Debt Service - (TXCP) | - | - | - | - |
| 16. Total New Debt Service | 110,077 | 112,973 | 112,973 | 111,202 |
| 17. Debt Service Coverage 1998 Revenue Bonds | 2.01 | 2.60 | 2.52 | 2.44 |
| 18. Net Available After 1998 Debt Service | \$111,633 | \$180,582 | \$171,673 | \$159,844 |
| 19. Aggregate Debt Service (Combined Liens) | 110,077 | 112,973 | 112,973 | 111,202 |
| 20. Fixed Coverage Charge (Combined Liens) | 2.01 | 2.60 | 2.52 | 2.44 |
| 21. Fixed Coverage Charge including \$18.0MM City Fee | 1.85 | 2.44 | 2.36 | 2.28 |

PHILADELPHIA GAS WORKS
BALANCE SHEET
(Dollars in Thousands)

| Line No. | | Actual <u>2024-25</u> | Budget <u>2025-26</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|-------------|---|--------------------------|--------------------------|----------------------------|--------------------------|
| | <u>ASSETS</u> | | | | |
| 1. | Utility Plant Net | 1,928,524 | 2,114,904 | 2,041,685 | 2,224,428 |
| 2. | Leasehold Asset | 71,009 | 68,791 | 66,999 | 62,748 |
| 3. | Sinking Fund Reserve | 121,485 | 127,772 | 127,421 | 116,301 |
| 4. | Capital Improvement Fund | 245,231 | 129,700 | 160,922 | 985 |
| 5. | Capital Lease Restricted Investment Worker Comp Fund | 9,997 | 5,498 | 16,195 | 22,378 |
| 6. | & Health Insurance Escrow | 3,059 | 3,018 | 3,172 | 3,289 |
| 7. | Cash | 82,557 | 54,947 | 96,350 | 122,245 |
| | Accounts Receivable: | | | | |
| 8. | Gas Receivable | 162,438 | 171,703 | 178,477 | 174,309 |
| 9. | Other | 8,457 | 2,088 | 5,604 | 5,629 |
| 10. | Accrued Gas Revenues | 12,171 | 5,873 | 6,243 | 6,304 |
| 11. | Reserve for Uncollectible | (80,584) | (89,040) | (89,701) | (93,967) |
| | Accounts Receivable Net | 102,482 | 90,624 | 100,623 | 92,275 |
| 12. | Materials & Supplies | 56,825 | 72,795 | 60,787 | 62,565 |
| 13. | Other Current Assets | 8,385 | 6,280 | 8,389 | 8,393 |
| 14. | Deferred Debits | 9,100 | 9,082 | 16,070 | 8,816 |
| 15. | Unamortized Bond Issuance Expense | 808 | 756 | 756 | 706 |
| 16. | Unamortized Extraordinary Loss | 11,086 | 11,684 | 9,006 | 7,200 |
| 17. | Deferred Environmental | 28,099 | 24,852 | 26,261 | 23,549 |
| 18. | Deferred Pension Outflows | 20,049 | 6,943 | 14,642 | 9,770 |
| 19. | Deferred OPEB Outflows | 80,461 | 33,462 | 70,212 | 64,426 |
| 20. | Other Assets | 22,346 | 17,748 | 17,820 | 10,365 |
| | TOTAL ASSETS | \$2,801,503 | \$2,778,855 | \$2,837,312 | 2,840,438 |
| | <u>EQUITY & LIABILITIES</u> | | | | |
| 21. | City Equity | \$950,822 | \$1,113,390 | \$1,125,357 | \$1,270,273 |
| | Long Term Debt: | | | | |
| 22. | Revenue Bonds | 1,132,160 | 1,077,445 | 1,073,715 | 1,014,420 |
| 23. | Unamortized Discount | - | - | - | - |
| 24. | Unamortized Premium | 129,042 | 124,084 | 117,616 | 106,772 |
| 25. | Lease Obligations | 57,705 | 57,696 | 56,119 | 54,936 |
| 26. | Notes Payable | - | - | - | - |
| 27. | IS Subscriptions | 7,173 | 2,981 | 13,582 | 20,832 |
| | Accounts Payable: | | | | |
| 28. | Natural Gas | 8,796 | 15,737 | 12,026 | 14,081 |
| 29. | General | 69,898 | 67,552 | 69,570 | 69,240 |
| 30. | Customer Deposits | 2,277 | 2,201 | 2,183 | 2,094 |
| 31. | Other Current Liabilities | 4,103 | 1,582 | 2,073 | 2,238 |
| 32. | Pension Liability | 160,324 | 177,701 | 149,297 | 137,154 |
| 33. | OPEB Liability | 83,505 | 46,917 | 25,513 | 16,692 |
| 34. | Deferred Credits | 32,550 | 2,712 | 14,542 | 15,973 |
| 35. | Deferred Inflows - Gain on Bond Refunding | 1,840 | 1,486 | 1,486 | 1,171 |
| 36. | Deferred Pension Inflows | 34,823 | 27,200 | 40,916 | 21,407 |
| 37. | Deferred OPEB Inflows | 62,232 | 19,276 | 68,592 | 33,349 |
| | Accrued Credits: | | | | |
| 38. | Interest | 7,412 | 5,769 | 7,831 | 8,261 |
| 39. | Taxes & Wages | 131 | 5,713 | - | - |
| 40. | Distribution to City | 3,000 | 3,000 | 3,000 | 3,000 |
| 41. | Other Liabilities | 53,710 | 26,413 | 53,895 | 48,545 |
| | TOTAL EQUITY & LIABILITIES | \$2,801,503 | \$2,778,855 | \$2,837,312 | \$2,840,438 |
| 42. | Capitalization Ratio | 57.0% | 51.9% | 51.4% | 46.9% |

**PHILADELPHIA GAS WORKS
OPERATING REVENUES**
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|--|----------------------------------|------------------------------------|----------------------------------|
| 1. Non-Heating | 22,823 | 24,718 | 22,670 |
| 2. Gas Transportation Service | 87,098 | 108,969 | 107,067 |
| 3. Heating | 592,683 | 714,545 | 635,386 |
| 4. Weather Normalization Adjustment | 11,860 | (13,580) | (1,652) |
| 5. Unbilled Gas Adjustment | 3,273 | (5,928) | 61 |
| 6. Appropriation for Uncollectible Reserve | (37,561) | (55,368) | (47,894) |
| 7. Sub-Total Gas Revenues | <u>680,176</u> | <u>773,356</u> | <u>715,638</u> |
| 8. Appliance Repair & Other Service Revenues | 6,653 | 6,127 | 6,770 |
| 9. Other Operating Revenues | <u>43,164</u> | <u>54,826</u> | <u>36,641</u> |
| 10. Sub-Total Other Revenues | 49,817 | 60,953 | 43,411 |
| 11. Total Operating Revenues | <u><u>729,993</u></u> | <u><u>834,309</u></u> | <u><u>759,049</u></u> |

**PHILADELPHIA GAS WORKS
RECONCILIATION OF BILLED REVENUES
(Dollars in Thousands)**

| Line No. | 2024-25 ACTUAL | Billed Revenues | 2023-24 Over Recovery | 2024-25 Over Recovery |
|---------------------|----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| 1. | Firm Non-Heating | 19,785 | 1,133 | (316) |
| 2. | Interruptible | 2,221 | | |
| 3. | Total Non Heating | 22,006 | 1,133 | (316) |
| 4. | Gas Transportation Service | 88,604 | | |
| 5. | Heating | 582,489 | 30,266 | (9,718) |
| 6. | Total Revenues | <u>693,099</u> | <u>31,399</u> | <u>(10,034)</u> |
| | 2025-26 ESTIMATE | | | |
| | | Billed Revenues | 2024-25 Over Recovery | 2025-26 Under Recovery |
| 7. | Firm Non-Heating | 23,392 | 316 | 181 |
| 8. | Interruptible | 829 | | |
| 9. | Total Non Heating | 24,221 | 316 | 181 |
| 10. | Gas Transportation Service | 107,784 | | |
| 11. | Heating | 685,749 | 9,718 | 6,683 |
| 12. | Total Revenues | <u>817,755</u> | <u>10,034</u> | <u>6,864</u> |
| | 2026-27 BUDGET | | | |
| | | Billed Revenues | 2025-26 Under Recovery | 2026-27 Under Recovery |
| 13. | Firm Non-Heating | 21,586 | (181) | 3 |
| 14. | Interruptible | 1,262 | | |
| 15. | Total Non Heating | 22,848 | (181) | 3 |
| 16. | Gas Transportation Service | 106,944 | | |
| 17. | Heating | 640,412 | (6,683) | 128 |
| 18. | Total Revenues | <u>770,204</u> | <u>(6,864)</u> | <u>131</u> |

PHILADELPHIA GAS WORKS
GAS REVENUES
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> | |
|------------------------------|----------------------------------|------------------------------------|----------------------------------|----------------|
| <u>NON HEATING</u> | | | | |
| 1. | Residential | 6,842 | 7,578 | 6,923 |
| 2. | CRP Shortfall | - | - | - |
| 3. | Commercial | 9,967 | 12,087 | 11,233 |
| 4. | Industrial | 1,000 | 1,294 | 1,207 |
| 5. | Municipal | 943 | 1,218 | 1,041 |
| 6. | NGV | 2 | 2 | 2 |
| 7. | DSIC Surcharge | 1,031 | 1,213 | 1,180 |
| 8. | Total Firm Non-Heating | <u>19,785</u> | <u>23,392</u> | <u>21,586</u> |
| <u>INTERRUPTIBLE</u> | | | | |
| 9. | LNG Sales - Expander Liquefier | - | 103 | 105 |
| 10. | Co-Generation - Indirect | 1,544 | 726 | 1,157 |
| 11. | GTS - Sales | 677 | - | - |
| 12. | Total Interruptible | <u>2,221</u> | <u>829</u> | <u>1,262</u> |
| 13. | Total Non Heating | 22,006 | 24,221 | 22,848 |
| <u>HEATING</u> | | | | |
| 14. | Residential | 501,403 | 612,570 | 560,675 |
| 15. | CRP Shortfall | (56,952) | (74,297) | (66,505) |
| 16. | Commercial | 79,381 | 97,415 | 88,207 |
| 17. | Industrial | 3,500 | 4,491 | 4,170 |
| 18. | Municipal | 6,446 | 8,296 | 7,515 |
| 19. | Housing Authority | 5,635 | 9,207 | 8,739 |
| 20. | DSIC Surcharge | 32,722 | 40,462 | 39,140 |
| 21. | WNA Charge / (Credit) | 10,354 | (12,395) | (1,529) |
| 22. | Total Firm Heating | <u>582,489</u> | <u>685,749</u> | <u>640,412</u> |
| 23. | Net Billed Revenues | 604,495 | 709,970 | 663,260 |
| <u>TRANSPORTATION</u> | | | | |
| 24. | GTS Revenues | 18,911 | 23,599 | 24,146 |
| 25. | FT Revenues | 63,324 | 78,870 | 76,525 |
| 26. | DSIC Surcharge | 4,863 | 6,500 | 6,396 |
| 27. | WNA Charge / (Credit) | 1,506 | (1,185) | (123) |
| 28. | Total Transportation | <u>88,604</u> | <u>107,784</u> | <u>106,944</u> |
| 29. | Total Billed Revenues | <u>693,099</u> | <u>817,754</u> | <u>770,204</u> |
| 30. | Degree Days | 4,007 | 4,344 | 3,844 |

PHILADELPHIA GAS WORKS
GAS SALES
(Thousands of MCF)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|------------------------------|----------------------------------|------------------------------------|----------------------------------|
| <u>NON-HEATING</u> | | | |
| 1. | 327 | 326 | 293 |
| 2. | - | - | - |
| 3. | 729 | 783 | 735 |
| 4. | 71 | 86 | 81 |
| 5. | 78 | 81 | 70 |
| 6. | - | - | - |
| 7. | <u>1,205</u> | <u>1,276</u> | <u>1,179</u> |
| <u>INTERRUPTIBLE</u> | | | |
| 8. | - | 20 | 20 |
| 9. | 112 | 9 | - |
| 10. | 471 | 212 | 313 |
| 11. | <u>583</u> | <u>241</u> | <u>333</u> |
| 12. | 1,788 | 1,517 | 1,512 |
| <u>HEATING</u> | | | |
| 13. | 29,681 | 25,429 | 23,414 |
| 14. | - | 6,181 | 5,739 |
| 15. | 6,159 | 6,474 | 5,969 |
| 16. | 276 | 293 | 278 |
| 17. | 547 | 556 | 509 |
| 18. | 439 | 546 | 521 |
| 19. | <u>37,102</u> | <u>39,479</u> | <u>36,430</u> |
| 20. | 38,890 | 40,996 | 37,942 |
| <u>TRANSPORTATION</u> | | | |
| 21. | 24,563 | 25,029 | 24,485 |
| 22. | 6,830 | 7,643 | 7,219 |
| 23. | <u>31,393</u> | <u>32,672</u> | <u>31,704</u> |
| 24. | <u><u>70,283</u></u> | <u><u>73,668</u></u> | <u><u>69,646</u></u> |
| 25. | 38,307 | 40,755 | 37,609 |
| 26. | 30,008 | 25,755 | 23,707 |

**PHILADELPHIA GAS WORKS
NATURAL GAS EXPENSE
2024-25 ACTUAL
(Dollars in Thousands)**

| Line No. | <u>Billed</u> | <u>(To) Inventory</u> | <u>From Inventory</u> | <u>Refunds & Other</u> | <u>Seasonal Adjustment</u> | <u>Total</u> |
|---------------------|----------------------|----------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---------------------|
| 1. September | 8,359 | (998) | 310 | - | (4,025) | 3,646 |
| 2. October | 9,824 | (796) | 322 | (9) | (2,495) | 6,846 |
| 3. November | 12,674 | (1,690) | 1,634 | - | 1,097 | 13,715 |
| 4. December | 23,326 | (1,599) | 7,280 | - | 5,232 | 34,239 |
| 5. January | 33,036 | (2,436) | 13,216 | - | 7,806 | 51,622 |
| 6. February | 28,189 | (2,438) | 8,286 | - | 5,403 | 39,440 |
| 7. March | 23,574 | (1,759) | 2,322 | - | 3,419 | 27,556 |
| 8. April | 15,561 | (2,648) | 1,103 | - | (1,204) | 12,812 |
| 9. May | 14,151 | (2,836) | 30 | - | (3,184) | 8,161 |
| 10. June | 11,831 | (2,517) | 257 | - | (4,081) | 5,490 |
| 11. July | 12,310 | (2,863) | (64) | (5) | (3,982) | 5,396 |
| 12. August | <u>13,211</u> | <u>(3,702)</u> | <u>(30)</u> | <u>(1)</u> | <u>(3,986)</u> | <u>5,492</u> |
| 13. Total | <u>\$ 206,046</u> | <u>\$ (26,282)</u> | <u>\$ 34,666</u> | <u>\$ (15)</u> | <u>\$ -</u> | <u>\$ 214,415</u> |

**PHILADELPHIA GAS WORKS
NATURAL GAS EXPENSE
2025-26 ESTIMATE
(Dollars in Thousands)**

| Line No. | | <u>Billed</u> | <u>(To) Inventory</u> | <u>From Inventory</u> | <u>Refunds</u> | <u>Seasonal Adjustment</u> | <u>Total</u> |
|---------------------|-----------|----------------------|----------------------------------|----------------------------------|-----------------------|---------------------------------------|---------------------|
| 1. | September | 12,733 | (3,362) | (11) | - | (6,186) | 3,174 |
| 2. | October | 13,558 | (2,145) | 89 | - | (4,536) | 6,966 |
| 3. | November | 26,846 | (3,597) | (105) | - | 641 | 23,785 |
| 4. | December | 30,157 | (1,295) | 8,148 | - | 8,244 | 45,254 |
| 5. | January | 53,225 | (1,655) | 11,653 | - | 10,391 | 73,614 |
| 6. | February | 21,630 | (1,030) | 5,955 | - | 6,897 | 33,452 |
| 7. | March | 17,962 | (1,622) | 2,034 | - | 4,755 | 23,129 |
| 8. | April | 14,135 | (3,042) | 987 | - | (1,536) | 10,544 |
| 9. | May | 13,959 | (4,681) | 280 | - | (3,867) | 5,691 |
| 10. | June | 12,301 | (3,819) | 271 | - | (5,001) | 3,752 |
| 11. | July | 11,872 | (3,128) | 280 | - | (4,900) | 4,124 |
| 12. | August | <u>12,026</u> | <u>(3,226)</u> | <u>280</u> | <u>-</u> | <u>(4,902)</u> | <u>4,178</u> |
| 13. | Total | <u>\$ 240,404</u> | <u>\$ (32,602)</u> | <u>\$ 29,861</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 237,663</u> |

**PHILADELPHIA GAS WORKS
NATURAL GAS EXPENSE
2026-27 BUDGET
(Dollars in Thousands)**

| Line No. | Billed | (To) Inventory | From Inventory | Refunds | Seasonal Adjustment | Total |
|---------------------|-------------------|---------------------------|---------------------------|----------------|--------------------------------|-------------------|
| 1. September | 12,697 | (3,647) | 268 | - | (5,191) | 4,127 |
| 2. October | 15,426 | (4,144) | 277 | - | (3,504) | 8,055 |
| 3. November | 17,621 | (1,397) | 2,388 | - | 1,892 | 20,504 |
| 4. December | 22,429 | (1,283) | 8,016 | - | 6,985 | 36,147 |
| 5. January | 22,892 | (747) | 13,267 | - | 10,005 | 45,417 |
| 6. February | 21,040 | (1,139) | 9,144 | - | 7,184 | 36,229 |
| 7. March | 18,879 | (1,433) | 3,942 | - | 4,360 | 25,748 |
| 8. April | 16,484 | (4,049) | 1,008 | - | (1,925) | 11,518 |
| 9. May | 15,510 | (5,544) | 295 | - | (4,187) | 6,074 |
| 10. June | 14,141 | (5,388) | 285 | - | (5,266) | 3,772 |
| 11. July | 14,206 | (5,315) | 294 | - | (5,176) | 4,009 |
| 12. August | 14,081 | (5,151) | 294 | - | (5,177) | 4,047 |
| 13. Total | <u>\$ 205,406</u> | <u>\$ (39,237)</u> | <u>\$ 39,478</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 205,647</u> |

**PHILADELPHIA GAS WORKS
LABOR & FRINGE BENEFITS**
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| <u>OPERATING LABOR</u> | | | |
| 1. Payroll | 156,714 | 167,567 | 178,579 |
| 2. To Capital | (25,111) | (24,836) | (22,856) |
| 3. Total Operating Labor | 131,603 | 142,731 | 155,723 |
| <u>PENSIONS</u> | | | |
| 4. Pension Payments - Required Contribution | 24,542 | 24,375 | 22,488 |
| 5. Pension Payments - GASB 68 | (20,620) | 473 | (26,780) |
| 6. Pension Payments - Additional Payment | 5,458 | 5,625 | 7,512 |
| 7. Total Pensions | 9,380 | 30,473 | 3,220 |
| <u>INSURANCE</u> | | | |
| 8. Group Life & Disability Insurance | 1,722 | 1,700 | 1,700 |
| 9. Health | 25,888 | 28,682 | 30,929 |
| 10. Total Insurance | 27,610 | 30,382 | 32,629 |
| <u>TAXES</u> | | | |
| 11. FICA - OASI | 9,577 | 10,320 | 10,890 |
| 12. FICA - Medical | 2,266 | 2,436 | 2,556 |
| 13. State Unemployment | 125 | 90 | 120 |
| 14. Allocated to Capital Projects | (1,733) | (1,773) | (1,972) |
| 15. Total Taxes | 10,236 | 11,073 | 11,594 |
| 16. Total Labor & Fringe Benefits | <u>\$ 178,829</u> | <u>\$ 214,659</u> | <u>\$ 203,166</u> |

PHILADELPHIA GAS WORKS
DETAIL OF DIRECT LABOR EXPENSES
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | | Estimate <u>2025-26</u> | | Budget <u>2026-27</u> | |
|--|--------------------------|------------|----------------------------|------------|--------------------------|------------|
| | Average Personnel | Pavroll | Average Personnel | Pavroll | Average Personnel | Pavroll |
| 1. Administration | 63 | \$ 12,366 | 67 | \$ 13,290 | 67 | \$ 14,587 |
| 2. Finance | 35 | 3,387 | 36 | 3,572 | 38 | 3,736 |
| 3. Customer Activities | 236 | 17,926 | 228 | 19,826 | 233 | 23,199 |
| 4. Marketing & Planning | 84 | 8,861 | 89 | 9,570 | 92 | 10,224 |
| 5. Operations | 975 | 90,240 | 981 | 95,562 | 985 | 99,202 |
| 6. Systems & Services | 216 | 23,172 | 222 | 24,971 | 222 | 25,612 |
| 7. Philadelphia Gas Commission | 6 | 762 | 6 | 775 | 6 | 802 |
| 8. Vacation Cashout Program | - | - | - | - | - | 225 |
| 9. Retirement Benefit Allocation | - | - | - | - | - | 992 |
| 10. Total Personnel & Payroll | 1,615 | \$ 156,714 | 1,629 | \$ 167,567 | 1,643 | \$ 178,579 |
| 11. Allocated to Capital & Clearing Accounts | - | (25,111) | - | (24,836) | - | (22,856) |
| 12. Net Operating Labor | 1,615 | \$ 131,603 | 1,629 | \$ 142,731 | 1,643 | \$ 155,723 |

PHILADELPHIA GAS WORKS
DETAIL OF OTHER EXPENSES
(Dollars in Thousands)

| Line No. | <u>Other Expenses</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|---------------------|---|----------------------------------|------------------------------------|----------------------------------|
| 1. | Appropriation for Reserves and Other Losses | 2,326 | 1,579 | 2,214 |
| 2. | Advertising | 2,885 | 3,259 | 3,259 |
| 3. | General Material | 15,836 | 16,861 | 19,540 |
| 4. | Insurance | 7,613 | 8,305 | 9,352 |
| 5. | Contracted Maintenance | 17,885 | 19,419 | 21,200 |
| 6. | Utilities | 2,481 | 2,082 | 2,352 |
| 7. | Rentals | 851 | 1,189 | 1,037 |
| 8. | Purchased Services | 51,353 | 62,972 | 73,511 |
| 9. | Postage | 3,245 | 3,185 | 3,075 |
| 10. | Promotion | 328 | 1,000 | 1,000 |
| 11. | Non-Utility Revenues | (83) | (78) | (76) |
| 12. | Labor Related Fringe Benefits and A&G Charged to Capital | (34,001) | (35,935) | (46,212) |
| 13. | Depreciation | 68,022 | 71,839 | 75,258 |
| 14. | Miscellaneous | 21,964 | 20,372 | 26,187 |
| 15. | Total Other Expenses | <u>\$160,706</u> | <u>\$176,049</u> | <u>\$191,697</u> |

PHILADELPHIA GAS WORKS
OTHER INCOME
(Dollars in Thousands)

| Line No. | Actual <u>2023-24</u> | Estimate <u>2024-25</u> | Budget <u>2025-26</u> | |
|------------------------------|---|------------------------------------|----------------------------------|------------------|
| <u>Interest Earnings On:</u> | | | | |
| 1. | Capital Improvement Fund | 9,047 | 8,191 | 5,906 |
| 2. | Revenue Bond Sinking Fund | 5,405 | 5,936 | 4,677 |
| 3. | Workers Compensation Fund | 132 | 113 | 117 |
| 4. | Temporary Investments | 4,094 | 3,214 | 2,817 |
| 5. | Gain/(Loss) on Investments | 3,214 | 2,500 | 2,500 |
| 6. | Total Interest Earnings | <u>\$ 21,892</u> | <u>\$ 19,954</u> | <u>\$ 16,017</u> |
| 7. | Miscellaneous Income | 8,775 | 849 | 849 |
| 8. | Rental Income | - | - | - |
| 9. | Penalties Supplier- Customer Choice & Administrative Income | (2,084) | (1,840) | (1,840) |
| 10. | Cost & Revenue from Merchandising/Jobbing | 645 | 645 | 645 |
| 11. | Total Other Income | <u>\$ 29,228</u> | <u>\$ 19,607</u> | <u>\$ 15,670</u> |

**PHILADELPHIA GAS WORKS
REVENUE BOND DEBT SERVICE
(Dollars in Thousands)**

| <u>Line No.</u> | <u>Year Issued</u> | <u>Series</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|---------------------------------|--------------------|---|---------------------------|-----------------------------|---------------------------|
| <u>Interest Payments</u> | | | | | |
| 1. | 2004 | 5th Series - A2 (Sept 2004) Variable | 133 | - | - |
| 2. | 2009 | 8th Series B Variable - Refund 6th Series Bond Issue - (Aug 2009) | 661 | 645 | 449 |
| 3. | 2009 | 8th Series C Variable - Refund 6th Series Bond Issue - (Aug 2009) | 657 | 642 | 447 |
| 4. | 2009 | 8th Series D Variable - Refund 6th Series Bond Issue - (Aug 2009) | 985 | 963 | 670 |
| 5. | 2009 | 8th Series E Variable - Refund 6th Series Bond Issue - (Aug 2009) | 661 | 645 | 449 |
| 6. | 2015 | 13th Series - Refunding (August 2015) | 631 | - | - |
| 7. | 2016 | 14th Series - Refunding (August 2016) | 8,126 | 7,534 | 6,912 |
| 8. | 2017 | 15th Series (August 2017) | 11,775 | 11,494 | 11,199 |
| 9. | 2020 | 16th Series A (October 2020) | 9,344 | 9,148 | 8,943 |
| 10. | 2020 | 16th Series B (October 2020) | 1,769 | 1,769 | 1,769 |
| 11. | 2024 | 17th Series A (September 2024) | 14,104 | 16,221 | 16,221 |
| 12. | 2024 | 17th Series B (September 2024) | 4,751 | 5,465 | 4,848 |
| 13. | | Total Interest Payments | <u>53,597</u> | <u>54,528</u> | <u>51,907</u> |
| <u>Interest Accruals</u> | | | | | |
| 14. | 2004 | 5th Series - A2 (Sept 2004) Variable | 42 | - | - |
| 15. | 2009 | 8th Series B Variable - Refund 6th Series Bond Issue - (Aug 2009) | 599 | 629 | 431 |
| 16. | 2009 | 8th Series C Variable - Refund 6th Series Bond Issue - (Aug 2009) | 596 | 626 | 429 |
| 17. | 2009 | 8th Series D Variable - Refund 6th Series Bond Issue - (Aug 2009) | 891 | 939 | 643 |
| 18. | 2009 | 8th Series E Variable - Refund 6th Series Bond Issue - (Aug 2009) | 599 | 629 | 431 |
| 19. | 2015 | 13th Series - Refunding (August 2015) | 788 | - | - |
| 20. | 2016 | 14th Series - Refunding (August 2016) | 7,886 | 7,282 | 6,646 |
| 21. | 2017 | 15th Series - Refunding (August 2017) | 11,752 | 11,470 | 11,173 |
| 22. | 2020 | 16th Series A (October 2020) | 9,327 | 9,131 | 8,925 |
| 23. | 2020 | 16th Series B (October 2020) | 1,769 | 1,769 | 1,769 |
| 24. | 2024 | 17th Series A (September 2024) | 15,455 | 16,221 | 16,221 |
| 25. | 2024 | 17th Series B (September 2024) | 5,206 | 5,413 | 4,810 |
| 26. | | Total Interest Accruals | <u>54,910</u> | <u>54,108</u> | <u>51,478</u> |

**PHILADELPHIA GAS WORKS
OTHER INTEREST EXPENSE**
(Dollars in Thousands)

| Line No. | <u>Other Interest Expense</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|---------------------|--|----------------------------------|------------------------------------|----------------------------------|
| 1. | Commercial Paper - Capital | - | - | - |
| 2. | Commercial Paper Maintenance - Capital | 223 | 225 | 225 |
| 3. | Commercial Paper Notes Payable | - | - | - |
| 4. | 5th Series A-2 LOC (Letter of Credit) Fees | 110 | - | - |
| 5. | 8th Series LOC (Letter of Credit) Fees | 261 | 243 | 243 |
| 6. | Bond Discount, Issuance, Extraordinary Gain, & Premium Expense | (9,666) | (11,729) | (11,110) |
| 7. | Customer Deposits Interest | 161 | 162 | 164 |
| 8. | Lease Interest | 3,163 | 3,333 | 3,104 |
| 9. | Miscellaneous | (1,514) | (1,420) | (1,420) |
| 10. | Total Other Interest | <u>(7,262)</u> | <u>(\$9,186)</u> | <u>(8,794)</u> |
| 11. | Extraordinary Loss | 2,711 | 2,080 | 1,806 |

PHILADELPHIA GAS WORKS
CAPITAL FUNDING & EXPENDITURES
(Dollars In Thousands)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> | |
|-----------------------|----------------------------------|------------------------------------|----------------------------------|-----------------------|
| SOURCES: | | | | |
| 1. | Capital Improvement Fund | 80,000 | 92,500 | 142,700 |
| 2. | Federal Infrastructure Grant | 7,271 | 12,323 | 31,488 |
| 3. | TXCP - Capital | - | - | - |
| 4. | Other Funding Sources | <u>79,292</u> | <u>80,177</u> | <u>83,812</u> |
| 5. | Total Sources | <u><u>\$166,563</u></u> | <u><u>\$185,000</u></u> | <u><u>258,000</u></u> |
| USES: | | | | |
| Capital Expenditures: | | | | |
| 6. | Gas Processing | 18,958 | 20,718 | 14,159 |
| 7. | Distribution | 116,423 | 119,859 | 156,225 |
| 8. | Field Services | 2,107 | 3,309 | 19,995 |
| 9. | Fleet Services | 4,473 | 13,550 | 11,359 |
| 10. | Facilities Management | 7,106 | 11,182 | 20,491 |
| 11. | Information Technology | 17,496 | 16,810 | 35,355 |
| 12. | Other Departments | <u>-</u> | <u>-</u> | <u>95</u> |
| 13. | Total Uses | <u><u>166,563</u></u> | <u><u>185,000</u></u> | <u><u>258,000</u></u> |

**PHILADELPHIA GAS WORKS
REVENUE BOND DEBT SERVICE**
(Dollars in Thousands)

| <u>Line No.</u> | <u>Year Issued</u> | <u>Series</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|----------------------------------|--------------------|---------------|---------------------------|-----------------------------|---------------------------|
| <u>Principal Payments</u> | | | | | |
| 1. | 2009 | 8th B | 5,085 | 5,340 | 5,985 |
| 2. | 2009 | 8th C | 5,060 | 5,310 | 5,955 |
| 3. | 2009 | 8th D | 7,590 | 7,970 | 8,935 |
| 4. | 2009 | 8th E | 5,085 | 5,340 | 5,985 |
| 5. | 2015 | 13th | 12,620 | - | - |
| 6. | 2016 | 14th | 11,510 | 12,140 | 12,755 |
| 7. | 2017 | 15th | 5,620 | 5,905 | 6,195 |
| 8. | 2020 | 16th A | 3,910 | 4,105 | 4,310 |
| 9. | 2020 | 16th B | - | - | - |
| 10. | 2024 | 17th A | - | - | - |
| 11. | 2024 | 17th B | - | 12,335 | 9,175 |
| Total Principal Payments | | | <u>\$ 56,480</u> | <u>\$ 58,445</u> | <u>\$ 59,295</u> |

**PHILADELPHIA GAS WORKS
WORKING CAPITAL DETAIL**
(Dollars in Thousands)

| Line No. | Actual Balance <u>8/31/25</u> | Estimate Balance <u>8/31/26</u> | Budget Balance <u>8/31/27</u> |
|-------------------------------|--|--|--|
| <u>ASSETS</u> | | | |
| 1. Accounts Receivable | 170,895 | 184,081 | 179,938 |
| 2. Accrued Gas Revenues | 12,171 | 6,243 | 6,304 |
| 3. Uncollectible Reserve | <u>(80,584)</u> | <u>(89,701)</u> | <u>(93,967)</u> |
| 4. Net Accounts Receivable | 102,482 | 100,623 | 92,275 |
| 5. Materials & Supplies | 56,824 | 60,787 | 62,565 |
| 6. Other Current Assets | <u>27,200</u> | <u>34,175</u> | <u>17,209</u> |
| 7. Total Assets | <u><u>\$186,506</u></u> | <u><u>\$195,585</u></u> | <u><u>\$172,049</u></u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable: | | | |
| 8. Natural Gas | 8,796 | 12,026 | 14,081 |
| 9. General | <u>69,898</u> | <u>69,568</u> | <u>69,240</u> |
| 10. Total Accounts Payable | 78,694 | 81,594 | 83,321 |
| 11. Other Current Liabilities | <u>46,472</u> | <u>26,629</u> | <u>28,592</u> |
| 12. Total Liabilities | <u><u>\$125,166</u></u> | <u><u>\$108,223</u></u> | <u><u>\$111,913</u></u> |
| 13. Total Working Capital | <u><u>\$61,340</u></u> | <u><u>\$87,362</u></u> | <u><u>\$60,136</u></u> |
| 14. Net Increase/(Decrease) | \$25,316 | \$26,022 | (\$27,227) |

**PHILADELPHIA GAS WORKS
WORKING CAPITAL CHANGES**
(Dollars in Thousands)

| Line No. | Actual Change <u>8/31/25</u> | Estimate Change <u>8/31/26</u> | Budget Change <u>8/31/27</u> |
|---------------------------|---|---|---|
| <u>ASSETS</u> | | | |
| 1. | 1,063 | 13,185 | (4,144) |
| 2. | 3,273 | (5,928) | 61 |
| 3. | <u>9,010</u> | <u>(9,117)</u> | <u>(4,266)</u> |
| 4. | 13,346 | (1,860) | (8,349) |
| 5. | (10,565) | 3,963 | 1,778 |
| 6. | <u>12,270</u> | <u>6,975</u> | <u>(7,692)</u> |
| 7. | <u><u>\$15,051</u></u> | <u><u>\$9,078</u></u> | <u><u>(\$14,263)</u></u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable: | | | |
| 8. | 3,631 | 3,230 | 2,055 |
| 9. | <u>1,706</u> | <u>(330)</u> | <u>(328)</u> |
| 10. | 5,337 | 2,900 | \$1,727 |
| 11. | <u>(15,602)</u> | <u>(19,844)</u> | <u>1,962</u> |
| 12. | <u><u>(\$10,265)</u></u> | <u><u>(\$16,944)</u></u> | <u><u>\$3,689</u></u> |
| 13. | <u><u>\$25,316</u></u> | <u><u>\$26,022</u></u> | <u><u>(\$17,952)</u></u> |

PHILADELPHIA GAS WORKS
MATERIALS & SUPPLIES BALANCE @ 8/31

| Line No. | Non-Gas Inventory Storerooms: | Estimate | Budget |
|----------|-------------------------------|----------------------|----------------------|
| | | FY 2025-26 | FY 2026-27 |
| | | Dollars | Dollars |
| 1. | Field Operations / Tioga | 97,000 | 99,000 |
| 2. | Meter Shop | 73,000 | 74,000 |
| 3. | Passyunk Mini | 34,000 | 35,000 |
| 4. | Passyunk Plant | 1,037,000 | 1,058,000 |
| 5. | Porter | 77,000 | 79,000 |
| 6. | Richmond Plant | 3,381,000 | 3,449,000 |
| 7. | Stationery | 73,000 | 74,000 |
| 8. | NOC Main | 7,423,000 | 7,571,000 |
| 9. | NOC Transportation | 787,000 | 803,000 |
| 10. | Liberty | 1,854,000 | 1,891,000 |
| 11. | Other Miscellaneous | 61,000 | 61,000 |
| 12. | Sub Total | <u>\$ 14,897,000</u> | <u>\$ 15,194,000</u> |

| | Estimate | | | Budget | | | |
|-----------------------------|--------------------------------------|----------------|-----------------------------|--------------|----------------|-----------------------------|-----------|
| | FY 2025-26 | | | FY 2026-27 | | | |
| <u>Natural Gas Storages</u> | <u>(Mcf)</u> | <u>Dollars</u> | <u>Avg. Price</u> | <u>(Mcf)</u> | <u>Dollars</u> | <u>Avg. Price</u> | |
| 13. | GSS - Transco | 3,189,000 | 9,088,000 | \$ 2.8498 | 2,792,000 | 9,210,000 | \$ 3.2987 |
| 14. | WSS | 2,404,000 | 8,646,000 | 3.5965 | 2,034,000 | 7,149,000 | 3.5147 |
| 15. | SS 1A | 1,947,000 | 4,752,000 | 2.4407 | 1,869,000 | 5,387,000 | 2.8823 |
| 16. | GSS - Tetco | 2,793,000 | 6,161,000 | 2.2059 | 2,805,000 | 7,858,000 | 2.8014 |
| 17. | S2 | 311,000 | 924,000 | 2.9711 | 334,000 | 1,092,000 | 3.2695 |
| 18. | SS 1B | 1,841,000 | 4,410,000 | 2.3954 | 1,810,000 | 5,128,000 | 2.8331 |
| 19. | Sub Total | 12,485,000 | \$33,981,000 | \$ 2.7217 | 11,644,000 | \$35,824,000 | \$ 3.0766 |
| 20. | Richmond LNG | 1,848,000 | 6,944,000 | 3.7576 | 1,942,000 | 7,729,000 | 3.9799 |
| 21. | Passyunk LNG | 179,000 | 452,000 | 2.5251 | 190,000 | 552,000 | 2.9053 |
| 22. | Processing Costs | - | 4,514,000 | | - | 3,266,000 | |
| 23. | Sub Total | 2,027,000 | 11,910,000 | | 2,132,000 | 11,547,000 | |
| 24. | Total Gas Storage | 14,512,000 | \$45,891,000 | \$ 3.1623 | 13,776,000 | \$47,371,000 | \$ 3.4387 |
| 25. | Total Material & Supplies | | <u>\$ 60,788,000</u> | | | <u>\$ 62,565,000</u> | |

PHILADELPHIA GAS WORKS
DETAIL OF NON-CASH EXPENSES
(Dollars in Thousands)

| Line No. | Actual <u>2024-25</u> | Estimate <u>2025-26</u> | Budget <u>2026-27</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| <u>DEPRECIATION</u> | | | |
| 1. Depreciation on Historical | 71,322 | 79,116 | 82,534 |
| 2. Less to Capital | - | - | - |
| | <u>71,322</u> | <u>79,116</u> | <u>82,534</u> |
| <u>SUBORDINATE PAYMENTS</u> | | | |
| 3. Gas Commission | 986 | 1,006 | 1,026 |
| 4. City Payments | 2,018 | 2,058 | 2,100 |
| 5. Pension Amoritzation of Unfunded Liability-GASB 68 | <u>(20,620)</u> | <u>473</u> | <u>(26,780)</u> |
| | <u>(17,616)</u> | <u>3,537</u> | <u>(23,654)</u> |
| 6. Total Non-Cash Expenses | <u>\$53,706</u> | <u>\$82,653</u> | <u>\$58,880</u> |
| <u>DETAIL OF DEPRECIATION & AMORTIZATION</u> | | | |
| 7. Depreciation Excluding Cost of Removal | 71,221 | 71,839 | 75,257 |
| 8. Discount, Premium & Issuance Expense | (9,321) | (11,375) | (10,794) |
| 9. Extraordinary Loss | <u>2,711</u> | <u>2,080</u> | <u>1,806</u> |
| 10. Total | <u>64,611</u> | <u>\$62,544</u> | <u>\$66,269</u> |
| <u>NET CHANGE OTHER LONG TERM</u> | | | |
| 11. (Increase)/Decrease Other Assets | 11,073 | 21,903 | 20,708 |
| 12. Increase/(Decrease) Other Liabilities | <u>(65,471)</u> | <u>(56,617)</u> | <u>(81,692)</u> |
| 13. Total | <u>(\$54,398)</u> | <u>(\$34,714)</u> | <u>(\$60,984)</u> |

**PHILADELPHIA GAS WORKS
INSURANCE EXPENSE**
(Dollars in Thousands)

| <u>Line No.</u> | <u>Insurance Type</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|-----------------|------------------------------------|---------------------------|-----------------------------|---------------------------|
| 1. | Property | \$1,491 | \$1,330 | \$1,596 |
| 2. | Public Liability | 5,168 | 5,477 | 6,001 |
| 3. | Workers' Compensation | 951 | 997 | 1,097 |
| 4. | Medical Malpractice | - | - | - |
| 5. | Officers/PFMC | 26 | 32 | 67 |
| 6. | Miscellaneous | 3 | 469 | 591 |
| 7. | Sub-Total | <u>\$7,639</u> | <u>\$8,305</u> | <u>\$9,352</u> |
| 8. | Employees' Health | 25,625 | 28,682 | 30,929 |
| 9. | Employees' Group Life & Disability | - | - | - |
| 10. | Sub-Total | <u>\$25,625</u> | <u>\$28,682</u> | <u>\$30,929</u> |
| 11. | Total Insurance | <u><u>\$33,264</u></u> | <u><u>\$36,987</u></u> | <u><u>\$40,281</u></u> |

**PHILADELPHIA GAS WORKS
PERSONNEL & PAYROLL DETAIL**
(Dollars in Thousands)

| Line No. | DEPARTMENTS | Actual 2024-25 | | Estimate 2025-26 | | Budget 2026-27 | |
|---------------------------------|--|----------------------|------------|----------------------|------------|----------------------|------------|
| | | Average Personnel | Payroll | Average Personnel | Payroll | Average Personnel | Payroll |
| ADMINISTRATION | | | | | | | |
| 1. | Officer's Salaries | - | 6,216 | - | 6,405 | - | 7,274 |
| 2. | President & Chief Executive Officer | 2 | 93 | 2 | 95 | 2 | 99 |
| 3. | Internal Auditing | 1 | 103 | 1 | 104 | 1 | 108 |
| 4. | Labor Relations | 3 | 218 | 3 | 230 | 3 | 242 |
| 5. | Legal | 16 | 1,651 | 17 | 1,916 | 17 | 2,023 |
| 6. | Risk Management | 17 | 1,670 | 17 | 1,697 | 17 | 1,780 |
| 7. | Human Resources | 11 | 1,018 | 10 | 943 | 8 | 836 |
| 8. | Organizational Development | 13 | 1,397 | 17 | 1,900 | 19 | 2,225 |
| 9. | Total | 63 | 12,366 | 67 | 13,290 | 67 | 14,587 |
| FINANCE | | | | | | | |
| 10. | Chief Financial Officer | 1 | - | 1 | - | 2 | - |
| 11. | Accounting & Reporting | 15 | 1,555 | 16 | 1,725 | 18 | 1,923 |
| 12. | VP Budget & Strategic Development | 8 | 785 | 8 | 826 | 8 | 857 |
| 13. | Treasury | 11 | 1,047 | 11 | 1,021 | 10 | 956 |
| 14. | Total | 35 | 3,387 | 36 | 3,572 | 38 | 3,736 |
| CUSTOMER ACTIVITIES | | | | | | | |
| 15. | VP Reg. Compliance & Customer Programs | 43 | 3,861 | 45 | 4,506 | 50 | 5,479 |
| 16. | Collections | 26 | 2,224 | 27 | 2,493 | 28 | 3,012 |
| 17. | Bypass Bonus | - | 18 | - | 17 | - | 18 |
| 18. | Commercial Resource Center | 10 | 752 | 10 | 853 | 11 | 1,174 |
| 19. | Account Management | 25 | 2,337 | 25 | 2,486 | 28 | 3,124 |
| 22. | Customer Programs | 7 | 747 | 6 | 740 | 7 | 804 |
| 23. | Customer Review Unit | 9 | 810 | 8 | 812 | 10 | 983 |
| 24. | Customer Service | 116 | 7,177 | 107 | 7,919 | 99 | 8,605 |
| 25. | Total | 236 | 17,926 | 228 | 19,826 | 233 | 23,199 |
| MARKETING & PLANNING | | | | | | | |
| 26. | VP Marketing | 2 | 76 | 2 | 80 | 2 | 83 |
| 27. | Marketing | 21 | 2,297 | 21 | 2,405 | 23 | 2,629 |
| 28. | Corporate Communications | 17 | 1,618 | 20 | 2,002 | 21 | 2,236 |
| 29. | Corporate Planning | 10 | 1,110 | 10 | 1,228 | 10 | 1,252 |
| 30. | Gas Control & Acquisitions | 28 | 3,054 | 30 | 3,158 | 30 | 3,224 |
| 31. | Gas Planning & Rates | 6 | 706 | 6 | 697 | 6 | 800 |
| 32. | Total | 84 | 8,861 | 89 | 9,570 | 92 | 10,224 |
| OPERATIONS | | | | | | | |
| 33. | Chief Operating Officer | - | - | - | - | 1 | - |
| 34. | SVP Operations & Supply Chain | 2 | 77 | 2 | 86 | 2 | 90 |
| 35. | SVP Gas Management | 5 | 492 | 4 | 497 | 6 | 524 |
| 36. | Field Services | 347 | 29,409 | 352 | 31,008 | 351 | 32,415 |
| 37. | Distribution | 493 | 45,344 | 493 | 47,745 | 493 | 49,377 |
| 38. | Gas Processing | 118 | 13,913 | 120 | 15,151 | 122 | 15,660 |
| 39. | Resource Management and Technology | 10 | \$ 1,005 | 10 | 1,075 | 10 | 1,136 |
| 40. | Total | 975 | \$ 90,240 | 981 | 95,562 | 985 | 99,202 |
| SYSTEMS & SERVICES | | | | | | | |
| 41. | Information Services | 65 | \$ 7,101 | 67 | 7,800 | 70 | 8,324 |
| 42. | CIS | 15 | \$ 1,704 | 14 | 1,571 | 9 | 1,069 |
| 43. | Safety & Business Continuity | 4 | \$ 559 | 4 | 524 | 4 | 455 |
| 44. | Engineering Services | 10 | \$ 1,275 | 9 | 1,258 | 9 | 1,297 |
| 45. | Facilities Management | 19 | \$ 1,982 | 21 | 2,379 | 21 | 2,405 |
| 46. | Security | 2 | \$ 247 | 2 | 284 | 2 | 281 |
| 47. | Fleet Operations | 33 | \$ 3,513 | 35 | 3,776 | 37 | 4,116 |
| 48. | Supply Chain | 68 | \$ 6,791 | 70 | 7,379 | 70 | 7,665 |
| 49. | Total | 216 | \$ 23,172 | 222 | 24,971 | 222 | 25,612 |
| 50. | SUB-TOTAL | 1,609 | \$ 155,952 | 1,623 | 166,791 | 1,637 | 176,560 |
| 51. | Labor Savings | - | - | - | - | - | - |
| 52. | Vacation Cashout Program | - | - | - | - | - | 225 |
| 53. | Retirement Benefit Allocation | - | - | - | - | - | 992 |
| | SUB-TOTAL | 1,609 | \$ 155,952 | 1,623 | 166,791 | 1,637 | 177,777 |
| 54. | Philadelphia Gas Commission | 6 | \$ 762 | 6 | 775 | 6 | 802 |
| 55. | GRAND TOTAL PAYROLL | 1,615 | \$ 156,714 | 1,629 | \$ 167,567 | 1,643 | \$ 178,579 |
| 56. | Allocated to Capital & Clearing Accounts | 259 | 25,111 | 241 | 24,836 | 210 | 22,856 |

PHILADELPHIA GAS WORKS REMAINING NORMALIZED EXPENSES

| <u>Line No.</u> | <u>Description</u> | <u>Department</u> | <u>Act/Est 2025-26</u> | <u>Budget 2026-27</u> | <u>Forecast 2027-28</u> | <u>Forecast 2028-29</u> | <u>Forecast 2029-30</u> | <u>Forecast 2030-31</u> | <u>Forecast 2031-32</u> |
|-----------------|-----------------------|-------------------|----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1 | Base Rate Case - 2025 | PUC | 520,730 | - | - | - | - | - | - |
| 2 | Total | | <u><u>\$520,730</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

**PHILADELPHIA GAS WORKS
ENVIRONMENTAL EXPENSES**

| <u>Environmental</u> | <u>Actual FY 2025</u> | <u>Estimate FY 2026</u> | <u>Budget FY 2027</u> | <u>Forecast FY 2028</u> | <u>Forecast FY 2029</u> | <u>Forecast FY 2030</u> | <u>Forecast FY 2031</u> | <u>Forecast FY 2032</u> |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cost of Removal (Net) | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Labor & Other | | | | | | | | |
| Technical Support | | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 |
| Other | | - | - | - | - | - | - | - |
| Total | | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 | 377,000 |
| Purchased Service | | | | | | | | |
| Purchased Service | | 1,461,000 | 2,335,000 | 4,275,000 | 275,000 | 275,000 | 275,000 | 275,000 |
| Assessment Study | | - | - | - | - | - | - | - |
| Total | | 1,461,000 | 2,335,000 | 4,275,000 | 275,000 | 275,000 | 275,000 | 275,000 |
| Maint. Contractors | | | | | | | | |
| Misc. Contractors | | - | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - | - |
| Total (Excluding Cost of Removal) | | 1,838,000 | 2,712,000 | 4,652,000 | 652,000 | 652,000 | 652,000 | 652,000 |
| Cumulative (Excluding Cost of Removal) | | 1,838,000 | 4,550,000 | 9,202,000 | 9,854,000 | 10,506,000 | 11,158,000 | 11,810,000 |
| Cumulative L-T Deferred | | | | | | | | |
| Less Current Amortized. | | | | | | | | |
| Remaining L-T Deferred | | - | - | - | - | - | - | - |
| Deferred Costs | | - | - | - | - | - | - | - |
| Current Costs | | 1,838,000 | 2,712,000 | 4,652,000 | 652,000 | 652,000 | 652,000 | 652,000 |
| Cost of Removal | | - | - | - | - | - | - | - |
| Total (Including Cost of Removal) | | 1,838,000 | 2,712,000 | 4,652,000 | 652,000 | 652,000 | 652,000 | 652,000 |
| Cumulative (Including Cost of Removal) | | 1,838,000 | 4,550,000 | 9,202,000 | 9,854,000 | 10,506,000 | 11,158,000 | 11,810,000 |
| | <u>8/31/2025</u> | <u>8/31/2025</u> | <u>8/31/2026</u> | <u>8/31/2027</u> | <u>8/31/2028</u> | <u>8/31/2029</u> | <u>8/31/2030</u> | <u>8/31/2031</u> |
| Environmental Expenses | | | | | | | | |
| Settlement Proceeds | - | - | - | - | - | - | - | - |
| Expenses / Amortization | - | - | (0) | - | - | - | - | - |
| Settlement Balance | - | 0 | - | - | - | - | - | - |
| Total Liabilities | 28,098,518 | 26,260,780 | 23,549,141 | 18,897,503 | 18,245,865 | 17,594,227 | 16,942,588 | 16,290,950 |
| Current Liabilities | (1,837,738) | (2,711,638) | (4,651,638) | (651,638) | (651,638) | (651,638) | (651,638) | (651,638) |
| Non-current Liabilities | 26,260,780 | 23,549,142 | 18,897,503 | 18,245,865 | 17,594,227 | 16,942,589 | 16,290,950 | 15,639,312 |
| Deferred Liability | 28,098,518 | 26,260,780 | 23,549,141 | 18,897,503 | 18,245,865 | 17,594,227 | 16,942,588 | 16,290,950 |

PHILADELPHIA GAS WORKS ACCOUNTS RECEIVABLE & BAD DEBT EXPENSE

| Line No. | <u>Accounts Receivable</u> | <u>Actual 2024-25</u> | <u>Estimate 2025-26</u> | <u>Budget 2026-27</u> |
|-------------|-------------------------------------|---------------------------|-----------------------------|---------------------------|
| 1 | Beginning Receivable Balance | 179,957 | 152,758 | 184,081 |
| 2 | Billed Gas Revenues | 693,098 | 817,754 | 770,204 |
| 3 | Enhanced Revenue Opportunities | | - | 0 |
| 3 | Other Operating Revenues | <u>63,570</u> | <u>77,180</u> | <u>58,694</u> |
| 4 | Total Billed Revenues | 756,668 | 894,934 | 828,898 |
| 5 | Collections Current Billings | (738,263) | (823,339) | (795,742) |
| 6 | Combined Collection Rate | 98.22% | 92.00% | 96.00% |
| 7 | Adjustments | 966 | - | - |
| 8 | Net Write-Offs | <u>(46,571)</u> | <u>(40,272)</u> | <u>(37,300)</u> |
| 9 | Total Collections / Reductions | <u>(783,868)</u> | <u>(863,610)</u> | <u>(833,041)</u> |
| 10 | Ending Receivable Balance | <u><u>152,758</u></u> | <u><u>184,081</u></u> | <u><u>179,938</u></u> |
| 11 | Bad Debt Expense | | | |
| 12 | Current Year Net Receivable | 152,758 | 184,081 | 179,938 |
| 13 | Reserve Factor | <u>24.59%</u> | <u>26.65%</u> | <u>23.11%</u> |
| 14 | Total Bad Debt Expense | 37,213 | 49,065 | 41,591 |
| 15 | Reserve Balance | | | |
| 16 | Beginning Reserve Balance - Gas | 89,595 | 80,585 | 89,378 |
| 17 | Net Write-Off - Gas | (46,571) | (40,272) | (37,300) |
| 18 | Appropriation to Reserve - Gas | <u>37,213</u> | <u>49,065</u> | <u>41,591</u> |
| 19 | Ending Reserve Balance - Gas | 80,237 | 89,378 | 93,669 |
| 20 | OAR Reserve | <u>348</u> | <u>323</u> | <u>298</u> |
| 21 | Total Reserve Balance | <u><u>80,584</u></u> | <u><u>89,701</u></u> | <u><u>93,967</u></u> |

**PHILADELPHIA GAS WORKS
COLLECTIBILITY STUDY - MARCH 2026**

| Classification | Balance Per Study | | Reserve % | \$ Uncollectible |
|---|-------------------|------------------------|-----------------------|--------------------------------|
| | Receivable | Collectible | | |
| Defaulted Non-Budget Agreement | | | | |
| Commercial | | | | |
| Residential | 2 | 409,541 | 269,201 | |
| Total | | 409,541 | 269,201 | 34.27% \$ 140,339.84 |
| Active Non-budget Agreement | | | | |
| Commercial | 3 | 948,337 | 510,286 | 46.19% \$ 438,050.73 |
| Residential | 4 | 19,776,571 | 17,691,102 | 10.55% \$ 2,085,468.96 |
| Total | | 20,724,908 | 18,201,388 | 12.18% \$ 2,523,519.69 |
| Off - Curb & Dig | | | | |
| Commercial | 5 | 36,055 | - | 1 \$ 36,055.23 |
| Residential | 6 | 3,835,228 | 1,248,231 | 0.674535252 \$ 2,586,996.27 |
| Total | | 3,871,283 | 1,248,231 | 67.76% \$ 2,623,051.50 |
| Finals | | | | |
| Commercial | 7 | 6,149,675 | 1,209,501 | 80.33% \$ 4,940,174.21 |
| Residential | 8 | 20,695,613 | 6,493,505 | 68.62% \$ 14,202,107.22 |
| Total | | 26,845,288 | 7,703,007 | 71.31% \$ 19,142,281.43 |
| Non-Budget Non-Agreement | | | | |
| Commercial | 9 | 44,178,081 | 43,780,421 | 0.90% \$ 397,660.50 |
| Residential | 10 | 131,381,756 | 96,116,103 | 26.84% \$ 35,265,653.00 |
| Total | | 175,559,837 | 139,896,524 | 20.31% \$ 35,663,313.50 |
| Not Classified | 17 | 9,106,799 | 5,999,262 | 34.12% \$ 3,107,537.15 |
| Total | | 9,106,799 | 5,999,262 | 34.1% \$ 3,107,537.15 |
| EMPP | 15 | 400 | 400 | 0.00% \$ - |
| Active Budget Agreements | 13 | 236 | 236 | |
| Sub-Total Before CRP | | 236,518,291.67 | 173,318,248.56 | 26.72% \$ 63,200,043.11 |
| CRP AGREEMENTS | | | | |
| CRP Current Program | 16 | - | - | 0 \$ - |
| CRP Program **** | | - | - | - \$ - |
| CRP Arrears | | 35,300,785.22 | 22,979,135.57 | 34.90% \$ 12,321,649.65 |
| CRP Regulatory Asset | | - | - | \$ - |
| Total CRP | | 35,300,785.22 | 22,979,135.57 | 34.90% \$ 12,321,649.65 |
| Inactive Accounts | | 8,499,124.08 | (1,475,653.78) | 117.36% \$ 9,974,777.86 |
| Credit Balances | 18 | (17,043,964.00) | | |
| Grand Total***** | | 263,274,236.97 | 194,821,730.35 | \$ 85,496,470.62 |
| Cycle 22, 23 GTS & Unfrozen Pay. | | | | |
| Firm Transportation Charges | | | | |
| Total AR | | 263,274,236.97 | | |

*****CRP Program includes CRP Liheap Make-Up (CRP-LL), CRP Relief Loan (CRP-RL), Non-Gas Charges Billed (CRP-LN) and Non-Gas Charges from Current year not billed (CRP-LD)

NATURAL GAS PRICE - VOLUME ANALYSIS

| Line No. | Budget <u>2026-2027</u> | Estimate <u>2025-2026</u> | Budget 2027 Over (Under) <u>Estimate 2026</u> |
|--------------------------------|-------------------------------|------------------------------|---|
| 1. N.G. Utilization (Mcf) | 41,297,951 | 44,062,812 | (2,764,861) |
| 2. COMMODITY | \$125,698,912 | \$148,888,957 | (\$23,190,045) |
| 3. Average Price | 3.0437 | 3.3790 | (0.3353) |
| 4. DEMAND | <u>\$79,947,852</u> | <u>\$88,774,518</u> | <u>(\$8,826,666)</u> |
| 5. Total Demand & Commodity | \$205,646,764 | \$237,663,475 | (\$32,016,711) |
| 6. Average Price | 4.9796 | 5.3937 | (0.4142) |
| 7. REFUNDS | <u>-</u> | <u>-</u> | <u>-</u> |
| 8. TOTAL | <u><u>\$205,646,764</u></u> | <u><u>\$237,663,475</u></u> | <u><u>(\$32,016,711)</u></u> |
| <u>CHANGE DUE TO:</u> | | | |
| 9. Commodity Price | (\$13,847,535) | (0.3353) | -9.92% |
| 10. Volume | (9,342,510) | (2,764,861) | -6.27% |
| 11. Demand | <u>(8,826,666)</u> | | |
| 12. Total Demand & Commodity | (32,016,711) | (0.4142) | -7.68% |
| 13. Refunds | <u>-</u> | | |
| 14. TOTAL CHANGE | <u><u>\$ (32,016,711)</u></u> | | |
| 15. Degree Days Heating Season | 3,844 | 4,344 | (500) |

PHILADELPHIA GAS WORKS
DETAIL OF OTHER OPERATING REVENUES
(Dollars in Thousands)

| <u>Line No.</u> | <u>Actual</u> <u>2024-25</u> | <u>Estimate</u> <u>2025-26</u> | <u>Budget</u> <u>2026-27</u> |
|------------------------------------|---|---|---|
| 1. Finance Charges | \$ 9,037 | \$ 10,661 | \$ 10,041 |
| 2. Returned Check Charges | 280 | 330 | 311 |
| 3. Credit Card Charge Back Fees | - | - | - |
| 4. Customer Contract Obligation | 206 | 243 | 229 |
| 5. Asset Management | 11,042 | 10,000 | 10,000 |
| 6. Capacity Release TRANSCO | 8,457 | 6,400 | 6,000 |
| 7. Capacity Release TETCO | 4,829 | 5,500 | 4,000 |
| 8. LNG Service & Loading Fee | - | 60 | 60 |
| 9. Third Party Sales | 7,557 | 20,600 | 6,000 |
| 10. Other Gas Revenue - Off System | 1,755 | 1,032 | - |
| 11. Miscellaneous | - | - | - |
| Total | <u>\$ 43,162</u> | <u>\$ 54,826</u> | <u>\$ 36,641</u> |

**PHILADELPHIA GAS WORKS
STATEMENT OF CASHFLOW
MONTH ENDING AUGUST 31, 2026
(Millions of Dollars)**

| LINE NO. | DESCRIPTION | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE | TOTAL | |
|----------|--|--------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|
| | | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | | Aug |
| | OPENING BALANCE RECEIPTS | 82.6 | 109.0 | 64.1 | 81.2 | 70.6 | 84.8 | 81.0 | 109.5 | 158.8 | 178.2 | 183.9 | 168.4 | 82.6 |
| 1. | Gas | 36.0 | 38.3 | 33.9 | 61.6 | 90.8 | 121.6 | 149.1 | 129.0 | 95.1 | 69.6 | 50.0 | 52.1 | 927.1 |
| 2. | Other | 6.3 | 0.7 | 3.1 | 2.3 | 2.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 19.0 |
| 3. | PHMSA Grant | 0.9 | 1.9 | 0.2 | 0.4 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.4 | 12.3 |
| 4. | Drawn from Capital TXCP | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. | Drawn from Capital Funds - Principal | 45.0 | 0.0 | 35.0 | 0.0 | 0.0 | 12.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 92.5 |
| 6. | Drawn from Capital Funds - Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7. | Drawn from Sinking Fund - Principal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8. | Drawn from Sinking Fund - Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Pension Draw | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10. | TOTAL RECEIPTS | 88.2 | 41.0 | 72.2 | 64.3 | 93.8 | 134.7 | 149.6 | 129.6 | 95.7 | 70.2 | 50.6 | 61.0 | 1,050.9 |
| 11. | TOTAL | 170.8 | 149.9 | 136.3 | 145.4 | 164.4 | 219.5 | 230.7 | 239.1 | 254.5 | 248.4 | 234.5 | 229.5 | 1,133.5 |
| 12. | DISBURSEMENTS | | | | | | | | | | | | | |
| 13. | Labor & Payroll Taxes | 13.1 | 16.5 | 12.6 | 18.6 | 14.2 | 13.9 | 14.5 | 14.3 | 14.5 | 14.0 | 14.5 | 14.3 | 175.0 |
| 14. | Natural Gas | 11.6 | 11.4 | 12.4 | 22.0 | 32.1 | 47.2 | 43.8 | 14.1 | 14.0 | 12.3 | 11.9 | 7.6 | 240.4 |
| 15. | Debt Service | 0.2 | 16.2 | 0.2 | 0.2 | 0.2 | 22.3 | 0.2 | 3.9 | 0.3 | 0.3 | 0.3 | 68.6 | 113.0 |
| 16. | Letters of Credit & TXCP Fees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.1 | 0.5 |
| 17. | Swap Termination Payment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 18. | City Fee | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.5 | 4.5 | 4.5 | 4.5 | 0.0 | 0.0 | 0.0 | 18.0 |
| 19. | Other Disbursements | 36.9 | 41.7 | 29.9 | 34.1 | 33.2 | 50.4 | 58.1 | 43.5 | 42.7 | 37.8 | 39.4 | 42.5 | 490.3 |
| 20. | TOTAL DISBURSEMENTS | 61.8 | 85.8 | 55.1 | 74.8 | 79.6 | 138.5 | 121.2 | 80.3 | 76.2 | 64.5 | 66.1 | 133.1 | 1,037.1 |
| 21. | MONTHLY CASH FLOW | 26.4 | (44.9) | 17.1 | (10.6) | 14.2 | (3.8) | 28.5 | 49.3 | 19.4 | 5.7 | (15.5) | (72.1) | 13.8 |
| 22. | CUMULATIVE CASH FLOW | 26.4 | (18.4) | (1.4) | (12.0) | 2.2 | (1.5) | 26.9 | 76.2 | 95.7 | 101.4 | 85.9 | 13.8 | |
| 23. | OPENING TXCP - OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 24. | TXCP ISSUED DURING MONTH | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 25. | TXCP PAID DOWN DURING MONTH | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 26. | ENDING TXCP - OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 27. | OPENING BALANCE - CASH | 82.6 | 109.0 | 64.1 | 81.2 | 70.6 | 84.8 | 81.0 | 109.5 | 158.8 | 178.2 | 183.9 | 168.4 | 82.6 |
| 28. | MONTHLY CASH FLOW | 26.4 | (44.9) | 17.1 | (10.6) | 14.2 | (3.8) | 28.5 | 49.3 | 19.4 | 5.7 | (15.5) | (72.1) | 13.8 |
| 29. | NET TXCP - CAPITAL ACTIVITY MONTHLY | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 30. | ENDING BALANCE - CASH | 109.0 | 64.1 | 81.2 | 70.6 | 84.8 | 81.0 | 109.5 | 158.8 | 178.2 | 183.9 | 168.4 | 96.4 | 96.4 |

**PHILADELPHIA GAS WORKS
STATEMENT OF CASHFLOW
BUDGETED FISCAL YEAR END AUGUST 31, 2027
(Millions of Dollars)**

| | | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | BUDGET | | |
|----------|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | TOTAL |
| LINE NO. | OPENING BALANCE | 96.3 | 58.8 | 57.8 | 29.9 | 57.8 | 68.0 | 86.5 | 124.5 | 158.4 | 184.9 | 170.9 | 148.4 | 96.3 |
| | RECEIPTS | | | | | | | | | | | | | |
| 1. | Gas | 44.7 | 48.9 | 44.4 | 57.8 | 89.0 | 106.4 | 133.3 | 113.6 | 80.4 | 46.0 | 45.9 | 45.0 | 855.4 |
| 2. | Other | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 1.7 |
| 3. | PHMSA Grant | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 7.4 | 31.4 |
| 4. | Drawn from Capital TXCP | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. | Drawn from Capital Funds - Principal | 4.0 | 45.4 | 0.0 | 45.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 47.8 | 142.7 |
| 6. | Drawn from Capital Funds - Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.7 | 0.0 | 0.0 | 7.7 | 0.0 | 0.0 | 7.7 | 23.1 |
| 7. | Drawn from Sinking Fund - Principal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8. | Drawn from Sinking Fund - Interest | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.8 | 15.8 |
| 9. | Pension Draw | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10. | TOTAL RECEIPTS | 48.8 | 94.4 | 52.6 | 108.4 | 89.1 | 127.3 | 133.4 | 113.7 | 96.3 | 46.1 | 46.0 | 113.9 | 1,070.1 |
| 11. | TOTAL | 145.1 | 153.2 | 110.3 | 138.3 | 146.9 | 195.3 | 219.9 | 238.2 | 254.6 | 231.0 | 216.9 | 262.2 | 1,166.4 |
| 12. | DISBURSEMENTS | | | | | | | | | | | | | |
| 13. | Labor & Payroll Taxes | 15.6 | 15.8 | 15.5 | 18.0 | 15.8 | 15.4 | 16.0 | 15.9 | 16.0 | 15.6 | 16.1 | 16.3 | 191.9 |
| 14. | Natural Gas | 12.7 | 15.4 | 17.6 | 22.4 | 22.9 | 21.0 | 18.9 | 16.4 | 15.5 | 14.1 | 14.1 | 14.4 | 205.4 |
| 15. | Debt Service | 0.2 | 15.3 | 0.2 | 0.2 | 0.2 | 21.3 | 0.2 | 3.9 | 0.2 | 0.2 | 0.2 | 68.8 | 111.2 |
| 16. | Letters of Credit & TXCP Fees | 0.0 | 0.0 | 1.3 | 0.0 | 0.0 | 1.2 | 0.0 | 0.0 | 1.2 | 0.0 | 0.0 | 1.3 | 5.0 |
| 17. | Swap Termination Payment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 18. | City Fee | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.5 | 4.5 | 4.5 | 4.5 | 0.0 | 0.0 | 0.0 | 18.0 |
| 19. | Other Disbursements | 57.8 | 49.0 | 45.8 | 39.9 | 39.9 | 45.4 | 55.7 | 39.2 | 32.3 | 30.2 | 38.2 | 39.3 | 512.6 |
| 20. | TOTAL DISBURSEMENTS | 86.3 | 95.4 | 80.5 | 80.5 | 78.9 | 108.8 | 95.4 | 79.9 | 69.8 | 60.1 | 68.5 | 140.0 | 1,044.2 |
| 21. | MONTHLY CASH FLOW | (37.5) | (1.0) | (27.9) | 27.9 | 10.2 | 18.5 | 38.0 | 33.8 | 26.5 | (14.0) | (22.5) | (26.1) | 25.9 |
| 22. | CUMULATIVE CASH FLOW | (37.5) | (38.5) | (66.4) | (38.5) | (28.3) | (9.8) | 28.2 | 62.1 | 88.6 | 74.6 | 52.1 | 25.9 | |
| 23. | OPENING TXCP - OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 24. | TXCP ISSUED DURING MONTH | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 25. | TXCP PAID DOWN DURING MONTH | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 26. | ENDING TXCP - OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 27. | OPENING BALANCE - CASH | 96.3 | 58.8 | 57.8 | 29.9 | 57.8 | 68.0 | 86.5 | 124.5 | 158.4 | 184.9 | 170.9 | 148.4 | 96.3 |
| 28. | MONTHLY CASH FLOW | (37.5) | (1.0) | (27.9) | 27.9 | 10.2 | 18.5 | 38.0 | 33.8 | 26.5 | (14.0) | (22.5) | (26.1) | 25.9 |
| 29. | NET TXCP - CAPITAL ACTIVITY MONTHLY | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 30. | ENDING BALANCE - CASH | 58.8 | 57.8 | 29.9 | 57.8 | 68.0 | 86.5 | 124.5 | 158.4 | 184.9 | 170.9 | 148.4 | 122.2 | 122.2 |

1 Regarding labor, FY 2027 staffing levels are projected to be 1,637 full-time
2 employees with the corresponding payroll expense increasing due to forecasted
3 general wage increases of 5.25% for non-union personnel and a general wage
4 increase of 2.0% in May 2027, respectively. The union contract also provides a
5 2.0% general wage increase in November 2027. However, this increase will occur
6 in FY 2028. The estimated wage increase is inclusive of standard wage
7 progressions for union personnel. A terminal payout of \$1.0 million for an estimated
8 30 employees projected to retire in FY 2027 is also in the labor total.

9 With regard to collection rates, the Company continues to strive to maintain as high
10 a collection rate as possible. Currently, the 12-month collection rate stands at
11 approximately 91.8% through March 2026. The collection factor projected for the
12 FY 2027 Budget Year is 96.0%.

13 Regarding regulatory issues, the continuation of the Energy Sense program with
14 \$11.3 million of recoverable costs is reflected in the budget year.

15 Finally, regarding financial issues, PGW's availability to utilize the commercial
16 paper program for working capital or capital project commercial paper notes is
17 currently at \$120.0 million. PGW does not anticipate drawing from the commercial
18 paper program to support capital spending in FY 2027. PGW's revenue bond
19 ratings are as follows: Moody's, S&P, and Fitch have assigned ratings of "A3,"
20 (stable outlook), "A," (stable outlook) and "A," (stable outlook), respectively. The
21 internally generated funds (IGF) for FY 2027 include the Distribution System
22 Improvement Charge (DSIC), \$31.5 million from a federal grant (Pipeline and
23 Hazardous Materials Safety Administration), and \$61.0 million from other top line
24 revenue sources resulting in a total IGF of \$115.3 million. PGW's overall liquidity
25 position is adequate to meet the projected working capital requirements for the
26 upcoming fiscal year. PGW's capitalization ratio is budgeted to be 46.9% at the
27 end of FY 2027.

28 **Q. Please describe the FY 2027 Operating Budget filing and how it compares**
29 **with prior budget filings.**

1 A. Similar to prior filings, the budget year has been summarized to identify selected
2 functional expenses for the subject year and prior budget year for comparative
3 purposes. To illustrate the level of operating expenditures by key functional area,
4 data is provided in the Statement of Income, Exhibit A-1 and Exhibit A-1-1, for the
5 FY 2025 Actual, the FY 2026 Budget and Estimate, and the proposed FY 2027
6 Budget periods. Projected sources and uses of cash are depicted in the Cash
7 Flow Statement, Exhibit A-2. The calculation of debt service coverage is shown in
8 the Debt Service Coverage Statement in Exhibit A-3. Each of these exhibits is
9 discussed below.

10 **Q. Could you please explain if the Income Statements included as Exhibit A-1
11 and Exhibit A-1-1, respectively, follow the same format as PGW's audited
12 financial statements?**

13 A. The Income Statements included, as Exhibit A-1 and Exhibit A-1-1, are presented
14 in a slightly different format than PGW's audited financial statements.

15 **Q. Please describe the Statement of Income.**

16 A. The Statement of Income, presented as Exhibit A-1, includes projected total
17 operating revenues for the FY 2027 Budget Year of \$759.0 million.

18 Total Operating Revenues (Line 12) are budgeted at \$759.0 million, a decrease of
19 \$75.3 million when compared to FY 2026. The primary cause of the decrease in
20 revenues is the assumed return to normal weather from the colder than normal
21 winter experienced during FY 2026. The estimated degree days for FY 2026 are
22 4,344. The FY 2027 Budget Year is based on 3,844 degree days, which is the
23 updated 20-year Heating Degree Day (HDD) average level. The projected FY
24 2027 GCR is \$4.81 per Mcf.

25 **Non-Heating Revenues** (Line 1) for the FY 2027 Budget Year are projected at
26 \$22.7 million, and the GCR is expected to increase approximately \$0.25 per Mcf
27 in FY 2027 compared to FY 2026 Estimated/Actual and decrease by \$0.68 per Mcf
28 compared to FY 2025 Actual. Sales to interruptible customers in FY 2027 are
29 anticipated to be approximately 0.3 Bcf, increasing from the prior year by

1 approximately 0.1 Bcf. Interruptible revenue is expected to be \$1.3 million in FY
2 2027. The average price per Mcf is \$3.79 in FY 2027 Budget Year. Firm non-
3 heating revenues are projected to be \$21.4 million in the FY 2027 Budget Year.

4 **Gas Transportation Service Revenues** (Line 2) are anticipated to be \$107.1
5 million in FY 2027 Budget Year. Volumes are expected to be approximately 1.0
6 Bcf less than the FY 2026 Estimate Year at 31.7 Bcf in FY 2027.

7 **Heating Revenues** (Line 3) during the FY 2027 Budget Year are projected to total
8 \$635.4 million. Sales to firm heating customers are projected to be 36.4 Bcf in the
9 FY 2027 Budget Year. Price per Mcf is projected to be \$17.58 in the FY 2027
10 Budget Year. Heating revenues are projected to be \$79.2 million or 14.9% below
11 the \$714.5 million expected in the FY 2026 Estimate year. Sales to firm heating
12 customers are projected to decrease by 3.0 Bcf resulting in decreased in billed gas
13 revenues by \$55.2 million. Higher revenues in the FY 2026 Estimate year can be
14 attributed to colder than normal weather experienced during the heating season.
15 Additionally, the average price per Mcf is also projected to decrease by \$0.66 per
16 Mcf resulting in a \$24.0 million decrease in billed gas revenue in FY 2027.

17 The **Unbilled Gas Adjustment** (Line 6) is anticipated to be approximately \$0.1
18 million in FY 2027.

19 **Q. Please describe the components of Appliance Repair and Other Service**
20 **Revenues as shown in the Statement of Income.**

21 A. The major components of Appliance Repair and Other Service Revenues, depicted
22 in Exhibit A-1, are as follows:

23 **Appliance Repair and Other Revenues** (Line 9) totaling \$6.8 million in the FY
24 2027 Budget Year are associated with the Parts & Labor Plan contracts. Also
25 included in this category are reconnection charges generated by customer bill paid
26 turn-ons.

27 The following schedule details appliance repair and other revenues for the three
28 fiscal years:

1 **Appliance Repair and Other Revenues**

2 **(Dollars in Thousands)**

| | <u>Actual</u> | <u>Estimate</u> | <u>Budget</u> | |
|---|-------------------------------|------------------------|-----------------------|-----------------------|
| | <u>FY 2025</u> | <u>FY 2026</u> | <u>FY 2027</u> | |
| 3 | | | | |
| 4 | | | | |
| 5 | Parts & Labor Plans | \$4,287 | \$4,280 | \$5,227 |
| 6 | Reconnection, Turn on Charges | <u>2,366</u> | <u>1,847</u> | <u>1,543</u> |
| 7 | TOTAL | <u>\$6,653</u> | <u>\$6,127</u> | <u>\$6,770</u> |

8 **Other Operating Revenues** (Line 10) reflect finance charges on delinquent
9 customer account balances, revenue associated with the release of interstate
10 pipeline capacity, and LNG service and loading fees. The FY 2027 Budget Year
11 projects this revenue at \$36.6 million.

12 **Q. Please describe projected Total Operating Expenses as shown in the**
13 **Statement of Income.**

14 A. The Statement of Income includes projected Total Operating Expenses (Line 20)
15 for the FY 2027 Budget Year of \$598.8 million.

16 **Natural Gas** (Line 13) Natural gas costs are forecasted to total \$205.6 million in
17 the FY 2027 Budget Year.

18 **Contribution Margins** (Line 16) PGW forecasts the contribution margin to total
19 \$553.4 million in the FY 2027 Budget Year. The contribution margin, on an accrual
20 basis, represents the funds (total operating revenues less the cost of fuel) available
21 to meet PGW's operational and financial requirements.

22 **Labor and Fringe Benefits** (Line 17) This expense item, the second largest
23 expense that PGW incurs, is budgeted to be \$203.2 million. The main factors that
24 contribute to the labor and benefits costs are as follows:

25 (1) Operating labor costs in the FY 2027 Budget Year are anticipated to
26 increase by \$13.0 million to \$155.7 million. The FY 2027 Budget Year reflects an
27 average PGW personnel level of 1,637 full time employees. PGW had 1,599 full
28 time employees as of March 2026, which is 6 more FTEs when compared to the
29 March 2025 level of 1,593. Capitalized labor charges for the FY 2027 Budget Year

1 are expected to decrease by \$2.0 million to \$22.9 million when compared to the
2 FY 2026 Estimate. Overtime costs are projected to increase by \$2.9 million to
3 \$18.8 million.

4 (2) Pension expenses are anticipated to decrease by \$27.3 million to \$3.2
5 million in the FY 2027 Budget Year compared to FY 2026 Estimate. There is a
6 \$27.3 million expense decrease attributed primarily to the ending of the
7 amortization of gains experienced in FY 2022 in accordance with GASB 68.

8 (3) Payroll taxes are expected to total \$11.6 million in the FY 2027 Budget Year.
9 A more detailed explanation of labor and fringe benefits (Exhibit C-3) will be
10 provided later in the testimony.

11 **Appropriation for Uncollectible Reserve (Bad Debt Expense)** (Line 8) PGW
12 has provided separate supporting documentation for the Accounts Receivable and
13 Bad Debt expense calculations (SD-5). PGW anticipates a \$47.9 million expense
14 related to bad debt for the FY 2027 Budget Year. PGW budgeted a 96.0% rolling
15 12-month collection rate for FY 2027 Budget Year.

16 **Other Expenses and Depreciation** (Line 18) Other expenses and depreciation
17 are projected to be \$190.0 million in the FY 2027 Budget Year.

18 **Interest Gain / (Loss) and Other Income** (Line 22) PGW anticipates \$15.7 million
19 in other income during the FY 2027 Budget Year. This is a decrease of \$3.9 million
20 from the estimate year budget. The decrease in other income in FY 2027 as
21 compared to the prior year is a result of lower assumed balances in the capital
22 improvement fund when compared to the previous year.

23 **Interest Expense** (Line 27) Total interest expense is \$44.5 million in the FY 2027
24 Budget Year. Long-term debt (Line 24) interest costs are budgeted to decrease by
25 \$2.6 million primarily due to the normal amortization of long-term debt.

26 **Other interest** (Line 25) expense credit is anticipated to decrease by \$0.4 million
27 in the FY 2027 Budget Year. This decrease is caused primarily by interest expense
28 associated with the normal amortization of debt premium. The Loss from
29 Extinguishment of Debt (Line 26) of \$1.8 million in the FY 2027 Budget Year is

1 expected to be \$0.3 million less than the prior period reflecting the normal
2 amortization of this expense.

3 **Federal Grant Revenue (PHMSA) (Line 28)** The Natural Gas Distribution
4 Infrastructure Safety and Modernization (NGDISM) grant program was provided
5 by the Infrastructure Investment and Jobs Act, signed into law on November 15,
6 2021. Through the NGDISM Grant Program, PHMSA seeks to reduce the risk
7 profile of existing pipeline systems with pipe prone to leakage of methane, create
8 good-paying jobs and promote economic growth, and benefit disadvantaged rural
9 and urban communities with the safe provision of natural gas.

10
11 During the FY 2027 Budget Year, PGW anticipates expenditures of approximately
12 \$39.7 million related to the Pipeline and Hazardous Materials Safety Administration
13 (PHMSA) grants. PGW anticipates receiving \$31.5 million in PHMSA grants during
14 FY 2027.

15 **Net Income** (Line 29) The net income from operations is forecasted at \$162.9
16 million for the FY 2027 Budget Year.

17 **Q. Please describe the Sources and Uses shown in the Cash Flow Statement.**

18 A. The Cash Flow Statement (Exhibit A-2) is one of PGW's primary financial
19 planning and control documents. Through this format, the transition from an
20 accrual accounting methodology applied in the Statement of Income is now
21 presented on a cash basis. The principal sources of funds for PGW are net
22 income, drawdown of Bond Proceeds to support capital expenditures, Federal
23 Grants and DSIC revenue.

24 **Net Income** (Line 1) totaling \$162.9 million is a transfer from Line 29, Exhibit A-1,
25 Statement of Income. It is the net result of PGW's operations.

26 **Depreciation and Amortization** (Line 2) are included as sources of funds, as
27 these items represent non-cash expenses in the current period, although the actual
28 cash payments were made primarily in prior periods. In the FY 2027 Budget Year,

1 this category is projected to be \$74.2 million.

2 **Earnings on Restricted Funds** (Line 3) represent cash withdrawals (net of
3 earnings) from restricted funds, principally the revenue bond sinking fund.
4 Withdrawals, net of earnings, on these restricted accounts less earnings reported
5 as part of Other Income are expected to total \$28.2 million in the FY 2027 Budget
6 Year.

7 **Increased/(Decreased) Other Assets/Liabilities** (Line 5) is projected as a
8 decrease of \$61.0 million in the FY 2027 Budget Year. The sum of net income
9 and the previously mentioned adjustments is reported on (Exhibit A-2, Line 6) as
10 available from operations and totals \$204.4 million in the FY 2027 Budget Year.

11 **Drawdown of Bond Proceeds** (Line 7) **and Temporary Financing** (Line 9)
12 represent two of the components of PGW's cash management process. The funds
13 withdrawn from the capital improvement fund and the proceeds from the issuance
14 of capital project notes are utilized to fund PGW's capital expenditures. PGW will
15 utilize the Capital Improvement Fund drawdowns in the amount of \$142.7 million
16 for the FY 2027 Budget Year. Use of capital commercial paper is not anticipated
17 for the FY 2027 Budget Year.

18 The **Total Sources** (Line 10) are \$347.1 million in the FY 2027 Budget Year.

19 **Q. How are these Total Sources utilized within PGW?**

20 A. The Total Sources are utilized as detailed on the lower part of Exhibit A-2 under
21 the category **Total Uses** (Line 19) of \$347.1 million. The primary areas of
22 expenditure are as follows:

23 **Net Construction Expenditures** (Line 11) represent expenditures for approved
24 capital budget projects. These costs totaling \$258.0 million in the FY 2027 Budget
25 Year include:

26 (1) direct charges for labor, material, equipment, contractors, and
27 transportation services,

28 (2) allocated expenses for fringe benefits and administrative and general
29 expenses.

1 **Funded Debt Reduction** (Lines 12, 13 & 14) This expenditure represents the
2 payment of the principal portion of PGW's long-term debt under pre-determined
3 debt amortization schedules. These payments include revenue bond debt service
4 principal payments. In the FY 2027 Budget Year, these payments will be \$63.1
5 million.

6 **Distribution of Earnings** (Line 15) This represents the annual \$18.0 million
7 payment to the City of Philadelphia under the Philadelphia Facilities Management
8 Corporation Agreement/Ordinance.

9 **Q. Please explain the Cash Balances shown in the Cash Flow Statement.**

10 A. PGW's ending **Cash Balance** (Exhibit A-2, Line 22) for the FY 2027 Budget Year
11 is \$122.2 million.

12 **Q. Please explain the calculation of debt service coverage levels, as shown in
13 the Debt Service Coverage schedule.**

14 A. The debt service coverage ratio shown in Exhibit A-3 is calculated based on the
15 General Gas Works Revenue Bond Ordinance of 1998. In deriving data for the
16 coverage calculation, several non-cash adjustments are made to both revenue and
17 expense items:

18 **Total Funds Provided** (Line 6) The funds provided in the proposed FY 2027
19 Operating Budget total \$834.4 million and are comprised of:

- 20 (1) total gas and other operating revenues, and
- 21 (2) other income adjusted to include actual cash withdrawals from both the
22 Capital Improvement Fund and the Revenue Bond Sinking Fund (rather than only
23 the interest earned in the fiscal year).

24 **Total Funds Applied** (Line 11) of \$563.4 million reflects operating expenses from
25 Line 9, totaling \$598.8 million, less certain non-cash and subordinate expenses
26 (Line 10) totaling \$35.4 million. The components of the non-cash expenses
27 include:

- 28 (1) depreciation expense included in operating expenses;
- 29 (2) payments to the City of Philadelphia for miscellaneous services rendered,

1 including Philadelphia Gas Commission expenses;
2 (3) amortization of the unfunded pension liability;
3 (4) additional pension fund contributions.

4 **Funds Available to Cover Revenue Bond Debt** (Line 12) are projected to be
5 \$271.0 million for the FY 2027 Budget Year.

6 **1998 Revenue Bond Debt Service** (Line 14) The total funds applied to the 1998
7 Revenue Bond Debt Service are \$111.2 million, representing the scheduled annual
8 cash payments of principal and semi-annual interest payments.

9 **Debt Service Coverage Ratio 1998 Revenue Bonds** (Line 17) The debt service
10 coverage ratio for the General Gas Works Revenue Bond Ordinance of 1998 is
11 obtained by dividing Funds Available to Cover Debt Service, \$271.0 million, by
12 Funds Applied to 1998 Debt Service Revenue Bonds, \$111.2 million. The result
13 produces a debt service coverage ratio of 2.44 times (Line 17).

14 **Q. Please explain Labor and Fringe Benefits as shown in the Statement of**
15 **Income.**

16 A. As shown in Exhibit A-1 (Line 17), this expense category includes payroll costs
17 (excluding that portion chargeable to capital activities) and payments made to
18 PGW's pension fund. This category also includes the cost of healthcare expenses
19 paid for active employees' healthcare and payroll taxes associated with FICA,
20 Medicare, and State unemployment taxes (exclusive of those taxes chargeable to
21 capital activities), as detailed on Exhibit C-3.

22 **Q. Please describe labor and fringe benefit expenses in the FY 2027 Budget**
23 **Year.**

24 A. As shown in Exhibit C-3, the FY 2027 Budget Year reflects payroll costs of \$178.6
25 million. Payroll costs are expected to increase in FY 2027 due to an expected
26 increase in headcount to 1,637 and budgeted wage increases of 2.0% in May for
27 union employees and 5.25% for non-union employees in January. Operating labor
28 costs (Line 3) are projected to increase by \$13.0 million to \$155.7 million and labor
29 charged to capital projects and other activities (Line 2) are expected to decrease

1 by \$2.0 million to \$22.9 million. The FY 2027 Budget Year projects pension
 2 expense (Line 7) totaling \$3.2 million and includes:

- 3 (1) a required contribution of \$22.5 million to PGW’s pension fund (Line 4),
- 4 (2) the amortization of PGW’s unfunded pension liability, which is \$(26.8)
 5 million, (Line 5), and
- 6 (3) an additional \$7.5 million contribution to PGW’s pension fund (Line 6).

7 Active employee health insurance costs (Line 9) are projected to be \$30.9 million
 8 in FY 2027. Please note that Brown & Brown Consulting prepared a cost projection
 9 for FY 2027 as well as the forecasted years FY 2028 through FY 2032.

10 Payroll taxes (Line 15) are anticipated to be \$11.6 million in the FY 2027 Budget
 11 Year. The following schedule details the major components of the Labor and
 12 Fringe Benefits expense:

Labor and Fringe Benefits
(Dollars in Thousands)

| | <u>Actual</u> | <u>Estimate</u> | <u>Budget</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> |
| 17 Operating Labor | \$131,603 | \$142,731 | \$155,723 |
| 18 Pension Expenses | 9,380 | 30,473 | 3,220 |
| 19 Group Life Insurance | 1,722 | 1,700 | 1,700 |
| 20 Health Insurance | 25,888 | 28,682 | 30,929 |
| 21 Payroll Taxes | <u>10,236</u> | <u>11,073</u> | <u>11,594</u> |
| 22 TOTAL | <u>\$178,829</u> | <u>\$214,659</u> | <u>\$203,166</u> |

23 **Q. Please detail the items included in Other Expenses and Depreciation on**
 24 **Exhibit A-1, Line 18.**

25 A. The expenses of \$190.0 million for the FY 2027 Budget Year include an
 26 appropriation for reserves and other losses (excluding the appropriation for
 27 uncollectible gas accounts), advertising, general material, property and liability
 28 insurance, contracted maintenance, utilities, rentals, purchased services, postage,
 29 promotion, depreciation and miscellaneous expenses. Also included in this

1 category are credits to operating expenses for labor-related fringe benefits such
2 as insurance, pension expenses, and administrative and general costs chargeable
3 to capital projects. In addition, non-utility revenues are included in this category.

4 **Q. Does this conclude your prepared direct testimony?**

5 A. Yes, it does.

SECRETARY'S CERTIFICATE

I, **RAQUEL GUZMÁN**, 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 regarding the adoption of this resolution dated May 1, 2026, pursuant to provisions of Section 5727(b) of the Non-Profit Corporation Law of the Commonwealth of Pennsylvania.

“APPROVING AND AUTHORIZING SUBMISSION OF THE PGW FISCAL YEAR 2027 OPERATING BUDGET TO THE PHILADELPHIA GAS COMMISSION FOR REVIEW AND APPROVAL”

WHEREAS, pursuant to that certain Management Agreement by and between the Philadelphia Facilities Management Corporation (“PFMC”) and the City of Philadelphia dated December 29, 1972, as amended, PFMC is the manager and operator of the Philadelphia Gas Works (“PGW”);

WHEREAS, according to §IV.2(a) of the Management Agreement, PGW’s Operating Budget and Forecast is subject to the approval of the Philadelphia Gas Commission (the “Commission”);

WHEREAS, according to §IV.2(a) of the Management Agreement, PGW’s Operating Budget and Forecast must be consistent with the accounting methods described in §IV.1 of the Management Agreement, and must be in a form and content that is satisfactory to the Director of Finance and the Commission;

WHEREAS, PGW has prepared its Fiscal Year 2027 Operating Budget and has obtained approval thereof from the Director of Finance in accordance with §IV.2(a) of the Management Agreement;

WHEREAS, PGW is requesting: 1) PFMC approval of the Fiscal Year 2027 Operating Budget, subject to further refinement by PGW management, should it become necessary or desirable; and 2) PFMC authorization to submit the PGW Fiscal Year 2027 Operating Budget to the Commission in accordance with §IV.2(a) of the Management Agreement; and

WHEREAS, PFMC has conducted a review of PGW’s Fiscal Year 2027 Operating Budget Forecast and finds it in satisfactory form and content.

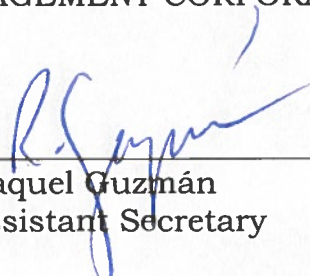
NOW THEREFORE, BE IT

RESOLVED, that PFMC: 1) approves PGW's Fiscal Year 2027 Operating Budget, which may be further refined by PGW management, should it become necessary or desirable, and 2) authorizes PGW to submit the PGW Fiscal Year 2027 Operating Budget to the Commission in accordance with §IV.2(a) of the Management Agreement."

IN WITNESS WHEREOF, I have hereunto set my hand and have caused the corporate seal of said Corporation to be hereunto affixed this 1st day of May, 2026.

PHILADELPHIA FACILITIES
MANAGEMENT CORPORATION

By: _____


Raquel Guzmán
Assistant Secretary





CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE

Room 1330 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102
(215) 686-6140
FAX (215) 568-1947

ROB DUBOW
Director of Finance

April 15, 2026

The Honorable Christy Brady
Chairwoman
Philadelphia Gas Commission
One Parkway Building
1515 Arch Street, 9th Floor
Philadelphia, PA 19102

Dear Chairwoman Brady:

Please be informed that pursuant to Section IV - 2 (b) of the Agreement between the City of Philadelphia and the Philadelphia Facilities Management Corporation ("Management Agreement"), I have reviewed Philadelphia Gas Works' Proposed Fiscal Year 2027 Operating Budget and have determined that same is consistent with the accounting methods prescribed in Section IV - 1 of the Management Agreement and is otherwise in form and extent satisfactory to me.

Please feel free to contact this office should you require any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Dubow".

Rob Dubow
Director of Finance