

MEMORANDUM

TO: André C. Dasent (Counsel for Philadelphia Gas Works)
William J. Gallagher (VP, Budget & Strategic Development, PGW)
CC: FY 27 Operating Budget Service List
FROM: Gas Commission Staff
RE: PGW's Proposed FY 2027 Operating Budget and Forecast
DATE: May 27, 2026

This memo sets out Data Requests **OB-HE-1** through **OB-HE-16**. Please respond (identifying the person providing the response) by written electronic format no later than June 8, 2026. Thank you for your cooperation.

- OB-HE-1.** Refer to the Standard Data Requests (“SDR”) Pg. 1, Q1: Please confirm that the FEED Study for the new liquefier proposed at the Richmond Plant was ordered by the Commissioners (at the Commission’s May 12 Public Meeting and reflected in the resulting Order) rather than in the Recommended Decision.
- OB-HE-2.** Please explain what measures are being implemented to ensure that the FEED study effectively mitigates project risks and minimizes the potential for future cost overruns associated with the proposed liquefier project?
- OB-HE-3.** Identify where the proposed \$1 million environmental study related to the proposed Richmond liquefier and ordered by the Commission at the May 12 Public Meeting is reflected within the FY 2027 Operating Budget and supplemental filing materials.
- OB-HE-4.** Refer to SDR 20: Please explain why Supplemental Compensation doubled due to the Contract and Retention category.
- OB-HE-5.** Refer to SDR 3: Please provide details on the new allocation model referenced.
- OB-HE-6.** Refer to the budget exam for Corporate Communication: Please explain why there is no money allocated for programs included in in prior fiscal year operating budgets, such as the Collections Campaign, Parts and Labor program, LIHEAP, etc.
- OB-HE-7.** Refer to the budget exam for Corporate Planning: Please provide descriptions for the types of work covered under the following Purchased Services categories:
 - a. Strategic Opportunities R&D
 - b. Sustainability (MJ Bradley/DSI)
 - c. Sustainability Vendor.
- OB-HE-8.** Regarding CIS Replacement:
 - a. Explain why the FY 27 budget does not contain a budget for staff.

- b. Will this staff reduction result in an overall reduction in FTEs enterprise-wide, or will the staff that is being eliminated be moved to other departments/areas of IS?

OB-HE-9. Refer to the budget exam for Engineering Department: Please explain why there is a reduction in headcount.

OB-HE-10. Regarding gas processing and the reported \$2.2 million increase in maintenance contracts for LNG tank painting, is the work part of a recurring maintenance cycle or a one-time operational initiative?

OB-HE-11. Regarding customer service and the consulting purchased services for the overflow call center:

- a. Provide the anticipated duration of the overflow call center support, including whether these costs are expected to continue beyond FY 2027 or are considered one-time implementation expenses.
- b. Explain how the estimated \$2.7 million cost was developed, including any assumptions regarding call volume, staffing levels, service hours, contractual rates, or implementation risks.

OB-HE-12. Refer to the Budget Exam for Risk Management, Pg. 147 Supplemental Filing:

- a. Explain the increase of \$1.299 million related to Environmental Remediation activities on the 9th and Diamond site.
- b. Provide a description of the remediation work being performed, the environmental conditions necessitating the work, the basis for the projected cost increase, and the anticipated timeline for completion.
- c. Provide the Phase I and/or Phase II environmental assessments undertaken prior to undertaking this work, if available.

OB-HE-13. Under Administrative and General Expenses:

- a. Explain the increase in Dues and Subscriptions related to the Energy Coordinating Agency of Philadelphia from \$0 in the FY 2026 Budget to \$286,000 in the proposed FY 2027 Budget and provide a detailed explanation of the purpose of this expense, the services, or programs associated with membership, and the methodology used to determine the proposed funding level.
- b. Explain the increase in Dues and Subscriptions related to the Pennsylvania Chamber of Business and Industry from \$0 in the FY 2026 Budget to \$7,000 in the proposed FY 2027 Budget and provide the purpose of this expense, the benefits or services associated with membership, and the basis used to determine the proposed funding level.
- c. Explain the increase in Dues and Subscriptions related to The Chamber of Commerce for Greater Philadelphia from \$0 in the FY 2026 Budget to

\$52,000 in the proposed FY 2027 Budget and provide the purpose of this expense, the benefits or services associated with membership, and the basis used to determine the proposed funding level.

- d. Explain the removal of expenses related to Select Greater Philadelphia, which decreased from \$57,000 in the FY 2026 Budget to \$0 in the proposed FY 2027 Budget and provide the purpose and justification for these changes, including whether the services or initiatives previously associated with Select Greater Philadelphia have been transferred, consolidated, or replaced under the Chamber of Commerce for Greater Philadelphia membership.

OB-HE-14. Regarding collection rates, PGW's actual 12-month collection rate through March 2026 is approximately 91.8%.

- a. Explain the basis for projecting a 96.0% collection factor in the FY2027 Budget Year.
- b. Specifically, explain how PGW has incorporated current economic conditions and customer affordability challenges into its assumptions for collections performance.

OB-HE-15. Refer to Prepared Direct Testimony, Pg. 36 of the Proposed Operating Budget, which references approximately \$115.3 million in internally generated funds, and the response to question #10 of the OB standard data request which reflects approximately \$92.480 million:

- a. Please clarify the reason for the variance between these two figures.
- b. Identify what amounts or funding categories account for the difference.

OB-HE-16. Refer to PGW's Statement of Income (Exhibit A-1):

- a. Please explain the significant change in Weather Normalization Adjustment ("WNA") (line 5) from 2025-2026 estimate and 2026-2027 budget.
- b. What effects, if any, did the 25% WNA cap (stemming from the most recent PUC rate case settlement) have on PGW's WNA budgeting projections?
- c. How did the January 2026 cold snap affect PGW's WNA revenue?