

City of Philadelphia, Pennsylvania (the “City”)

**Filing of Annual Financial Information for Gas Works Revenue/
Revenue Refunding Bonds (collectively the “Bonds”)
with an April 26th Annual Filing Deadline**

Pursuant to the respective continuing disclosure agreements for the Bonds (collectively, the “CDAs”), the City hereby files updates of Tables 1 through 14 (except Table 3 and excluding any portion of a table not reflective of a full fiscal year) of the forepart of the related official statements for the Bonds (collectively, the “Official Statements”), as specified in Section 4.1(2)(iii)(A) of the respective CDAs.

The City, contemporaneously with this filing, is filing with the Municipal Securities Rulemaking Board (the “MSRB”) via the Electronic Municipal Market Access system (“EMMA”) the Comprehensive Annual Financial Report of the Philadelphia Gas Works (“PGW”) for PGW’s most recent fiscal year ended August 31, 2016, as specified in Section 4.1(2)(i) of the respective CDAs.

The City previously filed with the MSRB via EMMA the Comprehensive Annual Financial Report of the City for the City’s most recent fiscal year ended June 30, 2016, as specified in Section 4.1(2)(ii) of the respective CDAs.

The City previously filed with the MSRB via EMMA and incorporated by reference with respect to the Bonds, one or more official statements for the City’s general obligation bonds or enterprise fund revenue bonds or other City-related debt to update certain tables with respect to the City contained in Appendix C of the respective Official Statements, as specified in Section 4.1(2)(iii)(B) of the respective CDAs.

Table 1
QUALIFIED SWAPS & EXCHANGE AGREEMENTS
RELATED TO SENIOR 1998 ORDINANCE BONDS
as of August 31, 2016

Related Senior 1998 Ordinance Bond

Series	8B	8C	8D	8E
Initial Notional Amount	\$313,390,000 ⁽⁷⁾	\$50,000,000	\$50,000,000	\$50,000,000
Current Notional Amount ⁽¹⁾	\$27,370,000	\$27,225,000	\$40,845,000	\$27,370,000
Termination Date	8/1/2028	8/1/2028	8/1/2028	8/1/2028
Product	Fixed Rate Payer Swap	Fixed Rate Payer Swap	Fixed Rate Payer Swap	Fixed Rate Payer Swap
Rate Paid by Provider	70% 1-month LIBOR	70% 1-month LIBOR	70% 1-month LIBOR	70% 1-month LIBOR
Rate Paid by City ⁽²⁾	3.6745%	3.6745%	3.6745%	3.6745%
Provider	JPMorgan Chase Bank, N.A. ⁽⁶⁾	JPMorgan Chase Bank, N.A. ⁽⁶⁾	JPMorgan Chase Bank, N.A. ⁽⁶⁾	JPMorgan Chase Bank, N.A. ⁽⁶⁾
Net Present Value ⁽³⁾	(\$7,164,431)	(\$7,126,389)	(\$10,691,369)	(\$7,164,431)
Credit Related Termination Events	<u>For Provider:</u> ⁽⁴⁾ <u>For City:</u> ⁽⁵⁾	<u>For Provider:</u> ⁽⁴⁾ <u>For City:</u> ⁽⁵⁾	<u>For Provider:</u> ⁽⁴⁾ <u>For City:</u> ⁽⁵⁾	<u>For Provider:</u> ⁽⁴⁾ <u>For City:</u> ⁽⁵⁾

⁽¹⁾ The notional amount of each swap is equal to, as applicable, the principal outstanding amount of the related series.

⁽²⁾ The City's fixed rate payments under each swap are insured by Assured Guaranty Municipal Corporation ("Assured").

⁽³⁾ Net present values include accrued interest and are shown from the City's perspective.

⁽⁴⁾ Each swap may be terminated by the provider if (a) Assured's claims paying ability is rated below "A" by S&P and its financial strength rating is rated below "A2" by Moody's or if either rating is withdrawn or suspended and not reinstated within 30 days (provided that Assured maintains a rating of at least "AA" from S&P or "Aa2" from Moody's during such 30 day period), and (b) the Eighth Series Bonds are rated below "Baa2" by Moody's or below "BBB" by S&P. As of February 28, 2017, Moody's website reflected a rating of "A2" for Assured and S&P's website reflected a rating of "AA" for Assured.

⁽⁵⁾ Each swap may be terminated by the City if the senior long-term debt or deposits of the provider are rated below "A3" by Moody's or "A-" by S&P, unless the provider has (i) assigned or transferred the swap to a party acceptable to the City; (ii) provided a credit support provider acceptable to the City whose obligations are pursuant to a credit support document acceptable to the City; or (iii) executed a credit support annex, in form and substance acceptable to the City, providing for the collateralization by the provider of its obligations under the applicable swap.

⁽⁶⁾ As of February 28, 2017, Moody's website reflected a senior long-term debt rating of JPMorgan Chase Bank, N.A. ("JPMorgan") of "Aa3" and a counterparty risk assessment rating of "Aa2(cr)." As of February 28, 2017, S&P's website reflected a long term rating of JPMorgan of "A+".

⁽⁷⁾ Reflects the initial notional amount of the swap entered into in connection and concurrently with the issuance of the Sixth Series Bonds, which were the Senior 1998 Ordinance Bonds redeemed in whole with a portion of the proceeds of the Eighth Series Bonds. Upon such redemption, a portion of such swap was terminated and the remainder of the swap was identified to and reallocated among the four Series of Senior 1998 Ordinance Bonds reflected in Table 1. See Note 8 in the "Comprehensive Annual Financial Report for Fiscal Years ended August 31, 2016 and 2015 of The Philadelphia Gas Works – Financial Section" which is being filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") contemporaneously with this continuing disclosure filing.

Table 2
VARIABLE RATE SENIOR ORDINANCE BONDS
LETTERS OF CREDIT

Related Series	Bonds Outstanding (\$000 omitted) ⁽⁷⁾	Issuer	Expiration Date	Counterparty Risk Assessment	Issuer Long Term and Short Term Ratings	Issuer Long Term and Short Term Ratings
				Term Ratings (Moody's) ⁽⁶⁾	Term Ratings (S&P) ⁽⁶⁾	Term Ratings (Fitch) ⁽⁶⁾
5A-2 ⁽¹⁾	30,000	TD Bank ⁽¹⁾	12/21/2019	A1(cr)/P-1(cr)	AA-/A-1+	AA-/F1+
8B ⁽²⁾	27,370	Wells Fargo ⁽²⁾	8/1/2019	Aa2(cr)/P-1(cr)	AA- ⁽⁸⁾ /A-1+	AA ⁽⁸⁾ /F1+
8C ⁽³⁾⁽⁹⁾	27,225	Barclays ⁽³⁾	8/1/2018	A1(cr)/P-1(cr)	A- ⁽⁸⁾ /A-2	A/F1
8D ⁽⁴⁾⁽⁹⁾	40,845	RBC ⁽⁴⁾	8/1/2018	Aa3(cr) ⁽⁸⁾ /P-1(cr)	AA- ⁽⁸⁾ /A-1+	AA ⁽⁸⁾ /F1+
8E ⁽⁵⁾⁽⁹⁾	50,260	PNC ⁽⁵⁾	8/1/2019	A2(cr)/P-1(cr)	A/A-1	A+/F1

⁽¹⁾ TD Bank, N.A. ("TD Bank"). The City is required to repay the principal component of bank bonds in six semi-annual installments beginning on the letter of credit expiration date. The bank bond rate is a rate per annum equal to (a) during the period from the date of the Liquidity Advance to and including the 180th day thereafter, the greater of (i) the Base Rate and (ii) 5.00%, and (b) during the period from the 181st day after the date of the Liquidity Advance to the Termination Date, the Term Loan Rate; provided, however, that from and after the occurrence and during the continuance of an Event of Default hereunder, Bank Rate means the Default Rate, and at no time will the Bank Rate exceed the Maximum Interest Rate. The Base Rate is a rate per annum equal to the higher of (a) the Wall Street Journal Prime Rate in effect on such day and (b) the sum of the Federal Funds Open Rate in effect on such day plus 100 basis points (1.00%), not to exceed, in the case of either of clauses (a) and (b), the Maximum Interest Rate.

⁽²⁾ Wells Fargo Bank, National Association ("Wells Fargo"). The City is required to repay the principal component of the purchase price of bank bonds, assuming the satisfaction of certain conditions, in 180 days after the related unreimbursed draw in four semi-annual installments, beginning 6 months after the term loan is made. In no event will the bank bond rate exceed the lesser of (a) twenty-five percent (25%), and (b) the maximum lawful rate.

⁽³⁾ Barclays Bank PLC ("Barclays"). The City is required to repay the principal component of the purchase price of bank bonds, assuming the satisfaction of certain conditions, in 10 equal quarterly installments beginning 6 months after the unreimbursed related draw. The bank bond rate is (i) for the first 90 days after Barclays has purchased the 1998 Ordinance Bonds, the "base rate" (as defined below), (ii) for days 91 through and including 180, the base rate plus (except for component (c) of the base rate) one percent (1.0%), and (iii) on and after the 181st day, the base rate plus (except for component (c) of the base rate) two percent (2.0%). The "base rate" is the highest of (a) the prime rate publically announced by Barclays in New York city plus two and one-half of one percent (2.50%), (b) the federal funds rate plus two and one-half of one percent (2.50%), (c) one hundred fifty percent (150%) of the yield on 30-year United States Treasury bonds, and (d) eight percent (8.0%). Notwithstanding the foregoing, immediately and automatically upon the occurrence of an event of default under the letter of credit, and during the continuation thereof, the bank bond rate shall be equal to the base rate plus two percent (2.0 %). In no event will the bank bond rate exceed the lesser of (a) twenty-five percent (25%), and (b) the maximum lawful rate.

⁽⁴⁾ Royal Bank of Canada ("RBC"). The City is required to repay the principal component of the purchase price of bank bonds, assuming the satisfaction of certain conditions, in 12 quarterly installments beginning on the date three months after the 90th day following the related unreimbursed draw. The bank bond rate is (i) from the date that RBC has purchased the 1998 Ordinance Bonds to and including the 90th day thereafter, the "base rate" (as defined below), and (ii) from and after the earlier of the 91st day following such purchase and the stated expiration date, the base rate plus two percent (2.00%). The "base rate" is the highest of (a) the prime rate established by RBC, (b) the federal funds rate plus two percent (2.00%), and (c) 8.50%. Notwithstanding the foregoing, from and after the occurrence of an event of default under the letter of credit, but only so long as such event of default continues, bank bonds will bear interest at the base rate plus three percent (3.00%). In no event will the bank bond rate exceed the lesser of (a) twenty-five percent (25%), and (b) the maximum lawful rate.

⁽⁵⁾ PNC Bank, National Association ("PNC"). The City is required to repay the principal component of the purchase price of bank bonds, assuming the satisfaction of certain conditions, in 10 equal semiannual installments payable in arrears beginning on the day that is 6 months after the date the term loan is made. Conversion to term loans is the earlier of 180 days after the purchase or the Letter of Credit expiration date. The bank bond rate is (i) for the first 180 days after PNC has purchased the 1998 Ordinance Bonds, the "base rate" (as defined below), and (ii) from and after the earlier of the 181st day following such purchase and the termination date of the letter of credit, the base rate plus two percent (2.00%). The "base rate" is the highest of (a) the prime rate publically announced by PNC effective in Pittsburgh, Pennsylvania, (b) the sum of the federal funds rate plus three percent (3.00%), and (c) seven and one half of one percent (7.50%). Notwithstanding the foregoing, from and after the occurrence and during the continuation of an event of default under the letter of credit, the bank rate shall be equal to the base rate plus three percent (3.0 %). In no event will the bank bond rate exceed the lesser of (a) twenty-five percent (25%), and (b) the maximum lawful rate.

⁽⁶⁾ All ratings reflect information from the respective rating agency's website as of January 31, 2017.

⁽⁷⁾ As of January 31, 2017.

⁽⁸⁾ As of January 31, 2017, the rating has been placed on negative credit watch.

⁽⁹⁾ Notwithstanding the establishment of the bank bond rate, bank bonds shall bear interest at the greater of the applicable bank bond rate or the rate of interest borne by 1998 Ordinance Bonds of the applicable series that are not bank bonds.

Table 4
AVERAGE RESIDENTIAL COSTS FOR ALL
CUSTOMERS IN A FISCAL YEAR⁽¹⁾⁽²⁾

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Distribution Rate ⁽³⁾	\$554	\$634	\$658	\$717	\$682	\$698	\$785	\$714	\$726
Universal Service and Energy Conservation Surcharge	177	217	136	180	141	151	144	106	89
Gas Cost Rate	846	904	567	547	381	456	474	471	264
Total	\$1,577	\$1,755	\$1,361	\$1,444	\$1,204	\$1,305	\$1,403	\$1,291	\$1,079

⁽¹⁾ Source: PGW's records.

⁽²⁾ For general information regarding rates and other charges see "GAS SERVICE TARIFF AND RATES – **Rates**" within the City's Official Statement dated August 18, 2016, as supplemented on August 26, 2016 and filed with EMMA on August 26, 2016 (the "August 2016 OS").

⁽³⁾ Includes the Restructuring and Consumer Education, Efficiency Cost Recovery, Other Post-Employment Benefits ("OPEB") and Distribution System Improvement Charge ("DSIC") surcharges.

Table 5
PERCENT OF GAS SALES⁽²⁾
BY CUSTOMER TYPE
THE FISCAL YEARS ENDED AUGUST 31⁽¹⁾

	2016	2015	2014	2013	2012
Residential	81.1	79.8	78.9	78.4	78.0
Commercial and Industrial	17.2	17.7	18.6	19.1	19.3
Authority	1.7	2.5	2.5	2.5	2.7
TOTAL	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ Source: PGW's records.

⁽²⁾ Sales represent gas delivered to customers.

Table 6
NATURAL GAS COSTS FOR THE FISCAL
YEARS ENDED AUGUST 31⁽¹⁾

	2016	2015	2014	2013	2012
Natural Gas Costs (\$ thousands)	\$146,515	\$252,158	\$304,040	\$255,496	\$233,709
% Increase (Decline) from Prior Fiscal Year	(41.9)	(17.1)	19.0	9.3	(29.4)
% Natural Gas Utilization Increase (Decline) from Prior Fiscal Year Bcf ⁽²⁾	(10.3)	(2.4)	2.8	7.2	(12.0)
% Natural Gas Price Increase (Decrease)	(42.8)	(17.0)	12.8	(6.3)	(9.7)
Pipeline Demand Charges (\$ thousands)	\$57,922	\$57,868	\$63,278	\$65,158	\$65,489
Pipeline Refunds (\$ thousands)	\$23	\$0	\$4,442	\$86	\$10

⁽¹⁾ Source: PGW's records.

⁽²⁾ Billion cubic feet.

Table 7
OPERATING REVENUES
HEAT AND NON-HEAT CUSTOMERS
FISCAL YEARS 2012 THROUGH 2016^{(1) (4)}
(THOUSANDS OF U.S. DOLLARS)

	2016	2015	2014	2013	2012
Firm non-heat	\$ 20,765	\$ 27,592	\$30,324	\$31,401	\$ 33,282
Interruptible gas sales	346	3,672	9,068	4,703	3,338
Billed non-heating	21,111	31,264	39,392	36,104	36,620
GCR ⁽²⁾ non-heating adjustment	762	(511)	218	(841)	434
Total non-heating	21,873	30,753	39,610	35,263	37,054
Billed heating	454,852	630,286	660,942	605,761	519,950
GCR heating adjustment	17,424	(12,124)	6,174	(12,407)	4,244
Total billed heating	472,276	618,162	667,116	593,354	524,194
Weather normalization adjustment (WNA)	39,021	(10,372)	(11,810)	8,060	44,016
Total heating	511,297	607,790	655,306	601,414	568,210
Total gas sold	533,170	638,543	694,916	636,677	605,264
Firm transportation (FT) non-heat	4,518	4,953	5,671	5,194	3,861
FT heating	22,789	22,468	23,330	19,665	14,037
WNA FT	2,458	(374)	(488)	331	1,412
Total heating FT	25,247	22,094	22,842	19,996	15,449
Total FT	29,765	27,047	28,513	25,190	19,310
Unbilled adjustment	(1,830)	(2,105)	5	1,398	(6,201)
GTS: transportation ⁽³⁾	1,231	1,253	1,173	1,050	1,086
GTS (customer/customer choice)	8,784	10,285	10,278	9,372	7,955
GTS (supplier/customer choice)	11	11	11	478	170
GTS (firm supplier)	1,217	994	1,242	989	803
Total gas operating revenues	\$572,348	\$676,028	\$736,138	\$675,15	\$628,387

⁽¹⁾ Source: PGW's records.

⁽²⁾ GCR=Gas Cost Rate.

⁽³⁾ GTS=Gas Transportation System.

⁽⁴⁾ Also see Table 11 in APPENDIX B – "INDEPENDENT CONSULTANT'S ENGINEERING REPORT – Financial Feasibility for the Fourteenth Series Bonds – Projected Revenues – Historical and Projected Revenues" in the August 2016 OS.

Table 8
PGW DISCOUNTS AND
DEBT FORGIVENESS GRANTED TO CUSTOMER RESPONSIBILITY PROGRAM ("CRP")
PARTICIPANTS
(THOUSANDS OF U.S. DOLLARS)

<u>Fiscal Year</u>	<u>Discounts to Participants</u>	<u>Debt Forgiveness</u>
2016	\$34,233	\$8,805
2015	\$54,485	\$6,416
2014	\$65,086	\$6,183
2013	\$70,598	\$6,854
2012	\$63,231	\$8,309

Source: PGW's records.

Table 9
PHILADELPHIA GAS WORKS CAPITAL EXPENDITURES*
(Thousands of U.S. Dollars)

	FISCAL YEARS ENDED AUGUST 31				
	2016	2015	2014	2013	2012
Uses					
Gas Processing	\$ 1,726	\$ 2,569	\$ 5,350	\$ 3,095	\$ 3,675
Distribution	82,590	65,220	61,768	57,394	44,751
Field Services	6,383	6,055	5,393	3,727	3,441
Fleet	2,593	3,085	2,233	1,111	1,552
Facilities	2,643	4,177	7,646	2,440	1,675
Information Services	1,479	2,632	683	4,093	864
Other Departments	2,919	1,761	258	515	1,174
Total Uses⁽¹⁾	\$ 100,333	\$ 85,499	\$ 83,331	\$ 72,375	\$ 57,132
Sources					
Capital Fund Drawdowns	-	-	33,294	45,018	34,044
Restricted Fund	-	10,000	-	-	-
DSIC	26,253	13,764	13,914	681	-
TXCP ⁽²⁾	41,000	30,000	-	-	-
Internal Funds	33,080	31,735	36,123	26,676	23,088
Total Sources	\$ 100,333	\$ 85,499	\$ 83,331	\$ 72,375	\$ 57,132

* Source: PGW's records.

⁽¹⁾ Net of reimbursements, contributions and salvage.

⁽²⁾ Tax exempt commercial paper.

Table 10
CAPITAL BUDGET
FISCAL YEAR 2017 AND FORECAST 2018 THROUGH 2022⁽¹⁾
(THOUSANDS OF U.S. DOLLARS)

	2017	2018 - 2022	TOTAL 6 YEARS
	CAPITAL BUDGET	FORECAST	
GAS PROCESSING			
Additions	\$ 178	\$ 10,350	\$ 10,528
Replacements	5,678	16,900	22,578
TOTAL	\$ 5,856	\$ 27,250	\$ 33,106
DISTRIBUTION			
Additions	\$ 10,394	\$ 55,672	\$ 66,066
Replacements	82,296	440,765	523,061
GROSS TOTAL	\$ 92,690	\$496,437	\$ 589,127
FIELD SERVICES			
Additions	\$ 1,786	\$ 10,504	\$ 12,290
Replacements	5,251	30,124	35,375
GROSS TOTAL	\$ 7,037	\$ 40,628	\$ 47,665
FLEET OPERATIONS			
Additions	\$ 80	\$ -	\$ 80
Replacements	5,803	14,078	19,881
GROSS TOTAL	\$ 5,883	\$ 14,078	\$ 19,961
OTHER DEPARTMENTS			
Additions	\$ 1,959	\$ 2,190	\$ 4,149
Replacements	4,825	8,851	13,676
TOTAL	\$ 6,784	\$ 11,041	\$ 17,825
TOTAL			
Additions	\$ 14,397	\$ 78,716	\$ 93,113
Replacements	103,853	510,718	614,571
GROSS TOTAL	\$ 118,250	\$589,434	\$ 707,684

⁽¹⁾ Reimbursement to PGW for relocating structures and equipment and/or load growth are not included in this Table 10.

Table 11
ACCOUNTS RECEIVABLE, RESERVE FOR BAD DEBT EXPENSE, NET
WRITE-OFF EXPENSES, COLLECTION FACTORS AND REVENUE STATISTICS
(THOUSANDS OF U.S. DOLLARS) ⁽¹⁾

	FISCAL YEAR ENDED AUGUST 31				
	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Billed Gas Revenues ⁽²⁾	\$ 555,741	\$ 690,767	\$ 729,741	\$687,005	\$ 629,911
Accounts Receivable	147,599	188,882	208,806	203,326	179,754
Less: Reserve for Bad Debt	(74,286)	(102,029)	(107,349)	(105,577)	(97,757)
Net Accounts Receivable	73,313	86,853	101,457	97,749	81,997
Bad Debt Reserve/Accounts Receivable	50.3%	54.0%	51.4%	51.9%	54.4%
Net Write-Offs	\$ 52,610	\$ 40,153	\$ 38,056	\$ 29,028	\$ 38,401
Receivable/Billed Gas Revenues	26.56%	27.34%	28.60%	29.60%	28.50%
Bad Debt	\$ 27,133	\$ 34,833	\$ 38,848	\$ 39,971	\$ 36,702
Bad Debt/Billed Gas Revenues	4.9%	5.0%	5.3%	5.8%	5.8%
Bad Debt/Accounts Receivable	18.4%	18.4%	18.6%	19.7%	20.4%
Total Customer Receipts	\$ 571,544	\$ 700,933	\$ 724,622	\$657,125	\$ 633,497
Total Customer Billings	\$ 580,801	\$ 721,833	\$ 763,077	\$715,196	\$ 655,711
Collection Factor	98.41%	97.10%	94.97%	91.88%	96.61%
Five-Year Average Collection Factor (2012-2016)	95.7%				

⁽¹⁾ Source: PGW's records.

⁽²⁾ This is calculated based on information in APPENDIX B – INDEPENDENT CONSULTANT'S ENGINEERING REPORT in the August 2016 OS: Adjusted Total Gas Revenues (Table 11, Line 38) less Prior Year's Gas Cost Recovery (Table 11, Lines 26 and 15). Accounts receivable is partly driven by sales revenue. Higher sales revenue pushes higher accounts receivable balances. During the five year period between Fiscal Year 2012 and Fiscal Year 2016, the year-end net accounts receivable balance averaged 13.4% of billed revenue, with a low of 12.6% in Fiscal Year 2015 and the high of 14.2% in Fiscal Year 2013. Fiscal Year 2016 net accounts receivable was 13.2% of billed revenue. Along with billed revenue, accounts receivable is influenced by the collection rate. PGW calculates the collection rate by dividing the total gas receipts collected in a Fiscal Year by the total gas billings that were applied to PGW customers' accounts during the same time period. During the five-year period between Fiscal Year 2012 and Fiscal Year 2016 PGW averaged a 95.8% collection rate, with a high of 98.4% in Fiscal Year 2016 and the low of 91.9% in Fiscal Year 2013. The collection rate in Fiscal Year 2016 (98.4%) returned to normal historic levels.

Table 12
SELECTED OPERATING DATA
REGARDING CUSTOMERS AND GAS SALES⁽¹⁾

	2016	2015	2014	2013	2012
Summary of Customers At End Of Period					
Residential	474,115	475,561	471,706	472,066	471,272
Industrial and Commercial:					
Firm	22,443	25,193	21,652	21,957	24,745
Interruptible	4	2	7	12	38
Municipal and Philadelphia Housing Authority ("PHA")	2	2	2	2	2
Total Customers	496,564	500,758	493,367	494,037	496,057
Gas Sales by Classification (Mmcft)⁽²⁾					
Residential:					
Heating	30,180	38,523	38,635	35,193	29,476
Non-Heating	426	503	529	559	585
Industrial and Commercial:					
Firm	7,078	9,390	9,370	8,994	8,284
Interruptible	38	514	1,096	890	192
Other (FT)	4,123	4,294	4,087	3,427	2,483
Total Gas Sales & Transport	41,845	53,224	53,717	49,063	41,020
Average Monthly Usage of					
Residential Customers (Mcf)⁽³⁾:					
Heating	5.6	7.1	7.3	6.7	5.6
Non-Heating	1.7	1.8	1.8	1.7	1.7
Average Monthly Bill of					
Residential Customers:					
Heating \$	\$86.50	\$107.48	\$114.99	\$109.97	\$99.92
Non-Heating \$	\$31.26	\$37.87	\$38.37	\$37.36	\$35.66
Degree Days	3,356	4,444	4,405	3,889	3,037
Normal Degree Days	4,237	4,256	4,268	4,332	4,360
	79%	104%	103%	90%	70%
Maximum 24-Hour Sendout (Mcf)	583,377	645,370	607,062	542,095	466,478
Peak-day Avg. Temperature					
(Degrees)	16	11	13	21	24

⁽¹⁾ Source: PGW's records.

⁽²⁾ Million cubic feet

⁽³⁾ Thousand cubic feet

Table 13
SUMMARY OF STATEMENTS OF REVENUES AND EXPENSES
(Thousands of U.S. Dollars)

	FISCAL YEARS ENDED AUGUST 31 ⁽¹⁾⁽²⁾				
	2016	2015	2014	2013	2012
Operating revenues:					
Gas revenues:					
Nonheating	\$21,873	\$30,753	\$39,610	\$35,262	\$37,054
Gas transport service	41,008	39,588	41,217	37,078	29,324
Heating	509,467	605,686	655,311	602,814	562,009
Total gas revenues	572,348	676,027	736,138	675,154	628,387
Appliance and other revenues	7,961	8,727	8,317	8,333	8,240
Other operating revenues	10,928	12,493	14,681	9,984	8,356
Total operating revenues	591,237	697,247	759,136	693,471	644,983
Operating expenses:					
Natural gas	146,524	252,169	304,051	255,501	233,713
Gas processing	17,948	18,180	19,637	17,592	15,640
Field services	36,277	36,874	37,577	34,926	33,883
Distribution	37,173	38,629	36,929	30,259	27,750
Collection and account management	10,913	11,192	11,273	11,297	11,491
Provision for uncollectible accounts	27,133	34,833	38,848	39,971	36,702
Customer services	12,432	12,262	11,187	11,102	11,946
Marketing	3,671	6,956	7,783	6,789	6,664
Administrative and general	99,652	93,347	85,872	78,206	81,161
Pensions	62,336	43,748	27,214	23,614	23,972
Other post employment benefits	9,929	6,726	11,228	16,492	20,119
Taxes	7,521	7,823	7,687	7,220	7,122
Total operating expenses before depreciation	471,509	562,739	599,286	532,969	510,163
Depreciation	51,679	49,371	47,428	45,912	45,045
Less depreciation expense included in operating expenses above	6,231	5,584	5,771	4,870	4,870
Net depreciation	45,448	43,787	41,657	41,042	40,175
Total operating expenses	516,957	606,526	640,943	574,011	550,338
Operating income	74,280	90,721	118,193	119,460	94,645
Interest and other income	1,393	3,784	3,597	1,147	4,659
Income before interest expense	75,673	94,505	121,790	120,607	99,304
Interest expense:					
Long-term debt	40,296	45,756	48,261	49,655	53,012
Other	8,443	11,548	9,380	10,740	16,824
Allowance for funds used during construction	(1,120)	(781)	(506)	(430)	(292)
Total interest expense	47,619	56,523	57,135	59,965	69,544
Excess of revenues over expenses prior to City Payment	28,054	37,982	64,655	60,642	29,760
Distribution to the City of Philadelphia	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
Excess of revenues over expenses	10,054	19,982	46,655	42,642	11,760
Net position, beginning of the year	277,984	258,002	211,347	315,945	304,185
Net position, end of the year	\$288,038	\$277,984	\$258,002	\$358,587	\$315,945

⁽¹⁾ During FY 2013, PGW implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, that amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). This change was retroactive to FY 2012.

⁽²⁾ During 2015, PGW implemented GASB Statement No. 68 and 71 as further described in the August 2016 OS under "PHILADELPHIA GAS WORKS - Pension Plans and Other Postemployment Benefits," retroactive to September 1, 2013.

Table 14
DEBT SERVICE COVERAGE⁽¹⁾
(THOUSANDS OF U.S. DOLLARS)

	FISCAL YEARS ENDED AUGUST 31				
	2016	2015	2014	2013	2012
FUNDS PROVIDED					
Total Gas Revenues	\$572,348	\$676,027	\$736,138	\$675,154	\$628,387
Other Operating Revenues	18,888	21,220	22,998	18,317	16,596
Total Operating Revenues	591,236	697,247	759,136	693,471	644,983
Other Income Incr. / (Decr.) Restricted Funds	1,416	10,836	4,079	196	8,311
City Grant	-	-	-	-	-
AFUDC (Interest)	1120	781	506	430	292
TOTAL FUNDS PROVIDED	593,772	708,864	763,721	694,097	653,586
FUNDS APPLIED					
Fuel Costs	146,524	252,169	304,051	255,501	233,713
Other Operating Costs	370,433	354,357	334,199	318,510	316,625
Total Operating Expenses	516,957	606,526	638,250	574,011	550,338
Less: Non-Cash Expenses	89,059	74,535	50,346	48,103	47,619
TOTAL FUNDS APPLIED	427,898	531,991	587,904	525,908	502,719
Funds Available to Cover Debt Service	\$165,874	\$176,873	\$175,817	\$168,188	\$150,867
1975 Ordinance Bonds Debt Service	-	\$26,904	\$28,592	\$30,163	\$31,754
Debt Service Coverage 1975 Ordinance Bonds	-	6.57	6.15	5.58	4.75
Net Available after Prior Debt Service	\$165,874	\$149,969	\$147,225	\$138,026	\$119,113
Equipment Leasing Debt Service	-	-	-	-	-
Net Available after Prior Capital Leases	\$165,874	\$149,969	\$147,225	\$138,026	\$119,113
Senior 1998 Ordinance Bonds Debt Service	\$77,867	\$70,139	\$69,749	\$47,668	\$67,874
Debt Service Coverage Senior 1998 Ordinance Bonds	2.13	2.14	2.11	2.90	1.75
Net Available after Senior 1998 Ordinance Debt Service	\$88,007	\$79,830	\$77,476	\$90,358	\$51,239
Subordinate 1998 Ordinance Bond Debt Service	-	-	-	-	-
Debt Service Coverage Subordinate 1998 Ordinance Bonds	-	-	-	-	-
Aggregate Debt Service ⁽²⁾	\$77,867	\$97,043	\$98,341	\$77,831	\$99,628
Debt Service Coverage (Combined liens) ⁽³⁾	2.13	1.82	1.79	2.16	1.51
Debt Service Coverage (Combined liens with \$18.0M City Fee) ⁽⁴⁾	1.90	1.64	1.60	1.93	1.33

⁽¹⁾ Source: Comprehensive Annual Financial Report for Fiscal Years Ended August 31, 2016 and 2015 of the Philadelphia Gas Works and PGW's records.

⁽²⁾ Aggregate Debt Service = (Debt Service Coverage 1975 Ordinance Bonds + Debt Service Coverage 1998 Ordinance Bonds + Debt Service Coverage 1998 Subordinate Bonds)

⁽³⁾ Debt Service Coverage (Combine liens) = Funds Available to Cover Debt Service / Aggregate Debt Service

⁽⁴⁾ Debt Service Coverage (Combine liens with \$18.0M City Fee) = Funds Available to Cover Debt Service - \$18.0M / Aggregate Debt Service