

**BEFORE THE
PHILADELPHIA WATER, SEWER, AND STORM WATER RATE BOARD**

**In the Matter of the Philadelphia
Water Department’s Proposed
Change in Water, Wastewater,
and Stormwater Rates and
Related Charges**

**Fiscal Years 2026 – 2027
Rates and Charges to Become
Effective September 1, 2025
and September 1, 2026**

**PUBLIC ADVOCATES DISCOVERY REQUESTS
&
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Set IV

- PA-IV-1. On page 2 of Mr. Hayman’s testimony, he states that PWD provides water and wastewater services in certain suburban municipalities and municipal authorities pursuant to wholesale services contracts. Please identify these wholesale customers and provide the annual consumption for FY 2022 through FY 2024.
- PA-IV-2. On page 3 of Mr. Hayman’s testimony (PWD Statement 1), he states: “[t]he Department is working to expand assistance options and to take advantage of all state and federal funding, as explained by the rate filing and testimony.”
- a. Please explain specifically what assistance options and what state and federal funding are being pursued.
 - b. If the Department receives any of the assistance or funding as discussed by Mr. Hayman, in what form will they be offered to customers?
- PA-IV-3. Refer to PWD Statement 2A, page 6.
- a. Please explain the cause of the \$12.2 million RSF transfer.
 - b. When does the Department plan to make this transfer?
- PA-IV-4. Refer to PWD Statement 2A, page 6. Please provide the supporting documentation for the “roughly \$120 million” RSF balance at the end of FY 2025.
- PA-IV-5. Refer to PWD Statement 2A, page 9.
- a. When will the \$1,400 signing bonus be paid.
 - b. What is the total amount of the signing bonus.
 - c. Please confirm that the signing bonus is a one-time payment.

- PA-IV-6. Please describe, in detail, all efforts made by the Department to control and reduce operating costs and capital investments during FY 2024, FY 2025 and planned for the rate years (FY 2026 and FY 2027).
- PA-IV-7. Refer to PWD Statement 2A, page 10, lines 9 to 10. Please explain why there is a need for the Department to “maximize investment” rather than explore avenues to minimize investments.
- PA-IV-8. Refer to PWD Statement 2A, page 10, lines 14 to 19. Please explain what determines whether the Department pursues PennVest funds or pursues long-term debt for its capital expenditures.
- PA-IV-9. Refer to PWD Statement 2A, page 11, lines 9 to 12. Please identify the actual annual savings that resulted from the two new money issues and the two refundings since the 2023 rate proceeding. In your response, please provide supporting calculations for the savings.
- PA-IV-10. Refer to PWD Statement 2A, page 12, line 6. Please explain how accumulated interest can be considered a funding source for capital funding.
- PA-IV-11. Refer to PWD Statement 2A, page 15, lines 16 to 19.
- a. Please provide the FY 2025 mid-year revenue projections.
 - b. Please provide the current forecasted FY 2025 costs and expenses showing that the cost and expenses have increased above the projected level as stated in that paragraph.
- PA-IV-12. Refer to PWD Statement 2A, page 16, lines 3 to 4. According to the witness panel, the only clear path forward to improve the Department financial challenges is to request approval for additional revenues. Please admit or deny that the Department has not sought cost containment measures in lieu of a rate increase. If denied, please list the specific actions taken by the Department to reduce costs and expenses.
- PA-IV-13. Refer to PWD Statement 2A, page 17, lines 19 to 21. What is the reason for the decrease in the revenue collection rate.
- PA-IV-14. Refer to PWD Statement 2A, page 26, lines 10 to 11. The witness panel states: “That being said, due to current circumstances, the Department proposes to gradually transition to meeting certain financial targets during the Rate Period.” Please explain with specificity what is meant by “due to current circumstances.” In other words, what are the “current circumstances” to which the Department is referring?
- PA-IV-15. Refer to PWD Statement 2A, page 27, lines 5 to 10.
- a. Please provide documentation, empirical studies or other evidence that show bondholders require an additional debt service coverage as “comfort” that the Department, or a utility, will meet its debt covenants.

- b. Please provide documentation or other evidence where a utility regulatory commission awarded additional basis points to a utility's return, or additional coverage to debt service, to provide comfort to investors.

PA-IV-16. Does the Department agree that if it demonstrates a commitment to cost control, investors will gain confidence in its ability to recover costs and stabilize the Department's finances?

PA-IV-17. Refer to Schedule FP-1, pages FSP - 4 & 5. Please explain what the Preliminary Financial amounts represent. Are these essentially unaudited amounts or are they amounts before the fiscal year books are closed?

PA-IV-18. Refer to Schedule FP-1, pages FSP - 6.

- a. What was the cause of the lower workforce cost?
- b. What was the cause of the lower Capital Program - Debt Service Payments?
- c. What was the cause of the increase in the General Fund Reimbursement?

PA-IV-19. Refer to Schedule FP-1, pages FSP - 7. What was the cause of the lower capital expenditure compared to projections?

PA-IV-20. Refer to Schedule FP-1, pages FSP - 14.

- a. What was the cause of the lower workforce cost?
- b. What was the cause of the lower Capital Program - Debt Service Payments?

PA-IV-21. Please provide the FY 2024 financial operating results in a format comparable to Schedule BV-1, Tables C-1 to C-3, C-6, C-7, C-8 and C-9.