

**BEFORE THE
PHILADELPHIA WATER, SEWER AND STORMWATER 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**

- PA-IX-1. Refer to page 12, line 19 of Black & Veatch's testimony (PWD St. 7), please explain what Extra-Strength surcharges are.
- PA-IX-2. Refer to page 15, lines 9 – 12. Please explain the rationale behind Black & Veatch's choice to use different time periods to measure the Non-Stormwater Only collections factors.
- a. Please explain how the use of the different time periods is consistent from the standpoint of financial forecasting and projection.
 - b. If the "BY Non-Stormwater Only Collection Factors" were 1.56% higher for the FY 2021 to FY 2023 average experience, would Black & Veatch have increased the collection factor by the 1.56% rate? Please fully explain your response.
 - c. If the "BY+1 Non-Stormwater Only Collection Factors" were 0.97% lower for the FY 2022 to FY 2024 average experience, would Black & Veatch have decreased the collection factor by the 0.97% rate? Please fully explain your response.
- PA-IX-3. Refer to Black & Veatch's testimony beginning at page 15, line 22 to page 16, line 2.
- a. Please provide a copy of any analysis conducted by PWD explaining the cause of the \$34.3 million lower revenues.
 - b. Please provide the calculations showing the derivation of the \$34.3 million lower revenues in FY 2024 and the \$36.8 million lower revenues in FY 2025. In your response provide the supporting documentation and workpapers.
- PA-IX-4. Refer to Black & Veatch's testimony at page 16, beginning at line 5. Please provide the historical data showing the trend in overall reduction in billed volume and the decline in the usage per account.

- PA-IX-5. Refer to Black & Veatch’s testimony beginning at page 16, line 10. Please provide the calculations showing the derivation of the 2.67% decline in overall billed water volume from FY 2023 to FY 2024. In your response, provide the supporting documentation and workpapers.
- PA-IX-6. Refer to Black & Veatch’s testimony beginning at page 16, line 12. Please provide the calculations showing the derivation of the billed usage per account decrease of 1.35% per year over the most recent 5-years and the 0.50% in the most recent 3-years. In your response, provide the supporting documentation and workpapers.
- PA-IX-7. According to Black & Veatch’s testimony beginning at page 16, DELCORA has informed the Water Department of its intent to leave the system in FY 2029. Please explain how the DELCORA revenue and consumption were derived as reflected for FY 2026 and FY 2027.
- PA-IX-8. According to Black & Veatch’s testimony at page 17, Other Operating Revenue consists of penalties on overdue bills for retail service customers and other income from miscellaneous fees, fines, operating grants, permit fees, and transfers from the Debt Reserve Account to the Revenue Fund.
- a. Please explain the nature of operating grants. Where do the operating grants come from, and what is the purpose of each of the grants?
 - b. Please explain, specifically, the various permit fees assessed by PWD and the frequency of these fees.
- PA-IX-9. Refer to Black & Veatch’s testimony at page 18. Please explain what is the mark-to-market valuation that the City/PWD performs at the end of the fiscal year.
- a. Please provide sample journal entries that may result from the mark-to-market valuation.
 - b. Please identify any effects of the mark to market valuation that is reflected in FY 2025 and the test years.
- PA-IX-10. Please provide copies of the Water Fund’s adopted FY 2024, FY 2025 and FY 2026 Operating Budgets.
- PA-IX-11. According to Black & Veatch’s testimony at page 21, in FY 2024, an additional cost center for Services was added to the City Treasurer Department’s Budget for the Water Fund.
- a. Please describe the nature of the charges that are included in this new function.
 - b. Please identify where these charges were previously recorded in PWD’s accounting records.
- PA-IX-12. According to Black & Veatch’s testimony at page 21, Black & Veatch assumed escalation factors for the various cost categories identified in the FY 2025 budget based upon the Water Department’s historical experience and recognized cost

indices; the escalation factors are applied to the projected FY 2025 expenses (for each of the respective cost categories) beginning in FY 2026.

- a. Please explain how the FY 2025 budget amounts were determined.
- b. In your response provide the instruction letter/memo provided to assist managers with developing their budgets.

PA-IX-13. Please provide PWD's understanding of Zero-based budgeting or Bottom-up budgeting.

PA-IX-14. Please explain whether PWD uses Zero-based budgeting or Bottom-up budgeting for its operating budgets.

PA-IX-15. Please provide the actual FY 2022 and FY 2023 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.

PA-IX-16. According to Black & Veatch's testimony at page 21, PWD developed "planned budget increases" for FY 2026 for object classes.

- a. Please provide each specific line item, expense or cost element for which a planned budget increase was developed for FY 2026.
- b. Please provide the cause of each projected increase or the rationale for each planned increase.
- c. For each of these costs, identify the cost increase, provide the supporting documentation showing the derivation of the increase.
- d. Please provide the FY 2024 amounts for each specific line item, expense or cost element for which planned budget increases for FY 2026 were developed.

PA-IX-17. According to Black & Veatch's testimony at page 22, the recently announced agreement with District Council 33 ("DC33") will provide a 5% salary increase in FY 2025. This increase will apply retroactively to the beginning of the fiscal year and staff will also receive one-time bonuses. Black and Veatch explains that, to account for the increase, it has adjusted FY 2025 labor (i.e., salary) expense to "align with the 5% increase and the one-time bonuses."

- a. Please provide the supporting workpapers showing how the 5% increase was applied to the FY 2025 payroll.
- b. Please provide the supporting workpapers showing how the 5% increase was applied to the FY 2026 payroll.
- c. Please provide the supporting workpapers identifying the percentage increase applied to the FY 2027 payroll and provide the support for the percentage increase.
- d. Please explain how the FY 2025 payroll expense was adjusted to remove employees who are no longer employed by PWD.

- e. Please provide the supporting workpapers identifying the amount of the one-time bonus and how it was included in the FY 2025 cost of service.
 - f. Please show how and where in the cost of service the one-time bonus was removed from the FY 2026 and FY 2027 cost of service.
- PA-IX-18. Please provide a copy of the agreement with District Council 33.
- PA-IX-19. According to Black & Veatch’s testimony at page 22, “Thereafter, an annual escalation factor of 3.5% is applied based upon the average historical annual increases for FY 2022 to FY 2025 as included in the DC33 labor agreements.” Please provide the supporting documentation that sets the basis of the 3.5%.
- PA-IX-20. Refer to Black & Veatch’s testimony at page 23. Pension and benefits expenses are estimated to increase from \$151.4 million in FY 2025 to \$175.8 million in FY 2030.
- a. Please provide the supporting documentation for the increases during this period for pension and each type of benefit.
 - b. Please provide the annual increases for FY 2025, FY 2026 and FY 2027 for pension and each benefit.
- PA-IX-21. Please provide the backup documentation and supporting calculations (the supporting calculations for the projected increase amounts) for the following City Office of Sustainability, Division of Energy & Climate Solutions estimates:
- a. Power increase of 6.5% in FY 2026 and 2.7% in FY 2027. Please provide an explanation for why FY 2026 power increase is significantly higher than the subsequent years.
 - b. Gas increase of 1.7% in FY 2026 and 4.7% in FY 2027. Please provide an explanation for why FY 2027 gas increase is significantly higher than the other years provided.
- PA-IX-22. Please provide the actual annual increase in power costs for FY 2022, FY 2023 and FY 2024 for the City/ PWD, as measured by the City’s Office of Sustainability, Division of Energy & Climate Solutions.
- PA-IX-23. Please provide the actual annual increase in gas costs for FY 2022, FY 2023 and FY 2024 for the City/ PWD, as measured by the City’s Office of Sustainability, Division of Energy & Climate Solutions.