

**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 XI**

- PA-XI-1. Refer to page 11 of PWD Statement 2A. The panel discusses changes PWD has made to capital funding.
- a. When did this change occur?
 - b. Please explain the differences in funding construction projects by contrasting the old approach to funding versus the new approach to funding.
- PA-XI-2. Refer to page 24, lines 17 - 21 of Black & Veatch's testimony.
- a. Please provide the specific reason for increasing the SMIP/GARP cost by \$10 million in FY 2027.
 - b. Please identify the negative consequences to be experienced by PWD if the SMIP/GARP costs are not increased by the requested \$10 million in FY 2027.
 - c. Please identify the negative consequences experienced by PWD from reducing the SMIP/GARP costs to \$15 million.
- PA-XI-3. Please provide the source data for the FY 2026 and FY 2027 CPI escalation factor of 3.38% as presented on page 25 of Black & Veatch's testimony.
- PA-XI-4. Refer to page 25 of Black & Veatch's testimony. Please provide an itemized list of the equipment to be purchased during FY 2026 and FY 2027 of \$3.1 million and \$3.8 million, respectively. Please explain why the FY 2027 amount differs from the amount presented in Adjustment 4.
- PA-XI-5. Please provide the source data for the PPI FY 2026 and FY 2027 escalation factor of 2.06% as presented on page 25 of Black & Veatch's testimony.
- PA-XI-6. Refer to page 26 of Black & Veatch's testimony. Please confirm that the estimated increase in Materials and Supplies during FY 2026 and FY 2027 are based on the 2027 CPI escalation factor of 3.38%. If not, please show how they were derived.

- PA-XI-7. Refer to Table C-7: Projected Capital Improvement Program.
- a. Please explain why there are significant increases in Distribution System Rehabilitation expenditures during the rate years FY 2026 and FY 2027 followed by decreases in FYs 2028 - 2030.
 - b. Please provide the breakdown, showing the components, of the Distribution System Rehabilitation expenditures for the FY 2025 (\$150,100,000), FY 2026 (\$203,100,000) and FY 2027 (\$202,100,000).
 - c. Please provide a copy of PWD's approved capital budgets for FY 2026 and FY 2027 for each year showing the purpose and reason for the projects included in each fiscal year budget.
- PA-XI-8. Refer to Table C-7: Projected Capital Improvement Program.
- a. Please provide the breakdown showing the bases of the Billing System expenditures for the FY 2026 (\$30,00,000), FY 2027 (\$30,000,000) and FY 2028 (\$30,000,000).
 - b. Please provide a copy of PWD's approved budget request for each year showing the purpose and reason for the projected annual expenditures.
- PA-XI-9. Refer to Table C-7: Projected Capital Improvement Program.
- a. Please explain why there are significant increases in Reconstruction of Sewers expenditures during the rate years FY 2026 and FY 2027.
 - b. Please provide the breakdown, showing the components, of the Reconstruction of Sewers expenditures for the FY 2025 (\$96,000,000), FY 2026 (\$140,500,000) and FY 2027 (\$150,500,000).
 - c. Please provide a copy of PWD's approved capital budgets for FY 2026 and FY 2027 for each year showing the purpose and reason for the projects included in each fiscal year budget.
- PA-XI-10. Refer to Table C-7: Projected Capital Improvement Program.
- a. Please provide the source documents for the 5.0% Inflation escalation rate.
 - b. Please provide the supporting calculation for the Contingency Adjustment amount for FY 2026 and FY 2027.
- PA-XI-11. Refer to Table C-7: Projected Capital Improvement Program. Footnote (c) describes Project Expenses (line 17) as the annual drawdown of capital budget appropriations based on project durations and annual encumbrances.
- a. Does this mean this is actual (or expected) expenditures for the Capital Improvement Program for each fiscal year?

- b. Are Project Expenses during each fiscal year based on the amount appropriated for that fiscal year or does it incorporate previous years.
 - c. Please provide the supporting workpapers showing the derivation of the Project Expenses for FY 2026 and FY 2027.
- PA-XI-12. Refer to Table C-7: Projected Capital Improvement Program. Please provide the supporting workpapers showing the derivation of the anticipated annual project encumbrances for FY 2026 and FY 2027.
- PA-XI-13. Refer to Table C-8: Projected Flow of Funds - Construction Fund & Debt Reserve Account. Please explain what Net Financing Required line represents and how the amounts for FY 2026 and FY 2027 were determined.
- PA-XI-14. Refer to Table C-8: Projected Flow of Funds - Construction Fund & Debt Reserve Account. Please provide the supporting documentation for the assumed 0.60 percent issuance cost as shown in footnote (b).
- PA-XI-15. Refer to Table C-9: Summary of Existing and Proposed Debt Service.
 - a. Please provide support for the 5.00% interest rate used in calculation of the debt service for Fiscal Year 2027, presented in footnote (c).
 - b. Please provide support for determining the debt service for Fiscal Year 2027 based on interest only.
- PA-XI-16. Refer to page 28 of Black & Veatch’s testimony. Please provide the supporting documentation for the annual project expenses below. Show the bases for each of the anticipated program-level project durations.
 - a. Billing System – 5 years.
 - b. Water Conveyance – 4 years.
 - c. Sewer Collection – 4 years.
 - d. Facilities Improvements – 6 years.
- PA-XI-17. Refer to page 28 of Black & Veatch’s testimony. If the Billing System duration is based on 5 years, why does Table C-7 show expenditures over a duration of 3 years?
- PA-XI-18. Refer to page 30 of Black & Veatch’s testimony. The panel states: “As both WIFIA and PENNVEST work on a reimbursement basis, the Water Department intends to use a combination of available cash as well as the existing Commercial Paper (“CP”) Program to provide interim financing to pay contractor invoices while awaiting reimbursement from the respective entity. Please explain and show how this has been reflected in the cost of service.

PA-XI-19. Refer to Table C-8: Projected Flow of Funds - Construction Fund & Debt Reserve Account. Please explain why Commercial Paper is not reflected on this table.

PA-XI-20. Refer to Table C-9: Summary of Existing and Proposed Debt Service.

- a. Please explain why the Commercial Paper amount is unchanged from year to year.
- b. Please provide the monthly Commercial Paper balances for FY 2022 through the most recent month available in FY 2025.

PA-XI-21. Refer to page 31, line 19 of Black & Veatch's testimony. Please provide the actual monthly interest rate that is applied to the funds on which PWD earns interest income for FY 2022 through the most recent month available in FY 2025.