

**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  
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Set XII**

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- PA-XII-1. Refer to page 3, line 13 of PWD Statement 2B. The panel states that: “The current credit ratings are tied to PWD either achieving or making incremental progress toward achieving reasonable financial goals or targets.” Please identify the specific financial goals or targets PWD achieved that may have contributed to its current credit ratings.
- PA-XII-2. In footnote 1 on page 3, it states “Please note that financial metrics should not be static. In a future proceeding, the Department should consider if the metrics first acknowledged in the 2018 Rate Determination should be changed to stay in alignment with the expectations of the rating agencies, industry norms, best practices, and market conditions.” Does the panel agree that the metrics from the 2018 rate determination are within the expectations of the rating agencies? If no, please explain your response.
- PA-XII-3. Refer to page 3, line 22 of PWD Statement 2B. The panel states that PWD’s financial metrics are, in general, significantly below its peer median metrics. Does the panel agree that some of PWD’s peer utilities rates are not regulated by independent rate-setting boards?
- PA-XII-4. Refer to page 4, beginning at line 10 of PWD Statement 2B. The panel quotes an S&P statement that its rating could be lowered if rate increases are insufficient to meet current debt service coverage projections. Did S&P prepare its own independent cost of service on which it calculated its debt service coverage and to which it is referring? If yes, please provide a copy of the analysis.
- PA-XII-5. Refer to page 6, beginning at line 21 of PWD Statement 2B. Please provide any studies, analyses or empirical evidence to support the statement: “The effect of a lower than requested rate increase in a particular year necessitates marginally higher rate increases in future years to recover the lost revenue in the first year as well as the lost revenue from the deferred rate increase in each subsequent year.”
- PA-XII-6. Refer to page 5, beginning at line 10 to page 6, line 13 of PWD Statement 2B.

- a. Is it the panel's belief or opinion that the Rate Board is expected to set rates that guarantee that PWD will achieve the financial metrics?
- b. Does the panel believe that cost control and operational efficiency are an essential component of PWD's ability to achieve its financial metrics.

PA-XII-7. Refer to the memorandum attached to PWD Statement 2B at page 3. Please provide the source document supporting the 2.3 DSC and 511 days cash on hand.

PA-XII-8. Please provide all criteria used to select PWD's peer utilities as discussed in the memorandum attached to PWD Statement 2B at page 6.