

**PHILADELPHIA WATER DEPARTMENT AND PUBLIC ADVOCATE COMBINED  
RESPONSE TO TRANSCRIPT REQUEST**

**TR-20.** PLEASE PROVIDE A LIST OF O&M ESCALATION FACTORS UTILIZED IN PROJECTING FY 2019-2021 O&M EXPENSES IN THE PWD FINANCIAL PLAN.

**RESPONSE:**

The following table presents the O&M escalation factors proposed by both PWD and the Public Advocate. The differences are identified in *bold italics* font.

<b>Escalation Factor</b>	<b>PWD Proposal</b>	<b>Public Advocate Proposal</b>
Class 220 – Power	FY 2019 – 0.0% FY 2020 – 0.0% <i>FY 2021 – 3.0%</i>  Schedule BV-E5: WP-1 (page 5)	FY 2019 – 0.0% FY 2020 – 0.0% <i>FY 2021 – 0.0%</i>  Page 23, Lines 7 to 9
Class 221 – Gas	FY 2019 – 4.0% FY 2020 – 0.0% <i>FY 2021 – 3.0%</i>  Schedule BV-E5: WP-1 (page 5)	FY 2019 – 4.0% FY 2020 – 0.0% <i>FY 2021 – 0.0%</i>  Page 23 Line 24 to Page 14 Line 1
Class 200 – Other Services	<i>FY 2019 – 3.4%</i> <i>FY 2020 – 3.4%</i> <i>FY 2021 – 3.4%</i>  Schedule BV-E5: WP-1 (page 5)	<i>FY 2019 – 1.98%</i> <i>FY 2020 – 1.98%</i> <i>FY 2021 – 1.98%</i>  Page 24, Lines 20 to 21
Class 307 - Chemicals	FY 2019 – 0.0%* <i>FY 2020 – 3.8%</i> <i>FY 2021 – 1.0%</i>	FY 2019 – 0.0% <i>FY 2020 – 0.0%</i> <i>FY 2021 – 0.0%</i>

	Schedule BV-E5: WP-1 (page 5)	Page 25 Line 24 to Page 26 Line 1
Class 800 – Transfers	<i>FY 2019 – 2.5%</i> <i>FY 2020 – 2.5%</i> <i>FY 2021 – 2.5%</i>	<i>FY 2019 – 1.98%</i> <i>FY 2020 – 1.98%</i> <i>FY 2021 – 1.98%</i>
	Schedule BV-E5: WP-1 (page 6)	Page 25, Lines 17 to 18

\*Note – The escalation factor for FY 2019 is consistent with the escalation factor indicated in response to Transcript Request # 22.

The following escalation factor is presented in the Black & Veatch cost of service model but is not utilized in the projection of O&M expenses. Revisions to this escalation factor will not impact the financial plan.

Escalation Factor	PWD Proposal	Public Advocate Proposal
General	<i>FY 2019 – 3.0%</i> <i>FY 2020 – 3.0%</i> <i>FY 2021 – 3.0%</i>	<i>FY 2019 – 1.98%</i> <i>FY 2020 – 1.98%</i> <i>FY 2021 – 1.98%</i>
	Schedule PWD Exhibit 6 Finplan, Assumptions-15 (page 43)	Page 24, Lines 20 to 21

**RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC on behalf of the Philadelphia Water Department and Lafayette Morgan, Exeter Associates, Inc. on behalf of the Public Advocate