

**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 2024 – 2025 Rates and Charges to Become Effective : September 1, 2023 and September 1, 2024**

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

SET V

- PA-V-1. Reference Schedule BV-1, Table C-7. Please provide a variance analysis, with variance explanations, of the budget versus actual expenditures for the fiscal years ended September 30, 2020, 2021, 2022, and 2023 broken down in the same categories as seen in Table C-7. Please provide these data in electronic (Excel) format with the formulae intact.
- PA-V-2. Reference Schedule BV-1, Table C-7. Please provide a list of projects included in FY 2024 and FY 2025 for each category. Please provide these data in electronic (Excel) format with the formulae intact. For each project in your response, please provide:
- a. A description of the project, actual or projected start date, projected timeline to completion, the initial estimated completion dates, and any revised completion date.
 - b. Provide the current status of each project. Where applicable, indicate whether the project was suspended or cancelled and include the date such action occurred.
 - c. Data on projected project cost by year, project costs spent to date, project cost remaining, and contingency budget for the project, if applicable.
 - d. Projected benefit and savings associated with the project.
 - e. Information on any supplier constraints that may delay the project.
 - f. Please specify if any of these projects are being financed by grants and if so, please explain how that is reflected in the cost of service. If this is not applicable to any projects and the Company has not sought grants to fund any projects, please explain why.

- PA-V-3. Reference Philadelphia Water Department Statement 7, Direct Testimony of Black & Veatch Management Consulting, LLC, page 26 lines 17-21. Please provide copies of the backup documentation that support the use of a 4 percent annual inflation allowance to the CIP costs beginning in FY 2025.
- PA-V-4. Reference Philadelphia Water Department Statement 7, Direct Testimony of Black & Veatch Management Consulting, LLC, page 28 lines 13-16. Please provide the basis for the annual interest rates of 5.5% for FY 2024 and FY 2025 and 6.0% for FY 2026 through FY 2028 for debt service were determined and provide copies of the data used in this determination.
- PA-V-5. Reference the Direct Testimony of the Financial Advisors (Statement 2B). On page 3, lines 13 to 15, the witnesses state: “The current credit ratings are tied to PWD either achieving or making incremental progress toward achieving reasonable financial goals or targets...”. Please explain and show how “making incremental progress” is determined and quantified.
- PA-V-6. Reference Statement 2B, page 4, lines 1 and 2.
- a. Please provide evidence showing that PWD’s financial metrics are, in general, significantly below peer median metrics for water/sewer utilities in similar rating categories and size.
 - b. Please provide the criteria by which peer utilities were determined.
- PA-V-7. Reference the memorandum from the Financial Advisors to PWD attached to Statement 2B, page 4, lines 15 and 16. Please provide the survey by Fitch that shows that PWD is below peer and median metrics for water/sewer utilities in similar rating categories and size.
- PA-V-8. Regarding the funding offer from PennVest which is scheduled for closing in early 2024, as discussed beginning at the bottom of page 11 of the memorandum from the Financial Advisors to PWD, please explain whether the PennVest funding is intended to be used to retire or replace existing, higher interest rate debt held by PWD. Also show how the savings are reflected in the cost of service.
- PA-V-9. Please provide an illustration showing how the 3 years of interest only feature at the outset of the PennVest financing and the interest rate of 1.0% for a 20-year term works.
- PA-V-10. Please identify any additional low interest rate debt financing that PWD is expected to receive in FY 24 and FY 25.
- PA-V-11. Please explain how SMIP/GARP costs are allocated to wastewater and stormwater service and identify the basis for this allocation. Also specifically identify all SMIP/GARP costs included in the wastewater and stormwater cost of service studies by line item.