

RESPONSE TO
PUBLIC ADVOCATE'S INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
QUESTIONS 1-6

Dated: April 2025

PA-XIII-1. REFER TO PAGE 3, LINES 23 TO 25 OF PWD STATEMENT 3. IF THE AMOUNTS SHOWN ON PWD STATEMENT 7, SCHEDULE BV-1, TABLE C-7, LINE 13 ARE CARRY FORWARDS, PLEASE EXPLAIN WHY THE AMOUNTS ON TABLE C-7, LINE 13 FOR FY 2026 AND FY 2027 ARE NEGATIVE (OR CREDITS).

RESPONSE:

The carry forward adjustments shown on Line 13 of Table C-7 of Schedule BV-1 reflect the following components of carry forward adjustments:

1. Carry forward from prior year capital budgets. This is a positive adjustment to reflect the carry forward of remaining (uncommitted) authorization balances from the prior year.
2. Carry forward into the next fiscal year. This is a negative adjustment to reflect the carry forward of remaining (uncommitted) authorization balances to the next fiscal year.

If the carry forward into the next fiscal year (2nd component of the carry forward adjustment) is greater than the carry forward from the prior years (1st component of the carry forward adjustment) the resulting total carry forward adjustment will be negative.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC.

1 **PA-XIII-2.** REFER TO PAGE 10, LINES 8 TO 13 OF PWD STATEMENT 3. SINCE THE
2 CHANGE IN ADMINISTRATION, HAS PWD BEEN NOTIFIED OF ANY
3 CHANGES IN EPA POLICIES AFFECTING PROGRAMS THAT PWD HAS IN
4 PLACE? IF YES, PLEASE IDENTIFY THE AFFECTED PROGRAM;
5 EXPLAIN THE CHANGES THAT ARE ANTICIPATED; AND IDENTIFY THE
6 FINANCIAL IMPACT OF THE CHANGES.

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8 **RESPONSE:**

9 As of the date of this response, the Department has not been notified of any changes in
10 EPA policies affecting programs that the Department has in place.

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12 Although the Department has not been notified as to any changes to EPA policies
13 affecting programs, the Department is aware of the potential risk of not realizing the
14 grants projected to be received during the rate period.

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16 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **PA-XIII-3.** REFER TO PWD STATEMENT 3, PAGE 11, LINES 17 TO 25.

- 2 A. PLEASE IDENTIFY THE AMOUNT INCLUDED IN THE COST OF
3 SERVICE FOR EACH OF THE LISTED PROJECTS.
- 4 B. PLEASE PROVIDE THE BUDGET APPROVAL DOCUMENTS FOR
5 EACH OF THESE PROJECTS SHOWING THE PURPOSE AND
6 JUSTIFICATION FOR EACH PROJECT AND THE PROJECTED COSTS.
- 7 C. PLEASE PROVIDE THE DATE EACH OF THESE PROJECTS WAS
8 EXPECTED TO BEGIN AND THE COMPLETION DATES.
- 9 D. BEGINNING ON LINES 25, IT STATES: "THE AMOUNTS REFLECT
10 [SIC] ARE MERELY PLANNING LEVEL ESTIMATES THAT WILL BE
11 FURTHER REFINED AT THE COMPLETION OF THE DESIGN
12 PROCESS." DOES THIS MEAN THE AMOUNTS INCLUDED IN THE
13 COST OF SERVICE (OR TABLE C-7) ARE PLANNING LEVEL
14 ESTIMATES AS WELL?

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16 **RESPONSE:**

- 17 A. Capital improvement projects are not directly included in cost of service. Rather,
18 projected construction spending informs construction fund financing estimates and
19 associated sources. This includes the issuance of revenue bonds, low-interest loans,
20 grants, cash funded capital and other financing mechanisms as applicable. The cost of
21 service reflects the overall financing needs, which primarily take the form of debt
22 service payments as well as coverage. Generally, financing for projects with budget
23 appropriations in FY 2026 and FY 2027 will not be fully reflected in estimated debt
24 service expenses as the projects will occur over several years (depending on program
25 area). With the Departments new financing approach, borrowing will occur more in
26 line with anticipated expenditures, as reflected by the fact that there is no revenue
27 bond issuance planned for FY 2026.
- 28

As noted on page 11 of Statement 3, this list of projects is only presented as a “few highlighted Water Treatment Plant and Water Facility Projects for FY 2026 through FY 2027.” This is not a complete list of all projects for FY 2026 through FY 2027.

Please refer to response attachment PA-XI-11 which provides the projection of project encumbrances and expenditures of the Department’s Capital Improvement Program (CIP) based on the Department’s adopted and proposed CIP Budget appropriations.

B. The Department’s Capital Improvement Program (CIP) budget is approved on a program level appropriation basis as presented in the annual CIP Budget:

- Adopted FY 2025 CIP Budget:

https://www.phila.gov/media/20250320120822/FY25-30-Capital-Book-Approved_03.20.25.pdf

- Proposed FY 2026 CIP Budget: [capital-program-rec-FY2026.pdf](#)

Please refer to response attachment PA-XIII-3 for the purpose of each project.

C. Please refer to response attachment PA-XIII-3.

D. Please refer to response attachment PA-XI-11 which provides the projection of project encumbrances and expenditures of the Department’s Capital Improvement Program (CIP) based on the Department’s adopted and proposed CIP Budget appropriations.

As noted in part A of this response, the list of projects is not a complete list. The costs provided are for construction only and do not include the design costs for each project. As demonstrated in the response attachment PA-XIII-3, the costs are likely to increase based upon updated estimates or recent bid experience. Recent tariffs at the federal level will potentially increase the costs of materials for construction projects.

RESPONSE PROVIDED BY: Philadelphia Water Department and Black & Veatch
Management Consulting, LLC.

PA-XIII-4. PLEASE PROVIDE AN ANALYSIS (SEPARATELY FOR WATER AND WASTEWATER) SIMILAR TO TABLE C-7, LINES 1 THROUGH 9 THAT SHOW THE APPROPRIATIONS AMOUNT (IN ONE COLUMN) AND THE ACTUAL AMOUNT EXPENDED (IN ANOTHER COLUMN) FOR FY 2022, FY 2023 AND FY 2024. PLEASE PROVIDE THIS ANALYSIS IN EXCEL FORMAT.

RESPONSE:

Please refer to response attachment PA-XIII-4. Note that the annual appropriations for Engineering and Materials Support and Treatment Facilities are adopted on a total water and wastewater system basis.

RESPONSE PROVIDED BY: Philadelphia Water Department and Black & Veatch Management Consulting, LLC.

1 **PA-XIII-5.** REFER TO PWD STATEMENT 7, SCHEDULE BV-1, TABLE C-7, GIVEN
2 THAT THE TABLE WAS DEVELOPED ON AN APPROPRIATIONS BASIS,
3 IS IT CORRECT THAT THE AMOUNTS PRESENTED ON LINES 1
4 THROUGH 9 ARE NOT THE TOTAL AMOUNTS EXPECTED TO BE
5 EXPENDED IN EACH YEAR, AND INSTEAD REPRESENT THE AMOUNT
6 APPROVED IN EACH YEAR'S BUDGET?

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8 **RESPONSE:**

9 Correct. The amounts presented on Lines 1 through 9 of Table C-1 of Schedule BV-1
10 represent the Department's adopted FY 2025 and the proposed FY 2026 to FY 2030
11 Capital Improvement Program Budget which is an appropriations budget. The budget
12 appropriations reflect authorization amounts for capital project contracts and do not
13 represent a projection of annual expenditures.

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15 Please refer to lines 10 to 14 of page 27 of PWD Statement 7 and Section 1.4.6 of
16 Schedule BV-2.

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18 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.
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1 **PA-XIII-6.** REFER TO PWD STATEMENT 3, PAGE 13, LINES 14 TO 19.

2 A. PLEASE IDENTIFY THE AMOUNT INCLUDED IN THE COST OF
3 SERVICE FOR EACH OF THE LISTED PROJECTS.

4 B. PLEASE PROVIDE THE BUDGET APPROVAL DOCUMENTS FOR
5 EACH OF THESE PROJECTS SHOWING, THE PURPOSE AND
6 JUSTIFICATION FOR EACH PROJECT AND THE PROJECTED COSTS.

7 C. PLEASE PROVIDE THE DATE EACH OF THESE PROJECTS WAS
8 EXPECTED TO BEGIN AND THE COMPLETION DATES.

9 D. BEGINNING ON LINES 25, IT STATES “THE AMOUNTS REFLECT ARE
10 MERELY PLANNING LEVEL ESTIMATES THAT WILL BE FURTHER
11 REFINED AT THE COMPLETION OF THE DESIGN PROCESS.” DOES
12 THIS MEAN THE AMOUNTS INCLUDED IN THE COST OF SERVICE
13 (OR TABLE C-7) ARE PLANNING LEVEL ESTIMATES AS WELL?
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15 **RESPONSE:**

16 A. Capital improvement projects are not directly included in cost of service. Rather,
17 projected construction spending informs construction fund financing estimates and
18 associated sources. This includes the issuance of revenue bonds, low-interest loans,
19 grants, cash funded capital and other financing mechanisms as applicable. The cost of
20 service reflects the overall financing needs, which primarily take the form of debt
21 service payments as well as coverage. Generally, financing for projects with budget
22 appropriations in FY 2026 and FY 2027 will not be fully reflected in estimated debt
23 service expenses as the projects will occur over several years (depending on program
24 area). With the Departments new financing approach, borrowing will occur more in
25 line with anticipated expenditures, as reflected by the fact that there is no revenue
26 bond issuance planned for FY 2026.
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As noted on page 13 of Statement 3, this list of projects is presented as only a “few highlighted Pollution Control Plant and Wastewater Facility Projects for FY 2026 through FY 2027.” This is not a complete list of all projects for FY 2026 through FY 2027.

Please refer to response attachment PA-XI-11 which provides the projection of project encumbrances and expenditures of the Department’s Capital Improvement Program (CIP) based on the Department’s adopted and proposed CIP Budget appropriations.

B. The Department’s Capital Improvement Program (CIP) budget is approved on a program level appropriation basis as presented in the annual CIP Budget:

- Adopted FY 2025 CIP Budget:

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- Proposed FY 2026 CIP Budget: [capital-program-rec-FY2026.pdf](#)

Please refer to response attachment PA-XIII-6 for the purpose of each project.

C. Please refer to response attachment PA-XIII-6.

D. Please refer to response attachment PA-XI-11 which provides the projection of project encumbrances and expenditures of the Department’s Capital Improvement Program (CIP) based on the Department’s adopted and proposed CIP Budget appropriations.

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based upon updated estimates or recent bid experience. Recent tariffs at the federal level will potentially increase the costs of materials for construction projects.

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