

RESPONSE TO
PUBLIC ADVOCATE'S INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
QUESTIONS 1-42

Dated: April 2025

PA-XIV-1. REFER TO PAGE 24. PLEASE EXPLAIN WHAT “VOLUME PER ACCOUNT ROUNDING FACTOR” MEANS AND HOW IT AFFECTS THE AMOUNTS PRESENTED IN THIS TAB.

RESPONSE:

As the question references the “TAB” we assume this question is also referring to the active FINPLAN model provided in response to PA-I-2.

The rounding factor is applied to all Volume per Account figures, so that all of the figures have two significant digits. The rounding factor is used in the Volume per Account calculations as presented on the “Customer” tab within the model. The application of the “volume per account rounding factor” can be seen in the active FINPLAN model by tracing dependent formulas from the “Assumptions#” tab to the “Customer” tab.

The same information is provided in PDF format in PWD Exhibit 6. The Water Billed Volume per Account calculations are presented in Customer-4 on Page 115 and the Sewer Billed Volume per Account calculations presented in Customer-13 on page 133.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-2. REFER TO PAGE 25. PLEASE PROVIDE THE SUPPORTING
DOCUMENTATION FOR THE 2% INTEREST INCOME RATE.

RESPONSE:

Please see response to PA-IX-9.

The interest rate assumption is based upon a review of the overall performance of individual funds and their associated earnings. Funds include interest and investment related earnings.

The assumed interest rate is intended to capture overall performance of funds including simple interest earnings and market-based performance over prior years.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

1 **PA-XIV-3.** REFER TO PAGE 25. PLEASE PROVIDE THE SUPPORTING
2 DOCUMENTATION FOR THE DEBT SERVICE RESERVE BALANCE OF
3 \$242,233,678. IN YOUR RESPONSE, PLEASE INDICATE WHETHER THIS IS
4 THE BALANCE AS OF A PARTICULAR DATE OR AN AVERAGE
5 AMOUNT. IN RESPONSE, PLEASE INDICATE THE DATE OF THE
6 BALANCE, OR PROVIDE THE MONTHLY AMOUNTS USED TO DERIVE
7 THE AVERAGE BALANCE.

8
9 **RESPONSE:**

10 The debt service reserve balance is the end of FY 2024 (i.e., June 30, 2024) preliminary
11 actual based on the Departments accounting records as of November 13, 2024.

12
13 Please see response attachment PA-XIV-3 Line 11.

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15 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC
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PA-XIV-4. REFER TO THE FOLLOWING LINE ITEMS ON PAGE 25:

- MISC CITY REVENUES
- OTHER
- STATE & FEDERAL GRANTS
- PERMITS ISSUED BY L&I
- MISCELLANEOUS (EMPLOYEE BENEFIT + PROC X
- CITY & UESF GRANTS
- AFFORDABILITY PROGRAM DISCOUNT ADJUSTMENT

FOR THE RATE YEARS COLUMNS, PLEASE EXPLAIN WHY THE 2-YEAR HISTORICAL AVERAGE WAS USED INSTEAD OF THE 3-YEAR OR 4-YEAR AVERAGE.

RESPONSE:

The 2-year average reflects current policies, practices and performance as it relates to miscellaneous revenues overall. The same assumption was used in the prior rate proceeding.

Note – the affordability program discount is not utilized in the base rate analysis.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-5. REFER TO THE FOLLOWING LINE ITEMS ON PAGE 25:

- MISC CITY REVENUES
- OTHER
- STATE & FEDERAL GRANTS
- PERMITS ISSUED BY L&I
- MISCELLANEOUS (EMPLOYEE BENEFIT + PROC X
- CITY & UESF GRANTS
- AFFORDABILITY PROGRAM DISCOUNT ADJUSTMENT

PLEASE PROVIDE THE SOURCE DOCUMENT FOR THE PERCENTAGES
PRESENTED FOR THE RATE YEARS.

RESPONSE:

For the purposes of this response, we assume this question is referring to the allocation percentages between the Water and Wastewater Systems for establishing net revenues requirements. The respective allocations are based on the following:

- MISC CITY REVENUES – Allocated 1/3 to the water system and 2/3 to the wastewater system consistent with historical experience and prior rate proceedings.
- OTHER – Allocated equally (50/50) to the water and wastewater systems consistent with prior rate proceedings.
- STATE & FEDERAL GRANTS- Consistent with historical experience and prior cost of service analyses, State and Federal Grants are not allocated to the wastewater (sewer) system. The anticipated State and Federal Grants are water system related.
- PERMITS ISSUED BY L&I - Allocated equally (50/50) to water and wastewater systems consistent with prior rate proceedings.
- MISCELLANEOUS (EMPLOYEE BENEFIT + PROC X - Allocated equally (50/50) to water and wastewater consistent with prior rate proceedings.
- CITY & UESF GRANTS - Allocated 100.0% to wastewater service consistent with the prior rate proceeding.

- AFFORDABILITY PROGRAM DISCOUNT ADJUSTMENT –Based upon the adopted allocation of TAP- Costs to the water and wastewater systems as stated in PWD Rates and Charges Section 10.1(a).

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-6. REFER TO PAGE 32. THE DERIVATION OF THE COLLECTION FACTORS1
INCLUDES A COLUMN LABELED “EXCLUDING FED FUNDS”. WHAT
ARE FED FUNDS, AND WHY IS IT APPROPRIATE NOT TO USE THE
COLLECTION FACTORS THAT EXCLUDE THE FED FUNDS?

RESPONSE:

Page 32 of PWD Exhibit 6 does not present or use collection factors excluding federal funds. Federal funds refer to LIHWAP grants and similar customer assistance. See, PWD Statement 5 at page 10.

For the purposes of this response, we have assumed that this question refers to the “Assumptions#” tab (worksheet) of the active FINPLAN model files provided in response to PA-I-2 and PLUG-I-1. The above worksheet does provide an input for collection factors excluding federal funded assistance programs; however, this input is not utilized in the rate filing.

As noted in the response to question 12 of Statement 5, the Department has experienced decreasing levels of federally funded assistance programs during FY 22 to FY 2024. Utilizing the collection factors based on all bill payments including payments associated with federally funded assistance programs is a potential risk to the Department revenues if the assistance from these programs continue to decrease during the rate period.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

1 **PA-XIV-7.** REFER TO PAGES 33 AND 34. PLEASE EXPLAIN WHAT THE
2 COMPRESSION FACTOR (THE SECTION IN YELLOW HIGHLIGHT AND
3 BLUE FONT) IS AND PROVIDE THE SUPPORTING CALCULATION FOR
4 THESE VALUES.

5
6 **RESPONSE:**

7 The “Additional Revenue Compression Factor” is utilized for the development of
8 projected additional revenues in years in which the proposed revenue increase is not put
9 into effect for a full fiscal year. As discussed in PWD Statement 7, Schedule BV-2 on
10 Page ES-12, “an effective increase date of September 1st for each fiscal year is assumed.”
11 By not implementing increases for a full fiscal year, during the first fiscal year of a
12 revenue increase, billings and revenues are reduced and reflect about 97.81% of total
13 combined revenues.

14
15 The Additional Revenue Compression Factor is utilized to address this circumstance.

16
17 The rationale, development and application of the Additional Revenue Compression
18 Factor is consistent with the approach used in the prior rate proceedings.

19
20 Please refer to response attachment PA-VIII-47 for the supporting calculations of the
21 monthly collection factor data. The monthly collection factor data for the Water Revenue
22 Increase Compression Factor is the average Percent Collected (≤ 12 Months) for Non-
23 Stormwater only billings. The monthly collection factor data for the Combined Water and
24 Wastewater Revenue Increase Compression Factor is the average Percent Collected (≤ 12
25 Months) for total billings.

26
27 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC
28

1 **PA-XIV-8.** REFER TO PAGE 36.

2 A. PLEASE PROVIDE DOCUMENTATION SHOWING THE SOURCE OF
3 THE \$3,621,996 LUMP SUM PAYMENT FROM AQUA PA.

4 B. PLEASE CONFIRM THAT AQUA PA IS CHARGED A FIXED AMOUNT
5 ANNUALLY REGARDLESS OF USAGE VOLUME. IF THERE IS A
6 VARIABLE PORTION OF THE REVENUE FROM AQUA PA, PLEASE
7 SHOW HOW IT IS REFLECTED IN THE COST OF SERVICE.

8 C. PLEASE INDICATE:

9 I. IF AQUA PA'S SERVICE IS BASED ON A CONTRACTUAL
10 ARRANGEMENT;

11 II. WHEN THE ANNUAL LUMP SUM IS EXPECTED TO CHANGE; AND

12 III. WHAT THE NEW ANNUAL AMOUNT WILL BE.

13 D. PLEASE EXPLAIN HOW IT IS POSSIBLE FOR AQUA PA TO HAVE
14 EXACTLY THE SAME USAGE EACH YEAR.

15
16 **RESPONSE:**

17 A. Please see response attachment PA-XIV-1 which provides the current amendment to
18 Aqua PA's water service agreement including the FY 2025 water charges. Note that
19 the FY 2025 water charges are effective November 1, 2024, therefore the FY 2025
20 rates projected charges for Aqua PA reflect the effective charges for the fiscal year by
21 reflecting the mid-year implementation of the charges.

22
23 B. Denied. Water charges for this service include a commodity charge designed to
24 recover power and chemical costs (variable) and a fixed charge designed to recover
25 allocated capital costs and all other allocated operation and maintenance expenses,
26 excluding power and chemical costs. See, Schedule BV-2 at Section 3.1.4.4.

C.

I. Yes. Per City ordinance, Aqua PA's water service is based on a contractual arrangement. Please refer to Section 4.3.2 of Schedule BV-2 which states:
"The cost of service allocable to Aqua PA and the rates developed to recover the allocated costs, reflect consideration of the contract demands for service as set forth in the contract between Aqua PA and the City."

II. The Aqua water service charges, including the annual lump sum, are typically adjusted annually.

III. The TY 2026 Aqua PA cost of service and calculated water charges are presented on page 887 of PWD Exhibit 6. These calculations for both the FY 2026 and FY 2027 Aqua PA water charges are presented on the RETCOS worksheet of the WCOS model files provided in response to PA-I-2 and PLUG-I-1.

D. Wholesale water revenues are projected using estimated billed water volume based on the historical three-year average for Aqua. See PWD Statement 7 at page 13.

Page 125 of PWD Exhibit 6 presents the FY 2020 to FY 2024 Aqua PA water usage. This information is also available on the Customer sheet of the FINPLAN model files provided in response to PA-I-2 and PLUG-I-1. Note that the usage has decreased from 82,249 Mcf in FY 2022 to 53,752 Mcf in FY 2024. As noted in response to item A, Aqua's capacity has been reduced by the 2024 amendment.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-9. REFER TO PAGE 38.

A. WHEN DOES THE NEW BENSALEM CONTRACT BECOME
EFFECTIVE?

B. PLEASE PROVIDE DOCUMENTATION SHOWING THE SOURCE OF
THE \$144,000 LUMP SUM PAYMENT FROM BENSALEM. IF THERE IS
A VARIABLE PORTION OF THE REVENUE FROM BENSALEM,
PLEASE SHOW HOW IT IS REFLECTED IN THE COST OF SERVICE.

C. IS 12% THE NEW MANAGEMENT FEE FOR BENSALEM? IF NOT,
PLEASE IDENTIFY THE NEW MANAGEMENT FEE AND SHOW HOW
IT IS REFLECTED IN THE COST OF SERVICE.

RESPONSE:

A. The Bensalem contract became effective on November 1, 2023. Please see response
attachment PA-III-1 for the wastewater service agreement for Bucks County Water and
Sewer Authority for Bensalem Township.

B. Please refer to response attachment XIV-9 for the FY 2025 rates for wholesale service to
Bensalem Township. Note that the FY 2025 rates were implemented on November 1,
2024. The effective rates in the model reflect the mid-year implementation of the rates.

Please refer to the volume charge (\$/Mcf), suspended Solids charge (\$/1,000 lbs), and
BOD charge (\$/1,000 lbs) presented on page 38 of PWD Exhibit 6 for the existing
effective rates for wholesale wastewater service to Bensalem.

C. Yes.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-10. REFER TO PAGE 44.

A. PLEASE PROVIDE THE SOURCE DOCUMENTS AND/OR SUPPORTING
CALCULATION FOR THE RATE YEARS AMOUNTS FOR EACH OF
THE O&M ESCALATION FACTORS PRESENTED ON THE PAGE.

RESPONSE:

The basis for the O&M escalation factors as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16 beginning at Page 22. The basis for the escalation factors utilized in the cost of service analysis is further detailed in PWD Statement 7 Schedule BV-2 in Section 1.4.2.

The basis for the Labor escalation factors is further explained and additional background data provided in response to PA-IX-17.

The basis for the Benefits, Pension, and Pension Obligations escalation factors is further explained and additional background data provided in response to PA-IX-20.

Escalation factors based upon Producer Price Indices (PPI) or Consumer Price Indices (CPI) are provided in Appendix F of Schedule BV-2. This information is also provided in the active model. Please also see prior responses to PA-XI-3, 5, and 6.

The data for escalation factors based upon PWD experience are provided in Appendix E of Schedule BV-2. This information is also provided in the active model.

The basis for the Energy and Gas escalation factors is explained and additional background data provided in response to PA-IX-21.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-11. REFER TO PAGES 55 TO 6, 2025 BUDGET DETAIL COLUMN. PLEASE
PROVIDE THE ACTUAL AMOUNTS INCURRED DURING FY 2022, 2023
AND 2024 FOR VARIOUS LINE ITEMS AS PRESENTED IN THIS SECTION.

RESPONSE:

Actuals for the divisions on the pages referenced in this question are provided on Pages 53
and 54 at the class level. Detailed actuals are available in the Water Department's prior
year budgets, please refer to the:

[Financial reports | City Treasurer's Office | City of Philadelphia](#)

Please refer to Book 2, Department 28 for the respective budget years. Actuals are
provided for the most recently completed fiscal year, as such there is a two-year lag. For
Example, the FY 2025 budget presents the FY 2023 actuals.

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

PA-XIV-12. REFER TO PAGES 62 TO 63. PLEASE PROVIDE THE SUPPORT FOR
ALLOCATION PERCENTAGES UNDER THE 2025 BUDGET DETAIL
COLUMN.

RESPONSE:

Please refer to response attachment PA-XIV-12.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-13. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR CONSTRUCTION AND ENGINEERING-SALARIES AND WAGES PRESENTED ON PAGE 290.

RESPONSE:

As presented in PWD Statement 7 Schedule BV-2 Section 1.4.3. This adjustment represents the shift in staffing from the Capital to the Operating Budget. See Schedule BV-1 Table C-7 Line 1, which shows the shifting of staff from the Capital Budget.

As discussed in Section 1.4.3 of Schedule BV-2, the adjustment reflects the application of actual to budget factors and the application of the corresponding escalation factor, as it relates to the cost category.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 2."

The adjustment input in the model presents the cumulative costs on a fiscal year basis.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-14. PLEASE EXPLAIN THE SHARP INCREASE IN CONSTRUCTION AND
ENGINEERING-SALARIES AND WAGES PRESENTED ON PAGE 290
FROM FY 2026 TO FY 2027.

RESPONSE:

As discussed in Section 1.4.3 of Schedule BV-2, the adjustment reflects the shift in staff
from the Capital Budget to the Operating Budget. The increase is due to the continued
shift of staffing.

The adjustment input in the model presents the cumulative impacts on a fiscal year basis.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-15. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR OPERATIONS-SALARIES AND WAGES
PRESENTED ON PAGE 294.

RESPONSE:

Please note that Page 294 of Exhibit 6 does not contain salaries and wages adjustments, it
presents increases in contracted services for the Operations Division.

For the purposes of this response, we have assumed the question refers to the contracted
services costs presented on Page 294.

As described in PWD Statement 7 Schedule BV-2 Section 1.4.3, this adjustment includes
additional budgeted services for the Operations Division, adjusted for actual to budget
factors and escalation factors as applicable.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled
“OM Adj 3.”

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-16. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR PLANNING & ENVIRONMENTAL SERVICES- SALARIES AND WAGES PRESENTED ON PAGE 294.

RESPONSE:

Please note that Page 294 of Exhibit 6 does not contain salaries and wages adjustments, it presents increases in contracted services for the Planning & Engineering Services Division.

For the purposes of this response, we have assumed the question refers to the service costs presented on Page 294.

As described in PWD Statement 7 Schedule BV-2 Section 1.4.3, this adjustment includes additional budgeted services for the Planning & Engineering Services Division, adjusted for actual to budget factors and escalation factors as applicable.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 3."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-17. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR OPERATIONS-EQUIPMENT ON PAGE 297.

RESPONSE:

As described in PWD Statement 7 Schedule BV-2 Section 1.4.3, this adjustment includes additional budgeted equipment for the Operations Division, adjusted for actual to budget factors and escalation factors as applicable.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 4."

Please also refer to further background information and attachments provided in response to PA-XI-4.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-18. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR HUMAN RESOURCES AND ADMINISTRATION-SALARIES & WAGES ON PAGE 305.

RESPONSE:

The adjustments presented on Page 305 of Exhibit 6 and as included in the active model, shows the application of the labor agreements for each respective division.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled “OM Adj 7.”

This adjustment is described in PWD Statement 7 Schedule BV-2 Section 1.4.3, reflects the application of the labor agreement, including bonuses only applicable in FY 2025, adjusted for actual to budget factors and escalation factors as applicable.

Information regarding the labor agreements and associated adjustments was previously provided in responses and related attachments to PA-IX-17 and PA-IX-18. Please also see the response to PA-XIV-10.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-19. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR FINANCE-SALARIES & WAGES ON PAGE 305.

RESPONSE:

Please refer to the narrative response and response attachment provided for PA-IX-17.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-20. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR CONSTRUCTION AND ENGINEERING-SALARIES
& WAGES ON PAGE 305.

RESPONSE:

Please refer to the narrative response and response attachment provided for PA-IX-17.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-21. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR OPERATIONS-SALARIES & WAGES ON PAGE
306.

RESPONSE:

Please refer to the narrative response and response attachment provided for PA-IX-17.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-22. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR PLANNING & ENVIRONMENTAL SERVICES-
SALARIES & WAGES ON PAGE 307.

RESPONSE:

Page 307 of PWD Exhibit 6 does not present Planning & Environmental Services -Salaries
& Wages. This information is presented on page 306.

Please refer to the narrative response and response attachment provided for PA-IX-17.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-23. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR PUBLIC AFFAIRS-SALARIES & WAGES ON PAGE
306.

RESPONSE:

Page 306 of PWD Exhibit 6 does not present Public Affairs-Salaries & Wages. This
information is presented on page 307.

Please refer to the narrative response and response attachment provided for PA-IX-17.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-24. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR FINANCE-SALARIES & WAGES ON PAGE 308.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the Finance Division, adjusted for actual to budget factors and escalation factors as applicable.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-25. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR OPERATIONS-SALARIES & WAGES ON PAGE
309.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the Operations Division, adjusted for actual to budget factors and escalation factors as applicable.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-26. PLEASE EXPLAIN THE SHARP INCREASE IN OPERATIONS-SALARIES &
WAGES ON PAGE 309 FROM FY 2026 TO FY 2027.

RESPONSE:

Please see response attachment PA-XIV-13. Refer to the tab entitled "OM Adj 8."

The increase in operations salaries reflects a phase in of additional employees as well as the application of applicable escalation factors related to salary costs. PWD anticipates 35% of the salary costs associated with the 45 new positions to be added in FY 2026 will be incurred and the remaining 65% to be phased in FY 2027, reflecting the anticipated hiring timelines.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-27. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR PLANNING & ENVIRONMENTAL SERVICES-SALARIES & WAGES ON PAGE 309.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, is explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the Planning & Engineering Division, adjusted for actual to budget factors and escalation factors as applicable.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-28. PLEASE EXPLAIN THE SHARP INCREASE IN PLANNING &
ENVIRONMENTAL SERVICES-SALARIES & WAGES ON PAGE 309 FROM
FY 2026 TO FY 2027.

RESPONSE:

Please see response attachment PA-XIV-13. Refer to the tab entitled “OM Adj 8.”

The increase in operations salaries reflects a phase in of additional employees as well as the application of applicable escalation factors related to salary costs. PWD anticipates 35% of the salary costs associated with the 45 new positions to be added in FY 2026 will be incurred and the remaining 65% to be phased in FY 2027, reflecting the anticipated hiring timelines.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-29. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR TRANSFERS ON PAGE 311.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes transfer related to interdepartmental expenses, adjusted for actual to budget factors and escalation factors as applicable. Note the increase in transfer is related to increased salary costs per the City's labor agreement(s).

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 9."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-30. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR SERVICES ON PAGE 330.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes planned additional contracted services including software licensing and web services. The adjustments reflect the application of actual to budget factors and applicable escalation factors.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 3."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-31. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR FLEET MANAGEMENT-MATERIALS AND SUPPLIES ON PAGE 340.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional materials and supplies for fleet management. The adjustments reflect the application of actual to budget factors and applicable escalation factors.

Please see response attachment PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 5."

Additional background information regarding this adjustment was provided in response to PA-XI-6. These additional expenses include the increased cost associated with changing the water fund vehicle's diesel fuel to renewable diesel fuel per City policy as well as increased costs experienced for vehicle parts and lubricant costs.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-32. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR DIVISION OF TECHNOLOGY-SALARIES & WAGES PRESENTED ON PAGE 348.

RESPONSE:

The adjustments presented on Page 348 of Exhibit 6 and as included in the active model, shows the application of the labor agreements for divisions providing services to the Department (i.e., Other Departments).

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled “OM Adj 7.”

This adjustment is described in PWD Statement 7 Schedule BV-2 Section 1.4.3, reflects the application of the labor agreement, including bonuses only applicable in FY 2025, adjusted for actual to budget factors and escalation factors as applicable.

Information regarding the labor agreements and associated adjustments was previously provided in responses and related attachments to PA-IX-17 and PA-IX-18. Please also see the response to PA-XIV-10.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-33. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR MAYOR'S OFFICE OF TRANSPORTATION & UTILITIES AND OFFICE OF SUSTAINABILITY-SALARIES & WAGES PRESENTED ON PAGE 348.

RESPONSE:

Please refer to the response to PA-XIV-32. and the response and response attachment provided for PA-IX-17.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 7."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-34. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR FLEET MANAGEMENT-SALARIES & WAGES
PRESENTED ON PAGE 349.

RESPONSE:

Please refer to the response to PA-XIV-32. and the response and response attachment
provided for PA-IX-17.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled
“OM Adj 7.”

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-35. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR REVENUE-SALARIES & WAGES PRESENTED ON
PAGE 350.

RESPONSE:

Please refer to the response to PA-XIV-32. and the response and response attachment
provided for PA-IX-17.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled
“OM Adj 7.”

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-36. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR PROCUREMENT-SALARIES & WAGES
PRESENTED ON PAGE 351.

RESPONSE:

Please refer to the response to PA-XIV-32. and the response and response attachment
provided for PA-IX-17.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled
“OM Adj 7.”

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-37. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR LAW-SALARIES & WAGES PRESENTED ON
PAGE 351.

RESPONSE:

Please refer to the response to PA-XIV-32. and the response and response attachment
provided for PA-IX-17.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled
“OM Adj 7.”

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-38. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR PHILADELPHIA WATER, SEWER AND STORMWATER RATE BOARD-SALARIES & WAGES PRESENTED ON PAGE 353.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the Rate Board. The adjustments reflect the application of actual to budget factors and applicable escalation factors.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-39. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE
YEARS AMOUNTS FOR CITY FINANCE-SALARIES & WAGES
PRESENTED ON PAGE 355.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the City Finance Department, which provides support to the Water Department. The adjustments reflect the application of actual to budget factors and applicable escalation factors.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-40. PLEASE EXPLAIN THE SHARP INCREASE IN CITY FINANCE-SALARIES
& WAGES PRESENTED ON PAGE 355 BETWEEN FY 2026 AND FY 2027.

RESPONSE:

As discussed in response to PA-XIV_28, the increase in salaries reflects a phase in of additional employees as well as the application of applicable escalation factors related to salary costs. PWD anticipates 35% of the salary costs will be incurred in FY 2026 and the remaining 65% will be phased in FY 2027, reflecting the anticipated hiring timelines.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-41. PLEASE PROVIDE THE SUPPORTING DOCUMENTATION FOR THE RATE YEARS AMOUNTS FOR REVENUE-SALARIES & WAGES PRESENTED ON PAGE 355.

RESPONSE:

The basis for the O&M adjustments as presented in the workpapers and utilized in the active model, are explained in PWD Statement 7 in response to Question 16. They are further described in PWD Statement 7 Schedule BV-2 Section 1.4.3. The adjustment referenced in the question includes additional staffing for the Revenue Department, which provides support to the Water Department. The adjustments reflect the application of actual to budget factors and applicable escalation factors.

Please see PA-XIV-13 for additional supporting calculations. Refer to the tab entitled "OM Adj 8."

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC

PA-XIV-42. PLEASE EXPLAIN THE SHARP INCREASE IN REVENUE-SALARIES &
WAGES PRESENTED ON PAGE 355 BETWEEN FY 2026 AND FY 2027.

RESPONSE:

Please see response to PA-XIV-40. The in salaries reflects a phase in of additional employees as well as the application of applicable escalation factors related to salary costs. PWD anticipates 35% of the salary costs will be incurred in FY 2026 and the remaining 65% will be phased in FY 2027, reflecting the anticipated hiring timelines.

RESPONSE PROVIDED BY: Black & Veatch Management Consulting, LLC