

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 Charges	Fiscal Years 2026-2027
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**PHILADELPHIA WATER DEPARTMENT'S
INFORMATION REQUESTS TO THE
PUBLIC ADVOCATE, SET IV**

The Philadelphia Water Department ("Department" or "PWD") requests that the Public Advocate provide full and complete answers to the following information requests (interrogatories and request for production of documents) upon the undersigned with seven calendar days of the service hereof.

Information Requests

Public Advocate Statement 1 (Morgan):

1. Confirm or Deny: In the context of projected water billings and receipts, the Average Volume per Account and "compound growth rate" are used in the projections of overall billed volumes.
2. Must a 3-year average always be used in the development of revenue projections? If not, when would assumptions other than a 3-year average be prudent?
3. Confirm or Deny: Wholesale customers are subject to the terms and conditions of their respective agreements entered into with the City of Philadelphia (as the wholesale service provider).
4. As a matter of consistency, why hasn't Mr. Morgan proposed to apply a "compound growth rate" to wholesale water and wastewater volumes?
5. Confirm or Deny. Wholesale wastewater billed volumes are influenced by weather conditions.
6. Confirm or Deny: (a) The Water Department has submitted with its 2025 general rate case filing a copy of its Financial Stability Plan; and (b) the Rate Board is required to consider the

FSP in making its Rate Determination in this proceeding consistent with the Rate Ordinance (Philadelphia Code Section 13-101) and Rate Board Regulations.

7. Confirm or Deny: PWD's actual revenues in FY 2024 and updated projected revenues in FY 2025 are lower than those reflected in the 2023 Rate Determination.

8. Confirm or Deny: PWD's transferred funds from the rate stabilization fund in FY 2024 and FY 2025 in order to cover and meet financial metrics.

9. Confirm or Deny: PWD reduced spending in FY 2024 and also planned reductions in spending for FY 2025 to address revenue shortfalls.

10. Confirm or Deny: Hedges are commonly used to lock in pricing when there is uncertainty with respect to future pricing.

11. Please state the source of funds in the Rate Stabilization Fund?

12. Confirm or Deny: The Water Department has historically used monies in the Rate Stabilization Fund to help mitigate revenue adjustments.

13. Confirm or Deny: The Water Department is a not-for-profit utility?

14. Please provide the source for the PCE Inflation factors of 2.1% and 2.0% referenced in Mr. Morgan's testimony.

15. Does the Federal Reserve have purview over tariffs imposed by the federal government?

16. Does the Federal Reserve have purview over US trade policy?

17. Since the 2023 rate proceeding, has the Federal Reserve achieved its targeted inflation rate?

a. Has CPI for Philadelphia reached the Federal Reserve's target inflation rate?

18. What is the Federal Reserve's targeted interest rate? [2%]

19. Will you update your recommendation to track the most recent revisions to the PCE?

20. In preparing your testimony, did you review the Beige Book, dated February 2025 (hereafter "Beige Book")?

21. Is the Beige Book prepared by the Federal Reserve to evaluate changes in economic conditions nationally since the last report?

22. Does the Federal Reserve gather information for the Beige Book through a range of contacts including businesses and other organizations in various Federal Reserve Districts around the country (New York, Philadelphia, Cleveland, St. Louis, Chicago, San Francisco, etc.)?
23. Does the Beige Book indicate there is uncertainty of the impact of potential tariffs on the price on building materials?
24. Does the Beige Book observe that prices were moderately rising nationally, as of its date of its recent publication (February 2025).
25. Does the Beige Book indicate that many businesses noted heightened economic uncertainty and expressed concerns about tariffs.
26. Does the Beige Book indicate that changes in fiscal and trade policies pose a greater risk of inflation.
27. Does the Beige Book indicate that overall uncertainty in the economy and with regard to tariffs may lead to future price increases?
28. With respect to building materials, are you aware of where the US imports most of its steel from? If one country that you select is [China], can you confirm that increased tariffs are in place for that country.
29. Confirm or Deny: Significant shifts in US tariff and trade policies have taken place in 2025 with the new Administration and that same post were put in place after the Advance Notice filing in February.
30. Refer to Page 14 of PA Statement 1. On what basis, other than “for rate making purposes,” has Mr. Morgan recommended that PWD utilize the lower of two growth factors for energy and gas expenses presented in the Office of Sustainability documentation?
31. Is there a difference between budgeting and long-term planning?
32. Regarding Lines 1 to 5 of page 10 of your testimony, provide specific references in PWD Statement 7 and in PWD Exhibit 6 for the “growth rates” for Other Water and Other Sewer Revenues.
33. Although your testimony does not propose adjustments to the FY 2025 O&M expenses Schedule LKM-1 reflects a \$2.6 million reduction to the FY 2025 O&M. Please provide the basis of this adjustment. Include supporting calculations.
34. Has Mr. Morgan (you) included the adjustment proposed by Mr. Colton in his analysis (i.e., figures in LKM-1). Have you independently reviewed all revenue and expense adjustments

detailed in Mr. Colton's testimony (PA Statement 3)? If so, please confirm that you have applied the adjustments in schedules proffered with your testimony and identify where those adjustments are shown?

35. With reference to PA Statement 1 at page 12, please provide (i) a detailed description of Federal Open Market Committee (FOMC) core inflation projections referred to in your testimony together with source documentation; and (ii) a list items that are included or excluded in this index of inflation.

a. Please confirm or deny whether changes in prices for items such as phosphoric acid, sodium hydroxide, sodium hypochlorite, blended sodium phosphate and activated carbon are included in this inflation index.

b. Please confirm or deny whether changes in prices for valves, couplings, sleeves or meters are included in this index of inflation.

c. Please confirm or deny whether changes in prices for materials such as ductile iron pipe and curb stops are included in this index of inflation.

36. On what basis does Mr. Morgan recommend his SMIP/GARP adjustment (reducing projected expenses by \$10 million in FY 2027).

Respectfully submitted,

/s/ Andre C. Dasent

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Date: May 5, 2025