

**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 2026 – 2027
Rates and Charges to Become
Effective September 1, 2025
and September 1, 2026**

:

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PWD-PA-I-1. Is Mr. Mierzwa aware of the case of *Borough of W. Chester v. Pennsylvania State Sys. of Higher Education* currently pending before the Pennsylvania Supreme Court?

Response:

Mr. Mierzwa was not aware of this case during the preparation of his testimony.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-2. Has Mr. Mierzwa worked on a billing system replacement and/or updates to account and data management systems as an employee of a utility and/or as a vendor/consultant engaged directly by the utility in supporting such an effort?

- a. If so, please provide the name of each utility, location, population served, the services provided by the utility, the billing system, the accounting system, etc.
- b. Also, please describe the source of billing determinants, the frequency of billing, and the Departments/Divisions engaged in the billing system upgrade and replacement process.

Response:

No.

- a. Not applicable.
- b. Not applicable.

Responsible Witness:

Jerome D. Mierzwa

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PWD-PA-I-3. Confirm or Deny: Discounts provided to senior citizens are recovered from all retail customer classes.

Response:

Confirmed.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-4. Confirm or Deny: Discounts associated with the Tiered Assistance Program are recovered from all retail customer classes.

Response:

Confirmed.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-5. Please provide the following information regarding the Township of Ferguson:

- a. What is the population of Ferguson?
- b. What is the stormwater service area for the Township of Ferguson?
- c. What is the breakdown of total residential and non-residential billing determinants? Please provide a total count of parcels and the associated billing units.
- d. Is the Township subject to a Consent Order Agreement with the Pennsylvania Department of Environmental Protection?

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- e. What is the Annual Budget / Revenue Requirements associated with the Township of Ferguson's stormwater fee?
- f. Who provides Water Service to the Township of Ferguson?
- g. Who provides Wastewater Service to the Township of Ferguson?

Response:

a. The population of the Township of Ferguson, Pennsylvania is approximately 20,000.

b-g. Mr. Mierzwa does not have the requested information available. Mr. Mierzwa cited the Township of Ferguson in his testimony simply to provide an example of a town that provides stormwater customers a rate discount if a customer installs a rain barrel.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-6. On what basis does Mr. Mierzwa conclude that "residential rain barrels reduce the impact of heavy rainfall on PWD's stormwater conveyance system?"

- a. In your response, please clarify what Mr. Mierzwa defines [considers] "heavy rainfall."

Response:

Mr. Mierzwa's direct testimony in Public Advocate Statement 2 at Page 30, lines 8-10 noted that to reduce stormwater flows during precipitation events and reduce sewer overflows during these events PWD currently offered to install rain barrels on Residential properties at no cost to the property owner. If rain barrels did not reduce the impact of rainfall on PWD's stormwater conveyance system, there would be no apparent reason for PWD to install rain barrels. It is Mr. Mierzwa's recommendation in this proceeding that PWD evaluate whether providing a rate discount to Residential customers that install rain barrels would be a cost-effective means to reduce stormwater overflows. By "heavy

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rainfall", Mr. Mierzwa is referring to a rainfall that is intense enough to cause stormwater overflows.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-7. Will a residential rain barrel drain without human intervention?

Response:

It is Mr. Mierzwa's understanding that a residential rain barrel will not drain without human intervention.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-8. Can residential rain barrels be counted toward the Water Department's Greened Acre metrics under the requirements of the Consent Order Agreement and Long-Term Control Plan?

Response:

Mr. Mierzwa is unaware as to whether rain barrels can be counted towards the Water Department's Greened Acre metrics under the requirements of the Consent Order Agreement and Long-Term Control Plan.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-9. Confirm or Deny: Portions of the SMIP/GARP grants costs are also recovered from PWD Wholesale Customers.

Response:

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Confirmed.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-10. With reference to Public Advocate Statement 2 at Page 28, Lines 10 to 12: Please explain how setting rates by averaging the stormwater rates with and without credits will result in the recovery of the associated revenue requirements when the actual billing units will reflect stormwater credits? In your response, please provide a proof of revenue calculation illustrating how your proposal would work.

Response:

Mr. Mierzwa's recommendation to set rates by averaging stormwater rates with and without credits was initially presented in the Fiscal Years 2024-2025 proceeding. Public Advocate Statement 2, Schedule 2 in that proceeding presented a revenue calculation illustrating how this proposal would work, and indicated that the proposal would result in the recovery of the associated revenue requirements. In its determination in the Fiscal years 2024-2025 proceeding, the Board noted that there were on-going discussions between the PWD and various stakeholders concerning the stormwater rate design changes Mr. Mierzwa had proposed, and directed PWD to prepare and respond to those proposals in its next general rate proceeding which is the current proceeding. The PWD did not respond to Mr. Mierzwa's proposal in this proceeding as directed by the Board and, therefore, Mr. Mierzwa did not revise Schedule 2 that was presented in the Fiscal Year 2024-20205 proceeding.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-11. Provide cost of service analysis calculations supporting the "Public Advocate Revised Class Cost of Service Study" presented in Table 1 (column 2) of Public Advocate Statement 2.

Response:

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Please see the **CONFIDENTIAL** Excel file: Exeter 1-11 COS WCOS25_26_ver1.xls.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-12. Provide proof of revenue analysis supporting the revenue distribution under the proposed rates presented in Table 3 (column 2) of Public Advocate Statement 2. Include detailed explanations of how these revenues by class were adjusted for the following:

- a. Revenue for the billings under existing rates during the period of July 1, 2025 to September 1, 2025.
- b. Revenue for the billings under proposed rates during the period of September 1, 2025 to June 30, 2026.
- c. Revenues received during the period of July 1, 2025 to June 30, 2025 for payments associated with prior year billings.

Response:

a-c. The calculations and analysis supporting the revenue distribution in Table 3 are included in the Excel file: Exeter 1-12 Rate Design WP Half.xlsx. The adjustments by class are supported by the formulas included in the Excel file.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-13. If the revenue distribution under the proposed rates presented in Table 3 (column 2) of Public Advocate Statement 2 is not supported by a proof of revenue analysis, please provide the calculations supporting the revenue distribution. Include detailed explanations of how these revenues by class were adjusted for the following:

- a. Revenue for the billings under existing rates during the period of July 1, 2025 to September 1, 2025.

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- b. Revenue for the billings under proposed rates during the period of September 1, 2025 to June 30, 2026.
- c. Revenues received during the period of July 1, 2025 to June 30, 2025 for payments associated with prior year billings.

Response:

See the response to 1-12.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-14. Reference Public Advocate Statement 2: Do you consider the revenue impacts under the Public Advocate proposed rates of 29.1% and 42.1% as gradual impacts?

Response:

The referenced revenue impacts are for Private and Public Fire Protection Service and are somewhat higher than the increases proposed by the PWD of 17.7% and 25.6%, respectively. To provide for additional gradualism, Mr. Mierzwa would not oppose limiting the increases to Private and Public Fire protection service to those proposed by the PWD.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-15. Reference Public Advocate Statement 2: Did your decision to reflect the AMI demand study results in your cost of service analysis include an evaluation of the FY 2023 system maximum day demand and system maximum hour demand relative to the system peak of record?

Response:

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No.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-16. Reference Public Advocate Statement 2: Please clarify your position regarding the FY 2027 cost of service. Are you suggesting the Department use an across the board rate adjustment relative to Public Advocate FY 2026 cost of service?

Response:

For FY 2027 Mr. Mierzwa is recommending an across the board rate adjustment relative to the Public Advocate FY 2026 revenue distribution. See Public Advocate Statement 2, page 22, line 10-21.

Responsible Witness:

Jerome D. Mierzwa

PWD-PA-I-17. Reference Public Advocate Statement 2: Please clarify your position regarding the FY 2026 cost of service for PWD Wholesale Customers. Are you recommending that PWD Wholesale Customers be excluded from your approach to gradualism (50% phrase-in).

Response:

A comparison of the PWD cost of service and the Public Advocate cost of service for Wholesale customers is presented in Table 1 of Public Advocate Statement 2. As indicated in Table 1, the Public Advocate cost of service for Wholesale customers is \$1,143,000 higher than the PWD cost of service for Wholesale customers.

Responsible Witness:

Jerome D. Mierzwa

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PWD-PA-I-18. Reference Public Advocate Statement 2: Please confirm if your intention is to accomplish a 50% phase-in of the impact associated with implementing the AMI Demand Study peaking factors in FY 2026. If so, please explain how your approach is more gradual than PWD's recommendation.

Response:

It is Mr. Mierzwa's intention to accomplish a 50% phase in of the impact associated with implementing the AMI Demand Study peaking factors in FY2026. That is, it is Mr. Mierzwa's intention to move 50% toward cost of service rate in FY 2026. This approach is not more gradual than PWD's recommendation, but moves rates more closely toward the cost of service than PWD's proposal.

Responsible Witness:

Jerome D. Mierzwa