

REI - City of Philadelphia LOCs

Questions and Answers

General Questions

1. Will the City consider CP dealer proposals as part of this response?

As noted in the REI, the City reserves the right to select the chosen provider to also serve as dealer on the Commercial Paper. Additional Dealer proposals are not necessary.

2. Requests for Financial Statements

PGW's FY 2025 audited financial statements are available on EMMA. All other financial statements and other Annual Continuing Disclosure materials will be posted to EMMA by February 25, 2026. (with the exception of PGW's additional Annual Continuing Disclosure items, which will be posted by April 25, 2026).

Questions Related to Philadelphia Gas Works

1. Is the FY 2026 budget available for Gas Works?

Yes. PGW's FY 2026 Operating Budget is available at www.pgworks.com/about-us/pgw-financials.

2. What is the current delinquency rate? Are you able to provide an update on collections and delinquencies for the current fiscal year?

PGW's rolling 24-month collection rate for the first four months of FY 2026 were September - 98.40%, October - 98.13%, November - 97.30%, and December - 96.71%.

3. Are projected rate increases, if any, to support CIP needs known at this time? Are there any planned future rate increases?

No. There is currently no projected rate increase planned to directly support CIP. As part of PGW's five-year forecast, the Company is planning on a \$35.0MM general rate increase in FY 2030.

4. Are you able to share the results of the most recent PA PUC rate increase requests?

On February 27, 2025, PGW filed for an increase in its distribution base rates with the PA PUC. The filing sought a general rate increase calculated to produce \$105.0 million, or 15.73%, in additional annual operating revenues based upon a twenty-year normal weather assumption. The filing also sought to recover \$7.8 million in under collections related to the Distribution System Infrastructure Charge ("DSIC") for the year ended December 31, 2024, over the course of two years, requested to increase the fixed monthly customer charge component as well as the volumetric delivery charge component of base rates, and proposed a new rate recovery mechanism, a Revenue Normalization Adjustment (RNA).

On August 11, 2025, PGW filed a Joint Petition for Settlement in which all rate case parties either joined or did not oppose. The Settlement Agreement provided PGW with a general rate increase of \$62.0 million for service rendered on or after November 28, 2025, and the continuation of the Weather Normalization Adjustment. These new rates were implemented on December 1, 2025. The Settlement Agreement also provided PGW with a temporary increase in the DSIC of an additional \$7.8 million a year for two years, resulting in a total DSIC rate of 8.3%.

PGW implemented the temporary DSIC increase on December 1, 2025. This temporary increase will terminate on November 30, 2027. The RNA was not included in the Settlement Agreement. Settlement agreements with reduced revenue requirements are typical in PUC base rate proceedings and are the product of compromise between the parties' diverse interests. The PUC has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. On October 9th, 2025, the PUC entered its Order and Opinion in the case.

5. Are you able to provide any progress updates on the ongoing cast iron pipeline upgrades?
PGW expects to abandon 31.4 miles under our existing Long Term Infrastructure Improvement Plan (LTIIP) in FY 2026 and an additional 9 miles from PHMSA's Natural Gas Distribution Infrastructure Safety and Modernization Grant (NGDISM) for a total of 40 miles of abandoned cast iron pipe in FY 2026.
6. Please provide an updated breakdown of all existing debt, and breakdown of all Bank debt including incumbents, amounts, and expiration dates (LOCs, L/Cs, SBPAs, etc.)
As of August 31, 2025, PGW has a total of \$1,120,020,000 bonds outstanding. 93% or \$1,041,210,000 are fixed rate and 7% or \$78,810,000 are synthetic fixed rate bonds. The underlying variable rate bonds (8th Series Bonds) are secured by a TD Bank LOC which expires at the maturity date of the bonds in August 2028.
7. Can you confirm if the intent of this program is to issue tax-exempt CP for capital project purposes and later take out with long-term bonds? What and when is the expected take-out/permanent financing for the CP Notes?
Yes. According to PGW's five-year forecast, the Company anticipates issuing \$81.5MM capital project notes in FY 2031. PGW will then take out the same notes with long-term bonds in FY 2032.
8. Please provide: (a) The projected draw schedules over the next 3 years, and (b) the CAPEX schedule for the next 3 years, including the percentage funded via debt/cash/etc.
CAPEX spending in FY 2026, FY 2027, and FY 2028 is projected to be \$209.0MM, \$173.0MM, and \$249.0MM, respectively. PGW anticipates using a 50/50 mix between debt and cash financing over the next three years. The draws from PGW's capital improvement fund are projected to be \$104.5MM, \$86.5MM, and \$124.5MM in FY 2026, FY 2027, and FY 2028, respectively.
9. Does PGW expect to issue CP Notes in the coming months or years?
No.
10. Please confirm the intended lien position for the Letter of Credit to support the Gas Works CP.
The Notes will continue to be subordinate lien.
11. Is there any subordinate debt outstanding (understand the CP facility is subordinate but has no balance outstanding)?
None.

12. Provide percentage of sales that are residential vs. wholesale.

Firm gas sales in PGW's FY 2025 were 38.3 Bcf. Residential sales were approximately 78%; Commercial sales were approximately 18%; Industrial sales were approximately 1%; and Municipal and Housing Authority sales were approximately 3% of total firm sales. Total firm transportation volumes were 6.8 Bcf and total interruptible transportation volumes were 24.6 Bcf.

13. Confirm that, unlike Water, PGW does not have a Rate Stabilization Fund.

[Confirmed, PGW does not have a rate stabilization fund.](#)

14. Are there any updates on the current Pension and OPEB funding?

[Please refer to Note 10, page 56, Note 11, page 63, and the supplemental schedules, beginning on page 88, of PGW's audited financial statements.](#)

15. Have there been any updates or initiatives on IT security and Counter-terrorism investment, and steps taken to ensure any additional security measures?

PGW is taking strategic steps to continue to evolve our cybersecurity posture from a traditional perimeter-based model to a data- and identity-centric approach. As part of this shift, PGW has selected a Data Loss Prevention (DLP) solution and are currently conducting a proof of concept. This investment, along with other security enhancements, will enable database activity monitoring to provide early indicators of potential cyber threats, automated data discovery to identify and protect information stored in unauthorized locations, and behavioral analytics to detect insider threats. In parallel, PGW has strengthened password reset and MFA bypass procedures to mitigate the growing risk of social engineering attacks. PGW has implemented a secure service desk solution to enforce user identity verification, with in-person verification required when additional assurance is needed.

16. Can you please provide an anticipated usage for the proposed facility?

[Please see the response to question 7.](#)

Questions Related to Philadelphia Water Department

1. What is the current delinquency rate? Are you able to provide an update on collections and delinquencies for the current fiscal year?

[The Water Department's cumulative collections of annual billings for Fiscal Years 2022, 2023, 2024 and 2025, were each respectively, 96.7%, 96.8%, 95.5% and 96.93](#)

2. Are projected rate increases, if any, to support CIP needs known at this time?

[Any future rate increase will support PWD systems which include funding of the CIP](#)

3. Has the PA Department of Environmental Protection agreed to extending the consent order and agreement under the force majeure clause?

[We received an extension for Yr10 \(<https://water.phila.gov/wp-content/uploads/files/coa-year10extension-granted-2021-04-13.pdf>\).](#)

4. Can you confirm if the intent of this program is to issue tax-exempt CP for capital project purposes and later take out with long-term bonds? What and when is the expected take-out/permanent financing for the CP Notes?

The expected use of the commercial paper program is to fund expenses incurred for projects funded or planned to be funded via the Pennsylvania Infrastructure Investment Authority State Revolving Fund (PENNVEST). Such commercial paper would be repaid incrementally upon receipt of reimbursements from PENNVEST. In addition, the commercial paper may also fund a portion of the Water & Wastewater System's capital improvement program; such commercial paper would be paid down with a subsequent revenue bond issuance.

5. Are quarterly statements for the most recent quarter available for Water and Wastewater?
[Our most recent financial statements are posted on EMMA](#)
6. Please provide: (a) The projected draw schedules over the next 3 years, and (b) the CAPEX schedule for the next 3 years, including the percentage funded via debt/cash/etc.
 - a. Since the implementation of the CP program in July 2021, PWD has issued a total of \$309.5 million across the three series. However, the CP has been paid off quickly as PENNVEST reimbursements are received; over the past three years, outstanding balances on the total program have ranged from \$21.5 million to \$87.6 million on a monthly basis. While there is not a specific projected draw schedule, the outstanding PENNVEST loans to be funded through CP draws over the next few years is approximately \$435 million.
 - b. In February 2025, on behalf of the PWD, the engineering firm of Arcadis U.S Inc. released its Consulting Engineering's Report (Arcadis Report) for the Twenty-Eighth Supplemental Ordinance in connection with the adoption of the Supplemental Ordinance.

In March 2025, on behalf of the PWD, Black & Veatch Management Consulting, LLC released its Direct Testimony (B&V Report) before the Philadelphia Water Rate Water, Sewer and Storm Water Rate Board in connection the 2025 General Rate Proceeding.

Each of the Arcadis Report and the B&V Report contained schedules including the PWD Capital Program and projected debt and pay-go funding therefore.

Estimates of the Capital Program, Capital Expenditures, Funding Sources, Allocation between debt, grants and pay-go funding can be drawn from these schedules.

The Arcadis Report and the B&V Report were prepared individually by each firm and do not yield identical results.

The relevant schedules from the Arcadis Report and B&V Report are included as attachments at the end of this document.

7. Is there any subordinate debt outstanding? Is the CP facility senior or subordinate?
[PWD does not have any subordinate debt outstanding. The CP facility is senior lien](#)
8. Provide percentage of sales that are residential vs. wholesale.
[Residential – 46%, Wholesale – 8%, Non residential \(commercial\)46%](#)

9. Per the 2024 Audit, \$76.9MM was reported as Interest Income, however, only \$8MM is used/credit to the Revenue Fund per the rate covenant calculation. Is the other \$68MM restricted?

YES

Is any other portion of the \$68MM available for debt service?

NO

10. Are you able to provide any updates to the main replacement program status?

Based on our FY26 Capital budget our goal is 32 miles of water main replacement and 14 miles of sewer main reconstruction/renewal. The total funding allocated for water main replacement program is \$203,000,000 and \$302,500,000 for sewer main reconstruction/renewal program.

Please provide an updated breakdown of all existing debt, and breakdown of all Bank debt including incumbents, amounts, and expiration dates (LOCs, L/Cs, SBPAs, etc.)

Please see the attached Schedule 1 for a breakdown of existing Water and Wastewater Revenue Bonds as of June 30, 2025.

Liquidity Facility Providers for Philadelphia Water and Wastewater Revenue debt, as of December 31, 2025:

<u>Series</u>	<u>Principal Amount</u>	<u>Current Provider</u>	<u>Expiration Date</u>
CP Series A	\$125,000,000	Barclays	June 28, 2026
CP Series B	\$125,000,000	RBC	June 28, 2027
CP Series C	\$150,000,000	TD Bank	June 28, 2027

11. Are there any updates on the progress of any environmental regulatory orders, and remediation?

PWD received an extension for Yr10 of the consent order and agreement. As of today, PWD has not submitted a request for extension for Yr15 (6/1/26). However, PWD is considering making this request to the PADEP.

12. Please confirm most recent unrestricted liquidity and days cash on hand.

Based upon the PWD Annual Financial Report for FY 2024 & 2023:

Per the Statement of Fund Net Position (FY24) (Pg. 8), the Department has \$159.426mm of Equity in Treasurer's Account among its Current Assets.

Per the Condensed Statement of Revenues, Expenses and Changes in Net Position (FY24) (Pg. 5), the Department had \$525.921mm of Operating Expenses excluding Depreciation and Amortization.

This results in calculated days cash on hand of approximately 111 days (calculated as \$159.426 million divided by \$525.921 million, multiplied by 365 days).

Note that Moody's, in its recent Credit Opinion update of November 2025, indicated:

"The Philadelphia Water Department holds good liquidity. Our official liquidity metric indicates 81 days cash on hand, based on the department's unrestricted cash. This figure does not include

the department's rate stabilization fund, which is technically restricted but is available to the department. Including the cash held in the rate stabilization fund, liquidity is a more solid 162 days cash on hand, which is still below the median for highly rated utilities but is adequate for the department's purposes."

It should be noted that different entities perform the calculation of days cash on hand differently.

13. Are you able to provide any updates on IT security and Counter-terrorism investment, and steps taken to ensure any additional security measures?

PWD continually evaluates our cybersecurity posture and invests in training, additional technologies, and process updates as needed to ensure we are adequately protecting our IT and OT environments.

14. Can you please provide an anticipated usage for the proposed facility?

To provide temporary funds to pay construction invoices for PENNVEST funded project pending reimbursement from PENNVEST.

Questions Related to Philadelphia Airport

1. What is the stated purpose, need, and use of proceeds of the facility?

The Airport plans to use these proceeds to continue funding its \$1.8 billion Capital Development Program ("CDP"). The CDP is comprised of numerous projects that focus on renewal and rehabilitation of the terminals, airfield pavement, security and information technology enhancements.

2. Could you please provide clarification regarding the security and seniority of the proposed financing structure? Will the facility be security by parity senior lien on net airport revenues?

The facility will be secured by a senior lien on net airport revenues, on parity with the Airport's other outstanding debt.

3. What is the expected take-out/permanent financing? When is take-out expected to occur? Is the Airport looking for long-term term out provisions on the outstanding balance at the end of year two (in excess of 24 months)?

The Airport expects to take out anything drawn on the facility with its next bond transaction which is slated to occur in mid/late calendar year 2027 (FY2028).

4. How much is currently outstanding under the Commercial Paper Facility?

The Airport currently has \$231 million outstanding under its Commercial Paper Facility.

5. What is the projected amount of debt that Philadelphia Airport intends to issue over the next one to three years?

The Airport estimates it will issue approximately \$484 million in debt over the next one to three years.

6. What is the plan for the upcoming Use and Lease Agreement expiration of 6/30/26? Has the current Agreement been extended? If so, could you specify the new expiration date? Are there any the key terms and any key changes of the new lease agreement (if applicable)?

The Airport's current Use and Lease Agreement has the option of two one-year renewal periods after expiration on 6/30/2026. The Airport expects to execute the first of its one-year renewals in July 2026.

7. Provide enplanements for FY2025, detailing domestic/international and O&D/connecting.
Total Enplanements: 15,383,186
Domestic: 13,441,376; International: 1,941,810
O&D: 74.8%; Connecting: 25.2%
8. Can you please provide preliminary FYE 2025 results, and 5-year forecast of performance (Enplanements, Airline and Non-Airline Revenues, Grants, DSCR/Rate Covenant coverage ratios, etc.)?
The Airport does not currently have FY2025 results publicly available. Please see our latest Official Statement for publicly available results and forecasts. The Airport's updated financials will be released by February 25, 2026.
9. Is the 7/31/2025 Ricondo report still the working projections for the airport? If not, provide updated report(s).
Yes, the July 2025 Ricondo report is still the most recent projection.
10. Is there a specific drawdown schedule? What is the expected usage on the facility over the 2-year tenor?
The Airport's expected usage of the new facility will be approximately \$25 million per month beginning in late 2026, subject to change.
11. Can you provide an update on the impact of the Spirit Airlines Bankruptcy on enplanements and revenues? How much enplanement/revenue attributable to Spirit Airlines, if any, was absorbed by other airlines in FYE 2025 and how much is expected to be absorbed by other airlines in FYE 2026? Can you please provide an updated projected debt service coverage in a similar format that was provided in Series 2025 A/B OS (pg I-19) incorporating latest information/developments on Spirit Airlines?
Spirit Airlines continues to operate at PHL. While their enplanements have declined in FY25, they do not make up a large percentage of traffic at the Airport. Additionally, overall enplanements at PHL have increased during that same period. American Airlines and others continue to grow their service at the Airport. We do not currently have an updated table as seen on I-19.
12. Was the Airport impacted by the recent federal government shut down?
The Airport did not have significant impacts from the federal government shut down.
13. Are enplanements forecasted/expected to return to and/or exceed pre-Covid19 levels?
The Airport's latest forecast has enplanements returning to pre-covid levels in FY30.
14. Are there any anticipated initiatives, new partnerships, programs, developments etc. planned for FY2026 that would drive revenue growth that you are able to share?
PHL will welcome new carrier Allegiant in 2026, with service beginning to three new destinations in the spring. The Airport is also preparing to welcome passengers travelling to

Philadelphia for a number of large events slated for 2026, including the NCAA Tournament, FIFA World Cup, 250th celebration, PGA Championship and MLB All Star Game.

15. Please advise if the Airport is aware of any notable reductions in service from any of its airline partners.

The Airport is not aware of any notable reductions in service.

16. Can you please provide a breakdown of existing debt (incumbents, amounts, maturities, etc.)?

Please see the schedule below

Fiscal Year	2017A	2017B	2017 Direct Loan	2020A	2020B	2020C	2021	2025A	2025B	Total
2026	\$ 5,765,000.00	\$ 19,110,000.00	\$ 1,810,000.00	\$ 8,115,000.00	\$ 960,000.00	\$ 1,080,000.00	\$ 42,505,000.00	\$ -	\$ 3,405,000.00	\$ 82,750,000.00
2027	\$ 6,045,000.00	\$ 20,060,000.00	\$ 1,885,000.00	\$ 8,520,000.00	\$ 1,005,000.00	\$ 1,135,000.00	\$ 44,640,000.00	\$ -	\$ 4,490,000.00	\$ 87,780,000.00
2028	\$ 4,035,000.00	\$ 17,535,000.00	\$ 1,960,000.00	\$ 8,950,000.00	\$ 1,055,000.00	\$ 25,970,000.00	\$ 20,850,000.00	\$ -	\$ 4,720,000.00	\$ 85,075,000.00
2029	\$ 4,235,000.00	\$ 18,415,000.00	\$ 2,040,000.00	\$ 9,395,000.00	\$ 1,110,000.00	\$ 1,190,000.00	\$ 6,390,000.00	\$ 1,930,000.00	\$ 8,625,000.00	\$ 53,330,000.00
2030	\$ 4,450,000.00	\$ 15,770,000.00	\$ 2,120,000.00	\$ 9,860,000.00	\$ 1,165,000.00	\$ 1,250,000.00	\$ 6,705,000.00	\$ 2,025,000.00	\$ 9,065,000.00	\$ 52,410,000.00
2031	\$ 4,670,000.00	\$ 16,570,000.00	\$ 2,205,000.00	\$ 10,360,000.00	\$ 1,220,000.00	\$ 1,310,000.00	\$ 7,045,000.00	\$ 2,125,000.00	\$ 9,520,000.00	\$ 55,025,000.00
2032	\$ 4,905,000.00	\$ 17,395,000.00	\$ 2,295,000.00	\$ 10,870,000.00	\$ 1,285,000.00	\$ 1,380,000.00	\$ 4,810,000.00	\$ 2,235,000.00	\$ 9,985,000.00	\$ 55,160,000.00
2033	\$ 5,150,000.00	\$ 18,265,000.00	\$ 2,385,000.00	\$ 11,420,000.00	\$ 1,345,000.00	\$ 1,445,000.00	\$ 5,050,000.00	\$ 2,345,000.00	\$ 10,495,000.00	\$ 57,900,000.00
2034	\$ 5,410,000.00	\$ 19,180,000.00	\$ 2,480,000.00	\$ 11,875,000.00	\$ 1,400,000.00	\$ 1,505,000.00	\$ 5,300,000.00	\$ 2,460,000.00	\$ 11,020,000.00	\$ 60,630,000.00
2035	\$ 5,570,000.00	\$ 20,140,000.00	\$ 2,580,000.00	\$ 12,470,000.00	\$ 1,455,000.00	\$ 1,565,000.00	\$ 5,565,000.00	\$ 2,585,000.00	\$ 11,560,000.00	\$ 63,490,000.00
2036	\$ 5,745,000.00	\$ 21,145,000.00	\$ 2,685,000.00	\$ 12,965,000.00	\$ 1,515,000.00	\$ 1,630,000.00	\$ 5,845,000.00	\$ 2,715,000.00	\$ 5,175,000.00	\$ 59,420,000.00
2037	\$ 5,920,000.00	\$ 22,205,000.00	\$ 2,790,000.00	\$ 13,480,000.00	\$ 1,575,000.00	\$ 1,695,000.00	\$ 6,135,000.00	\$ 2,850,000.00	\$ 5,430,000.00	\$ 62,080,000.00
2038	\$ 2,890,000.00	\$ 15,415,000.00	\$ 2,905,000.00	\$ 14,020,000.00	\$ 1,640,000.00	\$ 1,760,000.00	\$ 6,380,000.00	\$ 2,990,000.00	\$ 5,705,000.00	\$ 53,705,000.00
2039	\$ 3,035,000.00	\$ 16,185,000.00	\$ 3,020,000.00	\$ 14,585,000.00	\$ 1,705,000.00	\$ 1,830,000.00	\$ 6,635,000.00	\$ 3,140,000.00	\$ 5,990,000.00	\$ 56,125,000.00
2040	\$ 3,185,000.00	\$ 16,995,000.00	\$ 3,135,000.00	\$ 15,165,000.00	\$ 1,775,000.00	\$ 1,905,000.00	\$ 6,905,000.00	\$ 3,300,000.00	\$ 6,290,000.00	\$ 58,655,000.00
2041	\$ 3,345,000.00	\$ 17,840,000.00	\$ 3,265,000.00		\$ 1,845,000.00	\$ 1,980,000.00	\$ 7,180,000.00	\$ 3,465,000.00	\$ 6,605,000.00	\$ 45,525,000.00
2042	\$ 3,510,000.00	\$ 18,735,000.00	\$ 3,395,000.00		\$ 1,900,000.00	\$ 2,060,000.00	\$ 7,465,000.00	\$ 3,635,000.00	\$ 6,950,000.00	\$ 47,650,000.00
2043	\$ 4,535,000.00	\$ 24,215,000.00	\$ 3,530,000.00		\$ 1,955,000.00	\$ 2,140,000.00	\$ 7,765,000.00	\$ 3,820,000.00	\$ 7,315,000.00	\$ 55,275,000.00
2044	\$ 4,765,000.00	\$ 25,425,000.00	\$ 3,670,000.00		\$ 2,015,000.00	\$ 2,230,000.00	\$ 8,075,000.00	\$ 4,020,000.00	\$ 7,700,000.00	\$ 57,900,000.00
2045	\$ 5,000,000.00	\$ 26,695,000.00	\$ 3,820,000.00		\$ 2,075,000.00	\$ 2,315,000.00	\$ 8,400,000.00	\$ 4,230,000.00	\$ 8,105,000.00	\$ 60,640,000.00
2046	\$ 5,255,000.00	\$ 28,030,000.00	\$ 3,970,000.00		\$ 2,135,000.00	\$ 2,410,000.00	\$ 8,735,000.00	\$ 4,450,000.00	\$ 8,530,000.00	\$ 63,515,000.00
2047	\$ 5,515,000.00	\$ 29,435,000.00	\$ 4,125,000.00		\$ 2,200,000.00	\$ 2,505,000.00	\$ 9,085,000.00	\$ 4,695,000.00	\$ 8,995,000.00	\$ 66,555,000.00
2048					\$ 2,270,000.00	\$ 2,605,000.00	\$ 9,540,000.00	\$ 4,955,000.00	\$ 9,490,000.00	\$ 28,860,000.00
2049					\$ 2,335,000.00	\$ 2,710,000.00	\$ 10,015,000.00	\$ 5,230,000.00	\$ 10,015,000.00	\$ 30,305,000.00
2050					\$ 2,405,000.00	\$ 2,820,000.00	\$ 10,515,000.00	\$ 5,515,000.00	\$ 10,565,000.00	\$ 31,820,000.00
2051							\$ 11,040,000.00	\$ 5,820,000.00	\$ 11,145,000.00	\$ 28,005,000.00
2052								\$ 6,140,000.00	\$ 11,795,000.00	\$ 17,895,000.00
2053								\$ 6,475,000.00	\$ 12,345,000.00	\$ 18,820,000.00
2054								\$ 6,835,000.00	\$ 12,965,000.00	\$ 19,800,000.00
2055								\$ 7,210,000.00	\$ 13,610,000.00	\$ 20,820,000.00
	\$ 102,935,000.00	\$ 444,760,000.00	\$ 62,070,000.00	\$ 172,050,000.00	\$ 41,345,000.00	\$ 70,425,000.00	\$ 278,575,000.00	\$ 107,195,000.00	\$ 257,565,000.00	\$ 1,536,920,000.00

PWD Question #6

Arcadis Schedules

Table 2-12. Projected System Flow of Funds (\$1,000s)

Line No.	Description	2025	2026	2027	2028	2029	2030		
OPERATING REVENUE									
1	Water Service Revenue	362,825	358,500	354,413	350,292	346,227	342,216		
2	Wastewater Service Revenue	540,764	537,174	533,628	530,126	526,665	523,247		
3	Total Service Revenue - Existing Rates	903,589	895,765	888,041	880,418	872,892	865,464		
Additional Revenue Required									
Year		Percent Increase	Initial Increase % of Year Effective						
4	FY 2026	9.80%	83.3%		73,154	87,028	86,281	85,543	84,815
5	FY 2027	7.20%	83.3%			58,504	69,602	69,007	68,420
6	FY 2028	7.80%	83.3%				67,380	80,141	79,459
7	FY 2029	9.90%	83.3%					91,376	108,718
8	FY 2030	8.70%	83.3%						87,498
9	Total Additional Service Revenue Required			0	73,154	145,532	223,243	326,067	428,910
10	Total System Service Revenue	903,589	968,919	1,033,574	1,103,680	1,198,959	1,294,374		
Other Income									
11	Other Operating Revenue	2,694	2,274	1,815	1,315	772	183		
12	Interest Income	6,317	6,261	6,205	6,205	6,205	6,205		
13	Transfer From Debt Reserve Account	0	0	0	0	0	0		
14	Total Revenues	912,600	977,453	1,041,593	1,111,180	1,205,936	1,300,762		
OPERATING EXPENSES									
15	Water and Wastewater Operations	(388,049)	(410,174)	(432,154)	(455,429)	(480,238)	(506,810)		
16	Direct Interdepartmental Charges	(219,537)	(234,700)	(243,689)	(255,370)	(267,380)	(280,552)		
17	Total Operating Expenses	(608,486)	(644,874)	(675,843)	(710,799)	(747,598)	(787,362)		
NET REVENUES									
18	Transfer From/(To) Rate Stabilization Fund	0	5,638	0	0	0	0		
19	Net Revenues (L14+L17+L18)	304,114	338,217	365,750	400,381	458,338	513,399		
DEBT SERVICE									
Senior Debt Service									
20	Outstanding Revenue Bonds	(218,260)	(234,256)	(234,257)	(214,054)	(210,348)	(211,766)		
21	Projected Future Revenue Bonds	0	0	(13,878)	(46,897)	(82,096)	(119,803)		
22	Pennwest Parity Loans	(15,314)	(23,054)	(30,653)	(41,373)	(50,519)	(52,967)		
23	WIFIA Parity Loans	(594)	(712)	(719)	(3,785)	(7,251)	(7,728)		
24	Commercial Paper Interest	(844)	(1,060)	(892)	(821)	(953)	(920)		
25	Total Senior Debt Service	(235,013)	(259,082)	(280,400)	(306,930)	(351,167)	(393,184)		
26	Transfer to Debt Reserve Account	(1,354)	(16,159)	0	0	0	0		
Subordinate Debt Service									
27	Outstanding General Obligation Bonds	0	0	0	0	0	0		
28	Pennwest Subordinate Loans	0	0	0	0	0	0		
29	WIFIA Subordinate Loans	0	0	0	0	0	0		
30	Total Subordinate Debt Service (Ln 27+Ln 28+Ln 29)	0	0	0	0	0	0		
31	Transfer to Escrow	0	0	0	0	0	0		
32	Total Debt Service + Transfers (Ln 25+Ln 26+Ln 30+Ln 31)	(236,367)	(275,241)	(280,400)	(306,930)	(351,167)	(393,184)		
33	Capital Account Deposit	(32,920)	(34,237)	(35,807)	(37,031)	(38,512)	(40,053)		
34	Net For Transfer to Residual Fund (Ln 19+Ln 32+Ln 33)	34,827	28,739	49,743	56,420	68,658	80,163		
35	Senior Debt Service Coverage - 1.20X (Ln 19 / Ln 25)	1.29	1.30	1.30	1.30	1.30	1.30		
36	Total Payments Coverage - 1.00X (Ln 19 / (Ln 25+Ln 26+Ln 30+Ln 33))	1.12	1.09	1.15	1.16	1.17	1.18		
37	90% Test Coverage - 0.90X (Ln 19 - Ln 18) / Ln 25	1.29	1.28	1.30	1.30	1.30	1.30		

Note: Minor variance in summations due to rounding.

Table 2-5. Capital Improvement Program Budget and Project Commitments (\$1,000s)

Line No.	Description	2025	2026	2027	2028	2029	2030
1	Engineering and Administrative	10,100	10,100	10,100	10,100	10,100	10,100
2	Vehicles and Material Support	12,000	42,000	42,000	42,000	12,000	12,000
3	Conveyance Systems Improvements	150,100	151,100	248,100	120,100	170,100	120,100
4	Water Meters	5,000	5,000	5,000	5,000	5,000	5,000
5	Collector System Improvements	281,000	311,000	316,000	321,000	321,000	321,000
6	Facility and Plant Improvements	301,000	371,000	245,000	213,000	352,000	230,000
7	Total CIP	759,200	890,200	866,200	711,200	870,200	698,200
8	Inflation Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
9	Total CIP Adjusted for Inflation ¹	789,568	962,840	974,357	832,003	1,058,731	883,446
10	Project Commitment to Budget Factor ²	70.00%	70.00%	75.00%	75.00%	75.00%	75.00%
11	Estimated Project Commitments Bid	552,698	673,988	730,768	624,003	794,049	662,584

¹ Annual CIP budget adjusted for inflation.

² FY 2025 to FY 2030 project commitments to Adjusted CIP Budget (Line 11 / Line 9).

Table 2-6. Projects Funded via CP Program and Pennvest Loans and Estimated Draw Amounts (\$1,000s)

Line No.	Project Name	Loan Amount	Closing Date	2025	2026	2027	2028	2029	2030
1	Lawncrest	5,794	Oct-21	776	0	0	0	0	0
2	Pretreatment Facility	106,930	Sep-22	24,108	24,108	24,108	0	0	0
3	Flat Rock Dam	16,301	Apr-22	4,480	1,493	0	0	0	0
4	Linear Assets Drinking Water Line Replacement	35,862	Jul-22	7,138	0	0	0	0	0
5	GSI Packer Park	8,222	Oct-22	1,467	0	0	0	0	0
6	GSI Saunders Park	7,546	Oct-22	2,336	0	0	0	0	0
7	Baxter Clearwell Basin	110,072	Jun-23	22,498	22,498	22,498	22,498	9,374	0
8	2024 Linear - Water	46,473	Jul-24	7,745	15,491	15,491	7,745	0	0
9	2024 Linear - Sewer	63,296	Jul-24	10,549	21,099	21,099	10,549	0	0
10	Blower Replacement at SW	43,800	Nov-24	0	21,900	21,900	0	0	0
11	Lead Line Replacement	5,157	Jun-25	0	2,579	2,579	0	0	0
12	East Park Booster Station	68,700	Feb-25	0	13,740	13,740	13,740	13,740	13,740
13	George's Hill/Belmont High Pump Station	50,000	2026	0	10,000	10,000	10,000	10,000	10,000
14	Total Estimated Pennvest Draws			81,098	132,909	131,415	64,533	33,114	23,740

Note: Future closing dates and project draws are estimated and subject to change.

Table 2-7. Estimated Use of Commercial Paper Program (\$1,000s)

Line No.	Description	2025	2026	2027	2028	2029	2030
1	Beginning of FY CP Outstanding Balance	17,493	29,395	29,487	20,071	25,538	27,424
2	CP Issued	93,000	133,000	122,000	70,000	35,000	20,000
3	Repayment of CP Outstanding From Loan Proceeds	(81,098)	(132,909)	(131,415)	(64,533)	(33,114)	(23,740)
4	End of FY CP Outstanding Balance (Sum Ln. 1 - Ln. 3)	29,395	29,487	20,071	25,538	27,424	23,684
5	Annual Interest Payment	844	1,060	892	821	953	920

Table 2-8. Projects Funded via WIFIA Loans and Estimated Draw Amounts (\$1,000s)

Line No.	Project Name	Total Project Cost	WIFIA Loan Amount	Closing Date	2025	2026	2027	2028	2029	2030
1	Distribution Main Replacement	37,071	19,828	Jan-23	6,041	0	0	0	0	0
2	Monument Road Storage Replacement	48,034	23,537	2025	0	0	3,923	7,846	7,846	3,923
3	Schuylkill River Crossing (SRX)	152,627	74,787	2026	0	0	0	12,485	24,929	24,929
4	Baxter WTP Storage	228,122	111,780	2026	0	0	18,630	37,280	37,280	18,630
5	Total Estimated WIFIA Draws				6,041	0	22,553	57,570	70,035	47,482

Note: Future closing dates and project draws are estimated and subject to change.

Table 2-10. Construction Fund Flow of Funds (\$1,000s)

Line No.	Description	2025	2026	2027	2028	2029	2030
Revenue Bond Proceeds							
1	Estimated Total Bond Issue	657,413	0	528,700	453,175	621,670	454,090
Transfers:							
2	Construction Fund	308,000	0	490,001	420,001	575,003	420,004
3	Deposit to Tender Purchased Bonds	325,569	0	0	0	0	0
4	Debt Reserve Account	18,692	0	34,998	30,002	42,316	30,907
5	Bond Issuance Expenses	5,152	0	3,701	3,172	4,352	3,179
6	Total Transfer of Proceeds (Sum of Ln 2 - 5)	657,413	0	528,700	453,175	621,670	454,090
Construction Fund							
Sources:							
7	Beginning Cash Balance	982,260	1,051,227	767,138	902,360	903,342	960,885
8	Net Revenue Bond Proceeds	308,000	0	490,001	420,001	575,003	420,004
9	Pennvest Loan Reimbursement - Torresdale	13,527	9,491	19,984	19,984	6,661	0
10	CP/Pennvest Loan Proceeds ^{1 & 2}	93,000	133,000	122,000	70,000	35,000	20,000
11	WIFIA Loan Reimbursements ¹	0	13,787	6,041	0	22,553	57,570
12	Grant Program Reimbursements	0	0	285	9,611	19,638	37,364
13	Capital Account Deposit Amount	32,920	34,237	35,607	37,031	38,512	40,053
14	Transfer from Residual Fund to Capital Account	37,706	29,522	51,038	58,365	71,327	83,563
15	Interest Income	20,612	15,042	17,693	17,713	18,841	17,205
16	Subtotal Cash Available (Sum of Ln 7 - 15)	1,488,027	1,286,306	1,509,787	1,535,065	1,690,877	1,636,644
17	Cash Spend on Project Commitments ³	(436,800)	(519,168)	(607,427)	(631,724)	(729,992)	(759,191)
18	Net Sources Available (Line 16 + 17)	1,051,227	767,138	902,360	903,342	960,885	877,452
Uses:							
19	Beginning of Year Commitments	484,306	600,204	755,024	878,365	870,645	934,702
20	Torresdale Project Commitment	19,984	19,984	6,661	0	0	0
21	CP Project Commitments	81,098	132,909	131,415	64,533	33,114	23,740
22	WIFIA Project Commitments	6,041	0	22,553	57,570	70,035	47,482
23	Grant Program Project Commitments	285	9,611	19,638	37,364	27,787	11,989
24	Other Project Commitments	445,289	511,484	550,500	464,535	663,112	579,373
25	Subtotal Project Commitments (Sum Ln 19 - 24)	1,037,004	1,274,192	1,485,792	1,502,368	1,664,693	1,597,286
26	Cash Spend on Project Commitments ³	(436,800)	(519,168)	(607,427)	(631,724)	(729,992)	(759,191)
27	Net Commitments (Line 25 + 26)	600,204	755,024	878,365	870,644	934,702	838,095

¹ Debt service associated with Pennvest and WIFIA Loans is senior debt service.

² Reflects use of CP Obligations to fund a portion of annual capital project commitments as described in Section 2.5.2.1 of this Report. Interest payments associated with CP Program are senior debt service.

³ Assumes the monthly cash spend will average \$35 million in FY 2025; increase to \$40 million in FY 2026; increase to \$45 million for FY 2027 and FY 2028; and increase to \$50 million for FY 2029 through FY 2030. Inflation included for FY 2025 through FY 2030 at annual rates of 4.0.

Note: Minor variance in summations due to rounding.

Table 2-11. Existing and Projected Debt Service (\$1,000s)

Line No.	Description	2025	2026	2027	2028	2029	2030
1	Existing Revenue Bonds ¹	218,260	234,256	234,257	214,054	210,348	211,766
	Projected Revenue Bonds						
2	FY 2027 - Series 2026			13,878	35,001	35,000	34,998
3	FY 2028 - Series 2027				11,896	29,999	30,001
4	FY 2029 - Series 2028					17,096	42,317
5	FY 2030 - Series 2029						12,487
6	Total Revenue Bonds (Sum Ln. 1 to Ln. 5)	218,260	234,256	248,135	260,951	292,443	331,569
7	Pennwest Loans	15,314	23,054	30,653	41,373	50,519	52,967
8	WIFIA Loans	594	712	719	3,785	7,251	7,728
9	Commercial Paper	844	1,060	892	821	953	920
10	Total Debt Service (Ln. 6 + Ln. 7 + Ln. 8 + Ln. 9)	235,013	259,082	280,400	306,930	351,167	393,184

¹ Includes Series 2024C debt service.

Note: Minor variance in summations due to rounding.

Black & Veatch Schedules

FY 2026 - FY 2027

Schedule BV-1

Combined Results

TABLE C-1A: PROJECTED REVENUE AND REVENUE REQUIREMENTS
Base Rates Excluding TAP-R Surcharge
(in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,					
		2025	2026	2027	2028	2029	2030
OPERATING REVENUE							
1	Water Service - Existing Rates	360,384	365,313	362,873	359,609	357,815	356,225
2	Wastewater Service - Existing Rates	529,333	538,149	536,504	533,635	520,326	518,523
3	Total Service Revenue - Existing Rates	889,717	903,462	899,377	893,245	878,141	874,748
	Additional Service Revenue Required						
	Percent	Months					
	Year	Increase	Effective				
4	FY 2026	10.00%	10	73,630	89,938	89,324	87,814
5	FY 2027	7.30%	10		58,858	71,728	70,515
6	FY 2028	6.83%	10			58,668	70,771
7	FY 2029	9.26%	10				83,553
8	FY 2030	7.99%	10				102,126
							78,514
9	Total Additional Service Revenue Required	-	73,630	148,795	219,720	312,653	408,855
10	Total Water & Wastewater Service Revenue	889,717	977,092	1,048,172	1,112,965	1,190,794	1,283,603
	Other Income (a)						
11	Other Operating Revenue	29,644	29,726	29,624	29,533	29,486	29,438
12	Debt Reserve Account Interest Income	82	394	930	1,993	3,406	4,719
13	Operating Fund Interest Income	3,630	3,926	4,043	4,132	4,242	4,376
14	Rate Stabilization Interest Income	2,619	2,659	2,772	2,870	2,987	3,105
15	Total Revenues	915,711	1,013,797	1,085,541	1,151,493	1,230,914	1,315,240
OPERATING EXPENSES							
16	Total Operating Expenses	(638,475)	(678,707)	(713,788)	(739,978)	(767,409)	(795,504)
NET REVENUES							
17	Transfer From/(To) Rate Stabilization Fund	3,000	(7,000)	(4,300)	(5,500)	(6,200)	(5,600)
18	NET REVENUES AFTER OPERATIONS	290,237	328,091	367,452	406,015	457,305	524,137
DEBT SERVICE							
	Senior Debt Service						
	Revenue Bonds						
19	Outstanding Bonds	(220,303)	(231,843)	(231,844)	(218,499)	(209,623)	(210,974)
20	PENNVEST Loans	(16,412)	(24,506)	(31,321)	(36,294)	(38,100)	(40,437)
21	Projected Future Bonds	(0)	-	(16,667)	(54,771)	(100,294)	(149,015)
22	Commercial Paper	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)
23	WIFIA	(326)	(593)	(1,407)	(1,407)	(1,407)	(1,407)
24	Total Senior Debt Service	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
25	TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24)	1.21 x	1.27 x	1.30 x	1.30 x	1.30 x	1.30 x
26	Subordinate Debt Service	-	-	-	-	-	-
27	Transfer to Escrow	-	-	-	-	-	-
28	Total Debt Service on Bonds	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
29	CAPITAL ACCOUNT DEPOSIT	(34,362)	(36,290)	(38,326)	(40,477)	(42,749)	(45,147)
30	TOTAL COVERAGE (L18/(L24+L26+L29))	1.06 x	1.11 x	1.14 x	1.15 x	1.15 x	1.16 x
31	End of Year Revenue Fund Balance	17,455	33,509	46,538	53,219	62,783	75,807

(a) Includes other operating and nonoperating income, including interest income on funds and accounts transferable to the Revenue Fund.

(b) Transfer of interest earnings from the Debt Reserve Account to the Residual Fund as shown in Line 35 to satisfy the requirements for the transfer to the City General Fund shown on Line 37.

(c) FY 2025 beginning balance is estimated based on preliminary FY 2024 results.

TABLE C-7: PROJECTED CAPITAL IMPROVEMENT PROGRAM
 (in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,					
		2025	2026	2027	2028	2029	2030
1	Engineering and Administration (a)	10,100	8,000	6,000	4,000	2,000	-
2	Plant Improvements	301,000	255,000	255,000	255,000	255,000	255,000
3	Distribution System Rehabilitation	150,100	203,100	202,100	188,100	188,100	188,100
4	Large Meter Replacement	5,000	5,000	5,000	5,000	5,000	5,000
5	Billing System	-	30,000	30,000	30,000	-	-
6	Storm Flood Relief	15,000	-	-	-	-	-
7	Reconstruction of Sewers	96,000	140,500	150,500	160,500	170,500	180,500
8	Green Infrastructure	170,000	162,500	148,750	143,750	143,750	143,750
9	Vehicles	12,000	5,000	5,000	5,000	5,000	5,000
10	Total Improvements	759,200	809,100	797,350	791,350	769,350	777,350
11	Inflation Adjustment (b)	-	-	39,868	81,114	121,269	167,324
12	Inflated Total	759,200	809,100	837,218	872,464	890,619	944,874
13	Rollforward Adjustments	15,131	(181,203)	(29,568)	(36,874)	(19,973)	(56,281)
14	Total Inflated Adjusted CIP Budget	774,331	627,897	807,650	835,390	870,644	888,593
15	Contingency Adjustment	(63,003)	(61,480)	(76,610)	(79,417)	(82,947)	(88,252)
16	Annual Encumbrances	711,328	566,408	731,040	756,173	787,698	800,342
17	Project Expenses (c)	406,863	311,975	396,833	671,342	711,252	754,390

(a) Reflects shift in capital related salary costs from capital to operating budget.

(b) Allowance for inflation of 3.0 percent per year after fiscal year 2026.

(c) Reflects annual drawdown of capital budget appropriations based on project durations and annual encumbrances.

TABLE C-8: PROJECTED FLOW OF FUNDS - CONSTRUCTION FUND & DEBT RESERVE ACCOUNT
(in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,					
		2025	2026	2027	2028	2029	2030
Disposition of Revenue Bond Proceeds							
1	Proceeds From Sale of Bonds	328,863	-	400,000	575,000	650,000	680,000
	Transfers:						
2	Debt Reserve Account (a)	18,692	-	38,706	55,762	77,733	49,401
3	Cost of Bond Issuance (b)	1,973	-	2,400	5,730	6,500	6,800
4	Construction Fund (c)	308,198	-	358,894	513,488	565,747	623,799
5	Total Issue	328,863	-	400,000	575,000	650,000	680,000
Construction Fund							
6	Beginning Balance	967,386	1,047,843	716,743	673,332	711,870	745,404
7	Transfer From Revenue Bond Proceeds	308,198	-	358,894	513,488	565,747	623,799
8	WIFIA Proceeds	6,041	-	-	-	-	-
9	WIFIA Match Funding Proceeds	6,288	-	-	-	-	-
10	PENNVEST Loan	82,893	100,140	82,820	56,318	25,437	12,817
11	Grant Proceeds	285	1,275	19,638	37,364	36,124	11,989
12	Capital Account Deposit	34,362	36,290	38,326	40,477	42,748	45,147
13	Transfer from Residual Fund	29,300	25,700	40,000	48,500	60,300	74,800
14	Interest Income on Construction Fund	19,953	17,471	13,763	13,715	14,428	15,048
15	Total Available	1,454,706	1,228,718	1,270,184	1,383,213	1,456,635	1,529,003
16	Net Cash Financing Required	406,863	511,975	596,833	671,342	711,252	754,590
17	Ending Balance	1,047,843	716,743	673,332	711,870	745,404	774,414
Debt Reserve Account							
18	Beginning Balance	242,234	265,364	273,458	318,979	379,714	460,273
19	Transfer From Bond Proceeds	18,692	-	38,706	55,762	77,733	49,401
20	Transfer From Residual Fund (d)	4,438	8,094	6,815	4,973	2,806	1,337
21	Debt Reserve Account Release	-	-	-	-	-	-
22	Ending Balance	265,364	273,458	318,979	379,714	460,273	511,011
23	Interest Income on Debt Reserve Account	5,076	5,388	5,924	6,987	8,400	9,713

(a) Amount of Debt Reserve Account estimated based on outstanding and proposed debt service payments.

(b) Cost of bonds issuance reflects average cost in FY 2022, FY 2023, and FY 2024, assumed 0.60 percent of issue amount in FY 2027, and assumed 1.0% of issuance in FY 2028 to FY 2030.

(c) Deposits equal proceeds from sale of bonds less transfers to Debt Reserve Account and Costs of Issuance.

(d) Estimated deposits to fund PENNVEST debt service reserve requirement.

PWD Question #10

SCHEDULE 1

**The City of Philadelphia, Pennsylvania
Water and Wastewater Revenue Bonds
Outstanding[†] as of June 30, 2025**

Series	Original Principal Amount	Outstanding	Year of Maturity
2009B*	\$ 42,886,030	\$ 10,600,738	2032
2009C*	57,268,193	18,048,569	2032
2009D*	84,759,263	27,379,229	2032
2010B*	30,000,000	13,770,651	2033
2014A	123,170,000	18,490,000	2026
2015B	141,740,000	50,190,000	2035
2016A	192,680,000	96,855,000	2035
2017A	279,865,000	207,140,000	2052
2017B	174,110,000	57,865,000	2034
2018A	276,935,000	226,660,000	2053
2019A	68,335,000	15,950,000	2040
2019B	250,660,000	230,980,000	2054
2020	127,740,000	127,740,000	2040
2020A	201,530,000	190,465,000	2050
2020B	95,025,000	10,675,000	2035
2021A*	80,821,155	37,822,128	2044
2021B	368,720,000	227,540,000	2045
2021C	231,930,000	223,375,000	2051
2021D*	5,794,470	4,701,874	2044
2022A*	16,301,250	12,834,524	2045
2022B*	35,861,985	32,102,598	2045
2022C	294,810,000	272,430,000	2052
2022D*	106,929,660	59,395,395	2046
2022E*	8,670,000	7,154,351	2046
2022F*	8,221,985	6,379,333	2046
WIFIA 2023	19,828,124	17,064,421	2046
2023A*	110,072,475	52,988,268	2046
Series 2023B	564,835,000	553,905,000	2053
2024A*	31,125,965	16,428,136	2047
2024B*	44,876,716	10,291,125	2047
2024C	595,780,000	595,780,000	2054
TOTAL	\$4,628,396,241	\$3,433,001,339	

[†] Exclusive of any outstanding commercial paper notes.

* This Bond has been issued to Pennsylvania Infrastructure Investment Authority (Pennvest) to evidence and secure a drawdown term loan in the corresponding original maximum principal amount shown in the table. Amounts drawn and currently outstanding under such loan are as shown in the table.