

BEFORE THE  
PHILADELPHIA WATER COMMISSIONER

FY 2009-2012 Philadelphia Water Department :  
Water and Wastewater Rate Proceeding :

**DIRECT TESTIMONY OF JOSEPH S. CLARE, III**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

A. My name is Joseph S. Clare, III. My business address is ARAMARK Tower, 1101 Market Street, Fifth Floor, Philadelphia, Pennsylvania 19107.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am employed by the Philadelphia Water Department ("Department") as its Deputy Commissioner in charge of finance and administration.

**Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

A. My responsibilities include oversight of budgeting, treasury, rates, procurement, accounting, facilities management, security and administration for the Department.

**Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

A. I hold a Bachelor of Science Degree in Accounting from Drexel University and a Master of Business Administration Degree from Drexel University with concentration in Accounting Controls and Finance. In addition, I have taken continuing education courses in the fields of Accounting, Auditing, Management, Taxation, Finance, and Computer Science. I am also a Certified Public Accountant, licensed to practice in Pennsylvania.

**Q. PLEASE DESCRIBE YOUR RELEVANT WORK EXPERIENCE.**

A. I joined the City of Philadelphia in 1980 as a Contract Audit Supervisor for the Department of Public Property. I have since held a number of progressively responsible administrative and financial management positions within the City, including Director of Finance and Administration for the Department. I assumed the post of Deputy Water Commissioner in August, 2004. An exposition of my relevant work experience is set forth in my curriculum vitae which is attached hereto and incorporated herein by reference.

**Q. PLEASE PROVIDE A SYNOPSIS OF YOUR TESTIMONY?**

A. My testimony is divided into two parts. Part One is an overview of the rate filing and is proffered to (A) describe the proposed rate increase; (B) state the steps the Department has

undertaken to increase productivity and enhance revenues so as to minimize the need for rate relief; (C) outline the Department's rate covenants with investors and emphasize the importance of our compliance with same; (D) describe the capital program to be undertaken during the Rate Period; and (E) demonstrate the importance of implementing the proposed multi-year rate increase as a part of an overall strategy to improve service and maintain the utility's financial health. Part Two of my testimony generally describes the Department's projections of FY 2008 operating costs in major budget areas which underpin the cost of service study of water and wastewater rates prepared by Black and Veatch in connection with this proceeding.

## **PART I – OVERVIEW OF RATE FILING AND SUPPORTING REASONS**

### *Description of Proposed Rate Increase*

**Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED RATE INCREASE?**

A. The proposed rate increase is designed to meet a projected revenue shortfall of some \$316 million over the period FY 2009-2012 ("Rate Period"). In order to raise this level of revenue, the Department is proposing rates to achieve average annual increases of 6.975% to its revenue base. In Philadelphia, the average customer has a 5/8" meter and uses about 0.8 Mcf (thousand cubic feet) on a monthly basis. The proposed rates would increase typical residential customer rates by approximately \$3.84 per month if implemented by July 1, 2008. Commercial and industrial users would see average annual rate increases in the 7.0% range over the next four years, depending on meter size and usage.

**Q. HOW DOES THE DEPARTMENT PLAN TO USE REVENUES GENERATED FROM INCREASED RATES?**

A. The Department will use the revenues generated from the rate increase to fund the cost of operating and maintaining the water, wastewater and storm water portions of the utility. Costs borne by the utility include those related to (a) personal services (salaries and benefits); (b) purchase of services (contractual services for such needs as natural gas, electricity, telephone, biosolids hauling, maintenance contracts, enhanced security and professional consultants); and (c) materials, supplies and equipment (costs for chemicals, heating oil, woodchips, and sophisticated laboratory equipment). Additional expenses include the payments for indemnities for legal claims against the Department and payments to the City's General Fund for such services rendered as procurement, auditing, fleet management, personnel, treasury, and central finance. A major element of expense is the payment of debt service or principal and interest payments to water and wastewater revenue bond holders.

After meeting all of its operating and maintenance costs, the department must achieve sufficient revenues to enable it to meet the requirements of the Rate Covenant contained in the General Water Revenue Bond Ordinance which mandates, among other things, that the Department's annual net revenues be at least 120 percent (120%) of its senior debt service. Finally, the Department must establish rates and charges sufficient to yield net

revenues, excluding amounts transferred from the Rate Stabilization Fund to the Revenue Account, at least equal to 90% of the Department's debt service requirements.

**Q. WHY DOES THE DEPARTMENT NEED ADDITIONAL REVENUES AT THIS TIME?**

**A.** The need for the requested rate relief is caused by several major cost factors which will impact the Department over the period FY 2009-2012 and include the following:

- increased personnel costs (wages, pension, health care and fringe benefits) – contributing 43.3% to need for additional revenues;
- increased debt service associated with existing capital program (existing capital program) – 19.3% of increased revenue need;
- increased fuel, utilities & chemicals – 19.2% of increased revenue need;
- increased cost of other services/supplies and general inflation – 9.6% of increased revenue need; and
- increased costs associated with flood mitigation program – 8.6% of increased revenues.

By way of background, the public should be aware that the Department last filed for a change in rates in 2005. Since that time, its total annual budgeted Water Fund operating expenses have grown from \$520.871 million to \$588.949 million. This represents a 13.0% increase over the four year period or an average annual increase of 3.25%. The costs driving the budget include those for personal services (salaries), debt service, inter-fund payments, security materials, supplies and equipment as well as inflation generally. For example, FY 2008 budgeted personal services costs have increased by 17.02% over the 2004 actual obligations and fringe benefits have escalated by 45.48% and are scheduled to increase dramatically during the rate period, arising mainly from the last labor agreements with our union workforce and dramatic increases in pension & healthcare costs. Annual debt service on bonds issued to fund the Department's capital program, has also increased by 11.31% since FY 2005 (with the partial inclusion of debt service on our next scheduled bond issue scheduled for the spring of this year). In addition, increased costs associated with security, additional treatment for water and wastewater at Department facilities, materials, supplies and equipment (with attendant inflation) require the Department to spend 45.48% more now than in FY 2005. Similarly, the cost of outside services supplied to the Water Fund for electricity; telephone; natural gas; biosolids transportation, disposal, and application; repairs made by outside vendors; outside consultants and professionals; rented space and advertising have increased 46.78%, including additional costs related to the flooding mitigation program.

**Q. WHAT STEPS HAS THE DEPARTMENT UNDERTAKEN TO MANAGE ITS FINANCIAL/OPERATING EXPENSES SINCE THE LAST RATE CASE?**

A. Since the last rate filing, the Department has taken numerous steps to reduce financial and operating expenses, including the following:

- refinanced \$345.035 million of outstanding debt, yielding net present value savings of \$ 14.571 million;
- transferred \$59.9 million in Water Residual funds for fiscal years 2005, 2006, 2007 and 2008 to the Department's capital fund reducing the need for and size of additional revenue bond debt issues;
- maintained bond rating upgrades (Moody's "A3"; S&P "A-"; Fitch "A-") with attendant lower borrowing costs;
- transferred \$42.517 million in excess funds for fiscal years 2006 and 2007 to the Department's Rate Stabilization fund reducing the need for and size of additional rate requirements;
- implemented a new billing system to assist in billing/collection activities; and
- continued the work of the Revenue Protection Unit to investigate and recover unpaid revenues, identifying additional billings of more than \$18.882 million to date.

*Rate Requirements: Importance of Rate Increase*

**Q. ARE PROPOSED RATES IN COMPLIANCE WITH REQUIREMENTS PRESCRIBED BY THE HOME RULE CHARTER AND PHILADELPHIA CODE?**

A. Yes. The Department's rate filing is in compliance with the legal requirements specified in the Philadelphia Home Rule Charter ("Charter") and Philadelphia Code ("Code"). The Charter authorizes the Department to fix and regulate rates and charges for utility services. Specifically, Section 5-801 requires the Department to set rates that will yield annually amounts sufficient to cover its operating expenses and debt service, in accordance with standards City Council ordains. Per the Charter:

**Rates and Charges.** In accordance with the standards as the Council may from time to time ordain, the Water Department shall fix and regulate rates and charges for supplying water, including charges to be made in connection with water meters, and for supplying sewage disposal services. The standards pursuant to which rates and charges shall be fixed by the Department shall be such as to yield to the City at least an amount equal to operating expenses and interest and sinking fund charges on any debt incurred or about to be incurred for water supply, sewage, and sewage disposal purposes. In computing operating expenses, there shall be included

proportionate charges for all services performed for the Department by all officers, departments, boards or commissions of the City.

Section 5-801. The City Council standards referenced above are set forth in the Philadelphia Code, Sections 13-101 and 13-201. Section 13-101(2) of the Code specifically states the following as to the determination of water rates:

**Standards for Rates and Charges.** Pursuant to Section 5-801 of the Charter, the Water Department shall fix and regulate rates and charges for supplying water, without further authorization of Council, in accordance with the following standards:

- (a) The rates and charges shall be such as yield to the City at least an amount equal to operating expenses, including interest and sinking fund charges on all obligations of the City in respect of the water system and, in respect of water and sewer revenue obligations of the City, such additional amounts as, together with additional amounts charged in respect of the City's sewer system, shall be required to comply with any rate covenant and sinking fund reserve requirements approved by ordinance of Council in connection with the authorization or issuance of water and sewer revenue bonds, and proportionate charges for all services performed for the Water Department by all officers, departments, boards or commissions of the City.
- (b) The rates and charges shall yield not more than the total appropriation from the Water Fund to the Water Department and to all other departments, boards or commissions, plus a reasonable sum to cover unforeseeable or unusual expenses, reasonable anticipated cost increases or diminutions in expected revenue, less the cost of supplying water to City facilities and fire systems and, in addition, such amounts as, together with additional amounts charged in respect to the City's sewer system, shall be required to comply with any rate covenant and sinking fund reserve requirements approved by ordinance of council in connection with the authorization or issuance of water and sewer revenue bonds. Such rates and charges may provide for sufficient revenue to stabilize them over a reasonable number of years.
- (c) The rates and charges shall be equitably apportioned among the various classes of consumers.
- (d) The rates and charges shall be just, reasonable and nondiscriminatory as to the same class of consumers.
- (e) Special rates and charges, to be designated as "charity water rates and charges," shall be established for public and private schools, institutions of purely public charity, and places used for actual religious worship.
- (f) Special rates and charges to be designated as "public housing water rates and charges" shall be established for property of the Philadelphia Housing Authority and shall be set so that Philadelphia Housing Authority receives a five percent (5%) reduction off of the Water Department's service and quantity charges.

The City Council standards applicable to wastewater rates (Section 13-201) parallel those set forth above and conservatively require that the Department fix and regulate rates so as to yield sufficient revenues over a reasonable period of years to pay its operating expenses, including interest and sinking fund charges approved by Ordinance in connection with the issuance of bonds, meet its obligations to investors and pay proportionate charges for all services performed for the Department by all officers, departments, boards or commissions of the City.

The Department must also collect sufficient revenues to meet its rate covenants, including those prescribed by the 1989 General Ordinance (“General Ordinance”) and FGIC Rate Covenant, as discussed below.

**Q. IS THE PROPOSED RATE INCREASE NECESSARY TO FULFILL THE DEPARTMENT’S OBLIGATIONS TO ITS INVESTORS?**

- A.** Yes. The proposed increase is necessary to assure that the Department can meet its rate covenants with investors. The rate covenant in the General Ordinance requires the Department to establish rates sufficient to produce annual net revenues which are at least 1.20 times the debt service requirements, excluding the amounts required for subordinated bonds (as defined in the General Ordinance).

In addition, net revenues must be equal to 1.00 times (A) annual debt service requirements, including the amounts required for subordinated bonds; (B) annual amounts required to be deposited in the debt reserve account; (C) the annual principal or redemption price of and interest on General Obligation Bonds payable; (D) the annual debt service requirements on interim debt; and (E) the annual amount of the deposit to the Capital Account (less amounts transferred from the Residual Fund to the Capital Account).

Further, since June 30, 2000, the Department has been required to establish rates sufficient to produce net revenues (excluding amounts transferred from the Rate Stabilization Fund into the Revenue Fund for a given year) equal to at least 90% of debt service requirements (as defined by the General Ordinance) – FGIC Rate Covenant.

**Q. WHY IS IT IMPORTANT THAT THE DEPARTMENT FULFILL ITS OBLIGATIONS TO INVESTORS?**

- A.** Meeting the rate covenants prescribed by the investment community is critical to the Department maintaining its current favorable bond ratings. Current ratings are “A-” by Fitch IBCA; “A-” by Standard & Poor’s; and “A3” by Moody’s. These are important because the Department plans to access the capital markets during the Rate Period to fund necessary capital improvements to the water and wastewater systems; and would like to do so at the least cost to our customers. To this end, the proposed rate increase is designed to produce coverage levels as required by the rate covenants, per the chart below:

**Projected Coverage Levels for the Rate Period**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Senior Debt Service Coverage	1.20	1.20	1.20	1.20
Total Debt Service Coverage	1.07	1.08	1.08	1.08

It should also be noted that maintenance of the Department's underlying bond rating has become even more important in the recent financial markets due to the increased cost of insurance and investors worries about the credit ratings of the major bond insurers.

**Q. CAN THE DEPARTMENT MEET ITS OBLIGATIONS TO INVESTORS ABSENT PROMPT RATE RELIEF IN FY 2009?**

- A. No. The Department needs to collect additional revenues in the aggregate amount of \$30.261 million in this fiscal year to avoid a technical default on its obligations. Additional revenues are needed to meet coverage requirements and operating expenses. Needed revenues for FY 2009 are a subset of the overall increase which is driven by several major cost factors as identified previously in this testimony. In FY 2009, critical cost increases include those related to (a) the City's yet to be negotiated wage settlements (approximately \$3.0 million); (b) increases in the cost of fringe benefits taxes and insurance (particularly the cost of health and prescription coverage – approximately \$6.235 million; (c) rate process expenses \$1.050 million; and (d) inflation. In addition to the foregoing, the Department is experiencing increases for disposal costs, fuel, supplies, services and equipment.

Recovering necessary revenues to pay the above operating expenses in FY 2009 is complicated by the fact that there are, at most, eleven months to recover necessary revenues -- which means that rate compression will be necessary to actually realize the intended amount in increased rates. Rate compression is a tool to recover utility rates and charges over a shorter period of time than originally planned (e.g., over 3 months versus 12 months). Because of the delay in implementing new rates in this case as planned on July 1, 2009, the necessary amount of rate relief must be compressed into the few remaining months of the fiscal year. This is important in this case given the necessity of using rate compression dramatically increases the percentage necessary to raise the revenue required. Rate compression will be explained in greater detail in the testimony of J. Rowe McKinley of Black & Veatch.

**Q. WHAT ARE THE CONSEQUENCES SHOULD THE DEPARTMENT FAIL TO MEET ITS OBLIGATIONS TO INVESTORS?**

- A. If the Department does not collect additional revenues this fiscal year as specified in the rate filing, it will likely be in default of its obligations to investors. Specifically, without timely rate relief, the Department may fail to meet its coverage requirement of 120%. This "technical default" situation will essentially eliminate the Department's ability to fund its capital program and make infra-structure repairs to its aging system, as it would be barred from the capital markets for one year. The scheduled bond sale for the early 2009

would have to be canceled. Any future bond sale would be at substantially higher cost, as the Department's bond rating would likely be lowered. Capital expenditures, including those required to meet environmental requirements would, of necessity, be deferred – risking the imposition of consent decree obligations or even the appointment of a receiver. Without a capital program (for an interim period), many of the Department's personnel assigned to capital construction would be laid-off, as their activities would not be funded. Taken together, the dire consequences of a technical default must be avoided.

**Q. IS THE IMPLEMENTATION OF THIS RATE INCREASE PROPOSAL IMPORTANT TO THE DEPARTMENT'S PLANS TO IMPROVE SERVICES AND MAINTAIN ITS CREDIT RATING?**

A. Yes. The implementation of the proposed rate increase is critical to the Department's overall strategy to improve services and maintain a financially healthy utility. An essential part of this strategy is to fund capital improvements and to be able to access the capital markets at reasonable costs. As stated previously, the Department plans to issue \$325 million of debt this spring and an additional \$350 million near the end of the Rate Period to supplement funding of its continuing capital program. This program would be far more costly if the Department's credit rating should decline, as has been the case with the City of Philadelphia. Needless to say, the Department is committed to the least cost strategy to fund necessary improvements to insure the integrity of the water and wastewater systems. The Department's Capital Improvement Program is described in the testimony of Deputy Commissioner Debra McCarty.

**Q. HOW WILL THE DEPARTMENT'S CHARGES COMPARE WITH OTHER AREA UTILITIES, ASSUMING INCREASED RATES ARE APPROVED?**

A. The Department will still be one of the least expensive providers of water and wastewater services in the region as illustrated below:

Regional Residential Monthly Water and Sewer Charges <sup>1</sup>

	Monthly Water Bill	Monthly Sewer Bill
Aqua Pennsylvania+	\$45.60	N/A
Pennsylvania American Water Co.+	41.53	N/A
New Jersey American Water Co.+	33.53	N/A
North Wales Water Authority +	22.85	N/A
North Penn Water Authority +	23.68	N/A
Doylestown Township	30.23	\$49.76
CCMUA (Camden County) **	N/A	26.25
Trenton	21.58	23.30
<b>Philadelphia Water Department</b>	<b>20.36</b>	<b>19.87</b>

1. Rates in effect on November 13, 2007. Calculations are based on 5,236 gallons/month (700 cubic foot). Stormwater charges are excluded from sewer calculations for comparative purposes.

+ Water-only utilities.

++ Sewer-only utility

## **PART II – PROJECTIONS OF MAJOR OPERATING COSTS**

### **Q. PLEASE IDENTIFY THE MAJOR OPERATING COST PROJECTIONS THAT UNDERPIN THIS REQUEST FOR RATE RELIEF?**

**A.** The major cost projections addressed in my testimony include the following:

- Personal Services Projections;
- Purchase of Services Projections;
- Materials, Supplies and Equipment Projections;
- Debt Service Projections; and
- Interfund Payment Projections.

Each of the projections identified above is documented in Exhibits JC-1 through JC-7.

### **Q. PLEASE DESCRIBE BRIEFLY THE CITY'S CLASSIFICATION SYSTEM FOR COSTS.**

**A.** Class 100 - Personal Services - This category represents expenses related to employee compensation and related items. Included in this item are the cost of both regular and overtime salaries, compensation for holidays, vacation, jury duty, funeral leave, military time, etc., the cost of employer paid fringe benefits such as health and welfare, insurance, etc.; the cost of employer paid taxes such as social security, medicare, unemployment taxes and the cost of pension contributions made on behalf of past and present city employees.

Class 200 - Purchase of Services - This category includes the cost of outside services supplied on behalf of the Water Fund. It includes costs for electricity; telephone; natural gas; biosolids transportation, disposal, and application; repairs made by outside vendors; outside consultants and professionals; rented space and advertising.

Class 300 - Material and Supplies - This category includes the cost of chemicals, pump parts, supplies, fuel, heating oil, vehicle parts and lubricants, etc.

Class 400 - Equipment - This category includes the cost of heavy equipment, trucks, vehicles, boats, trailers, cranes, sewer cleaning machines, etc.

Class 500 - Indemnities, Taxes, Awards - This category includes payments made by the Law Department on behalf of the Department for liabilities, claims and property damage. It also includes certain taxes and employee awards.

Class 700 - Debt Service - This includes the cost of principal and interest payments due on revenue bonds and other debts of the Department.

Class 800 - Interfunds - This category includes payments made to other City departments for services rendered to the Department.

**Q. PLEASE DESCRIBE PERSONAL SERVICES COSTS AS PROJECTED IN THE FY 2009 BUDGET.**

A. Personal Services costs (Class 100) are those costs concerning employee payroll expense. As depicted in Exhibit JC-1, Departmental personal services projections have as their foundation FY 2007 actual obligations of \$86,272,568 (Line 1). Line 2 shows the budget allowance for the 4% wage increase provided for in the existing labor agreements. \$3,471,440. Line 3 of the Exhibit indicates that \$2,208,398 has been budgeted to fill some of the 271 vacancies in the Department that existed when the FY 2008 budget was introduced. In addition, there are small budget increases related to wage increments and longevity (Line 4 -- \$221,315) and Lump Sum payments for retirees (Line 5 -- \$149,000) . The estimated staffing cost of the Storm and Flood Management Program was included in the FY 2008 budget in the amount of \$653,871 as set forth on Line 6. Line 7 of Exhibit JC-1 indicates a \$92,976,592 in total FY2008 class 100 costs. The total actual cost projected for FY 2008 Personal Services is \$90,675,350 as shown on line 8 of Exhibit JC-1. Although not specifically budgeted, the Department will incur the cost of an adjustment for wage and salary increases which reflects the wage hike negotiated by the City and its unions for approximately \$3,000,000 during FY 2009. This excludes the cost of related fringe benefits and the costs incurred by other departments which either have direct appropriations or bill the Water Fund via interfund transfers.

FY 2009 budgeted class 100 costs begin with total actual cost projected for FY 2008 Personal Services is \$90,675,350 as shown on line 8 of Exhibit JC-1. Line 9 of the Exhibit indicates that \$238,450 has been budgeted related to wage increments and longevity and an increase in temporary pay for the security unit \$44,000. The estimated staffing cost of additional or expanded programs is included in the FY 2009 budget in the amount of \$819,458 as set forth on lines 10 to line 16. Line 17 of Exhibit JC-1 indicates \$5,957,742 has been budgeted to fill some of the 253 vacancies in the Department that existed when the FY 2009 budget was introduced. The total cost budgeted for FY 2009 Personal Services is \$97,735,000 as shown on line 18 of Exhibit JC-1.

**Q. PLEASE DESCRIBE THE BUDGET PROJECTIONS CONCERNING PURCHASED SERVICES EXPENSE FOR FISCAL YEAR 2009.**

A. Purchase of Services costs (Class 200) are those costs that the Department experiences when contracting with vendors, suppliers, or consultants for services such as electricity, gas, trucking, equipment rental, telephone, etc. As shown on line 1 of Exhibit JC-2, the Department has obligated \$71,420,197 for FY 2007 in this category. Line 2 of Exhibit JC-2 indicates a \$100,888,069 in total FY2008 class 200 budgeted costs. The total actual cost projected for FY 2008 class 200 services is \$88,365,000 as shown on line 3 of Exhibit JC-2. The estimated cost of additional, expanded or eliminated programs is included in the FY 2009 budget in the amount of \$17,077,273 as set forth on lines 4 to line 34. An allowance

for the elimination of non-recurring items and inflation adjustment are provided on lines 35 and 36 (-\$1,628,180 and \$923,746). Line 37 of Exhibit JC-2 indicates the total cost budgeted for FY 2009 class 200 Services is \$104,737,838.

During FY2008 and FY2009, the Department will incur approximately \$1,050,000 for rate study consultants, stenographers, the public advocate, the hearing examiner and other rate related costs. These items were budgeted. Also, although not specifically budgeted, the Department will incur approximately \$1,500,000 in additional liquidity fees, remarketing fees and interest rate adjustments related to the 2003/2005 Swaption and costs related to the 1997B variable rate bonds.

**Q. PLEASE DESCRIBE THE BUDGET PROJECTIONS CONCERNING MATERIALS, SUPPLIES AND EQUIPMENT FOR FISCAL YEAR 2009.**

A. This category of expense (Class 300 & 400) provides the Department with the “nuts and bolts” it needs to run its many operations. Woodchips are needed for sludge composting; chlorine to purify raw river water; automatic sampling equipment to measure sewage strength and lubricants to oil machinery. As shown on line 1 of Exhibit JC-3, the FY 2007 obligation for Materials, Supplies and Equipment was \$37,093,998. Line 2 of Exhibit JC-3 indicates a \$40,520,700 in total FY2008 class 300/400 budgeted costs. The total actual cost projected for FY 2008 class 300/400 services is \$39,571,000 as shown on line 3 of Exhibit JC-3. The estimated cost of additional expanded or eliminated programs is included in the FY 2009 budget in the amount of \$6,617,750 as set forth on lines 4 to line 9. An inflation adjustment is provided on line 10 for \$2,155,035. Line of Exhibit JC-3 indicates the total cost budgeted for FY 2009 class 300/400 Services is \$48,343,785.

Also, although not specifically budgeted, the Department will incur approximately \$50,000 in the additional costs related to printing and advertising expenses associated with this rate proceeding.

**Q. PLEASE DESCRIBE THE BUDGET PROJECTION FOR THE WATER DEPARTMENT’S DEBT SERVICE FOR FY 2009.**

A. Debt service includes principal and interest due on the following bond issuances:

- Water Revenue Bonds Series 2007;
- Water Revenue Bonds Series 2005;
- Water Revenue Bonds Series 2003;
- Water Revenue Bonds Series 2001;
- Water Revenue Bonds Series 1998;
- Water Revenue Bonds Series 1997B;
- Water Revenue Bonds Series 1995;
- Water Revenue Bonds Series 1993; and

Water Revenue Bonds 14<sup>th</sup> Series.

The following bonds issuances were retired as part of the 2007A/B refinancings:

Water Revenue Bonds Series 1999; and

Water Revenue Bonds Series 1997A.

Debt service also includes adequate funding for servicing the Department's two PENNVEST loans and \$500,000 for arbitrage payments. Exhibit JC-4 shows the revenue bond and debt service with a total debt service budget of approximately \$178 million for FY 2005. Annual debt service on the proposed \$325 million bond issue now scheduled for early 2009 in the amount of approximately \$22 million has been removed from the FY2009 budget. Please note that the Department's debt service is actually included in the Sinking Fund Commission portion of the Mayor's Water fund budget.

It should be noted that the Department's next two bond issues in the amount of \$325 million and \$350 million now scheduled for the early calendar 2009 and early calendar 2012 were originally scheduled for late FY2007 and FY 2009 but were delayed due to slower than anticipated capital spending and higher than anticipated self-generated capital funding and to reduce the rate requirement in the current period.

**Q. PLEASE DESCRIBE THE BUDGET PROJECTIONS CONCERNING THE DEPARTMENT'S PAYMENTS TO OTHER FUNDS FOR FY 2009.**

A. The City of Philadelphia provides the Department with a number of services which support the ongoing operation of the utility. The cost of required transfers also appear in the category. The costs for such services provided by other City departments and agencies and are set forth in the aggregate on line 17 on Exhibit JC-5. The first column of numbers in this exhibit, totaling \$55,661,418 (line 22) reflect the payment obligations for FY 2006. The second column of numbers are the actual payment obligations for FY 2007, totaling \$62,884,672. The third column of numbers are the budgeted obligations for FY 2008, totaling \$168,493,964. The total estimated obligations for FY 2008 is \$105,993,964 as shown in the fourth column, line 22, of Exhibit JC-5. Excluded from the aforesaid annual totals is the annual excess interest earnings payment to the General Fund which will be paid directly from the Residual Fund which was \$4,994,000 in FY 2006 and 2007. The FY 2008 budget for this payment is \$2,600,000 but the actual transfer is expected to be \$4,994,000. It should be noted that the because these excess interest earnings are paid directly by the Water Residual Fund, avoiding this payment would have no direct effect on coverage.

It should also be noted that in FY 2008 costs related to the City's New River City initiative are included in the FY 2008 figures. This program was originally budgeted at \$131,000,000 (including related fees) and is expected to cost \$67,000,000, including related fees.

**Q. PLEASE DESCRIBE OTHER PAYMENT OBLIGATIONS OF THE WATER FUND**

A. In addition to the foregoing, the Water Fund budget includes direct appropriations for the

Water Revenue Bureau, Law Department, Finance Department and other City agencies, as reflected in the Mayor's Budget. These payments are prescribed by the Home Rule Charter and Philadelphia Code, as referenced above. The direct appropriations for these departments are outlined on the attached schedule JC-6.

**Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

**A.** Yes, it does.

Joseph S. Clare III  
City of Philadelphia- Water Department  
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1101 Market Street  
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Experience:

**City of Philadelphia- Water Department**  
**5th Floor One Reading Center**  
**1101 Market Street**  
**Philadelphia, Pa. 19107 Phone: (215) 685-6106**

**Deputy Commissioner-Finance & Administration (August 2004 to Current)**

Directed and coordinated the provision of all financial services for the Water Department. Responsible for all accounting, budget preparation, contract auditing, financial planning, revenue and rate analysis, management and financial studies, and inventory control. Contact with departmental administrators, City and other governmental officials, regulatory agencies, and contractors to evaluate and implement departmental programs of major significance. Major responsibilities included oversight of the Water rate process, oversight of the issuance of Water Revenue bonds, coordination of the Department's response to City-wide directives, oversight of Water fund budget & collections and compliance with bond & rate covenants. Work is performed under the general direction of the Water Commissioner. Responsible for the oversight of approximately 174 budgeted positions in the following units: accounting, accounts receivable, accounts payable, cost accounting, office management, budget, capital accounting, grant accounting, facilities management, administrative services, procurement, planning & analysis, economic development, machine shop and security.

**Utility Financial Services Manager (January 2004 to August 2004)**

Directed and coordinated the provision of financial services for the Water Department. Served as the across the board assistant to the Deputy Water Commissioner for Finance with controlling responsibility for all accounting, budget preparation, contract auditing, financial planning, revenue and rate analysis, management and financial studies, and inventory control. Contact with departmental administrators, City and other governmental officials, regulatory agencies, and contractors to evaluate and implement departmental programs of major significance. Work is performed under the general direction of the Deputy Water Commissioner for Finance.

**Administrative Services Director III (September 1999- January 2004)**

Responsible for oversight of all administrative functions within the Water department. Also in charge of budgeting, special accounting, cost accounting, facilities management and machine shop.

**Utility Accounting Manager (Special Accounting) (January 1989 - September 1999)**

Responsible for the supervision of Contract audit, capital and grant accounting, cost accounting, office management, mailroom, library and fixed assets personnel and management of Novell Netware/Windows NT PC network. Assignments included direction of accounting activities for EPA construction grants in excess of \$900 Million, cost accounting activities related to over \$270 million in annual revenues and expenditures, and negotiation and administration of accounting activities related to wholesale wastewater treatment contracts.

**Contract Audit Supervisor (January 1988-Present & January 1987 - June 1987)**

Responsible for the supervision of audit staff. Assignment included audits on various contractors working on the Environmental Protection Agency funded projects to improve sewage treatment facilities. Related duties included analysis, defense and negotiation of breach of contract, delay and interference claims, preparation of the departmental indirect cost allocation plan and various operational and financial audits and special studies.

**City of Philadelphia- Department of Public Property  
Municipal Services Building- 10th floor  
Philadelphia, Pa. 19102 Phone: (215) 686-4430**

**Deputy Commissioner (June 1987 - January 1988)**

Responsible for the supervision of the Building Services, Automotive services, Real Estate and Data Management Divisions consisting of over 400 employees. Served as Commissioner during illness or absence of same.

**Acting Assistant Real Estate Manager (January 1986-January 1987)**

Supervised clerical staff responsible for payment of City's lease obligations and parking costs. Administered City's leases, reviewed payments, approved increases in rental payments and parking rates, negotiated amendments and new leases, drafted contract and specifications for Veteran's stadium and Spectrum parking and contract and specifications for transfer of neighborhood parking lots to the Philadelphia Parking Authority in conjunction with the City Solicitor's Office. Represented the department in dealings with the Stadium Manager's Office, the Spectrum and the major tenants of the Philadelphia Stadium Complex.

**Contract Audit Supervisor (February 1980- January 1986)**

Supervised a staff of up to eight auditors in performing various third party audits. Duties included preparation of audit programs, review of various regulations, response to audits performed by funding agencies or independent auditors, audit planning on audits of various contractors, concessionaires, lessors, lessees, consultants, and major utilities.

**National Railroad Passenger Corp. (AMTRAK)**  
400 N. Capital St.  
Washington, D.C. 20001 Phone: (202) 383 3355

**Lead Contract Auditor (July 1978 - February 1980)**

Supervised a staff of contract auditors assigned to various contract audits. Audits included Consolidated Railroad Corp. and contractors working on the Northeast Corridor Improvement Project.

**Contract Auditor (July 1977 - July 1978)**

Duties included supervision of Junior Auditors assigned to various contract audits, audit scheduling and planning.

**Junior Contract Auditor (December 1976 - July 1977)**

Audited outside railroads, municipal, state and federal agencies and third party contractors.

**Internal/Revenue Auditor (March 1976 - December 1976)** Audited all stations and travel agencies, on board train audits, special studies and investigations, training of station and on-board personnel, auditing inventories, outside concessions and related revenues.

**Food Fair Stores, Inc.**  
3175 JFK Boulevard  
Philadelphia, PA 19101 Phone: (215) 382-9500

**General Accountant (November 1973 - February 1976)**

Duties included bank reconciliation, accounts payable analysis, preparation and review of subsidiary ledgers and profit and loss statements and various other accounting duties.

**Part Time Experience:**

**Tom Dunphy Real Estate (1979-80)**

Listed or sold over \$250,000 worth of real estate.

**H & R Block -Tax Preparer (January 1982 - April 1982)**

Prepared individual income taxes.

**Cox & Clare, C. P. A.'S -Partner (May 1982 - November 1983)**

Partner in full service accounting firm.

**Joseph S. Clare III, CPA-Owner (December 1983 - Present)**

Sole owner of accounting and tax practice servicing clients in industry and nonprofit and government entities. Also, perform IBM pc hardware/software/network management services.

## **EDUCATION**

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**Graduate**                      Drexel University  
Philadelphia, PA  
Masters Degree - Business Administration (1980)

**Undergraduate**              Drexel University  
Philadelphia, PA  
Bachelor of Science - Accounting (1976)

**High school**                    Archbishop Ryan High School  
11001 Academy Rd.  
Philadelphia, PA (1968)

### **Professional Memberships & Licenses**

Certified Public Accountant PA. License number CA015752-L  
Licensed Real Estate Salesman PA License #RS-124786-A  
Member - Pennsylvania Institute of C.P.A.'S,  
Member-American Institute of C.P.A.'S  
Member-Association of Government Accountants  
Member -Government Financial Officers Association

**CLASS 100  
PERSONAL SERVICES**

	amount	line number
FISCAL YEAR 2007 Actual Obligations	\$86,272,568.00	1
Funding for 4% wage increase	\$3,471,440.00	2
PARTIAL FUNDING OF 271 BUDGETED VACANCIES	\$2,208,398.00	3
INCREMENTS, LONGEVITIES	\$221,315.00	4
Lump Sum Payments	\$149,000.00	5
Storm & Flood Management Program	\$653,871.00	6
FY 2008 BUDGET CLASS 100	\$92,976,592.00	7
FY 2008 Estimated Obligations	\$90,675,350.00	8
INCREMENTS /LONGEVITIES	\$238,450.00	9
INCREASE TEMO PAY IN SECURITY UNIT	\$44,000.00	10
WATER SECURITY GRANT	\$234,694.00	11
ACT 167 STORMWATER MGT PLANS	\$47,818.00	12
LID-PROJECTS-SOURCE WATER PROTECTION	\$44,034.00	13
LONG-TERM CONTROL PLAN/NPDES PERMITS	\$114,151.00	14
STORMWATER PLAN REVIEW	\$235,307.00	15
3 GRAD ENGINEERS/FRESH WATER	\$143,454.00	16
FUNDING FOR VACANT POSITIONS	\$5,957,742.00	17
FY2009 BUDGET	\$97,735,000.00	18
Historical Information:		
FISCAL YEAR 2001 ACTUALS	\$79,727,883.00	19
FISCAL YEAR 2002 ACTUALS	\$78,765,713.00	20
FISCAL YEAR 2003 ACTUALS	\$82,365,625.00	21
FISCAL YEAR 2004 ACTUALS	\$85,290,514.00	22
FISCAL YEAR 2005 ACTUALS	\$83,833,441.00	23
FISCAL YEAR 2006 ACTUALS	\$84,024,424.00	24

**CLASS 200  
PURCHASE OF SERVICES**

	line #	
FISCAL YEAR 2007 ACTUALS	1	\$71,420,197.00
FISCAL YEAR 2008 BUDGET	2	\$100,888,069.00
FISCAL YEAR 2008 ESTIMATE	3	\$88,365,000.00
INCREASE EMPLOYEE ASSISTANCE PROGRAM	4	\$100,000.00
SUPERVISORY TRAINING	5	\$80,000.00
LEADERSHIP DEVELOPMENT TRAINING	6	\$72,000.00
BASIC SKILLS TRAINING	7	\$50,000.00
STORMWATER REALLOCATION	8	\$200,000.00
UPDATE STRATEGIC PLAN	9	\$100,000.00
LONG TERM FINANCIAL AND RATE ANALYSIS	10	\$200,000.00
ELIMINATION NEW RIVER CITY COSTS	11	-\$3,000,000.00
LIMS SOFTWARE	12	\$425,000.00
NUTRIENTS/PCB TDML AGREEMENT SUPPORT	13	\$150,000.00
PWD ONLINE MASTER DEVELOPMENT MANUAL	14	\$250,000.00
STORMWATER TECHNICAL PLAN REVIEW	15	\$500,000.00
PWD STORMWATER DEVELOPMENT WEBSITE	16	\$1,000,000.00
ENERGY FEASIBILITY STUDY	17	\$250,000.00
STORMWATER REALLOCATION ASSISTANCE	18	\$500,000.00
ACT 167 STORMWATER MGT PLANS	19	\$50,000.00
ONLINE WATER QUALITY MONITORING	20	\$110,000.00
LID PROJECTS-SOURCE WATER PROTECTION	21	\$750,000.00
WATER SECURITY GRANT	22	\$2,472,493.00
PECO INCREASE	23	\$976,000.00
BRC PRIVATIZATION	24	\$7,400,000.00
BACKFLOW PREVENTION PROGRAM	25	\$2,200,000.00
LID PILOT PROJECTS	26	\$200,000.00
PGW INCREASE	27	\$110,000.00
SLUDGE REMOVAL COSTS	28	\$495,000.00
GPS INSTALLATION	29	\$114,400.00
REAL TIME UPDATE-SHUT OFFS	30	\$222,500.00
INCREASE SECURITY INTERPRETIVE CENTER	31	\$200,000.00
PUBLIC OUTREACH-PHASE 2 STORMWATER	32	\$50,000.00
PROVISION FOR NEW BILLING SYSTEM	33	\$250,000.00
STEET SIDE WORK ORDER SYSTEM	34	\$599,880.00
ELIMINATION OF NON-RECURRING EVENTS	35	-\$1,628,180.00
FULL FUNDING ANNUAL REQUIREMENTS	36	\$923,746.00
FISCAL YEAR 2009 BUDGET	37	\$104,737,838.00
Historical Information:		
FISCAL YEAR 2001 ACTUALS	38	\$52,421,323.00
FISCAL YEAR 2002 ACTUALS	39	\$52,196,459.00
FISCAL YEAR 2003 ACTUALS	40	\$56,401,940.00
FISCAL YEAR 2004 ACTUALS	41	\$58,078,768.00
FISCAL YEAR 2005 ACTUALS	42	\$60,588,210.00
FISCAL YEAR 2006 ACTUALS	43	\$63,521,863.00

\*\* Funded from proceeds of Sinking Fund Reserve substitution

**CLASSES 300 - 400**  
**MATERIALS, SUPPLIES & EQUIPMENT**

	line #	
FISCAL YEAR 2007 OBLIGATIONS	1	\$ 37,093,998.00
FISCAL YEAR 2008 BUDGET	2	\$ 40,520,700.00
FISCAL YEAR 2008 ESTIMATE	3	\$ 39,571,000.00
PRINTING EMPLOYEE MANUALS	4	\$ 45,000.00
IMPROVEMENTS TO PWD HEADQUARTERS	5	\$ 400,000.00
WATER SECURITY GRANT	6	\$ 1,166,250.00
INCREASE FERRIC CHLORIDE	7	\$ 3,000,000.00
INCREASE OTHER CHEMICAL COSTS	8	\$ 1,955,500.00
REAL TIME UPDATE -SHUTOFFS	9	\$ 51,000.00
FULL FUNDING ANNUAL REQUIREMENTS	10	\$ 2,155,035.00
FISCALYEAR 2009 BUDGET	11	\$ 48,343,785.00
Historical Information:		
FISCAL YEAR 2001 OBLIGATIONS	12	\$ 27,539,136.00
FISCAL YEAR 2002 OBLIGATIONS	13	\$ 28,803,260.00
FISCAL YEAR 2003 OBLIGATIONS	14	\$ 29,660,833.00
FISCAL YEAR 2004 OBLIGATIONS	15	\$ 31,511,137.00
FISCAL YEAR 2005 OBLIGATIONS	16	\$ 33,246,500.00
FISCAL YEAR 2006 OBLIGATIONS	17	\$ 33,315,326.00

**CLASS 700  
DEBT SERVICES**

FISCAL YEAR 2007 OBLIGATIONS	\$173,922,577.00
PRINCIPAL AND INTEREST FOR FIXED RATE WASTE REVENUE BONDS PER JC-701	\$172,990,423.45
BUDGET ALLOWANCE FOR ARBITRAGE PAYMENTS	\$500,000.00
BONDS VARIABLE RATE 1997b bonds \$2,675,663.50 (24mo. Average 3.2906%)	included
ALLOWANCE FOR OTHER VARIABLE RATE DEBT AND OTHER EXPENSES	\$763,676.55
ALLOWANCE FOR debt service on 2007c series \$325,000,000	\$ - -
FISCAL YEAR 2008 BUDGET	\$174,254,100.00
Historical Information:	
FISCAL YEAR 2001 OBLIGATIONS	\$150,392,514.00
FISCAL YEAR 2002 OBLIGATIONS	\$147,402,067.00
FISCAL YEAR 2003 OBLIGATIONS	\$157,357,144.00
FISCAL YEAR 2004 OBLIGATIONS	\$ 158,200,329.00
FISCAL YEAR 2005 OBLIGATIONS	\$156,469,920.00
FISCAL YEAR 2006 OBLIGATIONS	\$166,415,949.00
FISCAL YEAR 2008 BUDGET	\$183,469,557.00

**CLASS 800**  
**INTERFUND PAYMENTS TO THE GENERAL FUND**

	<u>FY 2006</u> <u>Act.Oblig.</u>	<u>FY 2007</u> <u>Act.Oblig.</u>	<u>FY 2008</u> <u>Budget</u>	<u>FY 2008</u> <u>Est. Oblig.</u>	<u>FY2009</u> <u>Budget</u>	line #
OFFICE OF FLEET MANAGEMENT	\$323,371	\$207,025	\$356,518	\$356,518	\$375,000	1
MAYOR'S OFFICE OF INFO. SVCS.	-\$850,606	-\$825,394	-\$767,672	-\$767,672	-\$750,000	2
MANAGING DIRECTOR'S OFFICE	\$297,286	\$248,709	\$327,443	\$327,443	\$344,000	3
POLICE	\$7,772	\$8,340	\$8,569	\$8,569	\$9,000	4
STREETS DEPARTMENT	\$2,339,013	\$2,794,564	\$2,578,762	\$2,578,762	\$2,775,000	5
PUBLIC PROPERTY	\$102,780	\$106,350	\$113,315	\$113,315	\$120,000	6
LICENSES & INSPECTION	\$24,858	\$40,984	\$27,406	\$27,406	\$40,000	7
RECORDS DEPARTMENT	-\$35,154	\$1,799	-\$31,726	-\$31,726	-\$30,000	8
DIRECTOR OF FINANCE	\$2,267,593	\$1,412,122	\$2,500,022	\$2,500,022	\$2,625,000	9
Human Services	-\$1,134		-\$1,023	-\$1,023	-\$1,000	10
REVENUE DEPARTMENT	\$819,056	\$818,821	\$903,009	\$903,009	\$948,000	11
PROCUREMENT DEPARTMENT	\$721,050	\$2,089,368	\$794,958	\$794,958	\$1,000,000	12
CITY TREASURER	\$100,165	\$183,150	\$110,432	\$110,432	\$116,000	13
CIVIL SERVICE COMMISSION	\$16,339	\$27,113	\$18,014	\$18,014	\$24,000	14
PERSONNEL DEPARTMENT	\$561,147	\$847,394	\$618,664	\$618,664	\$750,000	15
City Controller	\$443,380	\$548,978	\$488,826	\$488,826	\$560,000	16
LABOR RELATIONS	\$54,828	\$98,618	\$60,447	\$60,447	\$95,000	17
Total	\$7,191,744	\$8,607,941	\$8,105,964	\$8,105,964	\$9,000,000	18
Transfer to Residual Fund	\$9,862,020	\$11,330,405	\$142,600,000	\$80,100,000	\$18,860,000	19
Transfer to Rate Stabilization Fund	\$21,552,885	\$25,958,616	see note 2 \$0			20
Transfer to Capital fund	\$16,954,770	\$16,987,710	\$17,788,000	\$17,788,000	\$18,179,000	21
<b>TOTAL</b>	<b>\$55,561,419</b>	<b>\$62,884,672</b>	<b>\$168,493,964</b>	<b>\$105,993,964</b>	<b>\$46,039,000</b>	22
EXCESS INTEREST EARNINGS (paid from residual fund)	4,994,000	4,994,000	2,600,000	4,994,000	3,870,000	23

note 2: fy2008 includes \$125,000,000 proceeds from new river city substitution

FY2008 ESTIMATED OBLIGATIONS AND FY2009 BUDGET REQUESTS  
WATER FUND

Department	CLASS 100 - FRINGES										TOTAL
	CLASS 100	PENSIONS	OTHER FB	CLASS 200	CLASS 300	CLASS 400	CLASS 500	CLASS 700	CLASS 800	CLASS 900	
<b>MOIS</b>											
FY08 EST OBLIG	1,194,856			1,427,000	36,350						2,658,206
FY09 REQUEST	1,232,354			1,427,000	36,350						2,695,704
INCREASE/(DECREASE)	37,498	0	0	0	0	0	0	0	0	0	37,498
<b>MDO - OFFICE OF FLEET MGMT.</b>											
FY08 EST OBLIG	2,512,686			1,500,000	4,296,640						8,309,326
FY09 REQUEST	2,745,986			1,500,000	4,296,640						8,542,626
INCREASE/(DECREASE)	233,300	0	0	0	0	0	0	0	0	0	233,300
<b>PUBLIC PROPERTY</b>											
FY08 EST OBLIG				3,019,301							3,019,301
FY09 REQUEST				3,613,895							3,613,895
INCREASE/(DECREASE)				594,594							594,594
<b>WATER</b>											
FY08 EST OBLIG	90,675,350			88,365,000	39,571,000	4,000		105,993,964			324,609,314
FY09 REQUEST	97,735,000			104,737,838	46,343,785	100,000		46,039,000			296,955,623
INCREASE/(DECREASE)	7,059,650	0	0	16,372,838	8,772,785	96,000		(59,954,964)			(27,653,681)
<b>FINANCE</b>											
FY08 EST OBLIG	339,412										339,412
FY09 REQUEST	374,965										374,965
INCREASE/(DECREASE)	35,553	0	0	0	0	0	0	0	0	0	35,553
<b>FINANCE - EMP. BENEFITS</b>											
FY08 EST OBLIG		36,600,000	36,707,200								73,307,200
FY09 REQUEST		34,000,000	36,371,000								70,371,000
INCREASE/(DECREASE)		0	(2,600,000)								(2,936,200)
<b>FINANCE - INDEMNITIES</b>											
FY08 EST OBLIG						6,500,000					6,500,000
FY09 REQUEST						6,500,000					6,500,000
INCREASE/(DECREASE)						0					0
<b>REVENUE</b>											
FY08 EST OBLIG	9,714,781			8,204,950	1,528,100	2,789					19,450,630
FY09 REQUEST	10,876,074			10,071,700	1,251,300	3,000					22,202,074
INCREASE/(DECREASE)	1,161,293	0	0	1,866,750	(276,800)	201					2,751,444
<b>SINKING FUND COMM</b>											
FY08 EST OBLIG							174,531,176				174,531,176
FY09 REQUEST							174,254,100				174,254,100
INCREASE/(DECREASE)							(277,076)				(277,076)
<b>PROCUREMENT</b>											
FY08 EST OBLIG	67,559										67,559
FY09 REQUEST	67,559										67,559
INCREASE/(DECREASE)	0	0	0	0	0	0	0	0	0	0	0
<b>LAW</b>											
FY08 EST OBLIG	2,362,605			712,087	44,283						3,118,975
FY09 REQUEST	2,577,266			747,691	46,497						3,371,454
INCREASE/(DECREASE)	214,661	0	0	35,604	2,214						252,479
<b>TOTAL WATER FUND</b>											
FY08 EST OBLIG	106,867,249	36,600,000	36,707,200	103,228,338	45,476,373	0	6,506,799	174,531,176	105,993,964	0	615,911,089
FY09 REQUEST	115,609,204	34,000,000	36,371,000	122,096,124	53,974,572	0	6,603,000	174,254,100	46,039,000	0	568,949,000
INCREASE/(DECREASE)	8,741,955	(2,600,000)	(336,200)	18,868,786	8,498,199	0	96,201	(277,076)	(59,954,964)	0	(26,962,089)