

1 **PA-I-9.** REFERENCE THE APRIL 5, 2016 TRANSCRIPT IN THE 2016 RATE
2 PROCEEDING, AT PAGE 107 (EXPLAINING THE CITY TREASURER’S
3 OFFICE’S PRACTICE FOR FORMULATING INTEREST RATE
4 ASSUMPTIONS IN THE WATER DEPARTMENT’S DEBT SERVICE
5 BUDGET):

6 A. DOES THE CITY TREASURER’S OFFICE UTILIZE THE SAME
7 PRACTICE TO FORMULATE INTEREST RATE ASSUMPTIONS
8 FOR THE WATER DEPARTMENT’S DEBT SERVICE THAT WAS
9 DESCRIBED IN THE APRIL 5, 2016 TRANSCRIPT IN THE 2016
10 RATE PROCEEDING, AT PAGE 107?

11 B. IF THE ANSWER TO PA-I-9(A) IS ANYTHING OTHER THAN AN
12 UNEQUIVOCAL “YES,” PLEASE PROVIDE A DESCRIPTION OF
13 THE PRACTICE USED TO FORMULATE THE INTEREST RATE
14 ASSUMPTIONS FOR THE WATER DEPARTMENT’S DEBT
15 SERVICE.

16 C. PLEASE IDENTIFY ALL INDIVIDUALS, BY NAME AND TITLE,
17 WHO PARTICIPATED IN FORMULATING THE INTEREST RATE
18 ASSUMPTIONS FOR THE WATER DEPARTMENT’S DEBT
19 SERVICE SHOWN IN THE FILING (REFERENCE SCHEDULE BV-
20 E1, TABLE C-9).

21 **RESPONSE:**

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23 The City Treasurer’s Office does not utilize the same approach. The decision regarding
24 interest rate assumptions were made in consultation with the Department’s financial
25 advisors, PFM and Acacia Financial by reviewing historic interest rates trends over an
26 extended time horizon while including a moderate increase to develop projected debt
27 service. The parties involved include PFM, Acacia Financial and Philadelphia Water
28 Department.

1 **RESPONSE PROVIDED BY:** Katherine Clupper, PFM, Peter Nissen, Acacia Financial and
2 Melissa LaBuda, Philadelphia Water Department

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1 **PA-I-10.** REFERENCE PWD STATEMENT NO. 2 IN THE 2016 RATE PROCEEDING
2 (DIRECT TESTIMONY OF MELISSA LABUDA), AT PAGE 18 (“AS PART OF
3 THE CITY’S BUDGETING PROCESS, THE DEPARTMENT WORKS WITH
4 THE CITY OF PHILADELPHIA TREASURER’S OFFICE TO ESTABLISH
5 THE DEPARTMENT’S DEBT SERVICE BUDGET FOR THE FOLLOWING
6 FIVE FISCAL YEARS”):

7 A. DOES THE WATER DEPARTMENT WORK WITH THE CITY
8 TREASURER’S OFFICE TO ESTABLISH ITS DEBT SERVICE
9 BUDGET AS PART OF THE CITY’S BUDGETING PROCESS,
10 INCLUDING PROJECTED DEBT SERVICE FOR FIVE FISCAL
11 YEARS, AS DESCRIBED IN THE 2016 RATE PROCEEDING?

12 B. IF THE ANSWER TO PA-I-10(A) IS ANYTHING OTHER THAN
13 AN UNEQUIVOCAL “YES,” PLEASE PROVIDE A DESCRIPTION
14 OF THE PRACTICE USED TO ESTABLISH THE WATER
15 DEPARTMENT’S DEBT SERVICE BUDGET AS PART OF THE
16 CITY’S BUDGETING PROCESS.

17 C. PLEASE IDENTIFY ALL INDIVIDUALS, BY NAME AND TITLE,
18 WHO PARTICIPATE IN ESTABLISHING THE WATER
19 DEPARTMENT’S DEBT SERVICE BUDGET AS PART OF THE
20 CITY’S BUDGETING PROCESS.

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22 **RESPONSE:**

23 The annual debt service budget is formulated in consultation with the Department’s
24 financial advisors, PFM and Acacia Financial, in addition to using the Black & Veatch
25 projected total capital improvement costs less the portion to be funded from current
26 revenues. The results from each projected debt issuance as well as current debt payments
27 due and payable are summarized and sent to the Executive Director of the Sinking Fund
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1 Commission. The budget is largely determined by actual principal and interest owed to
2 bond holders.

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4 **RESPONSE PROVIDED BY:** Katherine Clupper, PFM, Peter Nissen, Acacia Financial, Melissa
5 LaBuda, Philadelphia Water Department

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PA-I-15. PLEASE IDENTIFY ALL PWD PERSONNEL WHO PARTICIPATED IN THE DRAFTING OR REVIEW OF 2017 PROPOSED LEGISLATION AMENDING PWD'S GENERAL BOND ORDINANCE, CURRENTLY DESIGNATED BY CITY COUNCIL BILL NO. 171110.

RESPONSE:

The 2017 proposed legislation was formulated in consultation with the Department's financial advisors, PFM, Acacia Financial, and bond counsel, Ballard Spahr.

RESPONSE PROVIDED BY: Katherine Clupper, PFM, Peter Nissen, Acacia Financial, Melissa LaBuda, Philadelphia Water Department and Valarie Allen, Ballard Spahr

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PA-I-16. PLEASE IDENTIFY ALL CITY TREASURER'S OFFICE PERSONNEL WHO PARTICIPATED IN THE DRAFTING OR REVIEW OF 2017 PROPOSED LEGISLATION AMENDING PWD'S GENERAL BOND ORDINANCE, CURRENTLY DESIGNATED CITY COUNCIL BILL NO. 171110.

RESPONSE:

The City Treasurer's Office coordinates all City related debt ordinances. The Water Department does not oversee the City Treasurer's Office and cannot comment on staff assignments.

RESPONSE PROVIDED BY: Melissa LaBuda, Philadelphia Water Department

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PA-I-21. DOES PWD POSSESS AND/OR MAINTAIN A DOCUMENT REFLECTING THE CURRENT PROVISIONS GENERAL WATER AND WASTEWATER REVENUE BOND ORDINANCE OF 1989, INCLUDING ALL AMENDMENTS THERETO (E.G., AN UNOFFICIAL RESTATEMENT)? IF SO, PLEASE PROVIDE A COPY.

RESPONSE:

The Department does not. Please see responses attachment 21.

RESPONSE PROVIDED BY: Melissa LaBuda, Philadelphia Water Department