

**BEFORE THE PHILADELPHIA WATER, SEWER AND STORM WATER
RATE BOARD**

In the Matter of a Proposed Rate Increase in :
Water, Sewer and Storm Water Rates : **FY 2019-2021 Rates**

**Public Advocate's Interrogatories & Requests for Production of Documents
Set III**

PA-VI-1. Regarding PWD Exhibit 6, page 43, O&M Escalation Factors, please provide detailed workpapers supporting the following factors:

- a. Other Benefits
- b. General
- c. Property Leases
- d. Other 200
- e. Other 300
- f. Other 400
- g. Gas
- h. Transfers

PA-VI-2. Regarding PWD Exhibit 6, page 47, Capital Account Deposit, please provide detailed workpapers supporting the 3.4% Estimated Increase in System Net Value.

PA-VI-3. Regarding PWD Exhibit 6, pages 48 & 50, Direct O&M Actual to Budget Factors, Planning & Engineering, please explain in detail the following increases in budget factors from FY2014 to FY2015:

- a. Salaries & Wages: 82.27% to 97.38%
- b. Services: 31.24% to 60.29%

PA-VI-4. Regarding PWD Exhibit 6, pages 48 & 50, Direct O&M Actual to Budget Factors, Operations, please explain in detail the following increases in budget factors from FY2014 to FY2015:

- a. Salaries & Wages: 94.76% to 100.61%
- b. Gas: 77.41% to 104.77%

- PA-VI-5. Regarding PWD Exhibit 6, pages 49 & 51, Direct O&M Actual to Budget Factors, Planning & Environmental Services, please explain in detail the increases in the budget factors for Services from 90.22% to 100.06% for FY2014 to FY2015.
- PA-VI-6. Regarding PWD Exhibit 6, pages 49 & 51, Direct O&M Actual to Budget Factors, Public Affairs, please explain in detail the following increases in budget factors for Equipment from 7.32% to 88.75% for FY2014 to FY2015.
- PA-VI-7. Regarding PWD Exhibit 6, pages 49 & 51, Direct O&M Actual to Budget Factors, Public Affairs, please explain in detail the following increases in budget factors for Equipment from 88.75% to 179.54% for FY2015 to FY2016.
- PA-VI-8. Regarding PWD Exhibit 6, page 76, Liquidated Encumbrance Ratio, please explain in detail why a 14.20% ratio was utilized for fiscal years FY2019-FY2021.
- PA-VI-9. Regarding PWD Exhibit 6, page 92, Water Accounts, please provide a schedule comparing monthly water accounts for General Service (Residential), 5/8" meter, for FY2016 and FY2017 to date.
- PA-VI-10. Regarding PWD Exhibit 6, page 108 & 110, Water-Billed Volume, please explain in detail why General Service (Residential), 5/8" meter volume and per account growth is projected to increase by 2.93% from FY2016 to FY2017 and then to decline by approximately 1.7% for each fiscal year thereafter. In your response, provide documentation showing the derivation of the 1.7% decrease.
- PA-VI-11. Regarding PWD Exhibit 6, page 108 & 110, Water-Billed Volume, please explain in detail why General Service (Commercial), 5/8" meter volume and per account growth is projected to increase by 1.7% from FY2016 to FY2017 and then to decline by approximately 1.7% for each fiscal year thereafter. In your response, provide documentation showing the derivation of the 1.7% decrease.
- PA-VI-12. Regarding PWD Exhibit 6, page 183 & 184, PWD Direct O&M, please update these schedules to include actual FY2017 data.
- PA-VI-13. Regarding PWD Exhibit 6, page 108, Water-Billed Volume, please update this schedule to include actual FY2017 data.
- PA-VI-14. Regarding PWD Exhibit 6, page 109, Water-Billed Volume Per Account, please update this schedule to include actual FY2017 data.
- PA-VI-15. Regarding PWD Exhibit 6, page 110, Water-Billed Volume Per Account Growth, please update this schedule to include actual FY2017 data.
- PA-VI-16. Regarding PWD Exhibit 6, pages 185-186, PWD O&M Adjustments, please explain in detail the following adjustments:
- a. Operations- Salaries & Wages

b. Planning & Environmental Services- Salaries & Wages

PA-VI-17. Regarding PWD Exhibit 6, pages 222 & 223, Other Department O&M, please update this schedule to include actual FY2017 data.

PA-VI-18. Regarding PWD Exhibit 6, page 227, Other Department O&M Adjustments, please explain in detail the following adjustments for City Finance:

- a. Benefits
- b. Pension
- c. Pension Obligations
- d. Indemnities

PA-VI-19. Regarding page PF-3 of the Prefiling please provide detailed support for the 0.4% annual interest earnings rate utilized for the Operating Fund and Rate Stabilization Fund.

PA-VI-20. Regarding page PF-4 of the Prefiling, please provide actual annual Penalties expense for the period FY2014-FY2017.

PA-VI-21. Regarding page PF-4 of the Prefiling, Other Miscellaneous Revenue, please provide detailed support for the statement in footnote 2 that “FY2019 to FY2023 reflects an anticipated increase in miscellaneous fee revenue due to updated fees”.

PA-VI-22. Regarding page PF-4 of the Prefiling, Stormwater CAP, please provide detailed support for the statement in footnote 5: “Reflects a reduction of \$100,000 in CAP revenue loss each year”.

PA-VI-23. Regarding page PF-10 of the Prefiling, Capital Account Deposit, (4d2) please explain why FY2015 was not utilized to determine the average annual increase in net plant investment.

PA-VI-24. Regarding page PF-10 of the Prefiling, Residual Transfer to Construction (4e), please explain why the end-of-year Residual Fund balance is maintained at \$15.0 million for the projection period.

PA-VI-25. Regarding page PF-10 of the Prefiling, Rate Stabilization Fund Transfers (4f), please explain in detail why the Water Department wants to have a Rate Stabilization Fund balance goal of approximately \$150 million by FY 2023.

PA-VI-26. Regarding page PF-10 of the Prefiling, Rate Stabilization Fund Transfers (4f), please explain in detail why no deposits to the Rate Stabilization Fund are planned during the rate period (FY 2019 – FY 2021).

PA-VI-27. Regarding page PF-10 of the Prefiling, Capital Program, please explain in detail why the projected capital program total annual expenditures for the projection period were estimated as 90% of the annual inflated capital program budget.

PA-VI-28. Regarding Appendix 2 of the Prefiling, Collection Factors, please explain in detail why a 5-year average was utilized rather than the 2 and 3-year averages utilized for other data projections.

PA-VI-29. Regarding the reply to PA-ADV-9, please explain in detail and provide detailed supporting workpapers for the following adjustments. Also, state whether each adjustment is recurring or non-recurring, that is, is the adjustment included in just the FY2018 budget or will it also occur in the three rate year budgets.

- a. Increase in positions from WRB (54 positions), OIT (7 positions, and new positions related to COA (25 positions), funding of staffing level changes, and DC33 contract wage increases: +\$6,797,637
- b. Adjustment for DC33 signing bonus: -\$692,500
- c. Reflect capacity to pay for energy cost due to weather related events and also to account for energy not purchased in advance: +\$1,548,000
- d. Increase in contracted services related to TAP (Tiered Assistance Program), regulatory req. (CO&A) and other matters: +\$1,569,366
- e. Increase in maintenance and repair at Water & Wastewater treatment plants: +\$578,409
- f. Increase related to lead service line replacement program: +\$612,199
- g. Increase in other equipment and vehicle rental: +\$ 261,313
- h. Various minor class 200 increases; +\$ 552,494
- i. Increase in construction supply cost and glass replacement at South East plant: +\$137,244
- j. Variable speed drive and other increases related to electric parts: +\$380,845
- k. Distributing Control System upgrade, filter building radiator replacement, parts to replace HVAC:+ \$270,204
- l. Increase due to purchase of monitoring equipment : +\$411,715
- m. Various minor class 300 increases: +\$465,907
- n. Increase in communication and lighting equipment/fixtures/materials: +\$256,295
- o. Various minor class 400 increases: +\$41,539

- p. Increase to UESF Grant : +\$99,000
- q. Increase related to additional services provided by the General Fund: +\$2,000,000
- r. Increase related to required transfer for renewal and replacement: +\$1,000,000
- s. Increase due to required transfer to the General Fund for repayment of CSO project: +\$2,300,000

PA-VI-30. Please explain why no bond issuance is planned during FY 2018, even though in the 2016 base rate case, PWD projected \$275 million in new money bonds in FY2018 and the Board approved a 5.25% interest assumption.

PA-VI-31. Regarding PWD Statement 9A, page 23, lines 4 through 6, please explain why only 10 months of additional revenues are reflected in each fiscal year.

PA-VI-32. Regarding PWD Statement 9A, page 25,

- a. Please provide the Aqua Pennsylvania receipts (revenue) for FY 2015, 2016 and 2017.
- b. Please provide the Aqua Pennsylvania sales volume for FY 2015, 2016 and 2017.
- c. Please provide an analysis that shows the Aqua Pennsylvania rate covers the power, chemical and allocated costs as discussed on page 26, lines 1 through 4.

PA-VI-33. Regarding PWD Statement 9A, page 26, lines 6 through 12, please provide the wastewater contract receipts (revenue) for FY 2015, 2016 and 2017.

PA-VI-34. Reference PWD Exhibit 6, page 23, please provide the other operating revenue as broken down on this schedule for FY 2015, 2016 and 2017.

PA-VI-35. Please provide a narrative explaining the concept of the mark-to-market valuation and why the valuation is performed.

PA-VI-36. Regarding PWD Statement 9A, page 34, lines 17 through 21,

- a. Please explain why average spend factors are based upon the two-year average of FY 2015 and FY 2016. In your response, also explain why FY 2017 was excluded.
- b. Please provide a calculation of the spend factors including FY 2017.

PA-VI-37. Using the breakdown of cost components presented on PWD Exhibit 6, pages 333 through 336, please provide a workpaper showing actual and budgeted water and wastewater capital projects for FY 2014, 2015, 2016 and 2017.

PA-VI-38. Please revise the chart on PWD Statement 9A, page 41, lines 3 through 9 to include the amounts for FY 2015, 2016 and 2017.

PA-VI-39. Please revise the chart on PWD Statement 9A, page 41, line 22 through page 42, to include the amounts for FY 2015, 2016 and 2017.

PA-VI-40. Regarding PWD Statement 9A, page 42, line 15, please provide the basis for the proposal that the Capital Account Deposit be no less than 1.5 percent.