

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:**

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24 A. The Water Department works with multiple stakeholders to formulate its debt service  
25 budget.

26 B. The Department’s Five-Year Plan debt service budget is formulated in consultation  
27 with the Department’s financial advisors, PFM and Acacia Financial, in addition to  
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using the Black & Veatch projected total capital improvement program expenditures and construction fund cashflow.

C. The projected debt issuance as well as current debt payments due and payable are summarized and sent to the Executive Director of the Sinking Fund Commission, Matthew Bowman, for inclusion in the Sinking Fund Commission budget.

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