

**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**

**Response to the
Philadelphia Large Users Group’s (“PLUG”) Interrogatories & Requests for
Production of Documents**

PLUG-PA-1. Please provide a working spreadsheet version of Mr. Mierzwa’s revised class cost of service study that he summarized on page 16, Table 1, of his Direct Testimony. Please provide all supporting work papers, assumptions, and documentation. In addition, please provide a printout of all pages, schedules, and tables from this revised class cost of service study in pdf format.

RESPONSE

Please see the response to PA-IV-1 which includes Mr. Mierzwa’s water cost of service study that was prepared using B&V’s proprietary water cost of service model. The model has been forwarded to PWD for circulation to PLUG on a confidential basis. Pursuant to the Hearing Officer’s order, discovery is to be conducted electronically and, accordingly, as communicated via separate email correspondence with PLUG’s counsel, a printout will not be provided.

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PLUG-PA-2. Please refer to page 13, lines 21 through 22 of Mr. Mierzwa’s Direct Testimony. Please provide the basis for the statement that PWD’s CCOS reflects a maximum day demand that is 140 percent of average day demand. Provide all calculations, work papers, and supporting documents.

RESPONSE

Please see the B&V proprietary Excel water cost of service model WCOS17-19.xls, tab “Wpltallo,” cell H:110.

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PLUG-PA-3. Please refer to page 14, lines 3 through 4 of Mr. Mierzwa's Direct Testimony. Please provide the basis for the statement that PWD's CCOS reflects a maximum hour demand that is 190 percent of average day demand. Provide all calculations, work papers, and supporting documents.

RESPONSE

Please see the B&V proprietary Excel water cost of service model WCOS17-19.xls, tab "Wpltalto," cell I:165.

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PLUG-PA-4. Please refer to page 14, lines 4 – 7 of Mr. Mierzwa’s Direct Testimony. Please provide the basis for the statement that “PWD’s CCOS study 6 relies on a maximum day that is 125 percent of average day rather than the 130 percent 7 discussed in PWD Statement No. 9A. Provide all calculations, work papers, and supporting documents.

RESPONSE

Please see the B&V proprietary Excel water cost of service model WCOS17-19.xls, tab “Wpltallo,” cell H:165.

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PLUG-PA-5. Please provide a working spreadsheet version of Schedule JDM-1. Provide all supporting work papers and documents used by Mr. Mierzwa in the development of this Schedule.

RESPONSE

Mr. Mierzwa did not prepare a working spreadsheet version of Table 1. Please see Table W-16 of the cost of service model provided in response to PA-IV-1(c), tab “Retcos,” Table W-16, cells A:412 – L:450.

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- PLUG-PA-6. Please refer to page 14, line 23 through page 24, line 4 of Mr. Mierzwa’s Direct Testimony.
- a. Please explain in detail why Black and Veatch’s development of extra capacity factors is incorrect based on Mr. Mierzwa’s reading of the AWWA manual.
 - b. Is it Mr. Mierzwa’s view that his calculation of extra capacity factors is the only correct approach? Are there other approaches that could be used that would also be consistent with the AWWA manual?

RESPONSE

- a. The customer class extra-capacity factors used by B&V were the same factors used in PWD’s most recent prior proceeding. The extra capacity factors were not updated. Please see the response to PA-VI-7 which reveal the differences between the factors actually used by B&V and those resulting from B&V’s application of the AWWA method.
- b. It is not Mr. Mierzwa’s view that his calculation of extra capacity factors is the only correct approach. A customer demand study is also likely to yield reasonable results. Mr. Mierzwa would need to evaluate the specifics of any other alternative approach to assess the reasonableness of that approach.

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PLUG-PA-7. Please refer to Schedule JDM-1.

- a. Provide the 2014-2018 average numbers cited in footnote (a).
- b. Explain why Mr. Mierzwa used a weekly average adjustment in Column (3).
- c. Provide the derivation of the numbers used in Column (1).

RESPONSE

- a. The referenced footnote identifies the period 2014-2016 which are provided in column 1 of Schedule JDM-1.
- b. The weekly average adjustment factor is used under the method described in the AWWA’s Water Rates Manual to calculate class extra-capacity factors.
- c. Please see the response to PA-IV-1(a).

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PLUG-PA-8.

- a. Provide the impact on other rate classes from Mr. Mierzwa's alternative recommendation in which the rates in the 0-2 Mcf usage block are held constant and the other usage blocks receive the entire revenue increase assuming the Company's requested increase of \$116 million is granted. Provide all supporting work papers and documentation.
- b. Provide the impact described above assuming increases of \$100 million and \$50 million. Provide all supporting work papers and documentation.

RESPONSE

- a. Mr. Mierzwa has not performed the requested analysis. Such an analysis can be performed using the proprietary water cost of service model provided in response to PA-IV-1(c). In addition, PWD is not requesting a \$116 million increase in water service rates. Based on Table W-6 of PWD Exhibit 9A, PWD is requesting a water rate increase of \$668,000 in FY 2019, \$6,517,000 in FY 2020, and \$13,663,000 in FY 2021. If these entire increases were granted and assigned to all classes except the Residential and Senior citizen classes whose consumption generally falls within the 0-2 Mcf usage block, the annual year to year increases would be 0.6 percent, 6.2 percent, and 12.1 percent, respectively.
- b. See the response to PLUG-PA-8(a).

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