

1 **PHILADELPHIA WATER DEPARTMENT AND PUBLIC ADVOCATE COMBINED**
2 **SUPPLEMENTAL RESPONSE TO TRANSCRIPT REQUEST 23B**

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4 **TR-23B.** PLEASE PROVIDE THE RESULTS OF THE UPDATED PWD AND PUBLIC
5 ADVOCATE ADJUSTMENT SCENARIOS AS PRESENTED IN TR-23A.

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7 **RESPONSE:**

8 The following tables present the results of the Public Advocate’s proposed adjustments
9 including the recovery of public fire protection costs via a general fund transfer. For the
10 scenario, the following tables are provided:

- 11 • Table C-1: Revenue and Revenue Requirements - Overall
- 12 • Table C-8: Projected Flow of Funds – Capital Improvements Fund

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14 The above tables are provided in the same format as the original filing for comparison
15 purposes.

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18 **RESPONSE PROVIDED BY:** The Philadelphia Water Department and The Public Advocate
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TABLE C-1: PROJECTED REVENUE AND REVENUE REQUIREMENTS
(in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,						
		2017 (a)	2018	2019	2020	2021	2022	2023
OPERATING REVENUE								
1	Water Service - Existing Rates (f)	272,715	282,477	281,914	279,853	277,582	275,456	273,353
2	Wastewater Service - Existing Rates	415,956	433,125	433,368	430,948	428,002	425,121	422,278
3	Total Service Revenue - Existing Rates	688,671	715,602	715,282	710,801	705,584	700,577	695,631
	Additional Service Revenue Required (b)							
	Percent Increase							
	Months Effective							
4	FY 2019	1.32%	10	7,884	9,461	9,461	9,461	9,461
5	FY 2020	0.52%	10		3,138	3,765	3,765	3,765
6	FY 2021	0.44%	10			2,655	3,186	3,186
7	FY 2022	0.00%	10				-	-
8	FY 2023	4.12%	10					24,456
9	Total Additional Service Revenue Required	-	-	7,884	12,598	15,881	16,412	40,868
10	Total Water & Wastewater Service Revenue	688,671	715,602	723,166	723,399	721,465	716,989	736,499
	Other Income (c)							
11	Other Operating Revenue (d)	32,287	39,647	16,526	16,949	10,614	10,536	10,459
12	Debt Reserve Fund Interest Income	-	-	-	-	-	-	-
13	Operating Fund Interest Income	392	415	422	395	365	279	242
14	Rate Stabilization Interest Income	733	702	749	843	868	785	574
15	Total Revenues	722,083	756,366	740,863	741,585	733,312	728,589	747,773
OPERATING EXPENSES								
16	Total Operating Expenses	(455,742)	(463,159)	(470,668)	(483,017)	(494,397)	(519,982)	(534,421)
NET REVENUES								
17	Transfer From/(To) Rate Stabilization Fund	4,563	12,200	(36,723)	(12,872)	(149)	47,000	70,300
18	NET REVENUES AFTER OPERATIONS	270,904	305,407	233,472	245,696	238,766	255,607	283,652
DEBT SERVICE								
	Senior Debt Service							
	Revenue Bonds							
19	Outstanding Bonds	(193,841)	(185,756)	(133,964)	(123,040)	(115,891)	(109,229)	(105,309)
20	Pennvest Parity Bonds	(11,816)	(11,500)	(11,682)	(11,636)	(11,636)	(11,636)	(11,636)
21	Projected Future Bonds	-	(22,770)	(48,870)	(62,562)	(66,245)	(89,782)	(119,399)
22	Total Senior Debt Service	(205,657)	(220,026)	(194,516)	(197,238)	(193,771)	(210,647)	(236,344)
23	TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L22)	1.32 x	1.38 x	1.20 x	1.24 x	1.23 x	1.21 x	1.20 x
24	Subordinate Debt Service	-	-	-	-	-	-	-
25	Transfer to Escrow	(11,000)	(19,000)	-	(3,467)	-	-	-
26	Total Debt Service on Bonds	(216,657)	(239,026)	(194,516)	(200,706)	(193,771)	(210,647)	(236,344)
27	CAPITAL ACCOUNT DEPOSIT	(22,302)	(23,061)	(23,845)	(24,655)	(25,494)	(26,360)	(27,257)
28	TOTAL COVERAGE (L18/(L22+L24+L27))	1.18 x	1.25 x	1.06 x	1.10 x	1.08 x	1.07 x	1.07 x
RESIDUAL FUND								
29	Beginning of Year Balance	15,189	18,895	22,790	15,069	15,058	15,063	15,016
30	Interest Income	61	75	68	54	54	54	54
	Plus:							
31	End of Year Revenue Fund Balance	31,945	43,320	15,111	20,335	19,501	18,599	20,051
32	Deposit for Transfer to City General Fund (e)	1,866	756	722	716	709	746	817
	Less:							
33	Transfer to Construction Fund	(28,300)	(39,500)	(22,900)	(20,400)	(19,550)	(18,700)	(20,100)
34	Transfer to City General Fund	(1,866)	(756)	(722)	(716)	(709)	(746)	(817)
35	Transfer to Debt Service Reserve Fund	-	-	-	-	-	-	-
36	End of Year Balance	18,895	22,790	15,069	15,058	15,063	15,016	15,021
RATE STABILIZATION FUND								
37	Beginning of Year Balance	205,761	201,198	188,998	225,721	238,593	238,742	191,742
38	Deposit From/(To) Revenue Fund	(4,563)	(12,200)	36,723	12,872	149	(47,000)	(70,300)
39	End of Year Balance	201,198	188,998	225,721	238,593	238,742	191,742	121,442

(a) FY 2017 is projected and subject to change.

(b) Includes TAP Surcharge Revenue. The TAP Surcharge Revenue reflects billings adjusted for collections.

(c) Includes other operating and nonoperating income such as interest income on funds and accounts transferable to the Revenue Fund.

(d) Other Operating Revenue includes Debt Service Reserve Fund Release in FY 2017 and FY 2018 and projected contra revenue credits for Affordability Program Discounts in (also referred to as Tap Loss) FY 2018 to FY 2023. Tap Loss in FY 2019 to FY 2023 is adjusted for collections.

(e) Transfer of interest earnings from the Bond Reserve Account to the Residual Fund as shown in Line 32 to satisfy the requirements for the transfer to the City General Fund shown on Line 34.

(f) Reflects recovery of public fire protection costs via a General Fund contribution.

TABLE C-8: PROJECTED FLOW OF FUNDS - CAPITAL IMPROVEMENTS FUND
(in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,						
		2017	2018	2019	2020	2021	2022	2023
Disposition of Bond Proceeds								
1	Proceeds From Sale of Bonds	313,651	-	170,000	250,000	285,000	360,000	365,000
	Transfers:							
2	Debt Reserve Fund (a)	11,888	-	-	-	-	20,573	18,733
3	Cost of Bond Issuance (b)	1,762	-	952	1,400	1,596	2,016	2,044
4	Construction Fund (c)	300,000	-	169,048	248,600	283,404	337,411	344,223
5	Total Issue	313,651	-	170,000	250,000	285,000	360,000	365,000
Construction Fund								
6	Beginning Balance	283,140	392,111	186,932	126,094	134,357	168,349	175,514
7	Transfer From Bond Proceeds	300,000	-	169,048	248,600	283,404	337,411	344,223
8	Capital Account Deposit	29,458	23,061	23,845	24,655	25,494	26,360	27,257
9	Penn Vest Loan	-	-	-	-	-	-	-
10	Transfer from Residual Fund	28,300	39,500	22,900	20,400	19,550	18,700	20,100
11	Interest Income on Construction Fund	1,213	1,040	562	468	544	618	639
12	Total Available	642,111	455,712	403,287	420,217	463,349	551,438	567,733
13	Net Cash Financing Required	250,000	268,780	277,193	285,860	295,000	375,924	387,540
14	Ending Balance	392,111	186,932	126,094	134,357	168,349	175,514	180,193
Debt Reserve Fund								
15	Beginning Balance	218,617	219,505	200,505	200,505	197,038	197,038	217,610
16	Transfer From Bond Proceeds	11,888	-	-	-	-	20,573	18,733
17	Debt Service Reserve Release	(11,000)	(19,000)	-	(3,467)	-	-	-
18	Ending Balance	219,505	200,505	200,505	197,038	197,038	217,610	236,344
19	Interest Income on Debt Reserve Fund	1,866	756	722	716	709	746	817

- (a) Amount of Debt Reserve Fund estimated based on outstanding and proposed debt service payments.
- (b) Cost of bonds issuance assumed at 0.56 percent of issue amount. FY 2017 based on actual issuance costs.
- (c) Deposits equal proceeds from sale of bonds less transfers to Debt Reserve Fund and Costs of Issuance.