

**RESPONSE TO PUBLIC ADVOCATE'S INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS**

PA-EXE-107 (Supplemental Response) - Please provide a schedule detailing the actual cost of the 2012 rate case, broken down into the following categories: expense by vendor/contractor (separately identifying each such vendor/contractor and associated expense), personnel/labor cost, other (including a brief description).

Response: The Department's payments to Black & Veatch during FY2012 - FY2015 for services related to the 2012 cost of service study, rate case, and mediation totaled \$924,434.

Response Provided by: Ann Bui, Prabha Kumar and David Jagt, Black & Veatch

**RESPONSE TO PUBLIC ADVOCATE'S INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS**

Regarding PWD Exhibit 6, FINPLAN15.XLS Direct O&M

PA-EXE-143 (Supplemental Response). Reference Direct O&M-2. Please provide detailed workpapers supporting each O&M adjustment for FYs 17 and 18:

- a. Human Resources and Administration;
- b. Finance;
- c. Planning and Engineering;
- d. Operations;
- e. Planning & Environmental Services; and
- f. Public Affairs.

Response: Please refer to Response Attachment PA-EXE-143 EXE-145 EXE-146 for the detailed work papers supporting all adjustments.

Response Provided by: Ann Bui, Prabha Kumar and David Jagt, Black & Veatch

**RESPONSE TO PUBLIC ADVOCATE'S INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS**

Regarding PWD Exhibit 6, FINPLAN15.XLS Inter Dept O&M

PA-EXE-145 (Supplemental Response). Reference InterDept O&M-2. Please provide detailed workpapers supporting each O&M adjustment for FYs 17 and 18:

- a. Fleet Management;
- b. City Finance; and
- c. Revenue.

Response: Please refer to Response Attachment PA-EXE-143 EXE-145 EXE-146 for the detailed work papers supporting all adjustments.

Response Provided by: Ann Bui, Prabha Kumar and David Jagt, Black & Veatch

**RESPONSE TO PUBLIC ADVOCATE'S INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS**

Regarding PWD Exhibit 6, FINPLAN15.XLS O&M Adjustments

PA-EXE-146 (Supplemental Response). Please provide detailed workpapers supporting all adjustments shown on these worksheets for FYs17 and 18:

- a. Additional SMIP Costs;
- b. General Fund Reimbursement (combined sewer outfall construction);
- c. AMI;
- d. OOW Additional Staffing, and Class 200 Additions;
- e. Funding for Grants;
- f. HR & Admin Additional Staffing and Class 200 Revision;
- g. P&E Additional Staffing and Class 200 Costs;
- h. Finance Additional Staffing;
- i. Public Affairs Additional Staffing;
- j. Operations Add Package Adjustments; and
- k. Affordability Program.

Response: Please refer to Response Attachment PA-EXE-143 EXE-145 EXE-146 for the detailed work papers supporting all adjustments.

Response Provided by: Ann Bui, Prabha Kumar and David Jagt, Black & Veatch

O&M Adjustment #1 - SMIP/GARP

<u>Line. No.</u>	<u>SMIP/GARP</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Finance					
1	Class 2xx (SMIP/GARP) ¹	\$ 2,000,000	\$ -	\$ 3,550,000	\$ 3,550,000
2	Total Direct Adjustments	\$ 2,000,000	\$ -	\$ 3,550,000	\$ 3,550,000
3	Total Inter Dept Adjustments	\$ -	\$ -	\$ -	\$ -
4	Total Adjustments (Line 2 + Line 3)			\$ 3,550,000	\$ 3,550,000

Notes: 1. Additional costs based on discussion with PWD Staff.
 For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 7 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #2 - CSO Outfall Construction

Line. No.	FINANCE - Transfer	2015	2016	2017	2018
Finance					
1	Transfers (CSO Outfall Construction) ¹	\$ -	\$ -	\$ 1,800,000	\$ 3,500,000
2	Total Direct Adjustments	\$ -	\$ -	\$ 1,800,000	\$ 3,500,000
3	Total Inter Dept Adjustments	\$ -	\$ -	\$ -	\$ -
4	Total Adjustments (Line 2 + Line 3)	\$ -	\$ -	\$ 1,800,000	\$ 3,500,000

Notes: 1. Additional costs based on discussion with PWD Staff.
 For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 7 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #3 - AMI Implementation Costs

<u>Line. No.</u>	<u>AMI IMPLEMENTATION COSTS</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
COST BASIS					
Operations					
1	Class 100, Fringes, and Benefits				\$ 94,465
Water Fund Class 100 Distribution [See Pension & Fringes Ratio Worksheet]					
2	Salaries				53.31%
3	Benefits				21.99%
4	Pension				19.76%
5	Pension Obligations				4.94%
6	Salaries (Line 1 x Line 2)				\$ 50,000
7	Benefits (Line 1 x Line 3)				\$ 21,000
8	Pension (Line 1 x Line 4)				\$ 19,000
9	Pension Obligations (Line 1 x Line 5)				\$ 5,000
10	Total				\$ 95,000

ADJUSTMENTS					
Operations					
11	Class 100 (Line 6)				\$ 50,000
12	Class 200				\$ 216,000
13	Class 300				\$ 106,000
14	Total Direct Adjustments				\$ 372,000

O&M Adjustment #3 - AMI Implementation Costs

<u>Line. No.</u>	<u>AMI IMPLEMENTATION COSTS</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Finance - Pension & Fringes					
15	Benefits (Line 7)				\$ 21,000
16	Pension (Line 8)				\$ 19,000
17	Pension Obligations (Line 9)				\$ 5,000
Fleet					
18	Class 300				\$ 14,000
19	Total Inter Dept Adjustments				\$ 59,000
20	Total Adjustments (Line 14 + Line 9)				\$ 431,000

Notes: 1. Additional costs/savings provided by PWD.
For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on pages 7 and 8 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #4 - Planning & Environmental Services

Line. No.	STAFFING	2015	2016	2017	2018
COST BASIS					
OOW Class 100					
1	Class 100 ¹		\$ 3,400,254	\$ 4,273,696	\$ 4,558,887
2	Class 100 Inflation Factor			3.00%	3.00%
3	Base Model Projection		\$ 3,400,254	\$ 3,502,262	\$ 3,607,329
Water Fund Salary Ratios [See Pension & Fringes Ratio Worksheet]					
4	Benefits			40.63%	41.26%
5	Pension			37.55%	37.07%
6	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
Planning & Environmental Services					
7	Additional Class 100 Costs ²			\$ 771,000	\$ 952,000
8	Class 200 ¹			\$ 600,000	\$ 800,000
9	Total Direct Adjustments	\$ -	\$ -	\$ 1,371,000	\$ 1,752,000
City Finance - Pension & Fringes					
10	Benefits (Line 7 x Line 4)			\$ 313,000	\$ 393,000
11	Pension (Line 7 x Line 5)			\$ 290,000	\$ 353,000
12	Pension Obligations (Line 7 x Line 6)			\$ 74,000	\$ 88,000
13	Total Inter Dept Adjustments			\$ 677,000	\$ 834,000
14	Total Adjustments			\$ 2,048,000	\$ 2,586,000

Notes:

1. Additional costs/savings provided by PWD.
2. FY 2017 - FY 2018 based on increase in projected Class 100 costs (Line 1 - Line 3).

For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 8 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #5 - City Grants					
<i>Line. No.</i>	<i>CITY GRANTS</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Finance					
1	Class 200 - GRANTS		\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
2	Reduction in Grants for Affordability Program				\$ (2,730,000)
3	Total Direct Adjustments		\$ 4,000,000	\$ 4,000,000	\$ 1,270,000
4	Total Inter Dept Adjustments				
5	Total Adjustments (Line 3 + Line 4)		\$ 4,000,000	\$ 4,000,000	\$ 1,270,000

Notes: Includes reduction in City Grants due to affordability program.
 Based upon affordability program costs as provided by Raftelis Financial Consultants, Inc. (RFC). Refer to Response Attachment PA-RDC-60

O&M Adjustment #6 - Human Resources & Administration

Line. No.	Human Resources & Admin	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor				3.00%
2	Class 200 Inflation Factor				3.50%
Water Fund Salary Ratios [See Pension & Fringes Ratio Worksheet]					
3	Benefits			40.63%	41.26%
4	Pension			37.55%	37.07%
5	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
Human Resources & Administration - Class 100					
6	Additional Class 100 Costs ¹			\$ 375,000	\$ 386,000
Human Resources & Administration - Class 200 Costs					
7	Additional Class 200 Costs ¹			\$ 1,000,000	\$ 1,035,000
8 TOTAL DIRECT ADJUSTMENTS					
				\$ 1,375,000	\$ 1,421,000
City Finance - Pension & Fringes					
9	Benefits (Line 6 x Line 3)			\$ 152,000	\$ 159,000
10	Pension (Line 6 x Line 4)			\$ 141,000	\$ 143,000
11	Pension Obligations (Line 6 x Line 5)			\$ 36,000	\$ 36,000
12 TOTAL INTER DEPT ADJUSTMENTS					
				\$ 329,000	\$ 338,000
13 TOTAL ADJUSTMENTS (Line 8 + Line 12)					
				\$ 1,704,000	\$ 1,759,000

Notes: 1. FY 2017 Additional costs based on discussion with PWD Staff. Projected costs inflated based on inflation factor by class. For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 7 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #7 - Planning & Engineering

Line. No.	Planning & Engineering	2015	2016	2017	2018
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor				3.00%
2	Class 200 Inflation Factor				3.50%
Water Fund Salary Ratios [See Pension & Fringes Ratio Worksheet]					
3	Benefits			40.63%	41.26%
4	Pension			37.55%	37.07%
5	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
Planning & Engineering - Class 100					
6	Additional Class 100 Costs ¹			\$ 500,000	\$ 515,000
Planning & Engineering - Class 200					
7	Additional Class 200 Costs ¹			\$ 600,000	\$ 621,000
8	TOTAL DIRECT ADJUSTMENTS			\$ 1,100,000	\$ 1,136,000
City Finance - Pension & Fringes					
9	Benefits (Line 6 x Line 3)			\$ 203,000	\$ 212,000
10	Pension (Line 6 x Line 4)			\$ 188,000	\$ 191,000
11	Pension Obligations (Line 6 x Line 5)			\$ 48,000	\$ 48,000
12	TOTAL INTER DEPT ADJUSTMENTS			\$ 439,000	\$ 451,000
13	TOTAL ADJUSTMENTS (Line 8 + Line 12)			\$ 1,539,000	\$ 1,587,000

Notes: 1. FY 2017 Additional costs based on discussion with PWD Staff. Projected costs inflated based on inflation factor by class. For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 8 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #8 - Finance

Line. No.	Description	2015	2016	2017	2018
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor				3.00%
Water Fund Salary Ratios [See Pension & Fringes Ratio Worksheet]					
2	Benefits			40.63%	41.26%
3	Pension			37.55%	37.07%
4	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
Finance - Class 100					
5	Additional Class 100 Costs ¹			\$ 56,000	\$ 58,000
6	TOTAL DIRECT ADJUSTMENTS			\$ 56,000	\$ 58,000
City Finance - Pension & Fringes					
7	Benefits (Line 5 x Line 2)			\$ 23,000	\$ 24,000
8	Pension (Line 5 x Line 3)			\$ 21,000	\$ 21,000
9	Pension Obligations (Line 5 x Line 4)			\$ 5,000	\$ 5,000
10	TOTAL INTER DEPT ADJUSTMENTS			\$ 49,000	\$ 50,000
11	TOTAL ADJUSTMENTS (Line 6 + Line 10)			\$ 105,000	\$ 108,000

Notes: 1. FY 2017 Additional costs based on discussion with PWD Staff. Projected costs inflated based on inflation factor by class. For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 7 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #9 - Public Affairs

Line. No.	Description	2015	2016	2017	2018
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor				3.00%
Water Fund Salary Ratios [See Pension & Fringes Ratio Worksheet]					
2	Benefits			40.63%	41.26%
3	Pension			37.55%	37.07%
4	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
Public Affairs - Class 100					
5	Additional Class 100 Costs ¹			\$ 100,000	\$ 103,000
6	TOTAL DIRECT ADJUSTMENTS			\$ 100,000	\$ 103,000
City Finance - Pension & Fringes					
7	Benefits (Line 5 x Line 2)			\$ 41,000	\$ 42,000
8	Pension (Line 5 x Line 3)			\$ 38,000	\$ 38,000
9	Pension Obligations (Line 5 x Line 4)			\$ 10,000	\$ 10,000
10	TOTAL INTER DEPT ADJUSTMENTS			\$ 89,000	\$ 90,000
11	TOTAL ADJUSTMENTS (Line 6 + Line 10)			\$ 189,000	\$ 193,000

Notes: 1. FY 2017 Additional costs based on discussion with PWD Staff. Projected costs inflated based on inflation factor by class. For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on page 8 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #10 - Operations					
<i>Line No.</i>	<i>Operations</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor				3.00%
2	Class 200 Inflation Factor				3.50%
3	Class 300 Inflation Factor				2.00%
4	Class 400 Inflation Factor				2.25%
Projected Salary Ratio					
5	Benefits			40.63%	41.26%
6	Pension			37.55%	37.07%
7	Pension Obligations			9.54%	9.26%
ADJUSTMENTS					
OPERATIONS - CLASS 100					
Additional Class 100 Costs ¹					
8	Industrial Waste				
9	NE WPCP				
10	Total Class 100			\$ -	\$ -
OPERATIONS - CLASS 200					
11	Industrial Waste			\$ -	\$ -
12	NE WPCP			\$ 1,260,000	\$ 1,190,000
13	SE WPCP			\$ -	\$ -
14	SW WPCP			\$ -	\$ -
15	Customer Field Services			\$ 500,000	\$ 518,000
16	Total Class 200			\$ 1,760,000	\$ 1,708,000

O&M Adjustment #10 - Operations

Line No.	Operations	2015	2016	2017	2018
OPERATIONS - CLASS 300					
17	Industrial Waste			\$ 100,000	\$ 100,000
18	NE WPCP			\$ 200,000	\$ 310,000
19	SW WPCP			\$ 150,000	\$ 150,000
20	Total Class 300			\$ 450,000	\$ 560,000
OPERATIONS - CLASS 400					
21	Industrial Waste			\$ -	\$ -
22	SE WPCP			\$ 85,000	\$ 85,000
23	SW WPCP			\$ 40,000	\$ 40,000
24	Total Class 400			\$ 125,000	\$ 125,000
25	TOTAL DIRECT ADJUSTMENTS			\$ 2,335,000	\$ 2,393,000
City Finance - Pension & Fringes					
26	Benefits (Line 10 x Line 5)			\$ -	\$ -
27	Pension (Line 10 x Line 6)			\$ -	\$ -
28	Pension Obligations (Line 10 x Line 7)			\$ -	\$ -
29	TOTAL INTER DEPT ADJUSTMENTS			\$ -	\$ -
30	TOTAL ADJUSTMENTS (Line 22 + Line 61)			\$ 2,335,000	\$ 2,393,000

Notes: 1. Additional costs based on discussion with PWD Staff.
For additional details please refer to PWD_St-9B Supplemental Direct Testimony of Black & Veatch Corporation, on pages 7 and 8 of Financial Plan: Revenue & Revenue Requirement Assumptions (Ref#: BV-S1)

O&M Adjustment #11 - Affordability Program

Line No.	Operations	2015	2016	2017	2018
COST BASIS					
Inflation Factors					
1	Class 100 Inflation Factor		3.00%	3.00%	3.00%
2	Class 200 Inflation Factor		3.50%	3.50%	3.50%
3	Class 200 Inflation Factor - Properties		0.00%	0.00%	4.76%
Class 200 - Base Cost (FY 2015 Costs) Adjusted for Inflation					
4	IT/Technical Startup ¹	\$ 1,125,000	\$ 1,164,000	\$ 1,205,000	
5	Ongoing IT Support ¹	\$ 562,500	\$ 582,000	\$ 602,000	\$ 623,000
Annual CAP Administration - Base Cost (FY 2015 Costs) Adjusted for Inflation					
Salary					
6	Collection Customer Rep ²	\$ 775,340	\$ 799,000	\$ 823,000	848,000
7	Collection Rep Supervisor ²	120,780	124,000	128,000	132,000
8	Data Services Support Clerk ²	176,325	182,000	187,000	193,000
9	Subtotal - Salary	\$ 1,072,445	\$ 1,105,000	\$ 1,138,000	\$ 1,173,000
10	Fringes and benefits	\$ 2,122,798			
11	Space costs ³	\$ 111,250	\$ 111,000	\$ 111,000	\$ 116,000
12	TOTAL	\$ 4,378,938			
Water Fund Salary Ratio (Percentage of Salary) [See Pension & Fringes Ratio Worksheet]					
13	Benefits		40.06%	40.63%	41.26%
14	Pension		37.77%	37.55%	37.07%
15	Pension Obligation		9.82%	9.54%	9.26%

O&M Adjustment #11 - Affordability Program

Line No.	Operations	2015	2016	2017	2018
ADJUSTMENTS					
Finance & Admin - Class 200 (Excludes Reduction in City Grants)					
16	Technology Implementation (Line 4)			\$ 1,205,000	
17	Technology Annual Cost (Line 5)				\$ 623,000
18	TOTAL	\$ -	\$ -	\$ 1,205,000	\$ 623,000
19	Direct (Line 18)	\$ -	\$ -	\$ 1,205,000	\$ 623,000
WRB - Class 100					
20	Cost Basis (Line 9)		\$ 1,105,000	\$ 1,138,000	\$ 1,173,000
21	Cost Factor ⁴		0.00%	75.00%	100.00%
22	Projected Cost (Line 20 x Line 21)	\$ -	\$ -	\$ 854,000	\$ 1,173,000
WRB - Class 200					
23	WRB - Class 200 (Line 11)			\$ 111,000	\$ 116,000
City Finance					
24	Benefits (Line 22 x Line 13)		\$ -	\$ 347,000	\$ 484,000
25	Pension (Line 22 x Line 14)		\$ -	\$ 321,000	\$ 435,000
26	Pension Obligation (Line 22 x Line 15)		\$ -	\$ 81,000	\$ 109,000
27	Total Inter Depart Adjustments		\$ -	\$ 1,714,000	\$ 2,317,000
Total Adjustment					
28	Total Adjustments (Lines 19 + 27)		\$ -	\$ 5,771,001	\$ 6,430,001

Notes: Refer to OM Adj 5 for reduction in City Grants due to the implementation of the new affordability program. Estimated cost impact (*shown in yellow cells*) based upon affordability program costs as provided by Raftelis Financial Consultants, Inc. (RFC). Refer to Response Attachment PA-RDC-60 for source documentation. Per RFC, base year salary, Class 200, and Space costs are based upon FY 2015 cost levels.

¹Inflated based on Class 200 Inflation Factor

²Inflated based on Class 100 Inflation Factor

³Inflated based on Class 200 - Properties Inflation Factor

⁴Implementation Factor - Per discussions with RFC and PWD, staffing increases pro-rated for FY 2017 to account for hiring schedule and on-boarding activities.

Pension & Fringes Ratios						
<u>Line No.</u>	<u>Class Code</u>	<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Projected Water Fund Class 100 Costs (Source: Workpaper Finplan15.xls, InterDept O&M - 7)						
1	100	Salaries & Wages	\$ 123,198,999	\$ 126,894,969	\$ 130,701,818	
2	1xx	Benefits	\$ 49,358,102	\$ 51,556,567	\$ 53,921,078	
3	191	Pension	\$ 46,529,000	\$ 47,655,080	\$ 48,444,900	
4	190	Pension Obligations	\$ 12,100,000	\$ 12,100,000	\$ 12,100,000	
5	Total		\$ 231,186,101	\$ 238,206,616	\$ 245,167,796	
Water Fund Salary Ratios (Percentage of Salary)						
6		Benefits (Line 2 / Line 1)	40.06%	40.63%	41.26%	
7		Pension (Line 3 / Line 1)	37.77%	37.55%	37.07%	
8		Pension Obligations (Line 4 / Line 1)	9.82%	9.54%	9.26%	
Water Fund Class 100 Distribution						
9		Salaries & Wages (Line 1 / Line 5)	53.29%	53.27%	53.31%	
10		Benefits (Line 2 / Line 5)	21.35%	21.64%	21.99%	
11		Pension (Line 3 / Line 5)	20.13%	20.01%	19.76%	
12		Pension Obligations (Line 4 / Line 5)	5.23%	5.08%	4.94%	
CHECK						
Class 100						
13		Direct	\$ 102,961,600	\$ 106,050,448	\$ 109,231,961	
14		Inter Departmental	\$ 20,237,399	\$ 20,844,521	\$ 21,469,857	
15	Total		\$ 123,198,999	\$ 126,894,969	\$ 130,701,818	
16	Difference		\$ -	\$ -	\$ -	

TOTAL ADJUSTMENTS					
<i>Line No.</i>	<i>Description</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
1	DIRECT	\$ 2,000,000	\$ 4,000,000	\$ 16,892,000	\$ 16,178,000
2	INTER DEPARTMENTAL	\$ -	\$ -	\$ 3,297,000	\$ 4,139,000
3	TOTAL	\$ 2,000,000	\$ 4,000,000	\$ 20,189,000	\$ 20,317,000