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 2021-2022 Rates

Public Advocate's Interrogatories & Requests for Production of Documents

SET II

PA-II-1. Reference Mr. Hayman’s Testimony beginning at page 6, line 17. Please provide the average usage per customer for each of the following classes:
   a. Residential with a 5/8 inch meter;
   b. Senior citizen with a 5/8 inch meter; and
   c. Small user commercial customer.

PA-II-2. Reference Mr. Hayman’s Testimony beginning at page 21, line 24. Please provide support for the statement that the requirements of the NPDES permits for the three wastewater treatment plants and the separate storm sewer system will continue a trend of higher annual operating costs for the Department.

PA-II-3. Reference Mr. Hayman’s Testimony beginning at page 8, lines 6 to 11. Mr. Hayman states: “My top priorities for PWD include: (i) improving conditions of the water and wastewater systems; (ii) providing responsive customer service, which includes reaching out to every area of the City and maintaining a rate structure that meets PWD’s needs while remaining fair, equitable and affordable; (iii) conducting business in a transparent, reliable and fiscally responsible manner; and (iv) operating with a commitment to employee development and diversity.”
   a. Please explain why Mr. Hayman has not considered operating cost reduction as one of the top priorities of his administration.
   b. If Mr. Hayman has considered operating cost reduction as a viable means of delaying the need for annual rate increases, please outline the possible areas of cost reduction.
   c. Please explain whether Mr. Hayman believes operating cost reduction is possible at the Water Department.
PA-II-4. Regarding the Direct Testimony of Ms. La Buda, page 5, line 16, please fully explain what is meant by “financial hole”. Is the Department operating at loss or unable to meet its obligations?

PA-II-5. Regarding the Direct Testimony of Ms. La Buda, beginning at page 5, line 1 through page 6, line 14.

a. Please identify all cost savings programs or efforts implemented by the Water Department to reduce operating costs, identify the annual operating savings from each program, and show how those savings are reflected in the cost of service.

b. If no programs have been implemented to reduce operating costs, please explain why.

PA-II-6. Regarding the discussion of the FY 2020 Review on page 6, line 16 of the Direct Testimony of Ms. La Buda, please explain the basis of the comparisons being made. Is this a comparison of FY 2020 budgeted amounts to FY 2018 actual amounts, or are both budgeted data?

PA-II-7. Has the Department made a withdrawal from the rate stabilization fund in FY2020?

PA-II-8. Regarding the Direct Testimony of Ms. La Buda, page 7, please explain in detail the “non-recurring revenue from a release from the debt service account” of $18 million.

PA-II-9. Regarding the Direct Testimony of Ms. La Buda, page 7, lines 18 and 19. Please explain what would be the “one-time solution” mentioned.

PA-II-10. Regarding the Direct Testimony of Ms. La Buda, page 9, lines 17 and 18. Please identify the specific bonds that were refinanced by the Series 2019A bonds.

PA-II-11. Please explain how the debt refinancing discussed on page 9 of Ms. La Buda’s direct testimony was reflected in the cost of service.

PA-II-12. Regarding the discussion of credit ratings on page 10, lines 4 to 9 of Ms. La Buda’s testimony, please identify any of the credit ratings that represented either an upgrade or downgrade from the previous rating of any of the agencies.

PA-II-13. Please explain whether Ms. La Buda believes cost control and cost reduction are relevant or important factors that concern rating agencies. If so, please describe what efforts has the Department taken to address those concerns.

PA-II-14. Please explain how the cost of cleaning the four digesters, as discussed on page 26 of Ms. La Buda’s testimony, are reflected in the cost of service. In your
response, please indicate what it costs to clean each digester and provide the supporting documentation for the cost.

PA-II-15. Regarding the Direct Testimony of Ms. La Buda, page 27, please explain in detail the statement that “additional employee costs previously paid through the capital budget also must be shifted to the operating budget”.

PA-II-16. Please explain how the capital costs shifted to the operating budget are recorded in the Department’s financial statements. Are these costs recorded as part of operating expenses or capital expenditures? Please fully explain.

PA-II-17. Please explain whether governmental accounting standards will allow a capital expenditure to be recorded as an operating expense because of a shift in the budget from which funds are paid.

PA-II-18. On page 27, lines 5 and 6, of Ms. La Buda’s testimony, she states “PWD is no longer able to procure certain vehicle types with capital funds and must instead use operating funds.” Is it Ms. La Buda’s testimony that when these types of procurement occur, the acquisition is recorded as an operating expense rather than a capital expenditure? Please fully explain your response.

PA-II-19. In the FY 2021 and FY 2022 budgets, please identify the increase in operating expense related to the shift in certain spending from the capital spending to the operating budget.

PA-II-20. Reference page 27, lines 12 through 15 of Ms. La Buda’s testimony. Because of the shift in certain spending from the capital spending to the operating budget:

a. Is it correct that the projects listed in this section would have been paid from the capital budget and therefore, these projects would have been recorded as capital expenditures? Please fully explain.

b. Is it correct that the projects listed in this section are now recorded as operating expenses? Please fully explain.

PA-II-21. Reference page 28, lines 1 through 4 of Ms. La Buda’s testimony. Please explain why the Water Fund’s allocable share of the principle and interest payments on the City Pension Bonds will remain unchanged given the recent activity in bond refinancing.

PA-II-22. Reference page 28, lines 5 through 7 of Ms. La Buda’s testimony.

a. Please explain the activities involved in the functional testing of fire hydrants.

b. Please provide the FY 2021 and FY 2022 cost of functional testing of fire hydrants.

c. Please explain whether functional testing of fire hydrants is a City Fire Service responsibility/function or task, or whether it is the responsibility of the Water Department to test the fire hydrants.
d. Please explain why the Water Department is reimbursing the Fire Department for functional testing of fire hydrants.

PA-II-23. Regarding the reference to the Aqua Pennsylvania rate proceeding in Docket No. R-2018-3003068, did the Commission find that Aqua Pennsylvania’s consumption decreased by 1.3%?

PA-II-24. Regarding the Direct Testimony of Messrs. Furtek and Spokas, page 5, please explain how the shift in certain spending from the capital spending to the operating budget has impacted the Department’s capital program and capital budgeting.

PA-II-25. Reference the Direct Testimony of Messrs. Furtek and Spokas at page 5, lines 20 to 25. Please provide the data for each fiscal year separately.

PA-II-26. Reference the Direct Testimony of Messrs. Furtek and Spokas at page 6, lines 14 to 19. Please provide the data for each fiscal year separately.

PA-II-27. Regarding the Direct Testimony of Messrs. Furtek and Spokas, page 10, please provide a table showing a breakdown of the calculation of the five-year average of 25.7 breaks per mile per year.