

## Public Advocate Advance Discovery Requests

### PWD Draft Financial Plan: Revenue & Revenue Requirements Assumptions

#### Schedule BV-6: WP-1

- PA-ADV-1. Provide the calculation showing how the 92.0% Actual to Budget Factor for Finance Class 800 expenses was determined.
- PA-ADV-2. Reference Table 6 (p. 6), projected operating expense adjustment of \$3.0 Million to \$3.5 Million for functional fire hydrant testing:
- a. Provide a schedule of PWD's operating expenses for functional fire hydrant testing for each of the past five completed fiscal years (2015-2019).
  - b. Provide an estimate of PWD's operating expenses for functional fire hydrant testing for the current fiscal year (2020) and explain how such estimate was determined.
  - c. If PWD has not incurred operating expenses for functional fire hydrant testing in the past,
    - i. Please explain whether functional fire hydrant testing will a normal recurring activity and how often this activity will occur.
    - ii. Please provide a detailed explanation of how PWD's projected operating expense adjustment was determined and all associated workpapers utilized in projecting this adjustment.
    - iii. If the functional fire hydrant testing will be conducted by outside contractors, please provide the contract supporting the amount claimed.
- PA-ADV-3. For PWD's most recent three bond issuances,
- a. Please provide a schedule setting forth the interest rate on each issuance.
  - b. Please identify the issuance costs of each issuance.
- PA-ADV-4. Provide a copy of PWD's most recent Drinking Water Master Plan.
- PA-ADV-5. If not included in the rate model,
- a. Provide the workpapers and/or spreadsheet utilized to develop the cash flow estimates utilized to determine the cash flow adjustments set forth in Table 7, Projected Capital Program Budget and Annual Expenditures, ( line 12, footnote c).
  - b. Provide the workpapers and/or spreadsheet utilized to develop the inflation adjustment set forth in Table 7, Projected Capital Program Budget and Annual Expenditures, ( line 10, footnote b). Please explain the need for an inflation adjustment. Isn't each year's budget a zero-based budget?

- PA-ADV-6. To the extent not provided in response to PA-ADV-5, provide the “estimated cashflows for Water Master Plan improvements as provided by the Water Department” referenced on page 9.
- PA-ADV-7. Provide a schedule showing PWD’s average per kwh electricity cost for each of the past five fiscal years.
- PA-ADV-8. Provide a schedule showing PWD’s average per ccf natural gas cost for each of the past five fiscal years.
- PA-ADV-9. Reference Appendix I, Memo from the City Energy Office Re: Escalation Factors for the Philadelphia Water Department. Provide the supporting documentation, workpapers and/or spreadsheet utilized to derive the 3.0% escalation rate for electricity costs for FY20 to FY21 and 0.5% for FY 22 to FY 23.
- PA-ADV-10. Please explain and show how the solar electricity purchase agreement works to provide a hedge against future electricity prices and how the cost of the solar electricity is reflected in the unit cost of electricity charged to PWD.
- PA-ADV-11. Please indicate when PWD and/or the City will begin to receive solar generated electricity.
- PA-ADV-12. Please provide a workpaper showing the actual electricity unit price for FY 15 through FY 19 and explain the reasons for any changes. In your response, please separately identify the energy and delivery charge components.
- PA-ADV-13. Regarding the Water Fund Historical O&M Costs, please explain the change in Power Expense (220) of -13.55% and -12.88% for FY 2016-2018 and FY 2017 -2019, respectively.
- PA-ADV-14. Reference Appendix I, Memo from the City Energy Office Re: Escalation Factors for the Philadelphia Water Department. Provide the supporting documentation, workpapers and/or spreadsheet utilized to derive the 3.0% escalation rate for natural gas costs for FY20 to FY21 and 0.5% for FY 22 to FY 23.
- PA-ADV-15. Please provide a workpaper showing the actual natural gas unit price for FY 15 through FY 19 and explain the reasons for any changes. In your response, please separately identify the gas costs and delivery charge components.
- PA-ADV-16. Reference Appendix I, Memo from the City Energy Office Re: Escalation Factors for the Philadelphia Water Department. The memo states “Projections for future escalation curves beyond hedges are primarily based on the forward NYMEX natural gas market and Winter Basis Strips from Transco Z6 (NNY) North”. Does the City have natural gas purchase contracts used for hedging against future natural gas prices? If so, please explain and show how the natural gas purchase contracts work to provide a hedge against future natural gas prices and how the cost of the hedge contract cost is reflected in the unit cost of natural gas charged to PWD.

PA-ADV-17. Regarding the Water Fund Historical O&M Costs, please explain the change in Gas Expense (221) of -1.98% and 31.01% for FY 2016-2018 and FY 2017 -2019, respectively.