

**BEFORE THE  
PHILADELPHIA WATER, SEWER, AND STORM WATER RATE BOARD**

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| <b>In the Matter of the Philadelphia<br/>Water Department's Proposed<br/>Change in Water, Wastewater,<br/>and Stormwater Rates and<br/>Related Charges</b> | <b>:</b> | <b>Fiscal Years 2022 – 2023<br/>Rates and Charges to Become<br/>Effective<br/>September 1, 2021 and September 1,<br/>2022</b> |
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**SET VI**

- PA-VI-1. Refer to Black & Veatch testimony at page 15. Please explain why the projected sales from Aqua Pennsylvania and the wastewater customers remain unchanged for 2022 and 2023.
- PA-VI-2. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab.
- a. Please provide the supporting documentation showing the derivation of the Account Escalation Factors for the study period.
  - b. Please provide the supporting documentation showing the derivation of the Volume Escalation Factors for the study period.
  - c. Please provide the supporting documentation showing the derivation of the 1% escalation factors applied to Other Revenue.
- PA-VI-3. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab. In the allocation section, please explain why Sewer is not allocated a portion of the Aviation and State and Federal Grants.
- PA-VI-4. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab. Please explain the rationale for the “Additional Revenue Compression Factor”.
- PA-VI-5. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab. Please provide the supporting documentation showing the derivation of the O&M Escalation Factors during the study period.
- PA-VI-6. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab. Regarding the Capital Account Deposit,
- a. Please provide the supporting documentation showing the derivation of the Water/Wastewater percentages.

- b. Please provide the supporting documentation showing the derivation of the Estimated Increase in System Net Value.

PA-VI-7. Refer to PWD\_FinPlan21\_22.xlsm, “Assumption #s” tab. Regarding the “Rate Stabilization Fund Balance Allocation b/w W & WW”. Please provide the derivation of the percentages allocated to Water and Wastewater.

PA-VI-8. According to the response to PA-ADV-8, the “Release from Debt Service Reserve” is related to an excess in the Debt Reserve Account and that the Release from Debt Service Reserve reflects the projection of a transfer of funds to the Revenue Fund. Please explain why, for FY 2021, the Release from Debt Service Reserve is shown as revenue to the Department.

PA-VI-9. Regarding the Sewer System Other Revenue, why is the Department projecting \$0 for Misc. City Revenue for FY 2021, 2022 and 2023, when the historical data shows the Department received Misc. City Revenues every year from 2016 through 2020?

PA-VI-10. Beginning on at page 37, line 13 of Ms. La Buda’s testimony, under City-wide budgeting and accounting policies, PWD is no longer able to procure certain vehicle types with capital funds and must instead use operating funds. What types of vehicles does the recent change in accounting and budgeting policies preclude from being purchased with capital funds?

PA-VI-11. Please explain why the Water and Wastewater capital budgets each include \$6 million for vehicles and identify the type of vehicles the Department has included in the water and wastewater capital budgets.

PA-VI-12. Refer to the testimony of Stephen J. Furtek and Trisha Grace. According to the witnesses, the FY 2022 capital budget of \$378.9 million is \$232.5 million less than the FY 2021 capital budget due to the decrease in bidding projects in FY 2021 related to the pandemic. However, FY 2021 is not yet complete.

- a. How did the witnesses know, in the Fall of 2020, what projects would ultimately be bid during the remainder of FY 2021? Please provide supporting evidence in your response.
- b. The witnesses claim that FY 2021 is significantly higher than FY 2022 as a result of carrying forward the unused FY 2021 appropriation. Please explain why the Department would add the unused FY 2021 budget appropriation to the same year (FY 2021) that it states there was decreased bidding because of the pandemic.

PA-VI-13. Ms. La Buda states that “...in April 2020, the Water Department submitted its proposed FY 2021 budget proposal to the City’s Budget Bureau - reflecting the reductions discussed earlier in my testimony.”

- a. Is it correct that the budget presented in April was a revised budget?

- b. Please explain whether changes to the capital budget would have been reflected in the April 2020 budget submission. If no, why not, assuming this was a revised budget.

PA-VI-14. According to Mr. Hayman, PWD has also postponed the implementation of certain non-critical capital projects to focus on major system improvements. Please explain how the postponement is reflected in the Capital Budgets.

PA-VI-15. According to a recent story in the Philadelphia Inquirer, the City has received a \$100 million loan to build a pollution control facility.

- a. Please explain whether the cost of the facility is included in the cost of service in this proceeding.
- b. Please indicate whether the costs of this loan is included in the cost of service. If so, please provide the interest rate, issuance costs and the terms of the loan.
- c. Please indicate whether the Department intends to retire any outstanding debt with part of the proceeds from this loan. If yes, please identify the loan that the Department intends to retire.

PA-VI-16. Please provide the total anticipated costs of this rate case by issue area and service provider. In your response, please show how the rate case expenses are reflected in the cost of service in this proceeding.

PA-VI-17. Please separately provide the total costs of the Department's last two rate cases by issue area and service provider.