

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

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater, and Stormwater Rates and Related Charges **Fiscal Years 2024 – 2025 Rates and Charges to Become Effective : September 1, 2023 and September 1, 2024**

**PUBLIC ADVOCATES DISCOVERY REQUESTS
&
REQUESTS FOR PRODUCTION OF DOCUMENTS**

- PA-X-1. The supplemental response to PA-IV-37 references Table 4-1 of Schedule BV-2 which identifies total annualized revenue of \$352 million. Please provide a breakdown of those revenues by cost of service study class.
- PA-X-2. Reference the response to PA-IV-11. Please provide a complete copy of the prior capacity analysis in Excel format. Identify the maximum hour to maximum day ratio used for each class to develop the maximum hour factor.
- PA-X-3. Reference the response to PA-VIII-20, Schedule BV-2, Section 4.5.1. Please explain why the Max Day factor is based on factor of 1.39, while the Max Hour factor is based on a Max Day factor of 1.30.
- PA-X-4. Please explain how PWD has complied with Governmental Accounting Standards Board ("GASB") 89 regarding the exclusion of Allowance for Funds Used During Construction ("AFUDC") from the capital budget expenditures that have been included in the cost of service in this proceeding. In your response, please show exactly where in the cost of service, the AFUDC has been included.
- PA-X-5. Please reference the Cost of Service Model computer model workbook file, FINPLAN23_24_ver1.XLSM, "Assumption #s" tab. Please provide updates to the following values which contained notes in the spreadsheet indicating they relied on older data. For each, please state the new time period basis of the data, or if an update is not available, please clarify why not.
- a. Construction Fund Beginning Balance (Combined): cell D1546
 - b. Rate Stabilization Fund Beginning Balance (Combined): cell D1532
 - c. Revenue Beginning Balance (Combined): cell D1539
 - d. Residual Fund Beginning Balance (Combined): cell D1540
 - e. Issuance Costs: cell C1866
- PA-X-6. Reference the response to PA-VIII-1(A). The request sought dates on which PWD expects to receive the \$160 million funding tranches, or the dates on which the \$160

million funding will be received by PWD for the proposed projects. The requested information was not provided in the response. Please provide the requested information.

- PA-X-7. Reference PWD_FinPlan23_24_Ver1.xlsm, Assumptions #s Tab.
- a. Please provide the supporting documentation for the amounts used to calculate the 0.58% Issuance Costs presented in Cell C1866.
 - b. Please show the basis and explain the derivation of the .61% debt issuance costs for FY 2024 and 2025.
- PA-X-8. Please provide the Issuance Costs for PWD two previous debt issuances that occurred before the 2022C bond issuance. In your response, please provide the dates and the debt issuance percentage (include the debt issuance amounts and the debt issuance costs).
- PA-X-9. Reference PWD_FinPlan23_24_Ver1.xlsm, DS Tab. Please provide the supporting documentation, including the source document, for:
- a. The Series 2023 amount of 304,015 in Cell D418;
 - b. The Series 2024 amount of 1,399,780 in Cell E419; and
 - c. The Series 2025 amount of 5,697,581 in Cell F420.
- PA-X-10. Reference PWD_FinPlan23_24_Ver1.xlsm, DS Tab. Please provide the supporting documentation, including the source document, for the Commercial paper Issuance Costs of 1% and 0.13% as shown in Cells D502 and E502.
- PA-X-11. Please provide the assumptions for the \$900,000 in Commercial Paper issuances for FY 2023, FY 2024 and FY 2025 in the financial model. Given that the Commercial Paper is a revolving line of credit-type financing, is the \$900,000 expected to be the average balance, the amount issued annually, or something else? Please fully explain.
- PA-X-12. If the Biden Administration is making available \$340 million of WIFIA funds to the City of Philadelphia for water infrastructure investments (see the response to PA-VIII-2), why does the Future WIFIA funds shown in PWD_FinPlan23_24_Ver1.xlsm, DS Tab, Cells E634 and F634 of the cost of service show only \$ \$156 million in WIFIA financing through FY 2026. Why would the full amount of \$340 million not be sought up front as a means of reducing financing costs for PWD's customers?
- PA-X-13. Please provide documentation that supports the 4% interest rate used for the WIFIA financing.
- PA-X-14. Please provide documentation that supports the 20-year payback period used for the WIFIA financed amounts.
- PA-X-15. Reference PWD_FinPlan23_24_Ver1.xlsm, DS Tab, beginning at B684. Please provide supporting documentation that shows the derivation of the WIFIA amounts for Series 2023, 2024, 2025 and 2026.
- PA-X-16. Reference the response to PA-VIII-2. Please provide a copy of the Master Agreement between PWD and WIFIA under which loans will be issued in tranches.

- PA-X-17. With respect to the master agreement between WIFIA and PWD:
- a. Please identify the value of each loan tranche.
 - b. Please identify each project to be funded by each loan tranche.
 - c. For each project financed or to be financed by the loan tranches, please provide the total project cost, project expenditures to date, cost to complete, the value of the \$340 million funding already received and the date received.
 - d. Please provide the terms (i.e., payback period, interest rate, issuance costs, and principal value) of the loans being sought or received.
- PA-X-18. With reference to the projects to be supported by the \$160 million noted in President Biden's announcement,
- a. Please provide the terms (i.e., payback period, interest rate, issuance costs, and principal value) of the PENNVEST loans being sought or received.
 - b. For each project financed or to be financed by the proceeds of the \$160 million, please provide the total project cost, project expenditures to date, cost to complete, the value of the \$160 million funding already received, and the date received.
- PA-X-19. Please identify any American Rescue Plan Act (ARPA) funds that were previously allocated to PWD and identify the specific projects that the funds were used for.
- PA-X-20. To the extent that PWD received any ARPA funds,
- a. Please explain how the receipt of those funds were accounted on PWD books and the cost of service in this proceeding. In your response, explain whether these funds were accounted for as grants, revenues, or loans.
 - b. Please explain how the receipt of any ARPA funds affected the interest coverage, debt service coverage, the Rate Stabilization Fund, and the residual fund in the cost of service in this proceeding.
- PA-X-21. To the extent that PWD may receive any ARPA funds *for water, sewer or stormwater infrastructure in the future*,
- a. Please explain how the receipt of those funds would be accounted on PWD books and the cost of service in this or a future rate proceeding. In your response, explain whether these funds would be accounted for as grants, revenues, or loans.
 - b. Please explain how the receipt of any ARPA funds would affect the interest coverage, debt service coverage, the Rate Stabilization Fund, and the residual fund in the cost of service in this proceeding.
- PA-X-22. If ARPA funds (not loans) were allocated to PWD "to make necessary investments in water, sewer or broadband infrastructure" (as provided in Section 602(c)(1)(D)), would those funds be considered "grants and similar payments and contributions solely in aid of capital" such that they do not constitute Project Revenues

within the meaning of the 1989 General Bond Ordinance, as amended? Please explain and provide any supporting documentation.

PA-X-23. If the City budget for PWD allocated \$500 million in non-ratepayer funds (i.e., tax or other revenues within the General Fund) to PWD, and such funds were not required to be utilized for capital purposes, would such amounts be considered “other operating revenue” in PWD’s flow of funds?

PA-X-24. If the City budget for PWD allocated \$500 million in non-ratepayer funds (i.e., tax or other revenues within the General Fund) to PWD, and such funds were required to be utilized for capital purposes, would such amounts be considered “grants and similar payments and contributions solely in aid of capital” such that they do not constitute Project Revenues within the meaning of the 1989 General Bond Ordinance, as amended?

PA-X-25. If the City allocated ARPA funds to PWD in the FY 2024 budget, would those funds be required to be utilized for capital purposes?