1. Reference PA Statement 1 at pages 5, 6 and 8: Please state the factual basis for your statement that the amount of stimulus funding the Department is likely to receive will be “significant” or “extensive.”

Response

The statement is based on multiple sources, which together indicate the Department will receive significant federal stimulus funds.

Responses to discovery requests (PA-V-13 and PA-X-2) indicate the Department has submitted $2.1 million for reimbursement from CARES Act funding. The Department states it is uncertain when (not if) such reimbursements will be received.

It has been publicly reported that:

- Stimulus funding for local government was one of the largest spending items in the American Rescue Plan Act
- Such funding is more than what is necessary to fill state and local budget holes through next summer.


Philadelphia is implementing its Emergency Rental Assistance Program, Phase IV, which will provide up to $2,000 grants to pay for water bills. [https://phlrentassist.org/about-phase-4/](https://phlrentassist.org/about-phase-4/)

More than $1.1 billion will be available to pay for water bills through the forthcoming Low Income Home Water Assistance Program, to be allocated on the basis of poverty and housing cost burdens.

The American Rescue Plan provides $21.55 billion for rental assistance and $9.96 billion for homeowner assistance. Both amounts are available to pay for utility costs.
2. Reference PA Statement 1 at page 9: Provide material and documentation to support Mr. Morgan’s statement that in “Rhode Island, municipal water utilities are allowed to file for multi-year rate increases based upon specific changes in their cost of service.

Response
The statement is based upon Mr. Morgan’s experience and knowledge presenting testimony on behalf of the Rhode Island Division of Public Utilities and Carriers.

Section 39-15.1-4 of the State's statutes provides for municipal-owned water utilities to use multi-year rate plans for rate increases. The law allows multi-year rate plans to produce rates that are adequate to pay for all reasonable costs of service associated with water supply during the period of the plan and may include projections of cost increases; to provide for infrastructure maintenance, repair, and replacement, especially in order to meet goals for reduction of leakage and the accounting of non-billed water, that are included in a water supply system management plan; and to provide for the establishment and maintenance of operating reserves, capital reserves, and debt service reserves.

See:
Pawtucket Water Supply Board, Rhode Island Public Utilities Commission, Docket No. 4550.

Kent County Water Authority, Public Service Commission of Rhode Island, Docket No. 4611.

Woonsocket Water Division Public Service Commission of Rhode Island, Docket No. 4879.

Newport Water Department Public Service Commission of Rhode Island, Docket No. 4933.
The requested information is attached. Please note the Black & Veatch electronic Model is proprietary and may only be provided to parties that have executed the non-disclosure agreement.
4. Refer to Pages 15-17 of the Statement PA No. 1:

   a. Please provide in electronic format, with all formulas intact, the derivation of the account growth rate assumption used in the cited revenue projection supporting this testimony. In your response, please indicate which customer types this account growth assumption was applied to.

   b. Please provide in electronic format, with all formulas intact, the derivation of the average usage per account by customer type utilized in the cited analysis as the basis for projections.

   c. Please provide in electronic format, with all formulas intact, the derivation of the demand escalators by customer type used in the cited revenues projection supporting this testimony. In your response, please indicate which customer types this demand escalator assumption was applied to.

   d. Please provide a comparison of the projected FY 2021 average monthly billed water volume by customer type reflected in the revenue projections presented in Schedule LKM-2 with the average monthly billed water volume by customer type during COVID-19, as reflected in the attachment provided in response to PA-ADV-4.

Response

The requested information is included in the electronic files provided in the response to Item No.3 of this set of Data Requests. All changes to PWD’s assumptions in the B&V model are highlighted in green.
5. Refer to Pages 17 to 18, please provide evidence as to why you conclude that the Department’s collections against billings have not been impacted by the COVID-19 pandemic.

Response

Mr. Morgan does not state in his testimony that he concluded that the Department collections against billings have not been impacted by the COVID-19 pandemic. Mr. Morgan indicates he was unable to verify the derivation of the 8%, 4% and 2% used by the Department to reduce collections. As stated in his testimony, the Department provided Attachment PA-ADV-7.xlsx as the support for the percentages used to adjust the collection factors. In that response, the Department did not demonstrate how those percentages were derived. Without support for the derivation of the 8%, 4% and 2% used by the Department to reduce collections, it appears those percentages may have been subjectively determined. It should be noted that the burden of proof is on the utility in rate proceedings.

See the response to PWD-PA-II-1, above. The Department has not reflected any estimate of the various federal stimulus funds it will receive as an offset to any potential impact on collections due to the COVID-19 pandemic, even though these funds are being made because of the COVID-19 pandemic.

Mr. Morgan’s position is that before the Board authorizes rates that reflect the 8%, 4% and 2% used by the Department to reduce collections, the availability of the relief funds should first be reflected as an offset to any reduced collections in order to determine the actual revenue collection loss.
6. Please provide the supporting data and calculations for your proposed revisions to the expense escalation factors in Schedule LKM-3.

Response
The revisions to the expense escalation factors were based upon the use of the 3-year average. The supporting calculations is included in the electronic files provided in the response to Item No.3 of this set of Data Requests.
7. Is the rate increase granted to PGW for FY 2021-22 reflected in your proposed gas escalation factor for FY 2022. [sic]

Response

Mr. Morgan did not make a specific adjustment to reflect PGW’s rate increase. Below is a reproduction of page 2 of the memo from the City’s Office of Sustainability. According to the memo, there could be updates to the changes in costs presented in the memo. Mr. Morgan requested in his testimony that the Department provide an update of the gas cost increase when it files its rebuttal testimony. Hence, his concern is that the accurate gas costs be reflected in the cost of service.

Next Steps

The Energy Office will provide regular updates to PWD on the purchases and impacts to electricity and natural gas rates, as well as escalation projections. Please feel free to reach out if there are any questions.

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