

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges	Fiscal Years 2022-2023
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**PHILADELPHIA WATER DEPARTMENT'S
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
SET IV (Colton)**

Interrogatories and Requests for Production

1. Reference PA Statement 3, page 119, lines 8-9 regarding Mr. Colton's claim that the economic analysis of PWD's Capital Improvement Plan ("CIP") in the H. Gil Peach, Mark Thompson and Yvonne Whitelaw testimony ("Peach Testimony") is not unique to the CIP. Do you agree that the specific economic modeling of a given project is inherently unique based on model inputs and outputs? If not, please explain.

RESPONSE: No. Mr. Colton's Direct Testimony indicates that the calculation of direct, indirect and induced economic impacts is not "inherently unique" (the phrase used in the question) to any discussion of the PWD Capital Improvement Plan. See, e.g., PA St. 3, at 119:9-18; at 120:12-17; at 121:1-11 (and accompanying notes).

RESPONSE BY: Roger D. Colton

2. Reference PA Statement 3, page 119, lines 13-18 regarding PWD investment in the CIP.
- a. Is Mr. Colton suggesting that investment to maintain and improve City streets and bridges is dissimilar to investment to maintain and improve the City water and wastewater systems?
 - b. If the answer to 2(a) is yes, please explain.
 - c. Is it the Public Advocate’s position that improvements/replacements to PWD’s aging water and wastewater systems are not essential?
 - d. If the answer to 2(c) is yes, please explain and identify projects in the CIP that should be delayed or discontinued.

RESPONSE:

- a. Yes.
- b. An “investment to maintain and improve City streets and bridges” is not proposed to be included in PWD water and wastewater rates.
- c. The Public Advocate has not presented its “position” on the PWD CIP. By way of further response, no Direct Testimony by a Public Advocate witness presents “the position” of the Public Advocate, but rather provides a written factual record upon which the Public Advocate will draw in arguing its “position” on various aspects of the PWD request for rate relief in this proceeding.
- d. Not applicable.

RESPONSE BY: Roger D. Colton

3. Reference PA Statement 3, page 119, lines 18-20 where Mr. Colton states that “[T]he economic stimulus impacts of an investment [the CIP] offers no insights into the extent to which, if at all, those stimulus dollars should be included in utility rates.”
- a. Please explain why the economic stimulus of investment in the CIP, such as job creation, should not be considered in this rate proceeding.
 - b. Should Mr. Colton’s testimony (PA Statement 3, pages 9-32) regarding the negative economic effects of the COVID-19 pandemic or the need for economic stimulus (COVID-19 Emergency Relief Program), likewise not be considered?

RESPONSE:

- a. Mr. Colton’s Direct Testimony explains in detail why PWD St. 8 provides no basis for deciding whether the rate relief requested by PWD should be granted in this proceeding.
- b. This question mischaracterizes Mr. Colton’s testimony regarding COVID-19. Mr. Colton does not address the extent to which, if at all, the recommended COVID-19 Emergency Relief Program serves as an “economic stimulus” (using the words of the question) by generating direct, indirect, and induced economic impacts. To assert any equivalency between the economic stimulus discussion in PWD St. 8 and Mr. Colton’s discussion of the impact of COVID-19 on the ability of PWD customers to pay their PWD bills is a non-sequitur.

RESPONSE BY: Roger D. Colton

4. Reference PA Statement 3, page 120, lines 1-8. Mr. Colton states that the economic modeling of the CIP does not evaluate the alternative of not performing essential infrastructure maintenance and upgrades.
- a. Is Mr. Colton asserting that PWD should not perform essential infrastructure maintenance and upgrades?
 - b. Is it realistic, in Mr. Colton's view, for PWD to further delay or discontinue essential infrastructure maintenance and upgrades to its system?
 - c. Has the Mr. Colton analyzed future cost implications if PWD were to delay or discontinue essential infrastructure maintenance and upgrades? If Mr. Colton has performed such analysis, please provide any facts, data, reports or other supporting documentation.
 - d. Please indicate whether you agree or disagree with the following statement: The postponement of essential infrastructure maintenance and upgrades will likely increase costs to ratepayers to address maintenance and upgrades in future years.
 - e. If you do not agree with the statement in 4(d), please explain why you disagree.

RESPONSE:

- a) This question does not address any aspect of Mr. Colton's Direct Testimony. Mr. Colton's testimony responds to the Peach Testimony (PWD St. 8). The Peach Testimony does not address, let alone document, whether PWD's Capital

Improvement Plan is “essential.” Nor does the Peach Testimony address, let alone document, whether PWD’s CIP can be delayed or discontinued. Nor does the Peach Testimony address, let alone document, what future costs (if any) would be incurred or avoided if PWD were to delay or discontinue any particular CIP investment.

- b) See, response to 4(a).
- c) See, response to 4(a).
- d) See, response to 4(a).
- e) See, response to 4(d).

RESPONSE BY: Roger D. Colton

5. Reference PA Statement 3, page 120, lines 7-8. Mr. Colton states that “[c]onsumer spending on capital-intensive utility projects, however, is one of the least efficient or effective ways to produce economic activity.” Please identify any and all reports, data, documents or other substantiation on which Mr. Colton relies in making this assertion.

RESPONSE: The proposition that spending on capital-intensive projects is a less effective means of producing economic activity than spending on more labor-intensive projects is so well-established it would likely be impossible to compile a bibliography of “any and all reports, data, documents or other substantiation” upon which Mr. Colton relies.

RESPONSE BY: Roger D. Colton

6. Reference PA Statement 3, page 122, lines 8-9. Mr. Colton asserts that the Peach Testimony (PWD Statement 8) advances a “decision-rule.” Please explain in detail the basis for this contention.

RESPONSE: The only basis for accepting the Peach Testimony (PWD St. 8) as testimony in this proceeding is to assert the “decision-rule” that the Testimony is relevant and material to the question of whether to approve PWD’s requested rate relief. Without such a decision-rule, even if one accepts the substantive accuracy or legitimacy of the Peach Testimony, which Mr. Colton’s testimony explains should not be done, the Peach Testimony serves no function in advancing a decision on whether PWD’s requested rate relief should or should not be adopted.

RESPONSE BY: Roger D. Colton