

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

Re: Philadelphia Water Department Proposed Charges in Rates and Charges	2023 General Rate Proceeding Fiscal Years 2024 - 2025
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**PHILADELPHIA WATER DEPARTMENT’S
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO THE PUBLIC ADVOCATE, SET I**

The Philadelphia Water Department (“Department” or “PWD”) requests that the Public Advocate provide full and complete answers to the following interrogatories and request for production of documents upon the undersigned.

Interrogatories and Requests for Production to the Public Advocate

For Public Advocate Witnesses, Lafayette K. Morgan, Jr and Jennifer L. Rodgers.:

General

1. Please provide a summary schedule showing all revenue and expense adjustments for FY24 and FY25 similar to the schedule format on page 23 of PA Statement 1 supporting the proposed change to the additional revenues in FY 24 and FY 25.

Response:

2. Please provide work papers, with all formulas intact, supporting each revenue and expense adjustment stated in PA Statement 1 and the workpapers supporting Schedule LM_JR-1 through Schedule LM_JR-5.

Response:

3. Have you independently reviewed revenue and expense adjustments detailed in Mr. Colton's testimony (PA Statement 3) and shown in the table on page 23 of PA Statement 1.

Response:

4. Please confirm or deny that in making normalization adjustments over a designated period (e.g., three years) some examination is required to make sure there are no anomalies during the period proposed to be used that could bias the result rather than reflect normal experience.

Response:

Revenues

5. Please confirm or deny that billed usage per account for 5/8" residential customers was consistently declining before the pandemic (prior to FY20).

Response:

6. Please confirm or deny that the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board) found (or approved) in its Rate Determinations in 2016 and 2018 declining usage due to lower usage per account.

Response:

7. Please confirm or deny that residential billed volume per account is a primary driver of operating revenues (given 400,000+ PWD residential accounts).

Response:

CIP

8. With reference to PA Statement 1 at 17 (lines 1-3), please provide the basis for the statement that in establishing the PWD Capital Budget for

future years that consideration is given to the fact that costs in the future will be higher than the current year.

Response:

9. With reference to PA Statement 1 at 17 (lines 10-15) and 21 (lines 18-20), for purposes of normalizing construction expenditures to be carried forward, what period is proposed to be utilized (i.e., state number of years, specific period).

Response:

10. Please provide the amounts and the basis for the proposed carry forward adjustments. Identify the components of the proposed FY 23, FY 24 and FY 25 annual carry forward adjustments including the budgeted amounts carried forward from prior years and budget amounts carried forward to future years.

Response:

Inflation Factors

11. With reference to PA Statement 1 at 19 (lines 1-15), please provide (i) a detailed description of Federal Open Market Committee (FOMC) core inflation projections referred to in your testimony together with source documentation; and (ii) a list items that are included or excluded in this index of inflation.

Response:

12. Please confirm or deny whether changes in prices for items such as phosphoric acid, sodium hydroxide, sodium hypochlorite, blended sodium phosphate and activated carbon are included in this inflation index

Response:

13. Please confirm or deny whether changes in prices for lab equipment or related services are included in this index of inflation.

Response:

14. Please confirm or deny whether changes in prices for materials such as ductile iron pipe and curb stops are included in this index of inflation.

Response:

15. Please confirm or deny that even generally reported rates of inflation (Consumer Price Index) have ranged from 7.7% (October 2022) down to 5.0% (in recent past).

Response:

16. Do you dispute the fact that PWD's cost per ton for chemicals experienced in 2023, as specifically referenced in PWD Statement 4 at 4 (lines 7-12), shows an increase from 26.7% to 141.8% over FY 2022 levels.

Response:

17. Do you dispute the fact that PWD has generally experienced a 43% increase in costs for materials in FY23 and that it is paying costs for valves, sleeves, couplings and ductile iron pipe in maintenance activities as set forth in Schedule OP-1 that far exceed the 2.1% - 2.6% recommended for an inflation factor in PA Statement 1 at 19 (lines 17-20), 20 (lines 11-14), 21(lines 3-7).

Response:

Debt Service

18. With reference to PA Statement 1 at 22 (lines 4-8), please confirm or deny that the statement refers to the PWD response to PA-V-4.

Response:

19. If the prior question is confirmed, please also confirm that the PWD in its response to PA-V-4, in fact, recommended increasing interest rates by 1% from 2022 Special Rate Proceeding yielding 5.5% and 6.0% interest rates.

Response:

20. With reference to PA Statement 1 at 22 (lines 4-8), please explain how in adopting the recommendation set forth in the response to PA-V-4, your proposal as to interest rates to be utilized is so different.

Response:

Interest Income

21. With reference to PA Statement 1 at 22 (lines 22-26) and 23 (lines 1-2), please confirm or deny that actual interest income reflects market considerations (investments made) and is not based on a calculation of simple interest.

Response:

22. With reference to the recommendation made in PA Statement 1 at 22, please confirm or deny that actual interest income recognized by PWD in FY22 was less than 0.5%.

Response:

Stormwater Management

23. With reference to PA Statement 1 at 6-10, do you agree that the recommendation for stormwater management cost recovery is a part of a larger policy discussion involving other stakeholders; and that neither PWD or the Rate Board can make this decision in isolation?

Response:

Respectfully submitted,

/s/ Andre C. Dasent

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Date: April 18, 2023

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