

1                                   **RESPONSE TO PUBLIC ADVOCATE INTERROGATORIES**  
2                                   **AND REQUESTS FOR PRODUCTION OF DOCUMENTS**

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5 **PA-RDC-1<sup>1</sup>.**                   ASSUME THAT \$16.5 MILLION IS INCLUDED IN BASE RATES  
6                                   FOR THE IWRAP PROGRAM IN THIS PROCEEDING. ASSUME  
7                                   FURTHER THAT IWRAP COSTS INCREASE BY 10% (\$1.65  
8                                   MILLION). USING THE CONSUMPTION PROJECTED FOR  
9                                   FISCAL YEAR 2018 AND THE REVENUE PROJECTIONS FOR  
10                                  FY 2018 (INCLUDED IN THE RATE BOARD’S JUNE 7, 2016  
11                                  DECISION), PLEASE PROVIDE, IN SUFFICIENT DETAIL TO  
12                                  ALLOW REPLICATION, THE CALCULATION SHOWING, BY  
13                                  RATE BLOCK:

- 14                                  A. THE PERCENTAGE CHANGE IN RATES USING THE TAP  
15                                     RIDER AS PROPOSED BY PWD:  
16                                  B. THE DOLLAR CHANGE IN RATES USING THE TAP RIDER  
17                                     AS PROPOSED BY PWD;  
18                                  C. AN APPLICATION OF THE PERCENTAGE CHANGE IN  
19                                     RATES, BY RATE BLOCK, USING THE TAP RIDER AS  
20                                     PROPOSED BY PWD SHOWING HOW THE TAP RIDER AS  
21                                     PROPOSED WOULD RESULT IN INCREASED  
22                                     COLLECTIONS OF IWRAP COSTS BY \$1.65 MILLION;  
23                                  D. AN APPLICATION OF THE DOLLAR CHANGE IN RATES,  
24                                     BY RATE BLOCK, USING THE TAP RIDER AS PROPOSED  
25                                     BY PWD, SHOWING HOW THE TAP RIDER AS PROPOSED  
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<sup>1</sup> Set II responses are in connection with pre-filing discussions and examples provided during such discussions were for illustrative purposes only.

1                                    WOULD RESULT IN INCREASED COLLECTIONS OF IWRAP  
2                                    COSTS BY \$1.65 MILLION.

3                                    PROVIDE ALL CALCULATIONS IN A LIVE EXCEL  
4                                    SPREADSHEET WITH ALL FORMULAE INTACT.

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6 **RESPONSE:**

7 The example calculation provided in response attachment PA-RDC-1.xlsx illustrates the impact  
8 as requested in the above questions. Note - the proposed TAP Rate Rider would first go into  
9 effective in Fiscal Year 2020 and therefore would not be applicable to Fiscal Year 2018 and  
10 Fiscal Year 2019 rates; therefore, the example calculation demonstrates the application of the  
11 adjustments in the context of the Fiscal Year 2020 rates. The rates, billings, costs and revenues  
12 referenced in the example are for illustrative purposes only and do not reflect any figures used in  
13 the prior rate proceeding or presented in the current rate proceeding.

14                    Responses to the sub-items are as follows:

- 15                    A. Refer to Table 2 – EXAMPLE. The “% Adjustment” column reflects the potential  
16                    percent change to the FY 2020 Adopted Rates resulting from the application of the TAP  
17                    Rate Rider as proposed.
- 18                    B. Refer to Table 2 – EXAMPLE. The \$ Difference” column reflects the potential dollar  
19                    change in the FY 2020 Adopted Rates using the TAP Rate Rider as proposed.
- 20                    C. Refer to Table 4 – EXAMPLE. The “Rider Adjustment %” column illustrates that the  
21                    Water and Sewer Rate Rider Adjustment amounts equate to the respective FY 2020  
22                    Water and Sewer Rate Rider Adjustment percentages.
- 23                    D. Refer to Table 4 – EXAMPLE. The “Rider Adjustment Amount” column illustrates that  
24                    the aggregate amount recovered through the water and wastewater portions of the Total  
25                    TAP Adjustment Amount equate to the Total Adjustment Amount required for recovery  
26                    in FY 2020.

1 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.

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3 **PA-RDC-2.**

4 ASSUME THAT \$16.5 MILLION IS INCLUDED IN BASE RATES  
5 FOR THE IWRAP PROGRAM IN THIS PROCEEDING. ASSUME  
6 FURTHER THAT IWRAP COSTS DECREASE BY 10% (\$1.65  
7 MILLION). USING THE CONSUMPTION PROJECTED FOR  
8 FISCAL YEAR 2018 AND THE REVENUE PROJECTIONS FOR  
9 FY 2018 (INCLUDED IN THE RATE BOARD'S JUNE 7, 2016  
10 DECISION), PLEASE PROVIDE, IN SUFFICIENT DETAIL TO  
11 ALLOW REPLICATION, THE CALCULATION SHOWING, BY  
12 RATE BLOCK:

- 13 A. THE PERCENTAGE CHANGE IN RATES USING THE TAP  
14 RIDER AS PROPOSED BY PWD:
- 15 B. THE DOLLAR CHANGE IN RATES USING THE TAP RIDER  
16 AS PROPOSED BY PWD;
- 17 C. AN APPLICATION OF THE PERCENTAGE CHANGE IN  
18 RATES, BY RATE BLOCK, USING THE TAP RIDER AS  
19 PROPOSED BY PWD SHOWING HOW THE TAP RIDER AS  
20 PROPOSED WOULD RESULT IN DECREASED  
21 COLLECTIONS OF IWRAP COSTS BY \$1.65 MILLION;
- 22 D. AN APPLICATION OF THE DOLLAR CHANGE IN RATES,  
23 BY RATE BLOCK, USING THE TAP RIDER AS PROPOSED  
24 BY PWD, SHOWING HOW THE TAP RIDER AS PROPOSED  
25 WOULD RESULT IN DECREASED COLLECTIONS OF  
26 IWRAP COSTS BY \$1.65 MILLION.
- 27 PROVIDE ALL CALCULATIONS IN A LIVE EXCEL  
28 SPREADSHEET WITH ALL FORMULAE INTACT.

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**RESPONSE:**

The example calculation provided in response attachment PA-RDC-2.xlsx illustrates the impact as requested in the above questions. Note - the proposed TAP Rate Rider would first go into effect in Fiscal Year 2020 and therefore would not be applicable to Fiscal Year 2018 and Fiscal Year 2019 rates; therefore, the example calculation demonstrates the application of the adjustments in the context of the Fiscal Year 2020 rates. The rates, billings, costs and revenues referenced in the example are for illustrative purposes only and do not reflect any figures used in the prior rate proceeding or presented in the current rate proceeding.

Reponses to the sub-items are as follows:

- A. Refer to Table 2 – EXAMPLE. The “% Adjustment” column reflects the potential percent change to the FY 2020 Adopted Rates resulting from the application of the TAP Rate Rider as proposed.
- B. Refer to Table 2 – EXAMPLE. The \$ Difference” column reflects the potential dollar change in the FY 2020 Adopted Rates using the TAP Rate Rider as proposed.
- C. Refer to Table 4 – EXAMPLE. The “Rider Adjustment %” column illustrates that the Water and Sewer Rate Rider Adjustment amounts equate to the respective FY 2020 Water and Sewer Rate Rider Adjustment percentages.
- D. Refer to Table 4 – EXAMPLE. The “Rider Adjustment Amount” column illustrates that the aggregate amount credited through the water and wastewater portions of the Total TAP Adjustment Amount required for recovery in FY 2020.

**RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.

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**PA-RDC-3.**

CONFIRM OR DENY. NO COLLECTABILITY STUDIES EXIST FOR PWD THAT SHOW THE COLLECTABILITY RATES FOR LOW-INCOME PWD CUSTOMERS OR FOR ANY SUB-SEGMENT OF LOW-INCOME PWD CUSTOMERS (E.G., CUSTOMERS WHO PARTICIPATED IN THE FORMER WRAP PROGRAM). IF DENIED, PLEASE PROVIDE THE COLLECTABILITY STUDY AND SPECIFY THE LOW-INCOME POPULATION TO WHICH THE COLLECTABILITY STUDY APPLIES.

**RESPONSE:**

Confirm

**RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.

1 **PA-RDC-4.** PLEASE PROVIDE, IN SUFFICIENT DETAIL TO ALLOW  
2 REPLICATION, THE ALLOCATION OF IWRAP COSTS  
3 PROPOSED TO BE INCLUDED IN THIS RATE CASE, BY  
4 CUSTOMER CLASS, TO:

- 5 A. WATER RATES;
- 6 B. SEWER RATES;
- 7 C. STORMWATER RATES.

8 PLEASE SPECIFY ALL ALLOCATION FACTORS AND  
9 PROVIDE THE ALLOCATIONS IN A LIVE EXCEL  
10 SPREADSHEET WITH ALL FORMULAE INTACT.

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12 **RESPONSE:**

13 The TAP annual revenue loss is allocated to the water, sewer and stormwater systems as an  
14 integral component of miscellaneous revenues. First, the TAP annual revenue loss is allocated  
15 between water and wastewater based on the distribution of the typical residential monthly bill.  
16 Then, within wastewater, the retail miscellaneous revenue is allocated to functional costs  
17 components and then each functional cost is ultimately allocated between sewer and stormwater  
18 systems. In addition, because TAP customers receive a discount on their entire monthly bill,  
19 recovery of the TAP Revenue Loss is via all the rate components of the retail water, sewer, and  
20 stormwater rate structure. The retail rate structure components include meter based water and  
21 sewer service charges, water and sewer quantity charges, stormwater services charges, and the  
22 stormwater billing and collection charges.

23 Since the annual TAP Revenue Loss is subject to multiple levels of cost of service allocation and  
24 recovered via multiple rate structure components, it is not feasible to delineate specific allocation factors  
25 at the water, sewer, and stormwater rate component level.

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28 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.

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**PA-RDC-5.**

PLEASE PROVIDE THE CALCULATION, IN SUFFICIENT  
DETAIL TO ALLOW REPLICATION, OF HOW PWD'S  
RESIDENTIAL COLLECTABILITY FACTOR IS USED TO  
ADJUST THE DOLLARS INCLUDED AS REVENUE  
REDUCTIONS ATTRIBUTABLE TO THE IWRAP DISCOUNT:  
A. USING THE COLLECTABILITY FACTOR OTHERWISE  
USED IN THIS PROCEEDING;  
B. USING A COLLECTABILITY FACTOR OF 100%; AND  
C. USING A COLLECTABILITY FACTOR OF 90%.  
PROVIDE THE CALCULATIONS USED TO DEVELOP THE  
RESPONSE TO THIS QUESTION IN A LIVE EXCEL  
SPREADSHEET WITH ALL FORMULAE INTACT.

**RESPONSE:**

Revenue reductions attributable to the TAP discount, as included in the rate case, were not  
calculated using a collectability factor. There are no collectability studies available for any  
subsets of the customer base including residential customers.

**RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.

1 **PA-RDC-6.**

PLEASE PROVIDE, BY MONTH, FOR THE TWO MOST RECENT  
2 COMPLETE FISCAL YEARS AVAILABLE, THE:

3 A. TOTAL RESIDENTIAL CONSUMPTION IN THAT MONTH;

4 AND

5 B. AVERAGE RESIDENTIAL CONSUMPTION IN THAT  
6 MONTH.

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8 **RESPONSE:**

9 As described in Raftelis Financial Consultants’ “Typical Residential Customer Consumption”  
10 Memo, PWD has defined ‘typical residential usage’ as the median usage for which a general  
11 service residential customer (GS-R, customer type 4, installation type 08, 09, 10, 11) as billed  
12 within a given fiscal year. This figure excludes any negative or zero consumption bills as these  
13 consumption levels indicate usage adjustments or inactive accounts, respectively.

14 Using the median to represent typical consumption is appropriate as it best reflects the midpoint  
15 of the usage distribution of residential customers. For FY 2015 and FY 2016, the typical  
16 residential customer utilizes 5 Ccf (or 500cf) of water per month.



1 FY 2015:

	Total Consumption (CF)	Typical Consumption (CCF)
2 July	272,013,400	5
3 August	276,719,400	5
4 September	273,875,500	5
5 October	268,350,700	5
6 November	252,759,400	5
7 December	294,579,900	5
8 January	256,985,600	5
9 February	250,664,300	5
10 March	288,562,000	5
11 April	255,515,300	5
12 May	258,548,000	5
13 June	261,688,500	5

13 FY 2016:

	Total Consumption (CF)	Typical Consumption (CCF)
14 July	269,442,300	5
15 August	278,952,500	5
16 September	271,918,200	5
17 October	267,194,100	5
18 November	252,400,400	5
19 December	264,450,500	5
20 January	244,704,100	5
21 February	264,603,900	5
22 March	257,790,000	5
23 April	250,229,800	5
24 May	243,426,400	5
25 June	259,273,700	5

25 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.