

**SUMMARY OF QUESTIONS POSED BY JOSEPH CLARE AND
PHILADELPHIA WATER DEPARTMENT RESPONSES**

APRIL 19, 2018 PUBLIC INPUT HEARING

| Questions Posed by Mr. Clare | Philadelphia Water Department Responses |
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| Concerning the Department's Low Income Subsidy Program (i.e. TAP): | |
| <p>1. Does the Department (or WRB) routinely seek applicants to sign releases to give the Department access to their federal, state and local tax records and their credit bureau records. If not, why not? If so, has the Department (or WRB) made use of such releases and audited or reviewed data for consistency? If not, on what information does the Department base their review?</p> | <p>Response: A customer may submit a Federal Income Tax Return to establish income for the customer and all household members. See PWD Regulation 206.2(e). On the application form, Applicants must agree to authorize WRB to verify information provided on the application through the City and third party sources. WRB currently reviews the data reported on the application and sends out investigators to validate information on questionable applications. The Department and WRB expect to develop more robust audit procedures in the second year of the program and have reviewed publicly available information on the audit procedures used by other utilities. The Office of Consumer Advocate and other parties have raised concerns about the use of external services to collect income and household information in a separate proceeding involving PGW's low income program. PGW reported that it does not use credit reports and unregulated data to verify household income. PGW examines recent data from publicly-available City of Philadelphia Office of Property Assessment records to identify applicants who may have higher than expected housing costs for a low-income household. PGW also uses a Zero Income Form for customers who report zero income at the time of enrollment or re-enrollment and uses this form in its periodic review of applications. Based on PGW's experience, the WRB has included a similar Zero Income Form as part of the application.</p> |
| <p>2. Does the Department have an estimate of the level of fraud, waste and abuse with respect to the program, particularly with respect to applicants ignoring income from other members of the household?</p> | <p>Response: The Department currently does not have an estimate for the level of fraud, waste or abuse but expect that such data will become available as the program matures. WRB denies applications as incomplete if income documentation is not provided for each household member.</p> |

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| 3. Has the Department arranged for resources to give it the ability to perform audits or investigations with respect to these applications? If not, why not? | Response: The Department believes that it already has adequate resources to perform audits and investigations. |
| 4. Does the Department routinely share application information with other utilities? If not, why not? | Response: The Department has discussed sharing information with PGW but currently does not routinely share application information from customers. As noted above, applicants may submit tax returns to establish eligibility. Any information gained by the City from a tax return is considered confidential tax information and it is unlawful, except for official purposes or as provided by law, for an officer, employee or agent of a City to divulge or make known any confidential information gained in any such return. PGW is regulated by the Public Utility Commission, which has taken the position that sharing of information between utilities should be limited to entities with an information sharing agreement and that information should be shared only when necessary for program eligibility verification. |
| Regarding the Department’s Stormwater Program: | |
| 5. What is the status of the Department’s negotiations with the surrounding townships with respect to sharing the cost of this program, what recent progress has been made particularly with respect to Lower Merion and Bucks County and what are the prospects for the same? | <p>Response: Five wholesale contracts have been amended since May 2015, two of which include cost sharing of the Water Department’s Consent Order and Agreement (COA) expenditures. Contracts are best negotiated at the end of their term, as such PWD is in constant communication with the surrounding Townships and monitors contract end dates.</p> <p>As of July 2016, the Department now charges Wholesale Customers for total project costs. Total project costs include all cost related to the planning, design, construction, inspection and any PWD employee labor expenses of a PWD project. This only became possible after the Department’s labor tracking system came back on line in the summer of 2016. This updated cost accounting applies to both capital buy-in wholesale customers as well and depreciation and return wholesale customers.</p> <p>In addition, the Department now isolates both Capital and Operating expenditures associated with the COA. Because of this tracking, the Department can now ensure Wholesale customers are billed for the full burden of the COA instead of just construction expenses.</p> |

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| | <p>See the table on page 4 of the White Paper: Wholesale Cost of Service Overview (PWD Statement 9A, Schedule BV-E5, page 4).</p> <p>Lower Merion does not currently pay for the COA. The City may terminate the agreement with Lower Merion for cause, but only upon five years written notice. The City has not provided such a notice to date.</p> <p>The agreement with Bucks County was last amended in April 2016 and resolves sampling of wastewater loadings. The City has been in discussions with Bucks since March 2017 regarding the costs and potential amendment related to the COA. Nothing further can be provided at this time.</p> |
| With Respect to the Proposal to have the Department shoulder the funding responsibility for the fire system: | |
| <p>6. Do any other utilities (public or private) in Pennsylvania shoulder this responsibility?</p> | <p>Response: See Schedule BV-E5 WP-2, titled: Recovery of Public Fire Protection Costs.</p> <p>Please see response to PA-III-8.</p> <p>A list of all Commonwealth of Pennsylvania public or private municipal utilities which recover public fire protection costs through water rates and charges is not available.</p> |
| <p>7. Will the Department also be responsible for the related indemnity costs for the fire system? If so, have they been quantified?</p> | <p>Response: The Department does not expect its indemnity costs related to the fire system to change as a result of its proposal. The City generally is immune from tort liability under the Political Subdivision Tort Claims Act, except for claims that fall within one of the statute’s enumerated exceptions. If a claimant is successful in asserting a claim against the City related to the fire system, the Law Department and the City’s Risk Management Office would decide if the claim should be paid by the General Fund or the Water Fund based on the facts of the case. The proposal will not change this claims handling practice.</p> |
| <p>8. Will the department also be responsible for funding the removal of the high pressure fire system? If so, has this cost been quantified?</p> | <p>Response: No.</p> <p>The cost was calculated by the Departments Engineering & Construction Unit and shared with the City.</p> |