

1 **PHILADELPHIA WATER DEPARTMENT RESPONSE TO TRANSCRIPT REQUEST**

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3 **TR-22.** PLEASE IDENTIFY AGREEMENTS AND DISAGREEMENTS BETWEEN  
4 PWD AND THE PUBLIC ADVOCATE REGARDING THE STRUCTURE OF  
5 THE PROPOSED TAP RIDER.  
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7 **RESPONSE:**

8 PWD, as a part of its rebuttal testimony, developed a revised proposal for both the cost  
9 recovery mechanism and the reconcilable Tiered Assistance Program (TAP) Rate Rider, thereby  
10 moving closer to the Public Advocate’s approach to this subject. Based on PWD’s revised TAP  
11 Rider proposal, there are areas PWD and the Public Advocate agree on, and a few areas of  
12 disagreements remain to be resolved.

13 Agreements:

- 14 1. Expenses for the Low Income Conservation Assistance Program (LICAP) will not be  
15 recovered through the TAP Surcharge Rate Rider (“TAP-R Surcharge” or “TAP Rider”).
- 16 2. During the annual reconciliation submission, the TAP Rider will be calculated based on  
17 both the reconcilable TAP expenses (in this case the TAP revenue loss associated with  
18 providing discounts to TAP program participants) and the amount of TAP-R surcharge  
19 revenue collected through the rider from the Non-TAP customers.
- 20 3. The TAP-R surcharge will be calculated on a “dollars per unit of consumption (MCF)”  
21 basis.
- 22 4. In calculating the TAP Rider in the annual reconciliation submission, for the 12 month  
23 period prior to the effective date of the TAP Rider:
  - 24 a. PWD will utilize actual TAP revenues and expenses data from approximately the  
25 first 9 to 10 months of the current period, and annualized/projected revenues and  
26 expenses for the remaining months of the current period in order to estimate the  
27 full 12-month period of TAP revenue loss and surcharge revenues, which are  
28 subject to reconciliation.

1           b. PWD will reconcile TAP Rider calculations of the current period, based on the  
2           difference between (i) annualized/projected TAP surcharge revenues and expenses,  
3           and (ii) the actual TAP surcharge revenues and expenses experienced during that  
4           current period.

5           5. The TAP Rider will not include provisions for emergency TAP Rider adjustments based  
6           on financial emergencies associated with TAP surcharge revenues and/or TAP expenses.

7           6. TAP over- and under-recovery shall be subject to an interest rate equal to the 52-week  
8           Treasury Bill rate as compiled and published in the Federal Reserve Statistical Release  
9           H.15 (519) as of the first day of the month preceding the month of the annual  
10          reconciliation submission.

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12 Disagreements:

13          1. PWD and the Public Advocate disagree about the embedded lost revenue adjustment for  
14          discounts provided to TAP program participants, and specifically the collection factor to  
15          be used in determining the TAP revenue loss. While the Public Advocate believes that a  
16          low income collectability factor should be used to determine the TAP revenue loss  
17          amount, PWD believes that a cumulative system-wide collection factor, which is used in  
18          determining PWD's base rate revenues, should also be used for determining PWD's TAP  
19          revenue loss due to TAP discounts, and for determining the TAP surcharge revenues that  
20          are to be recovered from Non-TAP customers.

21          2. PWD and the Public Advocate disagree about the inclusion of TAP arrearage forgiveness  
22          in the TAP Rider, as well as the embedded lost revenue adjustment for arrearage  
23          forgiveness.

24          3. PWD and the Public Advocate disagree about how TAP expenses should be apportioned  
25          as revenue requirements between the water and sewer services.

26          4. PWD and the Public Advocate disagree about the process for review and approval of  
27          PWD's annual TAP Rider reconciliation submission.

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**RESPONSE PROVIDED BY:** The Philadelphia Water Department