

**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 Related Charges	Fiscal Years 2019-2021
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**Public Advocate Response to Transcript Request 22**

TR -22. Please identify agreements and disagreements between PWD and the Public Advocate regarding the structure of the proposed TAP rider.

**RESPONSE:**

**Agreements:**

1. Expenses for the Low Income Conservation Assistance Program (LICAP) will not be recovered through the TAP Rider.
2. The TAP Rider will be calculated based on both the TAP expenses and the amount of TAP revenue collected through the rider.
3. The TAP Rider will be calculated on a "dollars per unit of consumption (MCF)" basis.
4. In calculating the TAP Rider in the annual reconciliation submission, based on the 12 month period prior to the effectiveness of the TAP Rider:
  - a. PWD will utilize actual TAP revenues and expenses for the first 9-10 months, and annualized/projected revenues and expenses for the last 2-3 months.
  - b. PWD will "true up" prior TAP Rider calculations based on the difference between (i) annualized/projected TAP revenues and expenses, and (ii) actual TAP revenues and expenses.
5. The TAP Rider will not include provisions for emergency adjustments based on financial exigencies.
6. TAP over- and under-recovery shall be subject to an interest rate equal to the 52-week Treasury Bill rate as of the first day of the month preceding the month of the annual reconciliation submission.
7. PWD and the Public Advocate agree to the principle that the TAP Rider should include an embedded lost revenue adjustment.

**Disagreements:**

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

3. PWD and the Public Advocate disagree about how TAP expenses should be allocated to customer bills.
4. PWD and the Public Advocate disagree about the process for review and approval of PWD's annual TAP Rider reconciliation submission.

RESPONSE PREPARED BY: Public Advocate