

**BEFORE THE  
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD**

**PHILADELPHIA WATER                    )  
DEPARTMENT                            )        FY 2019-2021 RATES**

**COMMENTS OF THE PUBLIC ADVOCATE  
TO PWD COMPLIANCE FILING**

July 30, 2018

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## **I. INTRODUCTION**

Pursuant to the procedural schedule adopted by Hearing Office Brockway on March 23, 2018, following the decision of the Philadelphia Water, Sewer and Storm Water Rate Board (Board) in the matter of PWD's requested rate increase, PWD is required to submit a compliance filing reflecting the impact of the Board's July 12, 2018 rate determination (Rate Determination). PWD submitted its compliance filing on July 23, 2018 (Compliance Filing). By correspondence on July 19 and July 24, the Public Advocate and PWD expressed their agreement that comments to PWD's Compliance Filing would be due on July 30, 2018. The Public Advocate hereby submits these Comments to PWD's Compliance Filing, and urges the Board to order corrections to PWD's rates and charges as explained in the following sections. The Public Advocate's Comments focus on the revenue requirements assumptions set forth in PWD's Compliance Filing and the TAP Rider reconciliation process required by the Board.<sup>1</sup>

The Board is obligated, in rendering its Rate Determination, to balance the interests of customers in receiving efficient utility service at the lowest possible rates, against PWD's interests in obtaining sufficient revenues to conduct its operations, maintain its financial integrity and achieve access to financial markets for revenue bonds at reasonable rates. See PA M.B. at 16. As a result, assuming the Board's Rate Determination reflects an appropriate balancing of PWD's and customers' interests, the failure to properly reflect the Board's approved adjustments and financial standards would fail to strike such a balance. When interpreting the Rate Determination, the Public Advocate submits that the expense and revenue adjustments approved by the Board must be fully reflected in the calculation of the new service revenues. The Board's Chairman expressed the expectation that PWD calculations performed for the Board's review

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<sup>1</sup> Nothing expressed or implied in these Comments should be construed to waive any other issues the Advocate has raised over the course of this rate proceeding.

would be factored into PWD's model in this fashion. See, e.g., 5/14 Tr. at 220-5:221:17.

Similarly, the Board's approval of PWD projections related to paygo capital funding must be fully reflected in the Compliance Filing, in order to avoid disturbing the balance that we understand the Board desired to be achieved.

In reviewing the Board's Rate Determination, it is essential to recognize that the hearing record in this proceeding closed on June 26, 2018, following the final submission provided for in the Board's Regulations. See Board Regulation §II.8(b). Thereafter, the Board deliberated in meetings held on June 29 and July 2, 2018. Rate Determination at 5. During those meetings, the Board voted on the majority of issues raised by participants in the rate proceeding, as reflected in Appendix C to the Rate Determination.<sup>2</sup> Following conclusion of the Board's deliberations, PWD prepared several revised tables, including Table C-1 (Projected Revenue and Revenue Requirements), based on Board members' votes at the Board's June 29 and July 2, 2018 meetings. Those tables were circulated to participants and Board members by electronic mail on July 10, 2018, two days prior to the filing of the Rate Determination. The tables prepared by PWD and attached to the Rate Determination at Appendix A were not part of the hearing record, nor subject to review on the record of this proceeding. No participant had an opportunity to examine or question the assumptions underlying those tables, nor to testify or present argument

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<sup>2</sup> The Board failed to address or make a determination regarding the Public Advocate's proposed downward adjustment to the debt interest rate on bonds issued in FY 2017 and FY 2018, which was submitted in direct testimony and argued in the Public Advocate's Main Brief. Moreover, the Advocate specifically excepted to the failure of the Hearing Officer Report to address this adjustment, submitting this adjustment for the Board's determination:

The Report includes no discussion or proposed findings of fact or conclusions of law concerning the Public Advocate's adjustment to PWD's debt interest rate *for FY 2017 and FY 2018 bond issues*. Interest payments on these bond issues are included in the revenue requirements for the rate period. As set forth in its Main Brief, the Public Advocate recommended that PWD's debt interest rate for FY 2017 and FY 2018 bond issues be reduced from 5.25% to 5.00% to reflect the actual stated interest rate set forth in PWD's Official Statements. PA M.B. at 89-91. The Public Advocate's adjustment should be approved as set forth in its Main Brief, which is incorporated herein by reference. See PA Exceptions at 23 (emphasis supplied, internal citations omitted).

to the Board regarding the contents of those tables. The Public Advocate submits that, although illustrative of PWD's interpretation of the Board's deliberations and voting in this proceeding, the tables prepared by PWD, and incorporated into Appendix A of the Rate Determination, must be subject to review for compliance with each of the Board's determinations on issues raised on the record. Those determinations are reflected in the successive votes of Board members shown in Appendix C and explained in the Board's Rate Determination. This is important because PWD's tables do not provide customers the full benefit of the Board's votes to reduce PWD's revenue requirements and instead appear to divert a portion of the Board's approved adjustments to increase paygo capital funding and reserve fund balances.

Pursuant to the Board's Rate Determination, PWD was required to submit a tariff consistent with the Board's determinations. Rate Determination at 95. Because the Board included PWD's tables in Appendix A of its Rate Determination, PWD's Compliance Filing utilizes the same figures and repeats the same errors which appear to have been inadvertently endorsed, without the benefit of on-the-record review, by the Board. The Public Advocate submits that the Board's Rate Determination, including the incorporation of incorrect tables prepared by PWD, should not be construed as permitting any reduction in the customer rate relief intended by the Board's downward adjustments to PWD revenue requirements. As a result, further adjustment to PWD's revenue requirements, as reflected in Table C-1 of Appendix A to the Rate Determination, as well as Table C-1 of PWD's Compliance Filing, must be undertaken and a new compliance tariff prepared.

Finally, as discussed more fully in Section VI below, PWD's proposed provisions regarding reconciliation of the approved TAP rider (set forth in §10.2 of the Compliance Filing)

conflict with the Board's Rate Determination. In the Comments below, the Public Advocate proposes alternative language to satisfy the requirements of the Rate Determination.

## **II. OPERATING EXPENSE, DEBT SERVICE, AND FIRE PROTECTION REVENUE REQUIREMENT ADJUSTMENTS**

As shown on Appendix B to the Rate Determination, the Board approved downward operating expense adjustments agreed to by PWD and the Public Advocate totaling \$2,170,000 in FY 2019 and \$2,237,000 in FY 2020. The Board also approved agreed upon downward adjustments to debt interest rate and bond issuance costs for future debt issues, reducing senior debt service costs by \$731,000 in FY 2019 and \$1,979,000 in FY 2020. In addition, the Board approved further downward operating expense adjustments totaling \$2,068,080 in FY 2019 and \$2,497,080 in FY 2020. Finally, as shown on Appendix B to the Rate Determination, the Board disapproved PWD's proposal to shift \$7,866,000 annually in public fire protection costs from the City General Fund to PWD customers.

PWD has not fully or accurately reflected the operating expense, debt service and/or public fire protection revenue requirement adjustments in projecting its revenue requirements in Table C-1 of the Compliance Filing (Compliance C-1).<sup>3</sup> In total, the Board's Rate Determination approved specific adjustments to PWD's revenues, operating expenses and debt service expenses over FY 2019 and FY 2020, reducing PWD's need for additional rates from customers, as shown in the following table:

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<sup>3</sup> PWD appears to have accurately reflected the Board's downward expense adjustments as reductions to Total Operating Expenses (Compliance C-1, line 16). It also appears to have accurately reduced debt service on projected future bonds (Compliance C-1, line 21). Finally, PWD appears to have accurately reflected the payment of public fire protection costs by the City's General Fund (Compliance C-1, line 1). As discussed extensively on the record of this proceeding, however, changes to these assumptions do not automatically generate adjustments to PWD revenue requirements. Instead, a user of Black & Veatch's proprietary rate model must separately determine how to adjust revenue requirements to reflect these changed assumptions. 5/14 Tr. at 128:6-157:6; PA M.B. at 3-4.

	2019	2020
<u>PWD and PA Agreed Adjustments</u>		
Additional Staffing Operating Labor Expense	\$ (21,000.00)	\$ (43,000.00)
Debt Interest Rate & Bond Issuance	\$ (731,000.00)	\$ (1,979,000.00)
Capacity to Pay Energy Costs	\$ (969,000.00)	\$ (969,000.00)
Chemicals	\$ (1,180,000.00)	\$ (1,225,000.00)
<u>Additional Board Adjustments</u>		
Chemicals (FY 2020 escalation reduced to 2%)	-	\$ (317,000.00)
Other Class 200	\$ (105,000.00)	\$ (217,000.00)
Normalize Rate Proceeding Expenses	\$ (1,413,080.00)	\$ (1,413,080.00)
Normalize TAP implementation Expenses	\$ (550,000.00)	\$ (550,000.00)
Public Fire Protection	\$ (7,866,000.00)	\$ (7,866,000.00)
Total Revenue Requirement Adjustments	\$ (12,835,080.00)	\$ (14,579,080.00)
<b>Two Year Total Revenue Req. Adjustments</b>		<b>\$ (27,414,160.00)</b>

When comparing PWD's March 14, 2018 Formal Notice filing, and the rate increases proposed for FY 2019 and FY 2020, with PWD's Compliance Filing, it is apparent that PWD has not passed on to customers the full value of these adjustments in reductions to its calculated rate increases.<sup>4</sup> The table below compares PWD's originally proposed rate increases (additional service revenue) for FY 2019 and FY 2020 with the rate increases submitted in PWD's Compliance C-1:

		2019	2020
PWD Proposed Rate Increase	(line 4)	\$ 9,204,000.00	\$ 11,186,000.00
	(line 5)		\$ 26,133,000.00
PWD Compliance Filing Rate Increase	(line 4)	\$ 7,884,000.00	\$ 9,461,000.00
	(line 5)		\$ 7,184,000.00
Difference		\$ (1,320,000.00)	\$ (1,725,000.00)
			\$ (18,949,000.00)
<b>Total Rate Relief in Compliance Filing</b>			<b>\$ (21,994,000.00)</b>

<sup>4</sup> It is to be noted that the aggregate value of the Board's approved revenue requirements adjustments for FY 2019 (\$12,835,080) exceeds PWD's initial rate increase request for that year (\$9,204,000) by \$3,631,080.

The expense and revenue adjustments determined by the Board should have resulted in a reduction in PWD revenue requirements of \$27,414,160 over the two-year rate period but PWD’s Compliance C-1 provides only a reduction of \$21,994,000.

The Public Advocate submits that the \$5,420,160 difference between the Board’s cumulative adjustments (\$27,414,160) and the cumulative rate reduction shown in PWD’s Compliance Filing (\$21,994,000) cannot permissibly be included in PWD rates and charges. PWD must take full account of the Board’s specific adjustments to its revenue requirements, or else PWD will charge rates covering more than the amounts approved by the Board in its Rate Determination. The Board should require PWD to implement further reductions in rates to reflect the cumulative revenue requirement reductions the Board approved.

**III. THE BOARD MUST CLARIFY HOW REVENUE REQUIREMENT ADJUSTMENTS SHOULD BE REFLECTED**

In the preceding section, the Public Advocate submitted that PWD’s cumulative revenue requirements over FY 2019 and FY 2020 do not accurately reflect specific operating expense, debt service and public fire protection adjustments approved by the Board. Examining PWD’s Compliance Filing on a year-by-year basis indicates further disparity between the Board’s Rate Determination and PWD’s revenue requirements. As shown in the table below, on a year-by-year basis there is a significant mismatch between the revenue requirement reductions approved by the Board and the reductions in rate increases reflected in PWD’s Compliance C-1.

	2019	2020
Total Board Approved Adjustments	\$ (12,835,080.00)	\$ (14,579,080.00)
Compliance C-1 Reductions in Revenue Requirements	\$ (1,320,000.00)	\$ (20,674,000.00)
Difference	\$ (11,515,080.00)	\$ 6,094,920.00

These annual mismatches appear to be related, at least in part, to PWD’s treatment of the total amount of TAP revenues as “new revenues.” See Compliance C-1, note (a); Table C-1



TAP. This presentation is problematic and unsupported. PWD’s original rate increase proposal requested approval of a total of \$9,204,000 in new service revenues for FY 2019, but did not propose to recover all TAP discount costs through a reconcilable rider. Instead, PWD continued to propose, as in the 2016 Rate Case, that TAP discount costs be recovered through base rates, with a rider that would only adjust for incremental over- or under-recovery. See, e.g., PWD St. 5-R at 2:8-16. Furthermore, PWD’s revenue requirements for FY 2018, approved in the FY 2016 Rate Case, provided for recovery of \$16,300,000 of TAP discount costs. See PA St. 3 at 45:6-8. In rebuttal, PWD agreed with the Public Advocate’s proposal to recover TAP discount costs through a rate rider mechanism. See, e.g., PWD St. 5-R at 3:7-5:3. Because there is still no increased cost associated with providing TAP discounts, it is erroneous to attribute PWD’s FY 2019 rate increase to TAP discount cost recovery, as PWD’s Compliance C-1 appears to do. Indeed, the recovery of TAP program costs has simply been “moved” from a base rate recovery method to a separate TAP rider recovery method.<sup>5</sup> That change in recovery method does not represent nor authorize incremental revenues in amounts inconsistent with the Board’s Rate Determination, contrary to PWD’s depiction on Compliance C-1.

PWD may aver that by maintaining TAP revenues as new revenues, it has effectively “carried over” some portion of the Board’s required revenue requirements adjustments to FY 2020. As discussed above, the Public Advocate does not believe PWD has provided the full benefit of all of the Board’s approved revenue requirements adjustments to customers in the form of reduced rates. Moreover, the Public Advocate submits that the Board has not provided PWD the discretion to implement the Board’s Rate Determination in a manner which effectively defers revenue requirements reductions associated with FY 2019 to FY 2020. PWD must be required to

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<sup>5</sup> Notably, PWD made no adjustment to revenues under existing rates when it proposed to shift recovery of TAP discount costs to a new rider mechanism.

implement the specific downward adjustments to its revenue requirements for each fiscal year in the rate period, as provided in the Rate Determination, or further review must be undertaken, and clarification provided, concerning the propriety of reflecting those adjustments on a cumulative basis across the two-year rate period.

#### **IV. PAYGO CAPITAL**

As set forth in the Board's Rate Determination:

The Department has set a long-term goal of financing 20% of its annual capital expenditures in cash, though acknowledging that it does not plan to meet that goal during the rate period in this case. Instead the Department originally projected that it will meet approximately 17 to 18.5% of its Fiscal Years 2019 and 2020 financing requirements with cash....

The Board concludes that the Department's proposed 20% "pay-go" target is reasonable for an entity with PWD's capital needs, and accepts for purposes of this proceeding the Department's projected cash financing levels for the Fiscal Year 2019 and 2020 rate period.

Rate Determination at 26 (emphasis added).

Accordingly, while agreeing with PWD's long term goal of achieving 20% paygo capital funding, the Board approved PWD's total paygo funding amounts for FY 2019 and FY 2020 as set forth in its Formal Notice filing.<sup>6</sup> To accomplish this, the Board directed that PWD maintain its Capital Account Deposit at 1% of depreciated plant, property and equipment (PPE), as opposed to the 1.5% PPE PWD requested, and increase the transfer to the construction fund from PWD's Residual Fund to maintain the cumulative amount of paygo capital projected for FY 2019 and FY 2020 in PWD's Formal Notice filing. PWD has not complied with this aspect of the Board's Rate Determination. Instead, PWD has further increased paygo capital funding, thereby reducing the amount of rate relief ordered by the Board.

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<sup>6</sup> The Public Advocate notes that PWD's Main Brief made minor downward adjustments to its proposed aggregate paygo capital funding. It is not clear from the Rate Determination which level of paygo capital funding was approved by the Board. For purposes of these Comments, however, the Public Advocate utilizes PWD's initially proposed targets.

The following table compares the total amount of paygo capital funding proposed by PWD in its Formal Notice filing (taken from PWD St.9A, Sch. BV-E1, Table C-1, lines 27 and 33) with the total amount of paygo capital funding set forth in PWD’s Compliance C-1:

	2019	2020
<u>PWD Formal Notice Filing</u>		
Capital Account Deposit (line 27)	\$ 35,767,000.00	\$ 36,983,000.00
Transfer from Residual to Construction (line 33)	\$ 20,200,000.00	\$ 25,700,000.00
Total	\$ 55,967,000.00	\$ 62,683,000.00
<u>PWD Compliance Filing</u>		
Capital Account Deposit (line 27)	\$ 23,845,000.00	\$ 24,655,000.00
Transfer from Residual to Construction (line 33)	\$ 35,900,000.00	\$ 37,400,000.00
Total	\$ 59,745,000.00	\$ 62,055,000.00
<u>Difference</u>	\$ 3,778,000.00	\$ (628,000.00)

As shown above, PWD’s Compliance Filing proposes an increase of nearly \$4 million in paygo capital funding in FY 2019 and a minor decrease in paygo capital funding in FY 2020. PWD’s increase in paygo capital funding is inconsistent with its own acknowledged calculation of the impact of the Board’s Rate Determination. PWD’s Compliance Filing recognizes that the Board’s Rate Determination regarding paygo capital funding reduced the Capital Account Deposit by \$11,922,000 in FY 2019 and \$12,328,000 in FY 2020, and increased the transfer from the Residual Fund to the Construction Fund by identical amounts. See PWD Compliance Filing (Tables) at 8. However, as shown above, PWD has increased its transfer from the Residual Fund to the Construction Fund by \$15,700,000 (\$35,900,000 - \$20,200,000) in FY 2019, rather than the \$11,922,000 approved by the Board.

By definition, PWD’s paygo capital financing is derived directly from customer rates. PWD’s Compliance Filing is inconsistent with the Board’s Rate Determination because it increases paygo capital funding above the levels approved by the Board and thus impermissibly

increases charges to customers without Board approval. PWD must revise its Compliance Table C-1 by reducing paygo capital funding and correspondingly reducing customer rates and charges.

#### **V. RESERVE FUND BALANCES**

The Board established “on a going forward basis” combined Rate Stabilization Fund and Residual Fund reserve balances totaling \$150 million. It held that those balances were “adequate to ensure that the Department has adequate reserves to meet its financial needs, while not imposing an undue burden on customers.” Rate Determination at 38. This aspect of the Board’s determination reduced PWD’s requested combined reserve fund target balance by \$15,000,000. Rate Determination at 37-38. The Board did not vote on the specific level of reserves to be maintained in FY 2019 or FY 2020, but stated that it “accepts as reasonable the Department’s projected rate stabilization and residual fund levels for Fiscal Years 2019 and 2020.” Rate Determination at 38. As with paygo capital funding, reserves accumulated in PWD’s Rate Stabilization and Residual Funds are derived directly from customer rates. Likewise, withdrawals from the primary reserve, the Rate Stabilization Fund, offset the need for higher customer rates.

As discussed above, the Public Advocate submits that, in approving downward adjustments to PWD’s revenue requirements, the Board intended those reductions to directly impact (reduce) PWD’s proposed rate increase. Because PWD does not appear to have given customers the full benefit of the expense and revenue adjustments ordered by the Board, PWD now projects that its reserve fund balances will be higher than it originally proposed in this rate case. This is demonstrated by comparing the projections of PWD’s primary reserve fund, the Rate Stabilization Fund, as shown in PWD’s Formal Notice filing with its Compliance C-1, as set forth in the following table:

	2019	2020
<u>PWD Formal Notice Filing</u>		
Beginning RSF Balance (line 37)	\$ 188,998,000.00	\$ 177,598,000.00
RSF Withdrawal (line 38)	\$ (11,400,000.00)	\$ (21,200,000.00)
Ending RSF Balance (line 39)	\$ 177,598,000.00	\$ 156,398,000.00
<u>PWD Compliance Filing</u>		
Beginning RSF Balance (line 37)	\$ 188,998,000.00	\$ 185,721,000.00
RSF Withdrawal (line 38)	\$ (3,277,000.00)	\$ (26,228,000.00)
Ending RSF Balance (line 39)	\$ 185,721,000.00	\$ 159,493,000.00
<u>Difference</u>	\$ 8,123,000.00	\$ 3,095,000.00

As shown above, in its Compliance C-1, PWD projects an over \$8 million increase in its Rate Stabilization Fund for FY 2019. At the end of FY 2020, PWD projects having accumulated reserves in its Rate Stabilization Fund which are more than \$3 million above the levels it proposed in this rate proceeding. This outcome is simply incompatible with the Board's express determination to *reduce* the combined targeted level of PWD reserves to be maintained during the rate period. Indeed, the increase in PWD's Rate Stabilization Fund in the Compliance C-1 diminishes the rate relief sought to be provided by the Board and converts a portion of that relief into even higher levels of reserves than PWD requested in this proceeding.

As discussed above, the Public Advocate submits that the Board must provide clarification to PWD regarding the permissibility (or impermissibility) of incorporating the value of the Board's adjustments on a single-year versus rate-period basis. Regardless of that clarification, however, PWD must transfer additional funds from its Rate Stabilization Fund to its Revenue Fund in order to accurately implement the Board's Rate Determination and its intention that revenue requirement adjustments be fully accounted for to reduce PWD's proposed rate increases from customers.

## **VI. TAP RATE RIDER RECONCILIATION PROCESS**

As set forth in the Rate Determination, the Board declined to specify procedures for the TAP Rate Rider Reconciliation review, but agreed with the Public Advocate “that the Board should permit participation by affected participants and be prepared to resolve any conflicts through a public process if necessary.” Rate Determination at 89-90. The Board also anticipated that the reconciliation process may become routine in the future, but acknowledged that potential areas of substantive disagreement may exist and the Board should be prepared to address them. Rate Determination at 89.

PWD’s Compliance Filing fails to reflect the Rate Determination. First, PWD’s proposal fails to acknowledge participation by affected participants in the TAP Rate Rider Reconciliation process, as required by the Board’s Rate Determination. See Compliance Filing, §10.2. While it acknowledges that the reconciliation filing will be a matter of public record, PWD’s Compliance Filing provides no affirmative mechanism to advise stakeholders of their rights to participate. Compliance Filing, §10.2(a). As envisioned by PWD, the TAP rider reconciliation would go into effect without a Board decision if the Board does not act within 60 days. Compliance Filing, §10.2(a)(3). Furthermore, PWD submits that absent “good reason...to the contrary,” the Board must either increase or decrease its TAP-R rates within 60 days. Compliance Filing, §10.2(a)(2). As discussed above, the Board explicitly recognized the need to evaluate potential areas of disagreement. The Board did not adopt a “good reason” standard as suggested by PWD, for purposes of any such evaluation. Moreover, the Board did not preclude itself from considering any potential area of disagreement (it certainly did not constrain itself to increasing or decreasing the TAP-R rates, as opposed to maintaining them if no change is warranted). Similarly, the Board did not authorize any “automatic” approval mechanism, whether due to the passage of time or otherwise. Indeed an automatic approval of changes in rates and charges is

not authorized by the Philadelphia Code. See, e.g., Philadelphia Home Rule Charter § 5-801; Phila. Code §13-101(3).

At a minimum, PWD must provide notice of its TAP Rate Rider Reconciliation filing, and an opportunity for affected stakeholders to (1) participate in the reconciliation process, (2) provide input to the Board identifying areas of agreement or disagreement and proposals for modification of PWD's reconciliation calculations or methodology, and (3) require action by the Board to implement any modifications to PWD's TAP rate rider. Finally, although the Public Advocate notes PWD's optimism that the Board could reach a determination within 60 days (see Compliance Filing, §10.2(a)(2)), PWD has no authority to mandate the proposed timeline for the Board's approval. Rather, the Board may determine an appropriate timeline for review and resolution of PWD's proposed TAP Rate Rider Reconciliation filing on a case-by-case basis, following PWD's submission of such filing, or may by policy or regulation articulate such standards as it deems to be reasonable for such review.

Accordingly, the Public Advocate proposes the following language in lieu of PWD's Section 10.2:

**10.2 TAP-R Annual Reconciliation Review by Philadelphia Water, Sewer and Storm Water Rate Board ("Rate Board")**

(a) Annual Reconciliation

The Water Department shall initiate an annual TAP-R reconciliation proceeding by filing a proposed TAP-R reconciliation submission with the Rate Board. Standards for the contents of such reconciliation submission shall be established by the Rate Board. The reconciliation submission will be contemporaneously served upon participants in the Water Department's most recently concluded General Rate Increase Proceeding (as defined in the Rate Board's Regulations) and publicly advertised pursuant to such standards as shall be adopted and/or promulgated by the Rate Board. Review of the Water Department's TAP Rate Rider Reconciliation submission shall be conducted pursuant to processes to be established by the Rate Board and shall permit participation by affected participants.

(b) Effectiveness of Reconciliation

No adjustment to the Water Department's TAP Rate Rider shall be effective unless approved in advance by the Rate Board.

**VII. CONCLUSION**

For all of the foregoing reasons, the Public Advocate submits that PWD's Compliance Filing overstates PWD's revenue requirements, and fails to accurately reflect the adjustments incorporated in the Board's Rate Determination. The Public Advocate respectfully submits that PWD must recalculate its revenue requirements and resubmit an updated compliance tariff fully consistent with the Board's Rate Determination. The Public Advocate stands prepared to further review that modified tariff for compliance with the Rate Determination. The Public Advocate also submits that PWD's proposed TAP Rate Rider Reconciliation process does not reflect the Board's Rate Determination and that PWD's Compliance Filing should be modified as described herein.

Respectfully Submitted,

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