

1 **RESPONSE TO RATE BOARD CONSULTANT INTERROGATORIES**
2 **AND REQUESTS FOR PRODUCTION OF DOCUMENTS**

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5 **RBC-TRR-1.** HOW DO THE RESULTS TO-DATE (I.E., TAP PARTICIPATION,
6 TYPICAL SAVINGS, ETC.) COMPARE WITH THE
7 PROJECTIONS PROVIDED IN THE RATE FILING? CAN ANY
8 SIGNIFICANT DIFFERENCES BETWEEN PROJECTED AND
9 ACTUAL RESULTS BE EXPLAINED?

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11 **RESPONSE:**

12 With respect to the projections utilized to estimate the TAP-R rates, effective September 1, 2019:

- 13 • Projected TAP Discounts have been updated based upon actual data and projections
14 which reflect current program participation. Current projections are \$3.6 million less than
15 previous estimates included in the Rate Determination.
 - 16 ○ There are 3,855 fewer TAP participants than projected during the proceeding.
 - 17 ○ Also, the average discount per participant is \$5.09 lower than estimated during the
18 proceeding.
 - 19 ○ The combined effect of the above contributes to the lower projection of TAP-
20 related discounts.
 - 21 ○ Note – TAP enrollment through January 2019 was reasonably aligned with
22 previous projections. However, in February a drop in participation occurred which
23 may be correlated with initiation of recertification as well as the shut-off
24 moratorium. Due to timing of the Reconciliation filing, the reason behind the
25 drop off is not fully understood. In addition, while a rebound in enrollment is
26 anticipated, the extent of that rebound cannot be fully projected. Therefore, a
27 conservative forecast with flattening enrollment was utilized for the purposes of
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1 the Reconciliation Filing. The actual rebound in enrollment will be captured in a
2 subsequent Reconciliation filing.

- 3 • Projected Non-TAP Sales have been updated based upon actual and updated projections
4 based on year to date billing data (for the rate period September 1, 2019 to August 30,
5 2020). Sales are based on updated projections of billed volumes for Non-TAP water and
6 sewer service retail customers, which reflect the continued long-term trend of declining
7 billed volumes.
- 8 • Initial estimates of FY 2020 TAP-R reflected in the Rate Determination did not include
9 TAP-R Reconciliation costs.

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11 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC
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1 **RBC-TRR-2.** HOW MANY CUSTOMER REQUESTS (AND THE % OF
2 APPLICATIONS) FOR TAP ELIGIBILITY HAVE BEEN TURNED
3 DOWN?
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5 **RESPONSE:**

6 This response considers a “customer request for TAP eligibility” to be a submitted customer
7 assistance application. A single customer may submit multiple applications, each of which is
8 counted as a separate “request” in the table shown on the next page. This table was provided in
9 the TAP Annual Report to the Mayor for calendar year 2018. In that report, each customer
10 submitting an application is considered an “applicant.” A single customer may apply multiple
11 times, and each instance is counted separately.
12

13 Through December 31, 2018, 9,592 of 23,005 (approximately 42%) customer assistance program
14 applicants were not enrolled in TAP. This group includes 1) applicants who were denied for
15 ineligibility (7.9%), 2) applicants who were denied because their application remained
16 incomplete following a request for further information (18.5%) (1 and 2 together are “denied”),
17 3) applicants that were placed in a different program that represented a more affordable option
18 than TAP (14.5%), and 4) applicants whose applications had some other outcome causing not to
19 be processed (0.8%). These reasons are shown in detail in the table on the next page.
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1 Customers not enrolled in TAP data as of December 31, 2018:

Outcome	Count
Denied	
Failed to meet Income and Residency Guidelines	29
Failed to meet Income Guidelines (no Special Hardship)	685
Failed to meet Residency Guidelines	991
Installation Type Not Eligible for TAP	33
Missing or Invalid Income or Residency Documentation	3,743
Missing information on application form	516
Failed to prove Special Hardship	80
Total Denials	6,077
Enrolled in More Affordable Alternative	
Senior Citizen Discounted Bill ⁴	747
Senior Citizen Discounted Bill + Extended Payment Agreement	216
Regular Bill ⁵	639
Regular Bill + Extended Payment Agreement	1,447
WRBCC Agreement	288
Total More Affordable Alternative Placements	3,337
Other Outcomes	
Customer Withdrew Application	11
Data Transfer ⁶	167
Total Other Outcomes	178

21 ⁴ Senior Citizen Discounted Bill may also include a standard payment agreement. Standard agreements are reported in Section 3.3, below.

22 ⁵ Regular Bill may also include a standard payment agreement. Standard agreements are reported in Section 3.3, below.

23 ⁶ When customers had more than one application in progress at the same time, information was transferred to the newest application for processing, older applications were categorized as "Data Transfer," and were no longer processed. Similarly, previously denied applications were transferred for re-evaluation when WRB identified available OOPA information or the customer submitted additional required documentation after denial. The subsequent approvals or denials are also captured in these figures.

25 Note: Table and related notes extracted from TAP Annual Report to the Mayor for calendar year
26 2018

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

1 **RBC-TRR-3.**

2 PLEASE EXPLAIN THE LARGE INCREASE IN TAP
3 PARTICIPANTS FROM SEPTEMBER 2018 TO OCTOBER 2018
4 (1,308 ADDITIONAL PARTICIPANTS, AN INCREASE OF 9.4%),
5 WHILE DURING THE SAME TIME PERIOD THE VALUE OF
6 THE DISCOUNTS AND THE APPLICABLE WATER
7 CONSUMPTION DECLINE BY 8.2% AND 7.2%,
8 RESPECTIVELY? FOLLOWING-UP ON THE ADVOCATE’S
9 QUESTION REGARDING THE DECLINE IN PARTICIPANTS
10 FROM JANUARY 2019 TO FEBRUARY 2019, WHY DOES THE %
11 DECLINE IN DISCOUNTS DIFFER FROM THE % DECLINE IN
12 PARTICIPANTS? FROM THE FEBRUARY 2019 ACTUAL
13 RESULTS TO THE MARCH 2019 PROJECTED RESULTS, WHY
14 DO THE % INCREASES IN DISCOUNTS AND CONSUMPTION
15 DIFFER FROM THE % INCREASE IN PARTICIPANTS?

16 **RESPONSE:**

17 The number of TAP participants grew significantly between September 2018 and October 2018.
18 This coincides with the period in which PWD and WRB conducted significant outreach
19 activities, especially to the City’s senior citizens, to raise awareness about TAP and the single
20 customer assistance application.

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22 The growth or reduction in the number of participants is not expected to be exactly proportional
23 to either consumption or the TAP discount. This is because a TAP discount varies from customer
24 to customer, and from bill to bill. An individual TAP participant, when billed, receives a TAP
25 discount to reduce their regular bill amount to their customized TAP bill amount based on the
26 participant’s income. In a given month, each participant will have an individualized TAP
27 discount, which in sum become the monthly total TAP discount. From month to month, the same
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1 customer may have a different TAP discount depending on the amount of the bill prior to the
2 TAP discount, which in turn varies according to water consumption.

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4 Between September 2018 and October 2018, though the number of TAP participants increased,
5 water consumption per TAP bill on average declined. Consequently, the total TAP discount also
6 decreased. Between January 2019 and February 2019, the decline in total TAP discount differs
7 from the decline in participants because the two metrics are not necessarily proportional.

8
9 Between actual February 2019 results and projected March 2019 results, the increases in
10 consumption and discounts differ from the increase in participants because participants are
11 expected to grow at a steady rate of 2% per month with actual February 2019 participants as the
12 baseline. Consumption is forecast based on the average usage per customer over the most recent
13 6 months of actual data (September 2018 to February 2019). That is, the average figure is used as
14 a baseline. Since February 2019 consumption per customer was lower than the average for that
15 period, the increase to get to the March 2019 projection appears relatively higher. The difference
16 can be explained by the different bases for projection between the two metrics.

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19 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **RBC-TRR-4.** WHAT IS THE ESTIMATED RATE OF BILL COLLECTION AND
2 TOTAL A/R FOR TAP CUSTOMERS THUS FAR?
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4 **RESPONSE:**

5 An existing report, provided in this response, documents aging (unpaid) TAP bills. Though it
6 provides information on payment trends, it is not a calculated collection rate for TAP customers.
7 Lower aging TAP bills correlate to a higher collection rate.
8

9 The following table exhibits the total dollar amount of unpaid balances of TAP bills¹ as of April 30,
10 2019 in the following ranges:

- 11 • Dollars of TAP Balance Aged 0-30 days
- 12 • Dollars of TAP Balance Aged 31-60 days
- 13 • Dollars of TAP Balance Aged 61-90 days
- 14 • Dollars of TAP Balance Aged 91-120 days
- 15 • Dollars of TAP Balance Aged 121+ days

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17 This report was originally developed in response to PA-ADV-86.
18

19 TAP Receivables (as of April 30,
20 2019):

Age (in days)	Amount
0 to 30	\$666,712.84
31 to 60	\$216,272.03
61 to 90	\$138,623.20
91 to 120	\$101,348.85
121+	\$315,989.29

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27 ¹ An unpaid balance was determined as the total dollar amount of the account's TAP bills minus the sum of all
28 payments made against the bills prior to the creation date of the most recent TAP bill issued during the month in
question. A payment was determined as a credit allocated to a debit line associated with a TAP bill. The age of the
unpaid balance was determined as the number of elapsed days between the creation date of the bill in question and
the creation date of the most recent TAP bill issued during the calendar month in question. Note that a TAP bill that
is issued with a negative total is not counted as bearing a balance aged 0-30 days

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Note that these amounts represent arrears (overdue and unpaid amounts) as of April 30, 2019 and are not intended for the development of a collection rate for rate setting purposes.

RESPONSE PROVIDED BY: Raftelis Financial Consultants, Inc.

1 **RBC-TRR-5.**

2 THE TEXT FOR THE PROPOSED TAP-R RATES SPEAKS OF
3 THE PROPOSAL AS AN INCREASE IN CURRENT CHARGES
4 AND THEN LATER NOTES THAT THE PROPOSED RATES ARE
5 LOWER THAN WAS PRESENTED IN THE RATE
6 DETERMINATION. WOULD IT BE MORE APPROPRIATE IN
7 SITUATIONS SUCH AS THIS (WHERE THE PROPOSED RATES
8 ARE LOWER THAN WHAT WAS PROVIDED IN THE RATE
9 DETERMINATION) TO PRESENT THE PROPOSAL IN THE
10 CONTEXT OF THE RATES PROVIDED IN THE RATE
11 DETERMINATION?

12 **RESPONSE:**

13 Yes. We are considering indicating an estimated TAP-R rate for future fiscal years as part of the
14 proposed Rates and Charges included in the next rate proceeding filing. The TAP-R rates would
15 be noted as proposed and footnoted appropriately.

16
17 Note that although estimated September 1, 2019 TAP-R rates were reflected in the customer bill
18 impact tables attached to the 2018 Rate Determination (Tables C-4 and C-5), the Rate Board did
19 not formally adopt the September 1, 2019 TAP-R rates as part of the 2018 Rate Determination.
20 While the proposed TAP-R rates are lower than those estimated and reflected in the customer bill
21 impact tables included in the Rate Determination, customers will still experience and overall
22 increase in their bills when the updated rates and charges go into effect on September 1, 2019,
23 albeit a lower increase than previously estimated.

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