

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORMWATER RATE BOARD

Re Application of the Philadelphia Water Department for Increased Rates and Related Charges	Fiscal Years 2017-2018
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DIRECT TESTIMONY OF MICHELLE L. BETHEL AND MARK D. HARVEY

Q. PLEASE STATE YOUR NAMES, TITLES AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Michelle L. Bethel and I serve as the Deputy Revenue Commissioner in charge of the Water Revenue Bureau (“WRB”). Also testifying with me is Mark D. Harvey, who serves as the senior Revenue Collections Officer overseeing day-to-day operations at WRB. Our business address is at the Municipal Services Building, 1401 J.F. Kennedy Boulevard, Second Floor, Philadelphia, Pennsylvania.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT ARE YOUR RESPECTIVE JOB RESPONSIBILITIES?

A. We are employed by the City of Philadelphia Department of Revenue and, in our respective capacities, oversee the operations of WRB, including billing, accounting, collection activities as well as the administration of customer service and customer assistance functions for the Philadelphia Water Department.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND RELEVANT EXPERIENCE?

A. Ms. Bethel
I hold a Bachelor’s Degree in Accounting from Kutztown University with a Master’s Degree in Business Administration (Human Resource Management) from the University of Phoenix. Prior to my tenure with the City, I was employed by the Commonwealth of Pennsylvania Department of Revenue where I held management positions of increasing responsibility over a period of 14 years. My resume of experience is attached as Exhibit MB-1.

Mr. Harvey
I hold a Bachelor’s Degree in Accounting from Temple University. I have been employed by the City of Philadelphia Department of Revenue in positions of increasing responsibility since 1988. My resume of experience is attached as Exhibit MH-1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to describe WRB and its role related to billing, accounting and collection activities for water and wastewater services. I will also discuss customer assistance and customer service programs that are administered by WRB.

Q. PLEASE DESCRIBE THE REVENUE DEPARTMENT AND THE SPECIFIC SERVICES IT PROVIDES TO THE WATER DEPARTMENT.

A. Under Section 6-201 of the Philadelphia Home Rule Charter, the following functions are assigned to the Revenue Department:

(a) *Collection of Real Estate and Personal Property Taxes-Billing.* It shall collect all real estate and personal property taxes, penalties and interest due the City. All bills for such taxes shall be prepared in accordance with the assessments certified to the Department by the Board of Revision of Taxes and shall be forwarded to the respective taxpayers as soon as possible after the receipt of the certified list.

(b) *Collection of Income and Other Taxes.* The Department shall collect the City income tax and any other taxes which now are or may hereafter be imposed by the Council in such manner as shall be prescribed by ordinance.

(c) *Water and Sewer Rents.* The Department shall collect all water and sewer rents due to the City.

(d) *Collection of License Fees; Assignment of Employees to Department of Licenses and Inspections.* The Department shall collect all fees or charges imposed by or pursuant to statute or ordinance for the issuance by the City of any licenses or permits. For this purpose, the Department shall assign an adequate number of its own employees to duty in the Department of Licenses and Inspections to receive such fees or charges.

The collection of water and sewer rents (rates and charges) is specifically undertaken by WRB which is a part of the Revenue Department. WRB is comprised of some 230 employees who bill and collect water, sewer and stormwater rates and charges under the direction of the Revenue Commissioner.

Q. IN ADDITION TO COLLECTION RESPONSIBILITIES, PLEASE DESCRIBE OTHER WRB ACTIVITIES RELATED TO THE ADMINISTRATION OF CUSTOMER SERVICE AND CUSTOMER ASSISTANCE PROGRAMS?

A. WRB administers a Call Center and Customer Intake Center which provide customer service related to applications for service, change of billing address, meter reading, billing inquiries, billing disputes and payment arrangements. In FY 2014, the number of customers visiting intake offices was approximately 96,196. In addition to in-person interactions with customers, literally tens of thousands of calls are handled by WRB and PWD on an average monthly basis.

In addition to customer service activities, WRB administers an extensive delinquent relief program involving standard payment agreements and the Water Revenue Assistance Program (“WRAP”).

Standard Payment Agreement: This type of payment agreement is offered to all delinquent customers regardless of household income. It involves providing a down payment and monthly installments to retire the remaining delinquent balance together with payment of current charges.

WRAP: This type of agreement is offered to delinquent customers whose annual household income is 250% or less of Federal Poverty Level (“FPL”). WRAP provides the following types of payment agreements:

- Paid in Full agreements;
- Extended payment agreements (or Disposable Income agreements); and
- Water Revenue Bureau Conference Committee (“WRBCC”) payment agreement.

Each of these types of WRAP agreements have different income level thresholds for eligibility.

- **Paid in Full Agreement:** The Paid-in-Full agreement is available to delinquent low-income water customers who are able to fully pay off the delinquent balance through a combination of City Grants, Utility Emergency Services Fund (UESF) grant, and the Water Department’s UESF matching grant. Key criteria are as follows:
 - i. If the total delinquent balance is \$550 or less, then only a \$500 City Grant is applied. The customer needs to pay the remaining amount to fully clear the delinquency. The City Grant is offered once per fiscal year to a delinquent customer.
 - ii. If the total delinquent balance is greater than \$550, then a combination of UESF grant and a matching water department grant is offered to fully pay off the delinquency. The UESF grant is offered only to customers whose household income is 175% of FPL or less, and is offered only once every two years to a delinquent water customer.
- **Disposable Income Agreement:** The Disposable Income agreement is available to delinquent low-income water customers who are unable to fully pay off the delinquency even with grant assistance and hence enter into an extended payment agreement. Key criteria are as follows:
 - i. This type of extended agreement is offered to both Owners and Tenant customers.
 - ii. Tenant’s household income needs to be 250% or less of FPL; Owner’s household income needs to be greater than 150% and less than or equal to 250%;
 - iii. Under the 10/5 plan a customer is usually required to pay a down payment of 10% of the delinquent balance amount and pay 5% of the remaining arrears each month (in addition to the current bill). Under the Ten-Five plan the customer is offered up to 60 months of monthly installments to pay off the arrears.
- **WRBCC Agreement:** This type of agreement is offered to water customers who are owners and not tenants or occupants. Key criteria are as follows:
 - i. This type of agreement is offered only to owners with 150% of FPL or less;

- ii. A City Grant of \$500 is applied as follows: \$300 is applied to reduce the delinquent balance, and \$200 is used to reduce the monthly payment of the current monthly bill.
- iii. The remaining delinquent balance is deferred.
- iv. This agreement is offered for a duration of one year, and is subject to renewal.
- v. The customer is responsible for seeking a WRBCC agreement renewal.

Q. HOW MANY CUSTOMER HOUSEHOLDS PARTICIPATED IN THE ABOVE DESCRIBED LOW-INCOME ASSISTANCE PROGRAMS IN RECENT YEARS?

A. The table below depicts the number of participants in WRAP payment agreements in the recent past. The number of participants is a subset of those who contact WRB on an annual basis seeking extended payment agreements, grants and other assistance.

Fiscal Year	WRBCC	Disposable Income	Paid in Full	Total Participants
FY 2012	6,469	1,809	1,728	10,006
FY 2013	6,859	1,890	2,114	10,863
FY 2014	6,649	1,767	1,726	10,142

In addition to assisting WRAP participants, WRB and PWD interact with tens of thousands of customers answering questions and otherwise assisting them with payment agreements and a wide range of utility services.

Q. CAN YOU PROVIDE A SUMMARY OF CUSTOMER ASSISTANCE PROGRAMS AND OTHER BENEFITS/DISCOUNTS PROVIDED FOR PWD CUSTOMERS?

A. A summary of customer assistance programs and rate discounts provided to PWD customers is set forth in Exhibit MB-2.

Q. WHO PAYS FOR THE COST OF THESE PROGRAMS?

A. The costs of various customer assistance programs are recovered either as a part of the Department's overall revenue requirements or from cost of service allocations to ratepayers.

Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?

A. Yes, it does.

MICHELLE L. BETHEL
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Philadelphia, PA 19102

PROFILE

Results oriented executive with extensive expertise in operational management, training development, including various investigative and technological skills. Track record includes:

- Broad-based knowledge and skills in management, human resources, financial and operational turnarounds, performance measurements and strategic planning
- Experience in developing and motivating employees, working with executive staff, elected officials, and key stakeholders

EXPERIENCE

CITY OF PHILADELPHIA, DEPARTMENT OF REVENUE, Philadelphia PA
July 2008 to Present

Deputy Revenue Commissioner, Water Revenue Bureau

Oversee the operating budget of 17M. Responsible for 270 budgeted positions that consist of the Accounting Unit, Administrative Support Unit, Call Center, Collections, Customer Service, and Technical Operations. Responsible for the monthly generation and collection of Water/Sewer bills for 500K customers. Responsible for financial reporting to the Water Department and the City Controller's Office on a monthly basis. Serves on the Revenue Commissioner's Executive Team which has been tasked with developing and implementing the strategic plan for the Revenue Department

Specific accomplishments include:

- Instituted a collection phone campaign that resulted in 1.6M new Revenue Collections
- Oversaw Revenue Collections of \$523M; exceeded goal by 6M
- Reduced overtime spending

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE, Harrisburg PA
October 2007 - June 2008

Assistant Director, Bureau of Administrative Services

Served as the Department liaison for the Internal Revenue Service responsible for ongoing data exchanges. Oversaw space feasibility studies to ensure efficient utilization of current and future Department expansion requirements. Directed the movement of documents, equipment, and furniture for the Department. Made decisions and recommendations to the Director regarding physical security, access badges and emergency actions required by the Department. Assisted in the day-to-day management of the bureau in the areas of duplication/publication, graphic arts, building leases and maintenance, procurement, warehousing, tax records management,

automotive, word processing, and secretarial services. Performed as Director during periods when the Director is absent.

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE

July 2005-October 2007

Division Chief, Enforcement Division, Bureau of Compliance

Organized, directed and controlled the operations of the Enforcement Division, composed of 31 employees engaged in filing and satisfying of liens, the assessing and collection of bad checks, the collection and processing of wage garnishment cases, referral of delinquent tax accounts to outside collection agencies, referring, reviewing and monitoring of accounts eligible for collection by the Office of Attorney General. Assisted in the development of departmental policies and procedures, researching and data gathering for all compromise and write-off offers. Maintained working relationships with various Bureaus to ensure efficiency. Responsible for interviewing, selecting job applicants, writing performance Standards and Job Descriptions. Investigated and resolved employee complaints/grievances.

Specific accomplishments include:

- Assisted with overall record collections of \$363 million for the bureau in fiscal year 2005-06.
- Increased total lien production by 20% with the introduction of the Corporate Tax Lien Project.
- Instrumental with the development of the Lien Integrated Processing System

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE

November 2003- July 2005

Division Chief, Bankruptcy Division, Bureau of Compliance

Directed the procedural analysis, standard development, research and planning programs with regard to all bankruptcy and insolvency issues for 22 member Unit. Assisted in the development of departmental policies and procedures involving bankruptcy issues, maintained a working knowledge of the Federal Bankruptcy Code, its Rules, Procedures and local rules regarding bankruptcy issues. Analyzed statistical information for producing monthly reports. Maintained working relationship with the Office of Attorney General and the Office of Chief Counsel on bankruptcy cases to ensure the Commonwealth of Pennsylvania interests were protected.

Specific accomplishments include:

- Eliminated a backlog of over 10 years of dismissal and discharge cases; thus sending \$3 million back in the collection workflow for the department.
- Established a workflow process for Tax Examiners and Specialists that increased efficiency through streamlining functions and eliminating redundancy.

COMMONWEALTH OF PA. DEPARTMENT OF REVENUE

November 2002-November 2003

Assistant Manager, Harrisburg Call Center, Bureau of Collections

Established training programs. Conducted interviews, performance evaluation reviews, and meetings with supervisors. Resolved difficult taxpayer situations. Reviewed the analysis of Revenue Research Analyst II, ensuring collection routines and workflows were at their optimum

efficiency levels. Surveyed operational issues in order to meet bureau goals and objectives. Oversaw the telephone quality assurance-monitoring program to verify all supervisors were consistently monitoring all employees to maintain good customer service.

**COMMONWEALTH OF PA. DEPARTMENT OF REVENUE, Harrisburg, PA
January 1998- November 2002**

Research Analyst II/PC Coordinator, Harrisburg Call Center, Bureau of Collections

Developed and trained employees on technological solutions. Conducted analysis and operational research studies to strengthen, streamline, revise, or otherwise improve the functioning of the Call Center. Researched, gathered, and compiled raw data into spreadsheet-ready reports for upper management. Updated networked electronic file catalogs and document tracking databases using Access Databases. Analyzed and forecasted Call Center inventory. Managed network resources, set user rights and file/folder permissions. System Administrator of the Teloquent Automated Call Distribution (ACD) Telephone System and the Mosaix/Lucent Predictive Dialer System.

EDUCATION

2005-2007

UNIVERSITY OF PHOENIX

Masters in Business Administration with a concentration in Human Resources Management

1988 -1992

KUTZTOWN UNIVERSITY of Pennsylvania, Kutztown, PA

Bachelor of Science Business Administration/Accounting with a Minor in Public Relations

CERTIFICATIONS AND TRAINING

Achieve Global Customer Service Facilitator; Certified Diversity Trainer

ACCOMPLISHMENTS

Recognized by The Secretary of Revenue, two consecutive years, for training and outstanding dedication to customer satisfaction

2004 Graduate of the Leadership Development Institute for Women in State Government

2004 Graduate of the Leadership Development Institute for Community Enrichment—Penn State

AFFILIATIONS

Delta Sigma Theta Sorority, Inc., A Public Service Organization; National Black MBA Association, Inc.

Board Member - YMCA Columbia North, Philadelphia PA; National Association of Professional Women (NAPW);

Society for Human Resource Management (SHRM)

Exhibit MB-2

SUMMARY OF RATE DISCOUNTS AND CUSTOMER ASSISTANCE PROGRAMS

Program	Program Description	Program Responsibility
Senior Citizen Discount	25% discount is provided to eligible senior citizens 65 years of age and older.	WRB
Charitable Discount	25% discount is provided for charities, churches, non-profit hospitals, schools and universities.	PWD and WRB
Water Revenue Assistance Program	Grants of up to \$500 on water bills are available to prevent shut-off for low income customers (at or below 250% FPL).	WRB
Utility Emergency Services Fund (UESF)	Grant program to prevent shut-off or restore water service for low-income customers (at or below 175% FPL). Provides up to \$500 every other year (\$250 UESF grant plus \$250 matching PWD credit). The above financial assistance must be applied to arrearage.	UESF and WRB
Homeowners Emergency Loan Program (HELP)	No-interest repair loan program for homeowners in imminent danger of shut-off because of a violation notice.	PWD
Conservation Assistance Program (CAP)	Program providing conservation devices and education to low-income customers (at or below 150% FPL) targeting 25% or greater savings for participants.	Energy Coordinating Agency and Neighborhood Energy Centers
Cross Connection Abatement Program	State mandated program to replace sanitary drainage lines that are connected to storm sewers.	PWD

Mark D. Harvey
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EDUCATION:

- Temple University – Philadelphia, PA
BBA – Major Accounting, May, 1988
PASSED CPA EXAMINATION 11/00

EXPERIENCE:

City of Philadelphia – Water Revenue

2012 - Present

Revenue Collections Officer II - Directs through subordinate supervisors, the activities of a major revenue bureau involved in the collection of water and sewer revenues owed to the City; establishes controls for accounting, billing, receipt of revenues, and follow up of delinquent accounts; directs and evaluates procedures and policies related to a senior citizen discount program; establishes policies relating to the water/sewer billing system; implements and coordinates shut-off system policies and procedures.

City of Philadelphia – Water Revenue

2007 - 2012

Utility/Enterprise Fund Accounting Manager - Directs the work of staff engaged in the review of water billings or delinquent water billing operations, including enforcing the collection of delinquent payments. Confers with departmental officials to determine which financial and accounting information is required for rate making.

City of Philadelphia – Water Revenue

2004 – 2007

Accounting Transaction Supervisor - Directs, through subordinate accounting and clerical supervisors, the review and analysis of accounting records and source documents, prepares reports and analyses on the status of accounting, funds and revenues; confers with departmental administrators to determine accounting requirements; explains implications of accounting reports and information for departmental administrators. Determines problems in systems and procedures; prepares recommended solutions; prepares analyses and reports on findings; supervises the preparation of portions of the Department's financial statements. Supervises the creation and maintenance of files; ensures that staff abreast of applicable municipal accounting and administrative laws and regulations; establishes priorities and deadlines as necessary.

City of Philadelphia – Water Revenue

1999 - 2004

Accounting Supervisor – Trains accounting staff in the principles and practices of municipal accounting, departmental and city-wide procedures used to record and transmit Financial data; Supervises and participates in the development and modification of accounting systems; Works with data processing personnel to computerize departmental

accounting control systems and to modify existing computerized accounting records; Supervises a clerical staff engaged in the posting, entering and maintenance of departmental and personal accounts; Supervises and participates in the preparation of statements, reports and invoices for submission to funding or oversight agencies.

City of Philadelphia – Water Revenue

1988 – 1999

Accountant – Researched and analyzed account status; Prepared account adjustments to manual and computerized records; Searched account histories to locate imbalances and incorrect entries; Prepared and reconciled balances of accounts; Compared and reconciled totals maintained on computerized and manual files; Compiled, summarized, and analyzed financial data concerning accounting transactions, expenditures and accounts receivable.

HONORS & ACTIVITIES:

Dean’s Honor List; College – Math Tutor