

Philadelphia Water Department Rate Board Hearing  
April 12, 2016

CITY OF PHILADELPHIA  
PHILADELPHIA WATER DEPARTMENT PRESENTATION  
RATE BOARD HEARING  
Tuesday, April 12, 2016  
MINUTES of FORMAL HEARING

- - -

LOCATION: 1515 Arch Street, 17th Floor  
Philadelphia, Pennsylvania

REPORTED BY: ANGELA M. KING, RPR  
Registered Professional Reporter

- - -

HELD BEFORE:

NANCY BROCKWAY - HEARING OFFICER  
BERNARD BRUNWASSER - CHAIR  
SONNY POPOWSKY, BOARD MEMBER  
MICHAEL CHAPMAN, BOARD MEMBER

ALSO PRESENT:

FRANCIS BECKLEY, BOARD COUNSEL  
COMMUNITY LEGAL SERVICES MEMBERS  
BLACK & VEATCH MEMBERS  
WATER DEPARTMENT MEMBERS  
LAW DEPARTMENT MEMBERS  
RAFTELIS MEMBERS  
REVENUE BUREAU MEMBERS

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<p style="text-align: right;">Page 2</p> <p>1           - - - 2           HEARING OFFICER: Morning everybody. 3           Certainly, loosen your ties, take off your 4           jackets, whatever, it's hot in here. This is the 5           continuation of the technical hearings on the 6           application of Philadelphia Water Department for 7           increased rates and related charges for Fiscal 17 8           and 18. And I believe this morning, Mr. Dasent, 9           has some witnesses he will put forward. 10          MR. DASENT: Yes. Just a moment 11          beforehand, some housekeeping. The TR 5 12          Transcript Response which the Public Advocate 13          supplied which is the revised rate model from 14          Mr. Lafayette Morgan's testimony, we would like 15          for it to be included in the record. And we had 16          some concerns about confidentiality agreement. 17          But Black &amp; Veatch agreed that it could come in, 18          the revised model. And so, we would ask it in 19          its entirety be included so we can see all the 20          schedules. 21          HEARING OFFICER: Well, that has been 22          submitted electronically? 23          MR. BALLENGER: Yes, Madam Hearing 24          Officer. I distributed that to Mr. Dasent. I                 Strehlow &amp; Associates, Inc.                 (215) 504-4622</p>	<p style="text-align: right;">Page 4</p> <p>1           the page. 2           MS. PICKENS: Okay. It was actually 3           page 79, line 4. And it's simply to change the 4           word "no" in that sentence. I recommend that no 5           account on which the -- be changed to the word 6           "every." 7           HEARING OFFICER: I was going to ask 8           about that. 9           MS. PICKENS: And we have a prepared 10          errata sheet we can circulate by email. 11          HEARING OFFICER: Actually, I don't 12          think you're going to have to. It's in the 13          transcript, unless you have a lot of them. 14          MS. PICKENS: No. It's the only one. 15          HEARING OFFICER: Okay, great. Thank 16          you. Now, Mr. Dasent. 17          MR. MEARS: Yes. We would like to mark 18          for identification today PWD Statement 8. It has 19          three parts, the direct testimony of Jon Davis 20          and the attachments related thereto; also the 21          direct testimony of Henrietta Locklear; and the 22          direct testimony of Bart Kreps. They are all RFC 23          Consultant, financial consultant witnesses. Jon 24          Davis will sponsor all of their testimony to                 Strehlow &amp; Associates, Inc.                 (215) 504-4622</p>
<p style="text-align: right;">Page 3</p> <p>1           believe I copied you on that correspondence want 2           to say on Friday last week. But if not, I can 3           certainly resend. 4           HEARING OFFICER: Well, the thing to do 5           would be to send to it Francis if you can do 6           that. 7           MR. BALLENGER: Okay. 8           HEARING OFFICER: Thanks. Anything 9           else? 10          MR. DASENT: Nothing more. 11          MS. BECKLEY: Is this something you need 12          right now? 13          HEARING OFFICER: No. 14          MS. PICKENS: Madam Hearing Officer, we 15          had a matter errata sheet for Mr. Colton's 16          testimony. We didn't bring the copies. And I 17          would like to just read it onto the record. It's 18          a simple change. 19          HEARING OFFICER: Okay. 20          MS. PICKENS: On page 74 of the direct 21          testimony. 22          HEARING OFFICER: Excuse me. I am going 23          to try to follow along with this testimony. It 24          was very long, so give us all a chance to find                 Strehlow &amp; Associates, Inc.                 (215) 504-4622</p>	<p style="text-align: right;">Page 5</p> <p>1           adopt some by his testimony today. And with 2           that, he's proffered for cross-examination. 3           HEARING OFFICER: Thank you very much. 4           Questions from the Public Advocate. 5           MS. PICKENS: Yes. 6           My name is Josie Pickens. And I will 7           along with Thu Tran, we are going to be 8           questioning the panel today. I know you guys 9           want to hear a change of pace, change of voice, 10          so figure we will give you that. 11          We have an exhibit for circulation, 12          Hearing Exhibit 5. Has a number of pages. I 13          believe we will move pretty quickly through them. 14          MS. BECKLEY: Do we need additional 15          copies of that? 16          HEARING OFFICER: Off the record. 17          - - - 18          (At this time, discussion off the record.) 19          - - - 20          HEARING OFFICER: We are back on the 21          record. 22          (Cross-Examination of Jon Davis.) 23          BY MS. PICKENS: 24          Q. Mr. Davis, do you have a copy of the Hearing                 Strehlow &amp; Associates, Inc.                 (215) 504-4622</p>

2 (Pages 2 to 5)

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1 Exhibit?  
2 A. Yes.  
3 Q. I want to jump into page 1 of the exhibit. This  
4 is the work paper you supplied to us in response to  
5 PA-RDC 60.  
6 Does that look like what you remember providing?  
7 A. Yes. Is it exactly the same?  
8 Q. Yes. It hasn't been changed?  
9 HEARING OFFICER: RDC 60.  
10 BY MS. PICKENS:  
11 Q. And that is the discover request the Public  
12 Advocate asked you to provide the underlying tables  
13 to support the discount proposal in your testimony;  
14 is that right?  
15 A. Yes.  
16 Q. Just to confirm, when the column that says  
17 Affordability Threshold, that means that you  
18 targeted 2, 3 and 4 percent of income earnings in  
19 calculating the discounts in your proposal?  
20 A. That's correct.  
21 HEARING OFFICER: I'm sorry to break in.  
22 But I thought it was 2, 4 and 3. I thought there  
23 was some testimony about how things were turned  
24 around. So is this -- one of those two is not  
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1 accurate, or I'm looking at something different.  
2 Can somebody help me out?  
3 MR. DAVIS: I think we will get to that.  
4 HEARING OFFICER: Thanks.  
5 MS. PICKENS: Or you may have another  
6 question after we're done.  
7 BY MS. PICKENS:  
8 Q. So then on this page, the bottom of the page 1 of  
9 the Hearing Exhibit, there is total plan cost at  
10 100 percent subscription at RFC 80 percent  
11 confidence level and at PGW subscription; is that  
12 right?  
13 A. That's correct.  
14 Q. And you projected loss revenue of \$16.3 million  
15 under the new I-WRAP; is that right?  
16 A. That is correct.  
17 HEARING OFFICER: So, that's the RFC  
18 80 percent?  
19 MR. DAVIS: That's the 80 percent  
20 confidence level. That's not the projection.  
21 BY MS. PICKENS:  
22 Q. What this information does tell us is that the  
23 subscription level at the 80 percent confidence  
24 level is higher than the subscription level at the  
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1 PGW subscription level?  
2 A. That -- that goes to the way the confidence  
3 interval was based. It was not based on the  
4 specific subscription level. It was based on the  
5 confidence of achieving a certain revenue of it.  
6 Q. Okay. I have some more questions about it.  
7 Do you remember that in discovery, the Public  
8 Advocate asked you to provide a list of  
9 jurisdictions with subscription levels that were  
10 equal to or above the projected level that the  
11 Department is using to assess its lost revenue in  
12 this case?  
13 A. Yes.  
14 Q. That was PA-RDC 67, and that directed us to RDC  
15 63. And that directed us to a series of reports, is  
16 that right, subject to check?  
17 A. I believe so.  
18 Q. But you did not provide us with a list of  
19 jurisdictions where a Water Affordability Program  
20 subscription levels were equal to or above what  
21 you're projecting in this case?  
22 A. The only subscription levels that we used is --  
23 were included in the model were those that we  
24 received from PGW. They're shown in the model of  
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1 them -- the revenue numbers that we show in the  
2 model go to the way in which we did the analysis.  
3 So, they're not based on any subscription numbers  
4 other than those provided by PGW.  
5 Q. Okay. I want to take a look at what you did  
6 provide us in response to a request for a list of  
7 jurisdictions. You provided with the next six  
8 pages. This is a report. And it goes to your  
9 simulation results; is that right?  
10 A. That's correct.  
11 HEARING OFFICER: Simulation results?  
12 MS. PICKENS: Yes.  
13 BY MS. PICKENS:  
14 Q. But it does not contain any list of  
15 jurisdictions?  
16 A. That's correct.  
17 Q. And then on page 7, you provided us with a  
18 another work paper and that was labeled Data; is  
19 that correct?  
20 We are on page 8. My apologies.  
21 HEARING OFFICER: This is page 8 of  
22 Public Advocate Hearing Exhibit 5.  
23 MR. DAVIS: Is this 8 of 12? I don't  
24 see a 7.  
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<p>1 BY MS. PICKENS: 2 Q. Yes. 3 A. Eight of 12. 4 Q. Are we on the same page? 5 A. Yes. 6 Q. And then when you look at the 80 percentile and 7 you see the Lost Revenue Column, there's a lost 8 revenue cost of 16,316,242; is that right? 9 A. That's correct, yes. 10 Q. Is that the same 16.3 that you projected in your 11 testimony? 12 A. Yes. We rounded. 13 Q. And on this page, there are subscription rates 14 set out next to that lost revenue -- 16.3 lost 15 revenue? 16 A. Yes. 17 Q. So Tier 2 Subscription, in order to arrive at the 18 lost revenue calculation, Tier 2 Subscription would 19 be 90 percent. 20 Is that what that means? 21 A. That would be a possibility under the way that we 22 design that, yes. 23 Q. And Tier 2, although the tiers are out of order, 24 Tier 2 is the 50 to 100 tier? Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 rates the way you are categorizing them. 2 HEARING OFFICER: "Those" meaning the 3 percentages on page 8 of 12 of PA Exhibit 5? 4 MR. DAVIS: Correct. 5 BY MS. PICKENS: 6 Q. Okay. I want to talk about the calculation 7 simulation because I think it's a point of 8 confusion, and I'm hoping you can help us clarify. 9 In your testimony, you say that the subscription 10 at each tier could vary; is that right? 11 A. That's correct. 12 Q. So, you ran a simulation to look at all of the 13 possible distributions that could result? 14 A. That's correct. 15 Q. And then you projected your lost revenue at a 16 level that would cover 80 percent of all possible 17 outcomes? 18 A. That is correct. 19 Q. And what you provided us on pages 9 and 10 of 20 this hearing exhibit, do you accept that as the 21 first 100 trials that were run in your simulation, 22 subject to check? 23 A. Yeah. I believe there were 20,000 or so. 24 Q. You provided us with all 20,000 of those? Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 A. That is correct. 2 Q. And Tier 3 is the 100 to 150 tier? 3 A. That is correct. 4 Q. And Tier 1 is the 0 to 50 tier? 5 A. That's correct. 6 Q. The subscription rates on Tier 2 are 90.3; for 7 Tier 3, 54.4; and for Tier 1, 73.5? 8 A. Yes. 9 HEARING OFFICER: Go off the record. 10 - - - 11 (Discussion was held off the record.) 12 - - - 13 HEARING OFFICER: Back on the record. 14 BY MS. PICKENS: 15 Q. Is it fair to say that you didn't provide us with 16 a single jurisdiction with subscription rates at 17 that level? 18 A. That's not the way we did the analysis. So 19 that's -- we did not provide any subscription rates 20 at that level. 21 Q. Have you identified any jurisdiction with the 22 subscription rate at that level? 23 A. We don't -- that's not the way we did the 24 analysis. Those are not intended to be subscription Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 A. In electronic form, yes. 2 Q. Okay. And nothing in this data gives us a 3 jurisdiction where these rates -- where there are 4 rates higher than or the same as what the Department 5 projects? Subscription rates, I should say. 6 A. There is nothing that corresponds to the 7 subscription rate at the 80 percent confidence 8 level. 9 Q. Okay. 10 HEARING OFFICER: I don't think that was 11 the question. Was the question, is there a 12 jurisdiction listed in these hundred? 13 MS. PICKENS: In these 20,000 trials. 14 HEARING OFFICER: I think the answer was 15 not the answer to that question. 16 MR. DAVIS: Yeah. There are no 17 jurisdictions at all -- in here at all, so no. 18 HEARING OFFICER: This is the Monte 19 Carlo simulation? 20 MR. DAVIS: Yes. 21 BY MS. PICKENS: 22 Q. And the reason I'm asking you these questions is 23 because although you answered our data request, what 24 you provided us with is not responsive. Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p>1 Would you agree? 2 A. We provided what we had. 3 Q. Okay. So that we understand how the simulation 4 works, the Lost Revenue Cost Column on pages 9 and 5 10, those are the discounts that will result if a 6 subscription is what you're projecting it to be in 7 those Tier 2, Tier 3 and Tier 1 categories? 8 A. That is correct. 9 Q. Okay. So if you were to take the Lost Revenue 10 Costs Column and scored it from least to greatest, 11 your 80 percent means that the 80 percent of those 12 trials with the lowest dollar amounts in the column 13 will be covered by your projected revenue? 14 A. That's correct. 15 Q. So put that another way, 16,000 of the trials 16 would have revenue that could be captured under your 17 projection? 18 A. Correct. 19 Q. So then going to page 11. Are you willing to 20 accept, subject to check, that the highlighted row 21 is the 16,000 trial? 22 A. With the -- 23 Q. If we were to score? 24 A. Lost revenue sorted lowest to highest? Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 you can locate it if you need to. 2 A. Yes, I have it. 3 Q. And on the far right, there is a column that says 4 PGW? 5 A. That is correct. 6 Q. And those are the subscription rates for PGW's 7 CRP, Customer Responsibility Program? 8 A. That is correct. 9 Q. And those are 50 for Tier 1, 84 for Tier 2, and 10 36 for Tier 3 -- 11 A. That is correct. 12 Q. -- is that correct? 13 A. Uh-huh. 14 Q. So, Mr. Davis, would you -- subject to check, 15 that if we used the PGW participation figures in 16 your scenario, the most expensive scenario would 17 cost about \$13,591,050? 18 A. I would agree that if we used the PGW numbers you 19 cited from the account impact tab, it would be a 20 50 percent chance of recovering enough revenue. And 21 there would be a 50 percent chance of the lost 22 revenue being in excess of the numbers generated. 23 Q. If you use the PGW scenario, so that I 24 understand, there would be a 50 percent chance that Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 Q. Yes. 2 A. (Witness nods head.) 3 Q. Again there we see -- I was told you didn't 4 answer. 5 A. Subject to check, that number matches the number 6 for the 80 percentile. 7 Q. And then when you go over to the Tier 2 8 Subscription, is 88.5 percent; Tier 3 is 9 53.4 percent; and Tier 1 is 67.7. 10 A. Correct. 11 Q. And that 16.3 is the 16.3 referenced in your 12 testimony? 13 A. That is correct. 14 Q. Or the cost of the I-WRAP discount? 15 A. The rounded, right. 16 Q. Okay. 17 A. The unrounded version, I guess, of the number in 18 the testimony. 19 Q. And then on the lost page -- I told you we were 20 going to move pretty quickly. 21 This is another work paper that you provided us 22 to in response to RDC 60; is that right? 23 A. That is correct. 24 Q. And that was titled Account Impact just so that Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 your projected revenue would be -- can you finish 2 that, because I didn't catch it? 3 A. Yeah. There would be -- if we go back to the 4 confidence level and we use an 80 percent confidence 5 level, if we use the PGW numbers, that would be your 6 50 percent confidence of getting the revenue. 7 Q. Okay. And to think about that another way, there 8 would only be 1,943 scenarios out of the 20,000, 9 subject to check, that match the criteria of PGW 10 subscription rates. 11 And I know you don't have all 20,000 in front of 12 you, but subject to check, there would not be 16,000 13 situations where the revenue would be -- 14 A. Can you -- I'm sorry. I'm not understanding the 15 question. 16 Q. Under PGW subscription rates, the maximum cost in 17 your Lost Revenue Column would have been 18 \$13,591,050. 19 A. You're going back to the, I guess, the first 20 spreadsheet and you're looking at the PGW 21 subscription down at the bottom? 22 Q. Right. 23 A. Yes. 24 Q. Plugging that into your simulation and looking at Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p>1 what kind of costs we get when those are the 2 subscription rates, and the max cost we get is 3 13,591,050; is that right? 4 A. Yes. 5 HEARING OFFICER: For the record, I 6 think the PGW was referring to page 1 of 12? 7 MR. DAVIS: Yes. That's what I'm 8 reading. 9 BY MS. PICKENS: 10 Q. You are looking at page 12 of 12 to get the 11 actual PGW subscription numbers because you provided 12 them to us in your table. 13 A. Right. So if I -- if you're asking if I used the 14 PGW subscription numbers on 12 of 12, I should get 15 the total plan costs on page 1 of 12 on the row 16 labeled at PGW Subscription. 17 Q. Right. And when we did the -- 18 MR. DASENT: Just for the record, 19 referring to page 1 of 12 on your Hearing Exhibit 20 5, the PGW number is 13,687,483. 21 MS. PICKENS: Okay. 22 BY MS. PICKENS: 23 Q. That was what you confirmed as your maximum 24 subscription as your lost revenue under that Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 BY MS. PICKENS: 2 Q. Would you agree -- would you -- we would like to 3 do a transcript request. And we would like you to 4 look at the plugging in the subscription rates into 5 the simulation to confirm whether or not the PGW 6 subscription rates would give you a max cost of 7 \$13,591,050. 8 Is that something you can do? 9 A. I don't think I'm understanding exactly how that 10 would work. If you're plugging in the subscription 11 rates for each tier from the PGW numbers, you would 12 get the 13,687,483 shown on page 1 of 12. There is 13 no variability in the PGW subscription rate shown on 14 page 12 of 12. 15 The Monte Carlo simulation is only used when 16 there is a variability within the subscriptions. 17 Q. There is a scenario that is referenced No. 7332 18 in the simulation. And that is the basis for our 19 13,591,050. And what we did there is we looked at 20 the trials that had subscription rates that are 21 equal to PGW's. And we looked at the maximum lost 22 revenue. 23 HEARING OFFICER: Before you go further, 24 are you referring to anything that appears on Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 subscription. Page 1 is your presentation? 2 A. That would be -- that would be the lost revenue 3 under the PGW Subscription shown on 12 of 12, yes. 4 HEARING OFFICER: So I don't get lost 5 when I'm writing this up, when you were asking 6 the question about lost revenue at PGW 7 assumptions, I didn't see any place other than 8 page 1 of 12 where that appeared. 9 Is that what you were looking at? 10 MS. PICKENS: I had not provided that in 11 one of the exhibits. I was looking at the PGW 12 subscription rates that are listed on Mr. Davis' 13 work paper. 14 HEARING OFFICER: Uh-huh. 15 MS. PICKENS: And then I was asking him 16 to tell me, subject to check, if we were to plug 17 those numbers into the Monte Carlo simulation, 18 whether the max that we would get is a cost of 19 13,591,00. 20 MR. DAVIS: I believe it would be 21 13,687,000 subject to check as we see on page 1 22 of 12. You would need the Monte Carlo 23 simulation. You would just plug in those 24 subscriptions. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 page 11 of 12? 2 MS. PICKENS: No. 3 HEARING OFFICER: Okay. 4 MS. PICKENS: The two pages of the 5 trials are on pages 9 and 10. Give you an 6 example of what it is we are trying to address. 7 HEARING OFFICER: Can you then state 8 what you just stated again while I'm looking at 9 this? 10 MS. PICKENS: Sure. 11 BY MS. PICKENS: 12 Q. Now that we know PGW subscription rates which we 13 got from page 12 of the Hearing Exhibit, we can take 14 those numbers and plug them into the simulation, 15 locate them in a simulation. Under the Tier 2, Tier 16 3, Tier 1 subscription we can locate them. You 17 don't have the full 20,000 of these. That's why you 18 are not able to see all the possibility. 19 But if you were to do that, the maximum lost 20 revenue cost at those PGW subscriptions would be 21 \$3,591,050[sic]. 22 HEARING OFFICER: 13,591,050. 23 MR. DAVIS: I think we are very close. 24 If we actually take those subscription rates, we Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 plug those in, we come up with 13,687,483. It's  
2 just some rounding that would make up that  
3 difference. I'm agreeing --  
4 MS. PICKENS: Okay.  
5 MR. DAVIS: -- in principal with you.  
6 BY MS. PICKENS:  
7 Q. The main point of this discussion is that there  
8 wouldn't be 16,000 scenarios that cover the lost  
9 revenue projection if you used PGW's numbers?  
10 A. If we use PGW -- I'm not -- I'm not going to cite  
11 which -- which number of the 20,000 trials would  
12 come closest to the PGW actual assumptions for  
13 subscription, so.  
14 Q. Would you be willing to agree, subject to check,  
15 that there are less than 2,000 scenarios that meet  
16 all of three of the PGW subscription criteria?  
17 A. That is immaterial to meet all three of the --  
18 each of them varies independently. So I don't  
19 understand how -- how meeting all three of the  
20 criteria would be required.  
21 Q. Essentially, if you had PGW subscription rates in  
22 your program, then the lost revenue would not be  
23 16 million?  
24 A. It would be 13.6/13.7 million.  
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1 Q. And many of the 16,000 scenarios that you ran to  
2 get to your 80 percent confidence level have lost  
3 revenue that is above 13,600,000 and change?  
4 A. The PGW subscription shown on page 12 of 12, if  
5 running the scenarios, should give you a 50 percent  
6 confidence of hitting that revenue number. So if  
7 you look at the difference between the 13,687,000  
8 number on page 1 of 12 and you compare that to the  
9 16.3 million, that's difference between the  
10 50 percent confidence and an 80 percent confidence.  
11 HEARING OFFICER: Can you slow down for  
12 just a minute, so we can follow?  
13 So page 1 of 12. Can you -- I'm sorry.  
14 Can you repeat that?  
15 MR. DAVIS: If you look -- if you use --  
16 the PGW subscription rates were the most likely  
17 numbers on which we base the variability of the  
18 subscription rates by tier. So, there was  
19 variability. It could either be lower than the  
20 PGW number or higher than the PGW number.  
21 The PGW number was the median, so it  
22 would represent a 50 percent confidence if you  
23 used just those rates. Would be about a  
24 50 percent confidence that -- that you would hit  
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1 that revenue number. So if you go back to page 1  
2 of 12 and you compare the 13,687,000 which would  
3 be the, in this case, the lost revenue under the  
4 PGW numbers, compare that to the row above it,  
5 the RFC 80 percent confidence interval of 16.3  
6 million. The difference between those two  
7 numbers is a 50 percent confidence versus an  
8 80 percent confidence.  
9 HEARING OFFICER: Thank you.  
10 BY MS. PICKENS:  
11 Q. And your page 4 of the -- your original page 4  
12 but page 5 of our exhibit at 50 percent confidence  
13 level, the forecast is actually 14,708,917?  
14 HEARING OFFICER: Where are you?  
15 MS. PICKENS: I'm on page 5 of the  
16 Hearing Exhibit of the 50th percentile.  
17 BY MS. PICKENS:  
18 Q. You just stated that that would be 13 million.  
19 A. Right. And I misspoke. The numbers are skewed a  
20 little bit. The distributions are not even around  
21 the PGW numbers. That doesn't, in fact, account for  
22 that.  
23 HEARING OFFICER: I'm sorry. Say that  
24 again?  
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1 Go off the record.  
2 - - -  
3 (Discussion was held off the record.)  
4 - - -  
5 HEARING OFFICER: Go back on the record.  
6 If you can repeat that.  
7 MR. DAVIS: What was the question again?  
8 I'm sorry. The 50 percent confidence from page  
9 4, yes, it is -- I'm sorry, it is higher than the  
10 PGW subscription numbers that we -- that's  
11 because the distributions around the variability  
12 and subscriptions are skewed a little bit to the  
13 high side.  
14 HEARING OFFICER: This is page 5 of 12?  
15 MR. DAVIS: Five of 12, yes.  
16 BY MS. PICKENS:  
17 Q. To close this point out.  
18 Of the 16,000 scenarios, about 14,057 of them, I  
19 am going to ask you to subject to check, would have  
20 lost revenue projections above what they would be at  
21 the PGW participation rates?  
22 A. Well, if I'm -- if I'm using this, it looks like  
23 our number at the PGW would fall into about the 30th  
24 percentile. So, 30 percent of the trials wouldn't  
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<p>1 be below. Is that similar to the number that you 2 said of the 20,000. 3 Q. 30 percent of 20,000. 4 HEARING OFFICER: That's a math 5 question. We can certainly do the math. I mean, 6 6,000. 7 MS. PICKENS: Okay. 8 HEARING OFFICER: You all will have to 9 explain, so what. 10 BY MS. PICKENS: 11 Q. We're going to move on. 12 The main goal of that is to establish that a PGW 13 subscription rate would have yielded lower projected 14 lost costs? 15 A. That is correct, yes. 16 Q. Now we in the Public Advocate -- and I apologize 17 for saying "we." The Public Advocate asked you to 18 provide information about I-WRAP costs in discovery. 19 This is mainly so that the Board knows where to 20 look. I'm referring to RDC 60, 61, 62, 66 and 68. 21 And in all of those responses you directed us 22 back to RDC 60, which is the first and last page of 23 what we provided here; is that right? 24 A. Are you talking about the fixed cost for the Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 quantified meaningful assistance. Can you tell us 2 when assistance is not meaningful? 3 And your response was that we did no analysis to 4 quantify meaningful assistance. 5 A. We didn't support it with any separate analysis 6 that targets the thresholds for each tier constitute 7 the meaningful assistance under the proposal. 8 Q. And by that, you mean the affordability 9 threshold? 10 A. Correct. 11 Q. And so, it was your determination that those 12 thresholds are meaningful assistance? 13 A. That is our interpretation of meaningful. Yes. 14 Yes. 15 Q. Okay. And in your testimony, you also state that 16 another objective of the program is to develop 17 program costs such that they are not detrimental to 18 the financial stability of the utility? 19 A. That is correct. 20 Q. And do you agree that when the Public Advocate 21 asked you for all quantitative indicators developed 22 by RFC by which the City can objectively determine a 23 level at which program costs become detrimental to 24 the financial stability of the utility, your Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 ongoing startup in the administration costs? 2 Q. All of the questions pertaining to how you 3 arrived at your costs, you directed us to RDC 60 to 4 capture that data. 5 A. Uh-huh. 6 Q. On page 3 of your testimony, you say that one 7 objective of the Affordability Program is to provide 8 meaningful assistance to low income customers. 9 But you would agree that when the Public Advocate 10 asked you for all documentation that could be used 11 to objectively determine when assistance is not 12 meaningful assistance to low income customers, your 13 response was that we did no analysis to quantify 14 meaningful assistance; is that right? 15 A. I'm not sure. I think I was confused by the 16 original question of what constitutes meaningful 17 versus not meaningful. 18 Can you restate the question please? 19 Q. Sure. I'm referring to PA-RDC 40. 20 And in that question we were addressing your 21 testimony because you say that one of the goals of 22 the program is to provide meaningful assistance to 23 low income customers. And the question was, well, 24 when is assistance not meaningful? You had Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 response directed us back to your testimony. And 2 you provided no additional documents; is that right? 3 A. Can you refer me to the -- 4 Q. That's PA-RDC 42. 5 HEARING OFFICER: Go off the record. 6 - - - 7 (Discussion was held off the record.) 8 - - - 9 HEARING OFFICER: We will go back on the 10 record. 11 MR. DAVIS: I can answer that based on 12 what we provided the answer to RDC 42. There 13 is -- we looked at the utility, and the goal was 14 not to unduly burden the Rate Stabilization Fund. 15 But that's not -- it's not an industry metric as 16 to what constitutes unduly burdened. That was 17 determined on this case-by-case basis. 18 BY MS. PICKENS: 19 Q. The last discovery related question has to do 20 with your testimony in discovery responses, page 1 21 of your testimony RDC 49 where you provided a list 22 of orders for sewer and stormwater utilities where 23 you in RDC has been in engaged in work-related 24 affordability analysis and program development. And Strehlow &amp; Associates, Inc. (215) 504-4622</p>



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<p style="text-align: right;">Page 30</p> <p>1 the Public Advocate asked you to provide the number 2 of low income customers who were enrolled in those 3 Affordability Programs, and the number who were 4 eligible to enroll. 5 And your response was that you don't know; is 6 that right? 7 A. Looking at the program cited. Under the program 8 cited, we have no current knowledge because the 9 analysis we did was not current. 10 Q. When you were conducting the analysis, when you 11 were engaged in these projects, you had that 12 knowledge? 13 A. Most or some of these projects are not -- that 14 you cited are not my projects. So, I would assume 15 we went through a similar -- a similar process for 16 what we have here. But it was looking at current 17 information, and we don't have current information 18 on those. 19 HEARING OFFICER: I apologize for 20 interrupting again. But I assumed that we were 21 looking at page 1 of your testimony, the 22 paragraph -- the last sentence in the paragraph 23 that begins "in 2000 I joined RFC where I" -- is 24 that, Ms. Pickens, where we are supposed to be? Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Okay. I have a couple of questions that are 2 intended to capture the Management Audit. I had 3 intended to direct them to Henrietta Locklear. I 4 know she's not here, but I hope that you can help 5 me? 6 A. I'll do my best. 7 HEARING OFFICER: Go off the record. 8 - - - 9 (Discussion was held off the record.) 10 - - - 11 HEARING OFFICER: Go back on the record. 12 We have just been joined by Board Member 13 Chapman. 14 BY MS. PICKENS: 15 Q. So prior to this rate filing, RFC conducted a 16 Management Audit that included both an assessment of 17 the basis2 billing system and an assessment of the 18 Department's customer services; is that correct? 19 A. That is correct. 20 Q. And that audit was prompted by the settlement of 21 the last rate case. Is that also correct? 22 A. I believe so, yes. 23 Q. And RFC reviewed a number of the Department's 24 customer service functions in that audit? Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 31</p> <p>1 MS. PICKENS: I will take you there. 2 The paragraph that says "in 2000 I joined RFC." 3 HEARING OFFICER: Yes. 4 MS. PICKENS: Involved in numerous 5 financial and management consulting. 6 HEARING OFFICER: Yes. We have 7 identified it. You are not looking at the 8 response to the data request? 9 MS. PICKENS: In the data request, we 10 also asked for RFC's engagements. 11 HEARING OFFICER: Okay. Got it. 12 MS. PICKENS: To get a sense of, you 13 know, what areas had been covered. 14 BY MS. PICKENS: 15 Q. And the question was, well, how are these 16 programs doing? How many are they enrolling and how 17 many are eligible. 18 And the response was that neither you nor RFC had 19 any independent knowledge of the circumstances of 20 those programs. 21 A. We typically don't do ongoing work. We might do 22 an analysis at the beginning of the program. We, 23 typically, don't have ongoing record keeping with 24 respect to how that program is doing. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 33</p> <p>1 A. Correct. 2 Q. And functions related to the PWD and WRB cost 3 centers were covered along with assessment of the 4 field operations under concurrent study conducted by 5 Schumacher &amp; Company; is that right? 6 A. I believe so. But that's not a part of our 7 purview. It's a separate report and a separate 8 company. 9 Q. Okay. Part of Ms. Locklear's testimony in this 10 rate proceeding concerns the findings of Management 11 Audit; is that true? 12 A. That's correct. 13 Q. Her testimony specifically addresses customer 14 service issues that were identified by the audit; is 15 that right? 16 A. Yes. 17 Q. In particular on page 4 of her testimony, she 18 sets forth conclusions and recommendations from the 19 audit that pertain to how the City can improve 20 efficiency and customer satisfaction, in ways the 21 City can support and improve customer service 22 functions? 23 MR. DASENT: That's page 4 you were 24 referring to, Josie? Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 MS. PICKENS: Yes.  
2 MR. DASENT: Under summary of major  
3 recommendations of the audit?  
4 MS. PICKENS: Right.  
5 MR. DASENT: Can you repeat the  
6 question? I was flipping the whole time.  
7 BY MS. PICKENS:  
8 Q. Just want to establish that her testimony contain  
9 conclusions and recommendations from the audit. And  
10 that those conclusions and recommendations covered  
11 how the City can improve efficiency and customer  
12 satisfaction and the way the City can support and  
13 improve customer service; is that right?  
14 A. Yes.  
15 Q. I'm pretty much done, but I left out a question I  
16 wanted to ask about your program design.  
17 Am I correct that neither the work paper at page  
18 1 of the Public Hearing Exhibits nor any statement  
19 in your direct testimony contains an assessment of  
20 the cost to the Department of providing earned  
21 arrearage forgiveness, which is required by the  
22 I-WRAP legislation?  
23 A. It is our understanding that the earned arrearage  
24 forgiveness is going to be -- yeah, it's going to be  
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1 addressed in regulation and has not been addressed  
2 to this date.  
3 Q. And by "our," who do you mean?  
4 A. The proposal that you received in electronic  
5 format does not include anything with respect to  
6 arrearage forgiveness because that would be covered  
7 under regulations, which haven't been developed yet.  
8 Q. All right. That is end of what I have for you,  
9 Mr. Davis.  
10 HEARING OFFICER: Any other party with  
11 questions for Mr. Davis on his direct or the  
12 other witness' testimony he's sponsoring?  
13 (No response for questions.)  
14 I have a couple questions. Does the  
15 Board have questions?  
16 MR. POPOWSKY: I have a couple  
17 questions.  
18 HEARING OFFICER: Go ahead.  
19 MR. POPOWSKY: Mr. Davis, I am just  
20 trying to pin down the subscription rate. I  
21 understand that the subscription rate was not an  
22 input for your analysis. I guess it's an output;  
23 is that correct? Under the 80 percent -- under  
24 the Monte Carlo simulation?  
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1 MR. DAVIS: Yeah. I would describe the  
2 subscription rate as variable. And we bounded  
3 how that variable can vary. The lost revenue is  
4 the output or the forecast.  
5 MR. POPOWSKY: If I go to page 8 of 12  
6 of the exhibit we were just looking at, the PA,  
7 Public Advocate Exhibit 5. And I go to the 80 --  
8 I'm sorry. Do you have that?  
9 MR. DAVIS: Yes.  
10 MR. POPOWSKY: And I go to the 80  
11 percentile on the left-hand column. That's your  
12 projected lost revenue cost of 16,316,000; is  
13 that correct?  
14 MR. DAVIS: I wouldn't categorize that  
15 as the projection. I would categorize that as  
16 the 80 percent confidence that we wanted to  
17 include in the cost of service to give us every  
18 opportunity to make the number.  
19 MR. POPOWSKY: But that's the number you  
20 included in the cost of service?  
21 MR. DAVIS: Correct, yes.  
22 MR. POPOWSKY: And then the three  
23 subscription rates in the following three  
24 columns, are those the resulting -- is that what  
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1 you would expect to produce those numbers 90.3,  
2 54.4 and 73.5?  
3 MR. DAVIS: Those would be the medians,  
4 I guess, for that percentile that correspond to  
5 that lost revenue cost. Yes.  
6 MR. POPOWSKY: I don't know then how  
7 many people are in each of those three tiers.  
8 And I sure don't know why Tier 3 is -- I don't  
9 know why they come out in this order.  
10 But in any case, would that produce then  
11 about -- would we expect that to be about a  
12 75 percent overall subscription rate if you just  
13 take a look at those three numbers?  
14 MR. DAVIS: Yeah. They would be varied,  
15 I guess, based on the number of customers that  
16 would be in each tier. But if we did a simple  
17 average, that seems like about right.  
18 MR. POPOWSKY: When I asked you back in  
19 February what your subscription rate was, you  
20 didn't have a number. But would then -- because  
21 you told me about this, the Monte Carlo. But  
22 75 percent then would be about sort of what we'd  
23 expect?  
24 MR. DAVIS: Subject to check, I'd like  
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1 to do a weighted average as opposed to simple  
2 average.  
3 MR. POPOWSKY: Right. Okay.  
4 And there was a discussion about what  
5 your affordability percentages were. Maybe you  
6 are going to put this in your rebuttal. I don't  
7 know. But there was a question early on that  
8 Hearing Examiner pointed out.  
9 On page 1, I think, of the exhibit,  
10 the -- page 1 of 12 of the PA exhibit, PA Hearing  
11 Exhibit 5, this shows affordability threshold.  
12 This is from your RDC 60 of 2 percent, 3 percent  
13 and 4 percent for the three tiers.  
14 Is that the correct number that you did  
15 use?  
16 MR. DAVIS: Those were the numbers that  
17 we target for each tier, yes.  
18 MR. POPOWSKY: Okay.  
19 MR. DAVIS: And I thought -- if I could  
20 expand just a little bit. You know, in the lower  
21 tier we also have a minimum bill concept. Each  
22 of the customers in the lower tier would trigger  
23 a minimum bill. That's why we're not able to  
24 actually achieve the income if you look at the  
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1 income percentage in the far right-hand column.  
2 MR. POPOWSKY: The \$12 minimum bill,  
3 even that would be higher than the 2 percent?  
4 MR. DAVIS: That would be higher.  
5 MR. POPOWSKY: Just one other question.  
6 Again, Mr. Dasent, I don't know if you are going  
7 to cover this in rebuttal. I wanted to ask the  
8 witness about the recommendation from Mr. Colton  
9 about creating a rider.  
10 Is this a --  
11 MR. DASENT: Go right ahead.  
12 MR. POPOWSKY: Okay.  
13 Whether this number turns out to be  
14 13 million or 17 million or whatever, do you have  
15 any comment? I believe one of the  
16 recommendations in Mr. Colton's testimony is to  
17 establish a rider. So we establish an amount in  
18 base rates.  
19 And then if it's more or less,  
20 recognizing this program won't kick in till  
21 Fiscal Year 2018, what is your position on  
22 creating either a rider or a deferred account?  
23 So that if whatever number we get we pick is  
24 incorrect higher or lower, the Department could  
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1 either through a deferred account or through a  
2 rider make up the difference in the following  
3 year in either direction?  
4 MR. DAVIS: I think those are both  
5 interesting concepts. I can't speak to all the  
6 details of it because I don't think we've had  
7 time to fully digest that.  
8 I would say that one concern that I do  
9 have is you can't pick up revenue in the  
10 following year because we're on a cash basis of  
11 accounting. So picking up revenue in the  
12 following year means hitting the Rate  
13 Stabilization Fund in the present year, which may  
14 or may not be an issue depending on what else is  
15 going on.  
16 MR. POPOWSKY: You can pick up the  
17 revenue. You just can't include it in your  
18 coverage ratios. Or you might have to take the  
19 money -- you either might have to take the money  
20 out or put the money into the Rate Stabilization  
21 Fund.  
22 MS. LABUDA: The risk is obviously that  
23 we will trigger a default, a covenant default.  
24 That is really what you're suggesting or asking  
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1 is that can the Department set a charge on its  
2 bills that retroactively charges customers for  
3 cost of a program? And we set rates and charges  
4 on a cash basis. There is obviously going to be  
5 a delay when that rider takes affect.  
6 The question is, based on already the  
7 withdrawals coming out of the RSF in Fiscal Years  
8 17 and 18, can we manage additional withdrawals  
9 without triggering the 90 Percent Rule or the  
10 90 Percent Covenant with our insurance provider?  
11 And I think that's a significant risk to the  
12 Department and to the City. That is the  
13 fundamental challenge of the rider right now.  
14 And my perspective is that we could  
15 easily trip and trigger a default because the  
16 charge is not going to be in place. There's  
17 going to be a delay. I would have to work with  
18 my billing team to figure out how long of a  
19 delay. Is it 60 days after we've incurred the  
20 cost? Is it 90 days?  
21 But my fiscal year will close. I will  
22 do my calculations. And I may not have  
23 sufficient revenues to meet all of my covenants.  
24 And that is an incredible risk to the City of  
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1 Philadelphia. Incredible risk.  
2 HEARING OFFICER: I just want to say  
3 that is Melissa LaBuda.  
4 MS. LABUDA: I would suggest, you know,  
5 we really, really need to think long and hard  
6 before we put the City in that position. We  
7 haven't talked about capping these costs. I  
8 mean, it's just a lot of risks.  
9 MR. DAVIS: Another -- if I could just  
10 add on another concept. Again, all concepts need  
11 to be kind of thought through. I don't think  
12 we've had a proper opportunity to do that, would  
13 be to cap the program such that if we hit a  
14 certain limit of the program, we would stop  
15 taking applications. That's kind of a light  
16 example.  
17 So there are other -- other options.  
18 Each, I believe, with pluses and minuses that  
19 need to be considered.  
20 The one thing that I would say in regard  
21 to that is the way the rate filing is designed,  
22 we're only looking at the request for one year,  
23 the second year of the rate filing. After that  
24 in the subsequent rate filing, we will come back.  
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1 And we'll actually have what the expense of or  
2 the lost revenue was from the actual run rates of  
3 the program. And it will become more like the  
4 revenue requirement discussions that we had last  
5 week.  
6 MR. POPOWSKY: Well, that's the point.  
7 We are talking about one year of missing in one  
8 direction or another.  
9 MR. DAVIS: Right.  
10 MR. POPOWSKY: And I thought that the --  
11 I mean, this is what the case is all about what  
12 Melissa just said. Anyway, appreciate it.  
13 Thank you.  
14 HEARING OFFICER: Any other Board Member  
15 have questions?  
16 (No further Board questions.)  
17 I do have a couple. Let me go backwards  
18 and follow up on what Mr. Popowsky said.  
19 Is there any way for you to guess or  
20 estimate what the range of possible additional  
21 revenue requirement would be that would then have  
22 to be taken out of the Revenue Stabilization Fund  
23 in order to be meet bond requirements?  
24 MR. DAVIS: Well -- and again, this --  
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1 all of this analysis is a bit of a challenge  
2 because we don't have any history. We don't have  
3 any income information on our customers. We  
4 don't keep income information within the billing  
5 system. So we're -- we're doing a lot of  
6 analysis to get to how many folks may be subject  
7 to this. Of those, the subscription rate, how  
8 many of those may apply. There is a lot of  
9 variability in the first year.  
10 HEARING OFFICER: So for the purposes of  
11 this exercise, let's pretend that it's a hundred  
12 percent subscription right off the bat, and you  
13 have the same assumption as to numbers of  
14 customers eligible in each tier.  
15 Do you know what difference that would  
16 make in dollar amounts?  
17 MR. DAVIS: Yeah. That -- if you look  
18 on page 1 of 12, that is -- if you look at the  
19 three rows down at the bottom, the first row is  
20 at 100 percent subscription, which is \$22.8  
21 million.  
22 HEARING OFFICER: So unless we're off on  
23 the numbers eligible, the maximum at risk is the  
24 difference between 22.8 million and 16.3 million?  
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1 MR. DAVIS: Correct. And that's why we  
2 chose the 80 percent confidence because we felt  
3 we could -- we could cover that gap safely.  
4 HEARING OFFICER: Say again?  
5 MR. DAVIS: We chose the 80 percent  
6 confidence level because we felt like we could --  
7 we could manage the difference between the 16.3  
8 and the 22.8. We didn't feel like we could  
9 manage the larger gap safely.  
10 HEARING OFFICER: Give me a sec. Okay.  
11 I got it. If my math is correct, we're talking  
12 \$6.5 million?  
13 MR. DAVIS: Yes.  
14 HEARING OFFICER: Mr. Brunwasser?  
15 MR. BRUNWASSER: I confess, I have not  
16 read all of Raftelis and all that testimony.  
17 Has -- is there anything there that may  
18 be premature? When regulations are really  
19 drafted later on, it may take some effect. I  
20 think one of the things that's needed for this  
21 program is incentive to actually comply once you  
22 signed up.  
23 Is there anything there about what  
24 happens if the customer signs up for the program  
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1 and does not comply, misses payments, et cetera?  
2 Or is this too premature?  
3 MR. DAVIS: Well, there are some  
4 requirements written into the ordinance. But  
5 other than that, the process is -- and the  
6 compliance structure around that have not been  
7 developed yet.  
8 HEARING OFFICER: I believe Mr. Colton  
9 has a few suggestions along those lines.  
10 MR. BRUNWASSER: Yeah. What I'm getting  
11 at is, I think, compliance would be higher if  
12 there really is a disincentive once you've --  
13 once you've been approved for a program and have  
14 not kept up with, you know, those promises.  
15 I don't think one should turn around and  
16 say, okay, just reapply right away and we'll put  
17 you back in. That's where I'm getting at.  
18 HEARING OFFICER: I do have a couple  
19 more questions. Maybe Ms. LaBuda can help me  
20 with this one because it goes back to the  
21 question of the risk, but you might have to  
22 answer part of it.  
23 There was a question about how many  
24 customers were in each tier. Do you have a worst  
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1 case -- highest case scenario, not worst -- well,  
2 worst for them -- highest case scenario of the  
3 numbers that were beginning to tier?  
4 MR. DAVIS: Yes. That -- I believe that  
5 would be --  
6 HEARING OFFICER: In other words, I'm  
7 trying to get at what's the worst case that we  
8 can imagine based on the information we have  
9 today in terms of what would not be recovered in  
10 the year in which the revenues were lost?  
11 MR. DAVIS: If you look on page 12 of  
12 12, not sure that it's in here, kind of the  
13 middle of that page. It's under a grey bar  
14 title. It's called Eligible Accounts, shows  
15 eligible accounts by tier.  
16 There are about 4,400 estimated eligible  
17 accounts that would be in Tier 1.  
18 HEARING OFFICER: Before you go further,  
19 can you -- I don't see where the tiers are  
20 mentioned in the column headings. Maybe you can  
21 spell that out more.  
22 MR. DAVIS: Yeah. It's poorly labeled.  
23 I apologize.  
24 HEARING OFFICER: That's all right. If  
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1 you can help me.  
2 MR. DAVIS: Yeah. The first column  
3 is -- these are by income tiers. So the first  
4 row there with the 4393 number in that --  
5 HEARING OFFICER: Yes.  
6 MR. DAVIS: -- that would be Tier 1,  
7 which is 0 to 50 percent of FPL. The second row  
8 20,554 is Tier 2, which is 50 to 100 percent.  
9 The next row 31,209 would be Tier 3, which is 100  
10 to 150 percent. And then the following rows  
11 would be 150 to 200, 200 to 250, and then greater  
12 than 250 which concludes with the 260,000.  
13 HEARING OFFICER: And you chose those  
14 numbers because we're going to have to look at  
15 the various things in the ordinance about  
16 arrearage forgiveness and so forth?  
17 MR. DAVIS: Right. There is, you know,  
18 some consideration in the ordinance for folks  
19 from 150 to 250.  
20 HEARING OFFICER: Now you said that  
21 there was some variability in the number of  
22 customers who, in theory, could apply. Can you  
23 assess the variability, particularly Tiers 1, 2  
24 and 3, in terms of do you have any sense of what  
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1 the highest number is that could theoretically  
2 possibly under any circumstance apply and be  
3 eligible?  
4 MR. DAVIS: Well, the challenge -- and I  
5 think it shows in the same exhibit that we're  
6 looking at here, the challenge is that we don't  
7 have the information on income by customer. What  
8 we do have is census data. And we have  
9 self-reported income by household for the City of  
10 Philadelphia.  
11 So if you look at that same table that  
12 we were just looking at, if you look to the left  
13 of it, you see a column titled Household  
14 Cumulative.  
15 HEARING OFFICER: Yes.  
16 MR. DAVIS: If you look down at the  
17 bottom of that, we have about 580,000 households  
18 in the City per census data. We know we have  
19 about 427,000 general service residential  
20 accounts.  
21 HEARING OFFICER: Say -- what's that  
22 number again?  
23 MR. DAVIS: We have 580,000 households.  
24 If you go three columns over, Accounts Cumulative  
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1 and down at the bottom in blue, we have 427,000  
2 general service residential accounts. So the  
3 question is, within each of those income tiers,  
4 how many of those households are customers of the  
5 system and how many of those households may be,  
6 for instance, in a multi-family situation with a  
7 master meter and they're not -- they're tenants,  
8 so they are not customers of the system.  
9 HEARING OFFICER: Well, if you assume  
10 that all of the households were customers.  
11 MR. DAVIS: If we assume all of the  
12 households were customers, we could have about  
13 450,000 that would qualify under the income  
14 criteria. I am looking at the first three --  
15 total of the first three rows in that left-hand  
16 column beginning with 73,662.  
17 HEARING OFFICER: I get for cumulative  
18 by Tier 3, 219,000.  
19 MR. DAVIS: Oh, I'm sorry. You are  
20 correct. Yeah, I'm sorry. I was looking at the  
21 wrong column. 219,826, yes.  
22 HEARING OFFICER: And roughly, how does  
23 that compare with the assumptions that you used  
24 in estimating what the cost would be?  
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1 MR. DAVIS: Well, the first step in the  
2 analysis is to try to -- try to project of those  
3 households how many might be customers. And  
4 there is some innocuous information buried in the  
5 census data that has a representative sample that  
6 ask the responder do they pay their water and  
7 sewer bill. So, we use that information to try  
8 to extrapolate which of those households maybe  
9 customers of the system.  
10 That is, again, self-reported. It's a  
11 sample. It's not a full -- a full census look.  
12 HEARING OFFICER: So when you applied  
13 this extrapolation factor, you got the number of  
14 customers who would be eligible -- the  
15 eligibility count that the number that you were  
16 telling us at the beginning on this page,  
17 eligible accounts?  
18 MR. DAVIS: Uh-huh.  
19 HEARING OFFICER: In other words, if one  
20 assumes the federal poverty level is good  
21 indicator and we have good information on the  
22 federal poverty level, then the numbers that you  
23 have selected, the only difference between them  
24 and a hundred percent would be in this, I would  
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1 say, gross-to-net or household-to-customer ratio  
2 problem?  
3 MR. DAVIS: Well, I think they're two  
4 issues. There is the household-to-customer  
5 ratio, and then there's the subscription rate.  
6 So, I might be a customer in the system. I might  
7 have an income that would make me eligible for  
8 inclusion in one of these tiers. But we know  
9 based on all the information that's available,  
10 that one hundred percent of the folks do not sign  
11 up for the program.  
12 HEARING OFFICER: Help me again with the  
13 columns under the grey bar Accounts Cumulative.  
14 What does that represent?  
15 MR. DAVIS: That represents the number  
16 of customers that we feel fall within each of  
17 these income tiers.  
18 HEARING OFFICER: And there's a little  
19 bit of difference on Tier 1, a bigger difference  
20 on Tier 2, and a fairly large difference on Tier  
21 3. Can you talk about why that would be?  
22 MR. DAVIS: Yes. Folks at the very  
23 lowest income levels are most likely to be in  
24 some kind of tenant situation. And they are much  
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1 less likely to be customers of the system. In  
2 other words, they don't tend to own their own  
3 homes where they might be a direct customer of  
4 the system.  
5 HEARING OFFICER: Assume that I'm really  
6 stupid. Can you go through the other tiers and  
7 show how that works?  
8 I am looking at Accounts Cumulative and  
9 Eligible Accounts.  
10 MR. POPOWSKY: It's the same number.  
11 Just one is cumulative and the other is  
12 individual.  
13 MR. DAVIS: Yeah.  
14 HEARING OFFICER: Okay. That helps.  
15 Forget what I said before about a little bit  
16 bigger difference.  
17 MR. DAVIS: But there is a big  
18 difference between -- we feel like there are in  
19 excess of 73,000 households in Tier 1, but we  
20 feel like less than 4,400 of those may be  
21 accounts of the Water Department.  
22 HEARING OFFICER: What's the third  
23 column that starts with 5,967?  
24 MR. DAVIS: That is just trying to put  
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1 accounts into FPL tiers. I think that's probably  
2 not a column that's used here. I think the more  
3 appropriate column would be the next couple of  
4 columns under the grey bar.  
5 HEARING OFFICER: So, you took this  
6 number of customers that we've just been  
7 discussing under the grey bar for each tier. And  
8 did you apply some subscription percentage, or  
9 was that already applied earlier in your  
10 calculation?  
11 MR. DAVIS: No. That's where we applied  
12 the subscription percentage.  
13 HEARING OFFICER: And can you tell me --  
14 excuse me, far right-hand side, there is a  
15 percentage number. What does that represent?  
16 In the same bar.  
17 MR. DAVIS: Yes. That is the percentage  
18 of the number of customers or the number of  
19 eligible accounts divided by the total general  
20 service residential customer base.  
21 HEARING OFFICER: So it's -- the second  
22 set under the bar divided by the total number of  
23 accounts?  
24 MR. DAVIS: Yes.  
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1 HEARING OFFICER: Do we have total  
2 number of accounts on this page?  
3 MR. DAVIS: For the GSR, the 427,000 in  
4 the blue at the bottom, that is the total number  
5 of the GSR accounts.  
6 HEARING OFFICER: Now I'm really  
7 confused.  
8 MR. BRUNWASSER: Could I make a  
9 suggestion?  
10 If it's not too much trouble, could you  
11 maybe go back later and expand this table and  
12 label it more -- a little more detailed so, you  
13 know, it could stand alone as far as  
14 understanding what the numbers represent?  
15 MR. DAVIS: Yeah. And I would apologize  
16 for -- this was a working model, and it was  
17 presented as such.  
18 HEARING OFFICER: No need. No need.  
19 MR. DAVIS: The testimony of Exhibit 1  
20 may have the information you are looking for.  
21 Takes very easily the census households.  
22 HEARING OFFICER: If you can just stop  
23 there, and let us get to that exhibit. You mean  
24 Table 1?  
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1 MS. LABUDA: Would you mind articulating  
2 the table so we are on the same page?  
3 MR. DAVIS: Okay. We are on the  
4 testimony Exhibit 1, page 4 in my testimony.  
5 HEARING OFFICER: So Table 1.  
6 MR. DAVIS: Down at the bottom, yes.  
7 That has the information on the tiers, the  
8 beginning and the number of census households per  
9 tier, and then the result of how we converted  
10 that into the number of accounts per tier.  
11 HEARING OFFICER: In other words, take  
12 Tier 1 again. You take 73,000 or 74,000  
13 households at that income level, that range. And  
14 of those, 4,400 roughly are customers?  
15 MR. DAVIS: Correct.  
16 HEARING OFFICER: You may have told us  
17 this maybe even more than once. But could you go  
18 through how you get from -- let me ask another  
19 question before I do that.  
20 So that -- the 4,400, the 20,600 and the  
21 31,000, those are the three first tiers?  
22 MR. DAVIS: Uh-huh.  
23 HEARING OFFICER: I'm looking back at  
24 page 12 of 12. And I'm trying to relate -- the  
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1 eligible accounts number is the same?  
2 MR. DAVIS: Uh-huh.  
3 HEARING OFFICER: Tell me again at what  
4 point do you apply the subscription factor?  
5 MR. DAVIS: Well, we know that just  
6 because an account is eligible based on income,  
7 they may or may not subscribe to the program. We  
8 have kind of the basis point. We have what the  
9 PGW subscription rates were for these income  
10 tiers. So after that and as part of the Monte  
11 Carlo situation, we developed a range of  
12 subscription based on the PGW numbers. We make  
13 those variable and then we run the analysis with  
14 multiple trials to see what the resulting loss in  
15 income is.  
16 HEARING OFFICER: I don't think I'm  
17 going to get it in the time that we have today  
18 and in the heat in this room. So, can we get a  
19 number for Chairman Brunwasser's transcript  
20 request. And can I ask you --  
21 MR. DASENT: Nine.  
22 HEARING OFFICER: Yes. Can I ask you to  
23 include in it the steps that you went through to  
24 get from your assumptions or your estimates of  
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1 the numbers of customers in the first three  
2 tiers.  
3 MR. DAVIS: Okay. Sure.  
4 HEARING OFFICER: You can do the others,  
5 too. But to the households but then to the  
6 households that you assume will.  
7 MR. DAVIS: Be eligible households to  
8 the subscribed households.  
9 HEARING OFFICER: And what percentage  
10 the households in the income tier are to those  
11 you assume are going to subscribe.  
12 MR. DAVIS: Okay.  
13 HEARING OFFICER: Thank you.  
14 I've got another set of questions. Do  
15 you have more on that?  
16 MR. BRUNWASSER: No.  
17 HEARING OFFICER: You were asked about  
18 earned arrears forgiveness. And if I have taken  
19 my notes correctly, your answer was that you  
20 didn't address the cost of that because that  
21 will -- the program design will be dealt with in  
22 regulation which have not yet be written.  
23 MR. DAVIS: (Nods head.)  
24 HEARING OFFICER: He's nodding yes.  
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1 MR. DAVIS: Yes.  
2 HEARING OFFICER: What I'm trying to  
3 figure out, and maybe this is really more to be  
4 briefed, what is the difference between that and  
5 the I-WRAP which also has yet to be pinned down?  
6 Let's have you brief that.  
7 MR. DAVIS: Yes.  
8 HEARING OFFICER: Anybody who wants can  
9 ask Francis what the right answer is.  
10 All right. Anything else for these  
11 witnesses -- these three witnesses in one?  
12 MR. DASENT: Yes.  
13 HEARING OFFICER: Redirect?  
14 MR. DASENT: If you give us a moment.  
15 HEARING OFFICER: We will go off the  
16 record.  
17 - - -  
18 (Break taken.)  
19 - - -  
20 HEARING OFFICER: We will go back on the  
21 record.  
22 I do have a question for Mr. Davis I  
23 forgot to ask. I apologize. Just want to tie  
24 this off.  
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1 Early on in your cross-examination, you  
2 were looking at page 5 of 12. And this is the  
3 forecast of lost revenue costs and percentiles.  
4 And you said something to the affect that the  
5 distribution is viewed to the high side.  
6 Remember that?  
7 Can you say more about that, what you  
8 mean by that? The distribution of what, and how  
9 do we know that?  
10 MR. DAVIS: I'm trying to cite back to  
11 some of these pages here. If you go to page 6 of  
12 12, for instance, and you look at the assumption  
13 for Tier 3 underscore subscript at the bottom of  
14 that page.  
15 HEARING OFFICER: Page what?  
16 MR. DAVIS: Page 6 of 12.  
17 HEARING OFFICER: Give me a sec. I'm on  
18 the wrong page. Oh, I see. Yes. Thank you.  
19 I'm there.  
20 MR. DAVIS: Just using this as an  
21 example. If you look at the green triangle graph  
22 at the top of that page, that is the subscription  
23 for Tier 2. And it's fairly balanced so that  
24 there's the number that we use is the likeliest  
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1 is the PGW number. There's about an equal spread  
2 on the top and the bottom of that.  
3 If you go to Tier 3, you see it's a  
4 little more weighted to the high side, meaning  
5 that while we use the PGW number as the  
6 likeliest, there is a larger chance that it could  
7 be higher then that it could be lower. So,  
8 that's what we talk about the skewed.  
9 HEARING OFFICER: If I look at the  
10 percentages to the right of the labels triangle  
11 distribution of parameters and before the  
12 pictures, how do you get from -- how do you know  
13 one's the minimum and one's the maximum and so  
14 forth?  
15 MR. DAVIS: As far as how we set those  
16 numbers?  
17 HEARING OFFICER: Yeah.  
18 MR. DAVIS: Just professional judgment.  
19 Certainly in the Tier 3 subscription, there's a  
20 lot higher number on the -- a lot -- more of a  
21 possibility that it could be on the up side given  
22 that 36 percent is well below 50 percent.  
23 HEARING OFFICER: Well, first I thought  
24 you were saying judgment. And now you're  
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1 referring to a parameter 50 percent.  
2 MR. DAVIS: Well, I was going to say if  
3 we have an equal distribution, in other words, if  
4 it's -- what would that be, an isosceles  
5 triangle?  
6 HEARING OFFICER: Yes, like Tier 2.  
7 That's pretty isosceles.  
8 MR. DAVIS: So the question is, is it --  
9 if there's an equal distribution, the equal  
10 chance that it could be higher or lower than the  
11 likeliest number, it would be an isosceles  
12 triangle.  
13 But for instance on the Tier 3, the skew  
14 is that there's a higher chance that it could be  
15 more than likely, than less than likely.  
16 HEARING OFFICER: And I can tell that by  
17 taking the likeliest and calculating the  
18 difference between that and what you have as  
19 minimum and what you have as maximum?  
20 MR. DAVIS: Yeah. Or you could just --  
21 if you draw a perpendicular that hits the tip of  
22 the triangle, is the more weight on the left side  
23 or the right side?  
24 HEARING OFFICER: I needed to do it the  
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1 number way because I'm not going to have these  
2 pictures in the report. But okay.  
3 Well, I'm going to ask Mr. Colton when  
4 we get to him what his impression is of this  
5 because he also will have a professional  
6 judgment. And I'm trying to remember what I used  
7 to know about this topic. And luckily for this  
8 purpose, I don't remember anything. But I know  
9 that people have thought about this.  
10 But I thank you for that explanation.  
11 And we are now ready -- excuse me, we are not.  
12 I'm now looking at page 6.  
13 MS. BECKLEY: Page 7 of 12.  
14 HEARING OFFICER: Sorry, 7 of 12.  
15 What's the difference between Cell O23,  
16 Assumption Tier 4 subscript on page 6 of 12 and  
17 Tier 2 subscript on the page 7? Says it's  
18 correlated. What does that mean?  
19 MR. DAVIS: Just you can have them vary  
20 totally independently, or you can assign some  
21 type of correlation to them that doesn't really  
22 impact the analysis at all. If you have enough  
23 trials, that will tend to balance things out.  
24 But it basically says that if you are on  
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1 the high side of subscription for Tier 1, you may  
2 be more likely to be on the high side for Tiers 2  
3 and 3. There is some degree of correlation. It  
4 would be unlikely that you would be on the  
5 extreme high side of one and the extreme low side  
6 of the other.  
7 HEARING OFFICER: And why is that?  
8 MR. DAVIS: Just the underlying  
9 demographic and economic circumstances. If you  
10 are going to have -- if you have a robust  
11 communications program and economics  
12 circumstances are challenging, you might have  
13 more people come in. If you didn't do as good a  
14 job on your communication and you were doing  
15 this, say, in the suburb where economic  
16 circumstances were very good, less people would  
17 come in. And that would be true of all tiers.  
18 HEARING OFFICER: For Philadelphia as a  
19 whole, are you saying then that the numbers of  
20 people -- numbers of customers in Tiers 1, 2 and  
21 3 are roughly the same for each tier?  
22 MR. DAVIS: No. I'm saying that if you  
23 look at the -- if you run one trial of the 20,000  
24 trials, if you -- and you have a number, say, for  
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1 Tier 3, that's a large group of customers. If  
2 Tier 3 is more likely to come in and subscribe to  
3 the program, then those same conditions would  
4 probably make it more likely for folks in Tiers 1  
5 and 2 to come in and subscribe to the program.  
6 And you would be on the right side of the  
7 distributions in those cases.  
8 HEARING OFFICER: My impression has been  
9 that there is a big difference in demographics  
10 and in relationships societally to the powers  
11 that be in programs like this between people at  
12 different trenches of poverty.  
13 Have you taken that into account?  
14 MR. DAVIS: Only in the most likely --  
15 the place where we kind of have the base point of  
16 the triangle. That takes that into account. And  
17 then the -- the correlation is a separate factor.  
18 HEARING OFFICER: Let me just for the  
19 record say that when I started this conversation  
20 talking about page 7 of 12, it correlated with  
21 Tier 2, O23 that was assumption Tier 1 subscript.  
22 I hope the briefs are very clear on this  
23 point. I'm not clear. Okay.  
24 We have questions for the Revenue  
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1 Board -- Revenue Department, pardon me.  
2 MR. DASENT: We have redirect for  
3 Mr. Davis, too. Can we do that first? Well  
4 before we leave his subject and go to --  
5 MS. PICKENS: I'm okay with that.  
6 HEARING OFFICER: Okay. Let's do that.  
7 (Redirect Examination of Jon Davis)  
8 BY MR. DASENT:  
9 Q. Mr. Davis, during your cross-examination, the  
10 subject of participation rates came up. And can you  
11 tell us how many participants you project in the  
12 first year as a result of your analysis?  
13 A. We have about 32,000 projected in all three of  
14 the income tiers, which I believe was very similar  
15 to what Mr. Colton projected.  
16 Q. Do you recall exactly what Mr. Colton projected?  
17 Was it 31,000?  
18 A. 31,000.  
19 Q. Turning to your discussion of the various tiers,  
20 why does your proposal contain three tiers?  
21 A. Well, three tiers was what was specifically  
22 mentioned in the ordinance. In fact, the tiers that  
23 we're using, 0 to 50 percent of FPL, 50 to 100 and  
24 100 to 150 is explicitly mentioned in the ordinance.  
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1 We felt like the -- increasing the number of tiers  
2 would not significantly increase the benefit to the  
3 customers. And as just kind of a case in point, all  
4 of the folks in the existing Tier 1 would be  
5 captured under a minimum bill.  
6 So, increasing that to two tiers, basically  
7 splitting it into two tiers, would have the same  
8 effect. They would -- all the customers in both  
9 tiers would be captured under the minimum bill  
10 concept. So increasing the number of tiers, would  
11 not significantly provide a lot of benefit to the  
12 customers. And it would increase the level of  
13 complexity of the project.  
14 Q. Mr. Davis, some of the discussion on cross  
15 related to Public Advocate Exhibit 5 and,  
16 specifically, pages 9 and 10 of that exhibit. Give  
17 everyone a chance to get there.  
18 These various numbers, would be 100 rows and all  
19 the various columns, is that a result of Monte Carlo  
20 simulation?  
21 A. Yes, it is.  
22 Q. Help me understand the difference between  
23 analysis and benchmarking analysis. It  
24 was reference in that discussion about various  
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1 utilities that might be tied to this statistical  
2 simulation.  
3 A. In a benchmarking analysis, we would look at the  
4 cost -- the cost is what we're ultimately trying to  
5 determine here, the lost revenue cost in these  
6 columns here. That's what we're ultimately trying  
7 to determine for inclusion in the rate filing. A  
8 benchmarking analysis would look and see what  
9 subscription rates, other utilities experience and  
10 maybe run some -- run some analyses based on their  
11 subscription rates.  
12 What we did with a statistical analysis is set  
13 variability around a single subscription rate for  
14 each tier and see what the lost revenue impacts  
15 would be.  
16 Q. Thank you.  
17 MR. DASENT: That's all I have.  
18 HEARING OFFICER: Any recross?  
19 MS. PICKENS: Just a point on the number  
20 of tiers.  
21 (Recross-Examination of Jon Davis.)  
22 BY MS. PICKENS:  
23 Q. Mr. Davis, you do recognize that the I-WRAP  
24 legislation allows the Board to establish greater  
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1 tiers should they determine that it's appropriate?  
2 A. Absolutely. And we just wanted to point out that  
3 subdividing the existing tiers wouldn't necessarily  
4 provide any additional benefit to customers.  
5 Q. When we asked for that analysis in discovery, you  
6 failed to provide it; is that right?  
7 A. Can you point me to that?  
8 Q. I will do so.  
9 HEARING OFFICER: This is a transcript  
10 request. What are we up to, 10?  
11 MR. DASENT: Just telling us where in  
12 the record to look.  
13 HEARING OFFICER: Go off the record.  
14 - - -  
15 (Discussion was held off the record.)  
16 - - -  
17 HEARING OFFICER: We will go back on the  
18 record.  
19 BY MS. PICKENS:  
20 Q. It was PA-RDC 64.  
21 A. Yeah. We did not look at the -- we did not look  
22 at the tiers referenced in the questions, so we  
23 didn't have anything to provide there. I was just  
24 saying anecdotally that if all of the customers in  
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1 the existing Tier 1, which is 0 to 50 percent of  
2 FPL, are captured by minimum bill of \$12, then if we  
3 divide that into two tiers 0 to 25 and 25 to 50,  
4 then all of the customers in both tiers would then  
5 also be captured by a minimum bill of \$12.  
6 So, they wouldn't see any additional benefit from  
7 dividing that tier into multiple tiers.  
8 Q. And for the 50 to 100, or the 100 to 150, would  
9 they see an additional benefit to having greater  
10 number of tiers?  
11 A. Dividing the 100 to 150 per the proposal, I think  
12 if we divide that into two tiers, we could see some  
13 customers given that the proposal is also using  
14 usage as an indicator. We can see customers that  
15 were not receiving any discount on current charges  
16 given the 4 percent affordability threshold.  
17 I feel like that would be somewhat confusing if  
18 they qualified for the program and then don't  
19 receive any discount. So they would not receive any  
20 additional benefit, and it might be more confusing.  
21 Q. And are you aware of PECO's low income program  
22 which is a tier -- in the past is a tier discount  
23 program?  
24 A. Not all the details of it, but I'm generally  
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1 aware of it.  
2 Q. Are you generally aware that when they increase  
3 tiers, they achieved better affordability for their  
4 customers?  
5 A. I'm not -- I don't know about what -- how you  
6 would define achieving the better affordability.  
7 But I know that they changed from a tier discount  
8 program to another program.  
9 Q. Okay.  
10 HEARING OFFICER: Do you have further?  
11 MR. DASENT: Nothing more.  
12 HEARING OFFICER: Do you have any, what  
13 are we calling it, surrebuttal?  
14 MR. DASENT: I was going to do that  
15 later.  
16 HEARING OFFICER: Okay. Fine.  
17 You know what, it's almost 12:00. It's  
18 really hot. Let's take lunch now and then we  
19 will come back.  
20 We're off the record.  
21 - - -  
22 (At this time, break taken at 11:53 a.m.)  
23 - - -  
24 (Hearing recommenced at 1:04 p.m.)  
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1 - - -  
2 HEARING OFFICER: We'll go back on the  
3 record. I understand that we're ready for direct  
4 testimony of the Revenue Department.  
5 Andre, it's all yours.  
6 MR. DASENT: We'd like to mark for  
7 identification as PA Exhibit 6 the direct  
8 testimony of Michelle Bethel and Mark Harvey.  
9 It's my understanding there is no errata sheet or  
10 corrections to make to their testimony.  
11 And at this time, we would proffer them  
12 for cross-examination.  
13 HEARING OFFICER: Is Mr. Harvey here?  
14 MR. HARVEY: Yes. Right here.  
15 HEARING OFFICER: Let's go off the  
16 record.  
17 - - -  
18 (Discussion was held off the record.)  
19 - - -  
20 HEARING OFFICER: Back on the record.  
21 Mr. Ballenger?  
22 MS. TRAN: I'll be questioning.  
23 HEARING OFFICER: Oh, Ms. Tran.  
24 (Cross-Examination of Michelle Bethel with additional  
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1 comments by Mark Harvey.)  
2 BY MS. TRAN:  
3 Q. Good afternoon. Welcome back.  
4 Ms. Bethel, as Deputy Revenue Commissioner in  
5 charge of Revenue Bureau; and Mr. Harvey, as Senior  
6 Revenue Collections Officer, customer service and  
7 customer assistance programs are under your  
8 responsibility; is that right?  
9 A. That's correct.  
10 Q. And these responsibilities include oversight of  
11 the Water Revenue Bureau Call Center; is that  
12 correct?  
13 A. That's correct.  
14 Q. And the three walk-in customer service centers,  
15 as well; is that right?  
16 A. We're not in charge of them. But we have staff  
17 in the two satellite offices. That is correct.  
18 Q. Who is in charge of the third?  
19 A. I don't know the third one that you're referring  
20 to.  
21 Q. Okay. You said --  
22 A. Two satellite offices.  
23 Q. Oh, in addition to the municipal services one?  
24 A. Correct.  
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1 Q. I see. There are three?  
2 A. Right.  
3 Q. Three walk-in centers?  
4 A. Correct.  
5 Q. I distributed earlier what's been marked Public  
6 Advocate Hearing Exhibit No. 6. It's already in the  
7 record. It's in front of you there.  
8 HEARING OFFICER: Let's go off the  
9 record.  
10 - - -  
11 (Discussion was held off the record.)  
12 - - -  
13 HEARING OFFICER: Back on the record.  
14 BY MS. TRAN:  
15 Q. This document is already in the record as  
16 response to PA-RDC 70, but it was only provided upon  
17 request on a CD Rom, so we provided copies as a  
18 courtesy to the Hearing Officer and the Commission  
19 today -- to the Board today.  
20 Ms. Bethel, you have that document in front of  
21 you?  
22 A. I do.  
23 HEARING OFFICER: While we're talking  
24 about that, not just with respect to this exhibit  
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1 but with respect to what's called briefs, it  
2 would be great for me to have the CD unless I  
3 already have it. I might have it. I have a  
4 bunch of CDs.  
5 MR. DASENT: We do not have the CD as --  
6 we had limited circulation of the CD to the party  
7 who requested it because it was voluminous. But  
8 now that we have the report in this form, we can  
9 provide the CD also if you like it.  
10 HEARING OFFICER: The reason I would  
11 like the CD is because if -- I don't know whether  
12 it applies to this document. But if I want to  
13 cut and paste, I don't want to have to look and  
14 type and look and type. And so, that will apply  
15 to the briefs, too.  
16 It would be very handy if you would do  
17 it in Word and something that I can excerpt and  
18 plop down on another document.  
19 Off the record.  
20 - - -  
21 (Discussion was held off the record.)  
22 - - -  
23 HEARING OFFICER: Back on the record.  
24 Ms. Tran.  
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1 BY MS. TRAN:  
2 Q. I'm only going to refer to about four pages of  
3 this report.  
4 The first page is page 3 of the report itself.  
5 There are a few pages of table of contents, but then  
6 there's the report itself at page 3.  
7 First, I should identify this. This is the  
8 report from Schumacher and Company that Mr. Davis  
9 was asked about that was done concurrently with  
10 Raftelis' Management Audit.  
11 Page 3, Ms. Bethel or Mr. Harvey. Do you see on  
12 page 3 under Objectives and Scope? Just want to  
13 establish the relevancy of this document for our  
14 hearings today. You see in the first paragraph  
15 there that Schumacher and Company was hired to  
16 provide consulting services related to evaluation of  
17 various customer service and field activities for  
18 opportunities to optimize operations including  
19 evaluation of its resource utilization, so as to  
20 assure that it is cost effective to improve customer  
21 service and meet its core services and regulatory  
22 requirements in a responsible way.  
23 You acknowledge that's what the report says --  
24 A. Yes.  
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1 Q. -- as to the scope? Thank you.  
2 Turning back a few pages to the Table of  
3 Contents, you will see on page 5 of the Table of  
4 Contents is a table of findings. You will see it  
5 lists on pages 5 and 6 findings -- 24 findings on  
6 pages 5 and 6 spanning pages in the report  
7 indicating that the report on pages 29 through 49 or  
8 so provides 24 findings.  
9 Do you see that?  
10 A. I see that.  
11 Q. Okay. And then if we keep turning to pages 7 and  
12 8 of the Table of Contents is the Table of  
13 Recommendations corresponding to 24 recommendations  
14 that span pages 49 through 63 or so.  
15 Going back to the findings, do you see findings  
16 on page 5, finding II-6, does it say there:  
17 Multiple call centers confuse and anger customers,  
18 reduce staffing efficiency and increase costs.  
19 Do you see that?  
20 MR. DASENT: Let me interject an  
21 objection here. Just to indicate in the scope of  
22 this proceeding, it was our understanding that  
23 customer service issues were beyond the rate  
24 making authority of the Board. I understand we  
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<p style="text-align: right;">Page 78</p> <p>1 are reserving for position statements our 2 respective positions on this matter. But I want 3 to preserve my objection just so we all 4 understand that when we get into customer service 5 findings and the things that we do in day-to-day 6 operations, we believe they are beyond the scope 7 of this proceeding. 8 HEARING OFFICER: Thank you for 9 reminding us. That was the ruling of the Hearing 10 Officer. 11 I also want to ask Ms. Tran, are you 12 going to ask any questions based on this? 13 MS. TRAN: Yes. I'm establishing that 14 the report covers cost effectiveness and 15 discusses areas of inefficiency where it 16 increases the cost, which is -- we will argue 17 later and that it's relevant in this proceeding. 18 HEARING OFFICER: Do you need to ask 19 Ms. Bethel about this, because it says so right 20 here? 21 MS. TRAN: I do have some questions 22 about implementation. 23 HEARING OFFICER: All right. 24 MS. TRAN: I was going to highlight a Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 80</p> <p>1 Q. For instance, Recommendation II-6 discusses a 2 recommendation that deals with finding II-6? 3 A. No, I don't see that. I'm sorry. 4 Q. For instance, page 7 of the Table of Contents 5 under Recommendation II-6 says: Develop a 6 skills-based competency progression? 7 MS. CROSBY: If I can direct counsel -- 8 this is Susan Crosby, counsel for the Water 9 Revenue Bureau. It says (refer to finding III -- 10 I'm sorry, II-3, II-8, II-9, II-10). So, it does 11 not refer to II-6. 12 MS. TRAN: Forgive me. Okay. 13 BY MS. TRAN: 14 Q. Finding II-6 is actually referenced in 15 Recommendation II-2 above: Combine the call centers 16 for WRB building, administrative support/major 17 account support and PWD water emergencies into a 18 single water customer call contact center. 19 Is that what that recommendation says? 20 A. Yes. 21 Q. Okay. Going to turn now to the section on 22 implementation plan on page 64 of the report. 23 That's near the very end. 24 What does it say there, Ms. Bethel, under Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 79</p> <p>1 couple of the findings, but they speak for 2 themselves. I will turn to page 64 of the report 3 which is near the very end of the report. 4 HEARING OFFICER: Excuse me. 5 I withdraw my last recommendation about 6 not going through the list of findings. Please 7 go ahead. We have plenty of time. 8 BY MS. TRAN: 9 Q. Okay. I will just highlight a couple of the 10 findings on page 5 of the Table of Contents. 11 Finding II-6. Actually, I already read that one. 12 And finding II-10 is listed as: Training and 13 development for call center agents at the PWD and 14 WRB call centers are inconsistently and infrequently 15 conducted and are insufficient to adequately train 16 agents. 17 Ms. Bethel, are you familiar with this report? 18 You reviewed it before? 19 A. I have seen it, yes. 20 Q. Okay. And do you agree that the recommendations 21 that follow -- the 24 recommendations that follow 22 the 24 findings are recommendations that correspond 23 to the findings? 24 A. I don't know if I understand your question. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 81</p> <p>1 Implementation Plan? 2 A. To be developed. 3 Q. Are you -- do you know of any plans for 4 implementation of any of the recommendations from 5 this report? 6 A. I know of the discussions that are taking place. 7 And we are working -- we are continuing to work with 8 Schumacher in reference to the consistent training 9 and cross training of agents between WRB and PWD. 10 Q. So, Schumacher will be working with you on that 11 plan? 12 A. Yes. 13 Q. Do you have a timeline for that work? 14 A. I don't know when it's supposed to be completed. 15 Q. Will it be completed within Fiscal Year 17 or 16 Fiscal Year 18? 17 A. I don't know. 18 Q. Has Schumacher been contracted to work with the 19 Department on an implementation plan? 20 MR. DASENT: If you know. 21 MS. BETHEL: I don't know if they've 22 been contracted to do that, or if it's in the 23 original scope of work. I can't speak to the 24 specifics of that contract. Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p style="text-align: right;">Page 82</p> <p>1 BY MS. TRAN: 2 Q. Do you know who would know? 3 A. Pardon me? 4 Q. Do you know who would know? 5 A. Perhaps Joanne Dahme. 6 MS. TRAN: Can we make a transcript 7 request, please, on -- from Joanne Dahme 8 regarding implementation plan regarding the 9 Schumacher recommendations? 10 HEARING OFFICER: I have got Transcript 11 Request 9. 12 MR. DASENT: We did 9. We are up to 10. 13 MS. TRAN: Joanne Dahme or whoever could 14 answer this question for us. 15 MR. DASENT: If you will repeat the 16 question, I will write it down. 17 MS. TRAN: Regarding the implementation 18 plan to implement any recommendations of the 19 Schumacher report. 20 HEARING OFFICER: What do you mean 21 regarding? What do they have to say regarding 22 that? 23 MS. TRAN: Who has been contracted to 24 work with the Department including any RFPs, Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 84</p> <p>1 case, or is this yet another document? 2 MR. BALLENGER: This was part of the 3 Phase One settlement, which was -- the full 4 document was entered into Public Advocate Hearing 5 2, I believe. This is one of four attachments to 6 that document. 7 HEARING OFFICER: Thank you. 8 BY MS. TRAN: 9 Q. Ms. Bethel, you understand that the mediation was 10 a condition of the rate case settlement? 11 A. I do. 12 Q. And you agree that the purpose of the mediation 13 was to examine ways to make substantial improvement 14 in customer service and customer assistance 15 programs; is that right? 16 It says it in the statement of purpose of the 17 stipulation. 18 A. I agree that's what the statement of purpose 19 says. 20 Q. Okay. And you see at paragraph six of the 21 stipulation, there were four issue areas to be 22 covered in the mediation; is that right? 23 A. Yes. I see that. 24 Q. Okay. And you were part of the many meetings Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 83</p> <p>1 contracts and also a timeline. Any timeline for 2 implementation of the recommendations. 3 BY MS. TRAN: 4 Q. Ms. Bethel, you were -- I don't think you were 5 around, Mr. Harvey, I'm not sure. 6 Ms. Bethel, you were a witness also in the last 7 rate case 2012? 8 A. That's correct. 9 Q. You are aware of the stipulation to mediation 10 that was part of the rate case settlement in 2012? 11 A. I am aware. 12 Q. Okay. This is attached to our exhibit, Public 13 Advocate Hearing Exhibit No. 2. But it's also 14 attached to the exhibits -- the other two exhibits 15 we passed out earlier, Public Advocate Hearing 16 Exhibit 7 and Public Advocate Hearing Exhibit 8. 17 HEARING OFFICER: Where would we find 18 it? 19 MS. TRAN: Hearing No. 7 would be -- 20 MR. DASENT: Thirteen of 32. 21 MS. TRAN: Page 13 of 32 in Hearing 22 Exhibit 7. 23 HEARING OFFICER: Ask a question about 24 this. Is this the stipulation from the last rate Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 85</p> <p>1 held for this mediation, right? 2 A. I agree. I was. 3 Q. After mediation of two of the four issue areas, 4 there were Commissioners' decisions in those two 5 issue areas; is that right? 6 A. That is correct. 7 Q. Okay. And I have distributed exhibit -- Public 8 Advocate Hearing Exhibit 7 and Public Advocate 9 Hearing Exhibit 8. 10 Do you agree that Exhibit 7 is the decision of 11 the Philadelphia Water Commissioner and Revenue 12 Commissioner as to the mediation report regarding 13 the informal dispute and hearings process? 14 A. Yes. 15 Q. Thank you. And that Hearing Exhibit 8 is the 16 decision of the Philadelphia Water Commissioner and 17 Revenue Commissioner as to the mediation report 18 regarding the treatment of tenant arrears and 19 applications for service? 20 A. Yes. 21 Q. Thank you. Exhibit 7 includes the mediator's 22 report as an attachment, Attachment B. That would 23 be page 15 of 32. 24 HEARING OFFICER: Which exhibit are you Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 in?  
2 MS. TRAN: Exhibit 7.  
3 HEARING OFFICER: I'm there.  
4 BY MS. TRAN:  
5 Q. I'm going to jump to Public Advocate Hearing  
6 Exhibit 8. This Commissioner's decision includes  
7 the mediator's report plus the City and Public  
8 Advocate responses attached; is that right?  
9 I will give you a minute to flip through.  
10 A. As I'm flipping through, I agree.  
11 Q. Okay. Switching subjects a bit -- actually, at  
12 this point we are done with these exhibits.  
13 MS. TRAN: We know that Exhibits 7 and 8  
14 are not part of the record yet, and we'd ask that  
15 they be part of the record.  
16 HEARING OFFICER: Surely. I do have a  
17 question. I might have been having a side  
18 conversation when this was clarified.  
19 But what's the difference between 7 and  
20 8?  
21 MS. TRAN: Seven is regarding -- I will  
22 read it specifically. Exhibit 7 is regarding  
23 informal dispute and hearings process. And 8 is  
24 regarding tenant arrears -- treatment of tenant  
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1 arrears and applications for service.  
2 HEARING OFFICER: It's right there in  
3 the heading. Sorry. Thanks.  
4 BY MS. TRAN:  
5 Q. Ms. Bethel or Mr. Harvey, the WRAP Program that's  
6 been referenced a few times already, do you know how  
7 long the WRAP program's been in existence?  
8 A. I do not. It was here when I got here eight  
9 years ago, so I know it's been here at least eight  
10 years.  
11 Q. Okay. Since you've been here, the grants -- the  
12 City grant portion of the program has increased from  
13 200 to 500 dollars?  
14 A. That is correct.  
15 Q. Do you know when that happened?  
16 A. I don't know the exact date.  
17 MR. HARVEY: I believe that was  
18 February 2012.  
19 BY MS. TRAN:  
20 Q. Ms. Bethel, on February 22 when we discussed --  
21 when we were before the Board at the Department's  
22 presentation to the Board, you explained how you  
23 arrived at the 22 additional Revenue Bureau staff  
24 that would be needed to process applications under  
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1 the new I-WRAP Program.  
2 Do you remember that?  
3 A. I do.  
4 Q. You started with the current WRAP process which  
5 involves handling you said 12,000 pieces of paper a  
6 year roughly?  
7 A. I don't recall saying 12,000 single pieces of  
8 paper. I said 12,000 applications.  
9 Q. Okay. Do you recall predicting about 50,000  
10 pieces of paper under the I-WRAP Program?  
11 A. I recall saying 50,000 applications, not pieces  
12 of paper.  
13 Q. These applications, you're -- are you referring  
14 to additional 50,000 or total of 50,000?  
15 A. Additional 50,000 for the I-WRAP Program.  
16 Q. I'd like to show you the transcript of the  
17 February 22 hearing where you said 12,000 pieces of  
18 paper. Would you like to see that, or perhaps you  
19 would need to correct your statement?  
20 A. I'll correct my statement. If I said 12,000  
21 pieces of paper, I misspoke.  
22 12,000 applications and 50,000 applications. I  
23 apologize for any confusion.  
24 Q. No problem. Okay.  
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1 This request for 22 additional Water Revenue  
2 Bureau staff, was this made with any intentions to  
3 implement the recommendation of the Management Audit  
4 regarding eliminating duplication of work under the  
5 current WRAP Program?  
6 A. Could you say the question one more time?  
7 Q. Let me rephrase.  
8 Have you implemented any of the recommendations  
9 of the Management Audit that's attached to Raftelis'  
10 testimony regarding eliminating duplication of work  
11 under the current WRAP Program?  
12 A. No, we have not.  
13 Q. Okay. Is there a plan to -- it sounds like the  
14 request for two additional staff people is based on  
15 the current work being done, and that the same type  
16 of work would be done under the I-WRAP Program.  
17 Is that your assumption?  
18 A. The 22 or --  
19 Q. The 22 additional Water Revenue Bureau staff?  
20 A. The 22 additional revenue staff is in reference  
21 to the I-WRAP Program.  
22 Q. Yes.  
23 A. Which is separate from the WRAP Program.  
24 Q. But the current staff under WRAP now -- how many  
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<p>1 are in WRAP? How many staff people do you have now? 2 A. Nine. 3 Q. Nine? 4 A. Nine. 5 Q. And those nine folks under the new I-WRAP Program 6 would be transferred over to I-WRAP? 7 A. They would not. 8 Q. They would not. What would they be doing? 9 A. They would still -- they would still be dealing 10 with the phasing out of the current WRAP Program, 11 but they also have other duties. They don't singly 12 just do the WRAP Program. 13 Q. What else do they do? 14 A. They do the UESF Program. They do the Senior 15 Citizen Discount Program. And they can fill in as 16 back up for other customer service areas under the 17 purview of Byronette Watson. 18 HEARING OFFICER: Of what? 19 MS. BETHEL: They can fill in as backups 20 to other divisions under the purview of Byronette 21 Watson, which is the manager of that group. So, 22 there are different divisions within customer 23 service. 24 HEARING OFFICER: Thank you. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 Q. Have you incorporated staff savings, personnel 2 savings, full time equivalent savings from going 3 from a paperless online option form application 4 processing? 5 HEARING OFFICER: Going from or to? 6 MS. TRAN: To. Or provide -- wouldn't 7 be totally online processing, but providing an 8 option. 9 HEARING OFFICER: I'm sorry, Ms. Tran. 10 I just heard you say going from, and so I was 11 unclear. 12 MS. TRAN: Okay. 13 HEARING OFFICER: Part of that is I 14 think everybody needs to speak up. It's hard to 15 do that here because it's a small room and we're 16 all close together. But we are still having 17 trouble making out every word, which is important 18 for the transcript. 19 So did I interrupt before you got an 20 answer to your question? 21 BY MS. TRAN: 22 Q. Yes. What's your answer? 23 A. Could you restate the question? I'm sorry. 24 Q. Sure. Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 MS. BETHEL: I apologize. Excuse me. 2 BY MS. TRAN: 3 Q. Have you considered possible savings from 4 outsourcing the I-WRAP application processing? 5 A. When we were talking about the 22 FCEs, 6 outsourcing was not something that was considered. 7 Because as you know, we currently have inhouse staff 8 that are doing the WRAP Program. So, outsourcing 9 outside of our collective bargaining unit was not 10 something that we considered. 11 Q. Referring to the Management Audit again attached 12 to PWD's Statement 8, you're aware that there's a 13 recommendation in there to go provide an online 14 option for processing of WRAP or I-WRAP 15 applications? 16 A. I do not have that document in front of me. 17 Q. We can find that. 18 A. I will take your word that's what it says. 19 Q. Okay. Subject to check. 20 A. Yes. 21 Q. Page 84 of the Management Audit, there is 22 reference to establishing electronic application 23 processing capabilities? 24 A. Okay. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 Have you yet incorporated any full-time 2 equivalent savings from a paperless online option 3 for applications submissions either WRAP or I-WRAP? 4 A. No. We have not done an equivalent for full-time 5 staffing factoring in a paperless or going to a 6 paperless system. The City right now is not -- 7 doesn't have the -- a paperless process. 8 Q. Do you know of any plan to provide an online 9 option for these applications? 10 A. We have not thought into that at this time. 11 Q. Switching a little bit to the I-WRAP legislation, 12 you're aware that the I-WRAP legislation provides 13 for acceptance of proxy income and residency 14 eligibility if the customer is already approved for 15 a low income tax agreement? 16 A. Could you tell me specifically where that is in 17 here? 18 Q. Yes. It is attached -- the legislation is 19 attached to Mr. Colton's testimony? 20 A. Yes, I have that. 21 Q. Okay. At Appendix B. Page 4 of Appendix B says: 22 The Department shall accept determinations of income 23 under point 2 on that page 4 of Appendix B. 24 The Department shall accept determinations of Strehlow &amp; Associates, Inc. (215) 504-4622</p>



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<p>1 income and/or residency made within the prior 12 2 months pursuant to Section 19-1305. 3 A. I see that. 4 Q. Yes. Are you familiar with that section? 5 Subject to check, does that section cover the 6 owner-occupy payment agreement for real estate 7 taxes? 8 A. I don't know that. I'm sorry. I do not know. 9 Q. Okay. Well, subject to check, if an applicant 10 could show approval for an owner-occupied payment 11 agreement for taxes within the last twelve months 12 and that equates to eligibility for I-WRAP, would 13 you agree that it would streamline the I-WRAP 14 application process quite a bit? 15 MR. DASENT: Object to that. I'm sorry. 16 If she does not know, she wouldn't be the 17 appropriate witness to ask that question. It 18 would be someone with real estate background, 19 perhaps a lawyer, that would be best situated to 20 answer that particular question. 21 BY MS. TRAN: 22 Q. If you were to accept proxy eligibility 23 information from another program for income or 24 residency, wouldn't that eliminate the need to Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 these things. And I understand the situation 2 bureaucratically from the position of the Board. 3 I was just trying to say -- find out if 4 you as in your experience and position have 5 thought about these things and have an opinion. 6 You may also -- you can tell me that, yeah, you 7 do, but you're not going to say it here. 8 (Laughter) 9 MS. BETHEL: I -- 10 HEARING OFFICER: Looks like you'd be 11 uncomfortable talking about your own personal 12 feelings about this, your own -- I don't mean 13 feelings so much as opinions. 14 MS. BETHEL: I would be open to giving 15 an opinion after we flush through what the 16 requirements are going to be. 17 HEARING OFFICER: Ms. Tran. 18 MS. TRAN: That's all I have for 19 Ms. Bethel and Mr. Harvey at this time. 20 HEARING OFFICER: Any other parties have 21 questions? Anybody from the bench? 22 MR. POPOWSKY: I do have one question. 23 It's just something that's been 24 troubling me from the public input sessions we Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 submit pieces of paper for income or residency for 2 the new I-WRAP application process? 3 A. The eligibility requirements for the I-WRAP 4 Program have yet to fully be determined, so I don't 5 know how to properly answer your question other than 6 that. 7 Q. What would someone normally show for income 8 eligibility under the current WRAP Program? 9 A. So, they show their W2s. They show their pay 10 stubs for income, SSI, any sources of income that 11 they can prove they submit to us currently for the 12 WRAP Program. 13 Q. Do you expect that type of documentation 14 requirement to change in the future for the I-WRAP 15 Program? 16 A. Since the requirements for I-WRAP haven't been 17 determined, I can't speak to that. 18 HEARING OFFICER: Do you have a personal 19 opinion? 20 MR. DASENT: Do not speculate. That's 21 appropriate. 22 HEARING OFFICER: I just meant because I 23 see that you're referring to a statement that the 24 lawyer is suggesting that you use which covers Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 have had. And I realize this may not even be 2 something that we can rule upon. But there have 3 been several witnesses, particularly at the first 4 public hearing or the public hearing at the Free 5 Library, that talk about the issue of not being 6 able to become customers because of occupancy 7 requirements for the Water Department. 8 And I've been doing this for a long 9 time, and I never heard this concern so 10 consistently. And I've been -- I've followed 11 Philadelphia PECO for many years, PGW, and I 12 never heard that complaint. 13 Is there something about the Water 14 Department and the way that you determine how to 15 become a customer that makes you different from 16 PGW and PECO? I was just trying to determine 17 that. 18 MS. BETHEL: I can't speak to how PGW or 19 PECO define an occupant. I -- I thought the 20 issue could stem from tangled titles. So where a 21 person cannot prove that they are an owner of a 22 property, so we do provide assistance and allow a 23 person to establish that they are an occupant. 24 And we just ask for the difference between if Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 you're an owner -- if you're an occupant with an  
2 ownership interest, or if you are just a plain  
3 occupant which changes the type of assistance  
4 that we can give you.  
5 MR. POPOWSKY: Okay. Like I said, I  
6 just had never heard -- heard that so  
7 consistently that people were coming up and  
8 saying that they wanted to become your customer  
9 but they couldn't.  
10 And if there is a difference between you  
11 and PGW, and I'd like to --  
12 MR. CHAPMAN: Who makes that decision?  
13 Your Department or Philadelphia Water Department?  
14 MS. BETHEL: Makes a decision on?  
15 MR. CHAPMAN: Whether or not they're  
16 eligible to become a customer.  
17 MS. BETHEL: It's in our regulations as  
18 far as defining an occupant with or without  
19 interests.  
20 HEARING OFFICER: Whose regulations?  
21 MS. BETHEL: They are the Philadelphia  
22 Water regulations.  
23 HEARING OFFICER: The water, sewer and  
24 stormwater regulations?  
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1 MS. BETHEL: Correct.  
2 MR. POPOWSKY: I do expect based on the  
3 testimony, that we will be getting briefs on it,  
4 I guess, at least from the Drexel folks. And you  
5 can respond accordingly. Thanks.  
6 HEARING OFFICER: If I could follow up  
7 on that. I don't remember whether I heard this  
8 as a rumor or somebody suggested it in one of the  
9 public hearings, but maybe you can help me out.  
10 That a difference that was suggested was that the  
11 Water Department believes that it only has the  
12 power to put a tax lien on property in order to  
13 collect. And you can't put a tax lien in  
14 somebody's tangled ownership situation.  
15 Is that -- does that correspond with  
16 your understanding of how this is working?  
17 MS. CROSBY: I think that would fall  
18 under the legal side. I would be happy to answer  
19 that for you. There are multiple ways to burden  
20 a property.  
21 When dealing with real estate, the real  
22 estate taxes are a set amount. We will just say  
23 \$500. Whoever is the owner of that property or  
24 whoever purports to be the owner of that  
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1 property, that \$500 is going to stay constant  
2 assuming he doesn't get reassessed. But that  
3 \$500 is going to stay constant. Whoever is  
4 living in it or claims they are living in it or  
5 says that their aunt left it to them or their  
6 brother left it to me, that \$500 is constant.  
7 When you have water, depending on who is  
8 living there, who says they own it, the water  
9 bill will increase. It will not stay constant.  
10 It will go up. It will go down. The use of  
11 water at that property will burden that property.  
12 When real estate liens are placed, it's always  
13 going to be that \$500 no matter what. But when  
14 somebody is on the property using water, that  
15 water lien could be \$50. It could be \$2,000.  
16 Because the water lien -- because water  
17 use can additionally burden a property in the way  
18 that real estate can't, City of Philadelphia has  
19 taken a position that water should be treated  
20 separately than real estate. And that the  
21 ownership issues surrounding that should be  
22 treated differently.  
23 MS. BROCKWAY: I almost would think --  
24 MR. CHAPMAN: Wouldn't the gas bill also  
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1 fluctuate, go up and down?  
2 MS. CROSBY: It does.  
3 MR. CHAPMAN: But my understanding is  
4 that PGW allows it but PWD does not.  
5 MS. CROSBY: Allows?  
6 MR. CHAPMAN: Them to get gas without --  
7 without showing title to the property.  
8 MS. CROSBY: We have several different  
9 customer types, and Ms. Bethel can speak to that.  
10 So just because you are not an owner of the  
11 property, doesn't mean you can't get water.  
12 MR. CHAPMAN: I sat through a lot of  
13 those hearings. And a lot of people complained  
14 that they could get gas, but they couldn't get  
15 water.  
16 MR. BALLENGER: Can I respond just  
17 briefly on sort of the legal aspects of the liens  
18 that Ms. Crosby is referencing?  
19 HEARING OFFICER: Not right now. Can  
20 you hold that. I want to finish up this  
21 discussion.  
22 MR. BALLENGER: Sure.  
23 HEARING OFFICER: Then you can weigh in.  
24 MR. HARVEY: Probably say one of the  
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<p style="text-align: right;">Page 102</p> <p>1 things with our customers, we are actually 2 liening the property. Whereas, the PGW is 3 actually going after the customer by, say, Social 4 Security number. We are only going after the 5 property, so that's why we have a tough time with 6 just letting anybody who wants to come in to get 7 service at a property who does not have any 8 ownership interest in it or doesn't necessarily 9 have the right to occupy the property. 10 We can't just let them come in, use 11 water, run up the bill and then go after the 12 owner of the property. We don't come after the 13 tenant that's getting the water in his name. We 14 go after the property. And if you owned the 15 property and I come in as your tenant. At the 16 end of the day, we are coming to you to collect 17 the payment. 18 So, we can't just let me come in there 19 and say, well, I just want service here when I 20 have no right to be in the property. And then 21 say, hey, you have to pay this bill because we 22 let -- we allowed somebody to come in and get 23 service there. 24 MR. CHAPMAN: Is their a process of debt Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 104</p> <p>1 the situations Ms. Crosby is referring to, she is 2 assuming nonpayment. So, a lien is only placed 3 if there is an unpaid bill. And I think from 4 what you heard and public input hearing is that 5 people have not been able to access customer 6 status. And I think those are two sort of 7 different things, and I appreciate the dialogue 8 about it. 9 HEARING OFFICER: I have some questions 10 to follow up on that and to follow up on 11 Mr. Chapman's questions. 12 Is there something -- maybe this is a 13 legal question. But is there something in the 14 law that prevents the Water Department from 15 creating a department/customer relationship with 16 somebody who is in a building but doesn't own the 17 building? It may vary by how you're in the 18 building. But if you don't own the building, is 19 it impossible, is it disallowed, are you not able 20 to hold a customer responsible? 21 I'm not saying you do or don't now, I'm 22 saying could you if you wanted to? 23 MS. BETHEL: Hold them responsible? 24 HEARING OFFICER: Make them a customer? Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 103</p> <p>1 collection better than ours? 2 MR. HARVEY: I'd say it's different. 3 It's very different in that they are going after 4 the individual with a Social Security number. 5 MR. CHAPMAN: I guess my concern from my 6 aspect of it would be they are two City companies 7 or organizations or departments. Why wouldn't 8 there be consistency? And I know you cannot 9 answer that question, but I said it in my out 10 loud voice. 11 (Laughter) 12 HEARING OFFICER: Did you want to say 13 something, Mr. Ballenger? 14 MR. BALLENGER: I just wanted to 15 clarify. I think generally speaking I don't 16 disagree with Ms. Crosby about generally, very 17 generally, very high level the ability of the 18 city to take liens. I would point out that tax 19 liens become liens when assessed. The City 20 actually has to file a lien in order for a water 21 lien to be imposed. The standards that apply in 22 court have changed for that. 23 What I wanted to point out, the main 24 clarification that I wanted to point out in all Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 105</p> <p>1 MS. BETHEL: Yes. We have tenant 2 customers right now. So, there are customers 3 that are tenants not owners of the property that 4 the bill is in their name, and they're 5 responsible for paying that bill. 6 HEARING OFFICER: Well, let's say they 7 don't pay that bill. What I understand is that 8 from Mr. Harvey is that you go after the property 9 owner. 10 MS. BETHEL: That is correct. 11 HEARING OFFICER: Is there anything 12 preventing you from going after the person in 13 whose name the bill is? 14 MS. BETHEL: Other than -- my 15 understanding is that the water bill stays with 16 the property. It doesn't follow the person 17 unlike a gas bill. 18 HEARING OFFICER: Well, so let's talk 19 about somebody who is still in the premises and 20 they run up a bill, and they haven't paid it. 21 What I don't understand is why you can't 22 do both. That's what I'm trying to get at. 23 MS. CROSBY: And this may fall into the 24 legal side. Because as counsel to WRB, I am also Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p style="text-align: right;">Page 106</p> <p>1 in charge of the municipal court operations to 2 collect the water debt for WRB. We file suit to 3 collect debts from both owner customers and 4 tenant customers. So those tenant customers who 5 have delinquent bills, we do seek personal 6 judgments against them in municipal court. 7 However, we also seek personal -- if we are not 8 able to successfully get the money from the 9 tenant, we will go to the owner through municipal 10 court, through shut offs, through liens, through 11 sheriff sales. 12 HEARING OFFICER: Okay. So you do -- 13 you do have some customer -- non-owner Department 14 legal relationships which bind the customer, the 15 non-owning customer to pay you? 16 MS. CROSBY: Yes. 17 HEARING OFFICER: Do you know if that -- 18 if that ability to go after a customer is any 19 different between you and the Gas Department? 20 MS. CROSBY: I can't speak as to their 21 collection practice and their tools. 22 MR. BRUNWASSER: One of the problems 23 that I think I have heard from owners of the 24 rental property is that they didn't realize that Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 108</p> <p>1 little bit further on the difference between 2 tenants as we've been talking about it just now 3 and other types of occupants. Because I have the 4 sense -- actually, maybe we should just let you 5 do it, Ms. Bethel. Talk about the different 6 types of customers. 7 MS. BETHEL: So, the way we distinguish 8 between an occupant and a tenant is merely the 9 definition. Tenants pay rent. So if you can 10 establish that you're paying rent to a person or 11 an entity, then therefore you are a tenant. An 12 occupant, you are there. You are occupying the 13 property. 14 As an occupant you are either occupying 15 the property with interest in the property, 16 meaning that you are potentially going to be the 17 owner. Therefore, when you are an owner with 18 interest, the whole bill is yours. You are 19 taking ownership of that. 20 If you are an occupant without interest, 21 you are not trying to obtain interest in that 22 property. And the type of assistance that we 23 would provide to you is different because you're 24 not -- you're not looking to own or have Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 107</p> <p>1 the customer, the tenant customer, had not been 2 paying the bill. Then I believe that perhaps is 3 there an effort to send a multiple bill to -- I 4 mean, an additional bill for information purposes 5 that say to the owner so that the owner realizes 6 whether or not the payments have been made by the 7 tenant? 8 MS. BETHEL: Yes. So when we have 9 tenant customers and they become delinquent on 10 their account, we do send notification to the 11 address of record to the owner. So, they are 12 notified simultaneously. So because we make them 13 aware at the time the tenant becomes our customer 14 that they would be ultimately responsible for 15 that delinquency, so we do take a responsibility 16 on making sure that they are aware of this 17 delinquency as it's occurring. 18 MR. BRUNWASSER: So the owner of a 19 rental property like that, at least after a short 20 period of time, should not be able to plead 21 ignorance of the situation that's going on 22 between the water utility and the tenant? 23 MS. BETHEL: That is correct. 24 HEARING OFFICER: So, let's probe a Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 109</p> <p>1 ownership in that property. 2 HEARING OFFICER: Can I clarify one 3 thing here? You have said what you are able to 4 do for the customer. I think what we're really 5 talking about here is how do you get to be a 6 customer in the first place, so not what benefits 7 you might be entitled to. 8 Because I also heard, as Mr. Chapman 9 did, that there were folks who said they had 10 beneficial interest in the property. For 11 example, the owner of the property was in a 12 nursing home and was non compos mentis, and it 13 was not possible to go through a rigmarole to get 14 all of that legally sorted. But they were going 15 to be involved at least in some respect as an 16 heir or they were involved as a caretaker for the 17 house. And in those cases, they would not be 18 able to get customer status. 19 MR. DASENT: That particular customer 20 was at the Protestant Home at the public 21 hearing -- the Presbyterian Home. And you may 22 even have notes on that. 23 MS. BETHEL: Yes. I can provide the 24 outcome of that particular customer. Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p style="text-align: right;">Page 110</p> <p>1 So prior to the hearing, the manager of 2 our customer service unit Byronette Watson worked 3 with CLS attorney Ms. Pickens to get the name 4 that we could put on the bill for the occupancy 5 status because the mother was in a nursing home 6 and that person was awaiting guardianship before 7 the property could be deeded to him. He was in 8 the process of trying to become an owner with 9 interest. 10 And he did state that he was upset that 11 he was seeing the total amount that would be due 12 on the bill. And we were able to put him into a 13 long term payment agreement so it could prevent 14 the shut off so he would be able to pay the bill 15 each month. So we did that, of course, because 16 when you, as I hopefully explained -- may not 17 have been as clear. When you become the owner 18 with interest, we know that that bill is going to 19 be yours. 20 So therefore, that large bill that he 21 was looking at, it is now his. It's going to be 22 his. And he got into an agreement to pay it off 23 for a longer period of time. 24 MR. HARVEY: He's an occupant with Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 112</p> <p>1 where they are experiencing not becoming a 2 customer because they can't meet what we need 3 back from them, let's say, as an occupant without 4 interest. So they may not be ready to make the 5 agreement on that entire bill, and that's what's 6 preventing them from getting there. 7 But everyone has an opportunity to 8 become a customer whether it's a occupant with 9 interest or an occupant without interest or a 10 tenant customer. There is an opportunity for 11 everyone. We don't prevent anybody from having 12 service. 13 HEARING OFFICER: If I can just make 14 sure I understand what you're saying. The hangup 15 for some occupants without interest is that they 16 would have to take on the back debt? 17 MR. HARVEY: Yes. Yes. And we can put 18 you in agreement, but it's just are you able to, 19 you know, meet that agreement whatever the case 20 may be. But we certainly provide an opportunity 21 for everyone to become a customer providing that 22 you can basically prove that you are, in fact, an 23 occupant there and that you, in fact, have the 24 right to be there. Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 111</p> <p>1 interest. 2 MS. BETHEL: Right. I'm sorry if I said 3 owner. An occupant with interest. 4 HEARING OFFICER: I don't know whether 5 we plunged to the bottom of this, so I'm going to 6 leave it there for now. I got the impression 7 maybe that was the case at the public hearing 8 that stuck in my mind as outrageous or something. 9 Maybe I've let that spill over to all the other 10 cases, but there were certainly as Mr. Chapman 11 said many, many people who said I can't become a 12 customer. And we are frustrated and didn't know 13 why. 14 It seems to me if you have somebody who 15 is occupying a premise, the only circumstance 16 under which they ought not to become a customer 17 is if they're illegally-occupied premises. 18 MR. HARVEY: That's a great point. I 19 should say that everyone can become a customer. 20 It's just the way in which you become a customer, 21 like Ms. Bethel just said. There is an occupant 22 with interest and an occupant without interest. 23 What goes along with that is the type of 24 assistance we provide for you. There is probably Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 113</p> <p>1 HEARING OFFICER: Go off the record. 2 - - - 3 (Discussion was held off the record as 4 Chairman Brunwasser had to leave the 5 proceedings.) 6 - - - 7 HEARING OFFICER: Back on the record. 8 MR. BALLENGER: I just wanted to ask, I 9 think sort of following on what Mr. Harvey said 10 about occupancy, from our experience isn't it 11 correct that you require some proof of consent 12 from the owner for an occupant to become a 13 customer? It's not just about whether you're 14 living in the property, you have to prove that 15 the owner has given you consent to live in the 16 property; isn't that correct? 17 MR. HARVEY: Yes. That would be through 18 a lease or a deed or, you know, yes. Again, to 19 Mr. Chapman's question, we wouldn't just allow 20 anybody to come in and say that they belong here. 21 I mean, there is -- unfortunately, there is a 22 situation where there are squatters. And 23 obviously, we don't want to allow someone else to 24 have service run up a bill and then tell the Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 owner pay us. It wouldn't be fair.  
2 MR. BALLENGER: I understand there is a  
3 policy issue here. I think to the point the  
4 Hearing Officer is talking about where the owner  
5 may not have the mental faculties to provide a  
6 piece of paper that says I, you know -- I give my  
7 full power of attorney to my son and authorize  
8 him to live and maintain in my household. You  
9 would agree that would be a barrier to getting  
10 customer status?  
11 MR. HARVEY: Not necessarily customer  
12 status, a barrier to becoming an occupant with  
13 interest. We certainly would allow you to come  
14 in and be an occupant without --  
15 MR. BALLENGER: Even without consent of  
16 the owner that occupied the property.  
17 MR. HARVEY: When the owner can't  
18 provide that. And, of course, the customer can  
19 prove to us that they, in fact, occupy the  
20 property. We will let them come in as an  
21 occupant without interest.  
22 MR. BALLENGER: In the case of an  
23 occupant without interest, I believe at that  
24 point assuming the water has been terminated  
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1 before that point, like the water has already  
2 been shut off. That person coming in has a  
3 fairly large financial barrier to getting  
4 customer status; isn't that correct?  
5 MR. HARVEY: Well, yeah.  
6 MR. BALLENGER: They don't just get  
7 their name put on the bill. They actually have  
8 to make a huge payment -- not huge, have to make  
9 a payment on arrearage.  
10 MR. HARVEY: Definitely. Depending on  
11 the situation.  
12 MR. BALLENGER: Which is not the same  
13 for occupants with ownership; isn't that correct?  
14 MS. BETHEL: Yes.  
15 MR. BALLENGER: They don't have to make  
16 a payment.  
17 MS. BETHEL: That's correct. They have  
18 to make a payment.  
19 MR. HARVEY: They have to make a  
20 payment, but assistance is different.  
21 MR. BALLENGER: It's a different level  
22 of assistance that you can provide.  
23 HEARING OFFICER: Level of assistance.  
24 I'm still not clear about that.  
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1 MR. HARVEY: Well, with an occupant with  
2 interest, you can -- let's say you are low  
3 income. You can receive everything up to our  
4 lowest payment plan, so we treat you as if you  
5 are an owner if you're an occupant with interest.  
6 In terms of the occupant without  
7 interest, you basically go into a standard  
8 payment agreement, therein lies the difference.  
9 HEARING OFFICER: Why would the  
10 ownership relationship be the difference on that?  
11 MR. HARVEY: Well, one of the things is  
12 we defer payment for owners because in the -- at  
13 the end of the day, the owner is responsible for  
14 that bill. If you are an occupant without  
15 interest, we can't defer payments and then again  
16 look to whoever is the owner to make payment on  
17 bills that we deferred for someone who wasn't the  
18 owner.  
19 In other words, it's almost like  
20 deferring payments for tenants. And then at the  
21 end of the day, coming back to the owner and  
22 saying we are going to need you to pay the  
23 payments we refer to the tenant.  
24 HEARING OFFICER: Well, you do that,  
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1 don't you?  
2 MR. HARVEY: We don't defer payments for  
3 tenants.  
4 HEARING OFFICER: But if there is  
5 non-payment, you do go against the owner?  
6 MR. HARVEY: Yes. Yes. But the tenant  
7 is responsible for paying the current bill.  
8 Whereas, if you are an owner, we are deferring  
9 the current bill to a later time in which you can  
10 pay. That's the difference. That's why I said  
11 it's a different level of assistance when you are  
12 an occupant with interest versus an occupant  
13 without interest. It's all in protection, of  
14 course, the landlord.  
15 MS. CROSBY: Madam Hearing Officer, you  
16 had asked a question about what they need to  
17 provide to become a customer. The response to  
18 the Community Lawyering Clinic, Drexel Clinic's  
19 Discovery I-7, they asked that specific question.  
20 And we provided a chart outlining the  
21 documentation that is needed to become an owner  
22 customer, a tenant customer, occupant with  
23 ownership interest and occupant without ownership  
24 interest.  
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<p style="text-align: right;">Page 118</p> <p>1 HEARING OFFICER: Great. That will be 2 very helpful. I have some other questions if we 3 want to move beyond this topic. 4 Earlier, Ms. Bethel, you're saying the 5 City does not have a paperless process. This 6 again reveals my ignorance about my relationship 7 within different parts of the City. 8 Specifically, at what level or what part 9 of the City did not have or does not have a 10 paperless process? 11 MS. BETHEL: I don't know of any agency 12 within the City that has a paperless process 13 right now. 14 HEARING OFFICER: Is that -- is that 15 part of -- is that controlled in any way by the 16 Council or the Mayor or a budget or something? 17 MS. BETHEL: It would be an overall City 18 initiative to go paperless, and that's not 19 something that's in the works that I'm aware of 20 to make sure that every agency changes our manner 21 in which we receive applications. 22 HEARING OFFICER: Seems to me that -- 23 one argument you can make to whoever is in the 24 way is to say we should be a test case before you Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 120</p> <p>1 mostly around procurement. So if you procured a 2 contract with the City of Philadelphia, you 3 likely see the very significant stack of paper 4 that you had to sign and return back. There is 5 some movement on trying to move that process to a 6 little less cumbersome paper process. That's the 7 only one I'm aware of to date. 8 HEARING OFFICER: Thank you. 9 You were asked some questions about 10 whether you couldn't just sign somebody up for 11 I-WRAP based on their eligibility or their 12 receipt, I can't remember which is which, in the 13 last year of the program under City Ordinance 14 19-1305. And you said that eligibility wasn't 15 fully established. 16 It didn't seem to me as if there was any 17 way to get around that part of the ordinance. 18 You're not offering the program right now, but is 19 there any -- in what way could you ever not make 20 such person's eligible automatically? 21 MS. BETHEL: Well, we would probably 22 potentially not have to do that because we don't 23 do that currently. With our current WRAP 24 Program, we don't accept just because you are Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 119</p> <p>1 do it with everybody. But I'm still not quite 2 clear who is dictating this policy that it has to 3 be everybody in the City. How do you know it has 4 to be everybody in the City. 5 We are about to get a -- 6 MR. CHAPMAN: A lesson. 7 MS. LABUDA: Hi, Melissa LaBuda. 8 So, just to put some context on this, we 9 are one tax ID. We are not a separate agency. 10 We are not a separate tax ID. We are one entity. 11 We have different units or departments, but we 12 are all one tax ID. We don't make decisions that 13 drive the City's policies. 14 The City at much higher levels than 15 anyone in this room will articulate and dictate 16 which processes become paperless or not. And 17 unfortunately, we don't -- we don't set that 18 agenda. And so, if you just keep the framework 19 of a large city, just one Department or two 20 Departments of a very larger organization with 21 the idea we are one tax ID, we are not driving 22 the paperless decision. 23 And that there are initiatives underway 24 in certain areas for efficiencies, but it's Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 121</p> <p>1 enrolled in another assistance program, that you 2 automatically become eligible for ours. 3 HEARING OFFICER: Okay. Maybe you'll 4 have to brief this, Mr. Dasent. It's in the 5 ordinance that you have to do that here. I don't 6 understand why it has to wait for further 7 regulations just on that part of it. I 8 understand you can't field a whole program based 9 on this one issue. 10 MS. BETHEL: But -- it's for the 11 regulations for I-WRAP Program, not for the WRAP 12 program. Were you saying to currently change 13 eligibility? I don't know if I'm understanding. 14 HEARING OFFICER: No. No. I'm sorry, 15 for the I-WRAP. Actually, that's great. That 16 gets me to another set of questions I have. 17 You talked about phasing out WRAP. Can 18 you talk a little bit more about what is involved 19 in that? Are you going to take any new 20 applications? Because then this question we've 21 been talking about becomes interesting. 22 What are you going to do? What does it 23 mean to phase out, I guess? 24 MS. BETHEL: So the phase out plan, of Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p>1 course, can't be determined until we know what 2 the decision is going to be for what the new 3 Affordability Program is going to look like. So, 4 we don't know how long that's going to take. But 5 we would -- we could assume that there will be 6 people that are in our current WRAP Program, that 7 it is more beneficial to them to be in the I-WRAP 8 Program, so they would no longer need to be in 9 WRAP because they can be in the I-WRAP Program. 10 But until, you know, there's kind of 11 some meat on the bones of how I-WRAP is going to 12 work, it's hard to say how long it's going to 13 take to phase out the existing WRAP Program. 14 Because there may be people that they're in a 15 long term agreement with us, and there is no 16 reason for them to get out of their existing WRAP 17 Program to go into the new I-WRAP Program. It 18 may be affordable as is. Their current agreement 19 maybe okay for them. 20 So, we can't assume that everybody is 21 going to leave the existing WRAP program and 22 automatically come into the I-WRAP Program. 23 HEARING OFFICER: I'd be grateful if 24 counsel could brief his question about if you Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 It wasn't clear to me -- I don't exactly know 2 what the words were that you were using -- but 3 whether you were saying you could not or you 4 could but it was a bad idea to outsource. 5 MS. BETHEL: What I was saying is the 6 fact that we -- there is nothing in the -- in our 7 charter that precludes us from outsourcing. 8 However, because we are in a collective 9 bargaining unit and we are currently in-taking 10 applications for the WRAP Program, we were not 11 looking to outsource a function that we are 12 currently doing right now. 13 HEARING OFFICER: Is there something in 14 the collective bargaining agreement that 15 precludes you from doing that for I-WRAP? 16 MS. BETHEL: No. There is nothing that 17 precludes that. 18 MS. CROSBY: Madam Hearing Officer, 19 there was a question posed under the Public 20 Advocate's RDC 111. It was to provide some 21 sights to the ordinance the bars WRB from 22 entirely or partially outsourcing qualification 23 or requalifications for a low income assistance 24 program to another agency that also provides Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 start I-WRAP, can you continue with WRAP because 2 I'd always assumed that one would go away. 3 MR. CHAPMAN: The WRAP would go away and 4 those people would transition to I-WRAP as well 5 as additional applicants. 6 HEARING OFFICER: You might grandfather 7 some people who had a better deal under WRAP, but 8 is that what you're talking about? 9 MS. BETHEL: Correct. 10 MR. CHAPMAN: Looks like you got 11 somebody who wants some answers. 12 MR. BALLENGER: I believe there is one 13 provision in the ordinance that actually talks 14 about a more affordable alternative for 15 customers. So conceivably, there could be such 16 an alternative with WRAP. I think it was really 17 more meant to identify those folks who would be 18 better off on the Senior Citizen Discount as 19 opposed to I-WRAP. 20 But we can try to address it in the 21 briefs, but it is a confusing issue, I think. 22 HEARING OFFICER: Talked about the 23 outsourcing. I know I am jumping around. I had 24 little bits and things as we're going through. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 social services based on set criteria. And I 2 answered that on behalf of the Department. 3 We are not aware of any language within 4 the Philadelphia Code that would bar us from 5 doing that. However, the collective bargaining 6 agreements with the City's unions and the general 7 principles of labor law may preclude us from 8 doing that. And that would have -- that would be 9 something that we would have to discuss. 10 We would have to review the collective 11 bargaining agreements. We would have to get an 12 opinion from the City Solicitor in order to make 13 that decision. It's -- it's not something that 14 Ms. Bethel or the Water Department could do on an 15 ad hoc basis. 16 HEARING OFFICER: Would it be fair to 17 say in addition to legal requirements, there are 18 political issues involved in making changes that 19 effect the rights of current and future employees 20 under collective bargaining agreement? 21 MS. CROSBY: You could probably put a 22 big peephole on that. 23 HEARING OFFICER: I think I'm done. 24 Just a sec. Thank you very much. I'm done. Strehlow &amp; Associates, Inc. (215) 504-4622</p>



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1 Any redirect?  
2 MR. DASENT: Yes. If I could just  
3 have --  
4 HEARING OFFICER: Go off the record.  
5 - - -  
6 (Discussion was held off the record.)  
7 - - -  
8 HEARING OFFICER: We will go back on the  
9 record.  
10 MR. DASENT: Thank you.  
11 (Redirect Examination of Michelle Bethel.)  
12 BY MR. DASENT:  
13 Q. Ms. Bethel, we were speaking before about a  
14 number of items on cross-examination including  
15 combining call centers to accomplish certain  
16 efficiencies.  
17 Is it correct that WRB and PWD are separate  
18 Departments in the city?  
19 A. Yes, that's correct.  
20 Q. Are there any other restrictions? Tell me about  
21 it.  
22 A. I-- right now we are two separate entities. One  
23 is, of course, the Water Department. And Water  
24 Revenue is funded by water, but we are part of the  
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1 Revenue Department.  
2 Q. And you have separate staffing and restrictions  
3 in terms of what you can do to accomplish certain  
4 efficiencies?  
5 A. That is correct.  
6 Q. You've also referred in looking at the hearing  
7 exhibits that Ms. Tran circulated, you're referring  
8 to the Schumacher Management Audit. And I'm looking  
9 at it. And I see there that it's a draft audit or  
10 the draft report to the City of Philadelphia.  
11 Isn't that correct?  
12 A. That is correct. It is a draft.  
13 Q. If I look at the top left corner of each page, it  
14 says for review purposes only?  
15 A. That is correct.  
16 Q. Certain statements were made to the effect we  
17 were acting on this audit in terms of implementing  
18 some of its recommendations and the findings. Is  
19 that your consistent with your understanding that we  
20 have not acted on it, that it's a draft report?  
21 A. That is correct.  
22 Q. Now there's also some mention about staffing  
23 issues for I-WRAP and the overlap between I-WRAP and  
24 WRAP.  
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1 Is it true that there are different requirements  
2 in terms of the expanse of income that's dealt with  
3 in WRAP versus I-WRAP?  
4 MR. BALLENGER: Just because you  
5 objected when I did it. I will object that you  
6 are leading the witness.  
7 HEARING OFFICER: Oh.  
8 BY MR. DASENT:  
9 Q. What's the difference between I-WRAP and WRAP  
10 Programs.  
11 A. The difference as far as income for I-WRAP is it  
12 goes to 150 percent of the federal poverty level.  
13 Our current WRAP Program extends to 250 percent of  
14 the federal poverty level.  
15 Q. Can you turn the WRAP off like a light switch?  
16 A. It's not going to be simple to -- you can't just  
17 turn it off.  
18 Q. Can all customers or participants in WRAP  
19 transition to I-WRAP or vice versa? I guess it will  
20 be WRAP to I-WRAP.  
21 A. Not all customer can transition. Those customers  
22 that are above 150 percent federal poverty will not  
23 be transitioning to the I-WRAP Program.  
24 Q. Does that impact your staffing assumptions for  
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1 I-WRAP?  
2 A. Yes. Because we are still going to need people  
3 doing both programs simultaneously. They will be  
4 running in parallel.  
5 MR. DASENT: That's all I have.  
6 HEARING OFFICER: Mr. Ballenger,  
7 Ms. Tran?  
8 MR. BALLENGER: May we huddle for one  
9 minute?  
10 HEARING OFFICER: Yes.  
11 MR. BALLENGER: Thank you.  
12 HEARING OFFICER: I'm going to have one  
13 question.  
14 MS. TRAN: We have no further questions.  
15 Thank you.  
16 HEARING OFFICER: I do have a question.  
17 Since we're talking about the Schumacher  
18 Report, I am looking at page 36. There is a  
19 lovely little drawing at the top Exhibit II-17  
20 Call Flow of Actual Call. You see that?  
21 MS. BETHEL: Yes.  
22 HEARING OFFICER: Just to put context,  
23 what this shows is that somebody -- a customer  
24 calls, they make multiple calls to the Revenue  
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<p style="text-align: right;">Page 130</p> <p>1 Bureau, Revenue Board or the -- 2 MS. CROSBY: WRB is Water Revenue 3 Bureau. 4 HEARING OFFICER: That's separate from 5 PWD? 6 MS. CROSBY: That's correct. 7 HEARING OFFICER: Okay. Then they're 8 held in a queue there. But looks as if the phone 9 is picked up then by a PWD employee. There is 10 this overflow transfer. 11 MS. BETHEL: Yes. So currently in our 12 in-contact cloud-based telephone system, there is 13 an algorithm, a very complicated algorithm, that 14 I could not explain to you if need be. But that 15 if certain criteria happen, a call can be 16 transferred or answered by a PWD call center 17 person because all of our representatives at 18 Water Revenue Bureau are already assisting 19 customers. Because the call center at the Water 20 Department may have an agent available, that 21 agent then picks up the phone. 22 So in this diagram, they answer the 23 call, but they are not capable or equipped to 24 answer the question. Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 132</p> <p>1 other unit. And that's what they were saying 2 that a refund clerk needed to handle this. It 3 wasn't something that the call center was even 4 able to do. That was just a very extreme example 5 of showing the frustration of a customer calling 6 one number and dealing with two call centers 7 simultaneously. 8 HEARING OFFICER: We did have testimony 9 at the public hearings about how people were not 10 advised of any opportunity to appeal a decision 11 by a rep. I was confusing the refund clerk with 12 somebody on appeal. 13 MS. BETHEL: Correct. That's not what 14 this example is trying to depict the informal 15 hearing process. That's the a unit. 16 HEARING OFFICER: Are your reps trained 17 and required to tell people that there is an 18 avenue for appeal? 19 MS. BETHEL: Yes. 20 HEARING OFFICER: Where does the avenue 21 go to? 22 MS. BETHEL: So if a customer calls in 23 and say they want to dispute their bill, our 24 agents would be able to step them through the Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 131</p> <p>1 HEARING OFFICER: They answered it 2 because there was an overflow on your line? 3 MS. BETHEL: Correct. 4 HEARING OFFICER: I don't need to go to 5 the -- I take it that the last transfer is to a 6 refund clerk, and that's some kind of an appeal? 7 The -- when it's -- excuse me. 8 So overflow gets a rep at PWD. Rep at 9 PWD can't answer the question, but has priority 10 at Water Rate Board -- Water Revenue Board to 11 have them look at that question. And if that rep 12 was unable to resolve it, it goes to somebody 13 called a Water Revenue Board Refund Clerk? 14 MS. BETHEL: This example is a very 15 complicated example. It is not the standard. I 16 think what they were trying to show is the fact 17 that a customer calls a number expecting to have 18 their call answered. They do not realize that a 19 certain criteria was met that they were 20 transferred to the Water Department. The Water 21 Department could not answer that question call, 22 so it came back to the Water Revenue Bureau. 23 And in this particular instance, it's 24 something that needed to be done from a whole Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 133</p> <p>1 process, letting them know that we would forward 2 their dispute to our account analysis group that 3 would then determine, let's say, they were saying 4 their bill was incorrect. 5 So the agent -- the call center agent 6 couldn't explain it adequately enough to satisfy 7 the customer. The customer wants to have that 8 bill reviewed. The call center then sends that 9 call to our account analysis group. They make a 10 determination that the bill is correct. We then 11 send a letter to the customer letting them know 12 that the bill is correct, and then we inform them 13 at that time in writing that if they disagree, 14 they can go to the informal hearing process. 15 So then they would -- I don't know if 16 you want me to stop right there or take you -- 17 HEARING OFFICER: That's okay. 18 The finding below says more than half of 19 all the calls handled by the PWD call centers -- 20 call center are customers calling about water 21 billing issues. Instead of consolidating them, 22 if that is not possible, can one agency loan 23 staff to another? 24 I see we have triggered a very high Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 level question here.  
2 MS. McCARTY: Well, I think -- Debra  
3 McCarty, Commissioner.  
4 I think it's important to note that by  
5 City Charter, we are two distinct departments.  
6 And the Charter is very clear in the crossover.  
7 Specific to your question, our -- the call center  
8 staff at the Water Department, their primary  
9 charge really is for emergency calls. But it  
10 happens that 50 percent of their calls are  
11 related to billing issues.  
12 That's because, as Deputy Bethel pointed  
13 out, in the chart that you showed that arrow  
14 where it goes from customer to PWDCC, it says  
15 overflow transfer. Because the calls from Water  
16 Revenue come into the queue as Ms. Bethel  
17 mentioned. So then, we are trying to make sure  
18 that as many calls get answered as quickly as  
19 possible. The challenge is when you -- when you  
20 leave someone on hold, then they call back. And  
21 so that ups your numbers of calls. And it  
22 becomes this vicious cycle.  
23 So the point in trying to, you know,  
24 address calls as they come in is to reduce the  
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1 number of calls ultimately and still address your  
2 customer needs.  
3 Does that answer your question?  
4 HEARING OFFICER: It goes a long way.  
5 I'm -- what I'm trying to do here is sort of cast  
6 about for any possible arrangements that could  
7 improve efficiency without running into all the  
8 problems that have been discussed.  
9 MS. McCARTY: Well, if I could?  
10 HEARING OFFICER: Yeah.  
11 MS. McCARTY: We are in the process,  
12 very early stages of cross training. The staff  
13 that work at Water Revenue Bureau and the staff  
14 that work at the Water Department. And working  
15 with the personnel department, office of human  
16 resources, whatever you want to call them which  
17 is the City agency that we all have to hire  
18 through and see if we can't work on job titles  
19 and pay scales, so when we cross train our  
20 employees at both of the agencies, they will be  
21 appropriately compensated.  
22 We are looking at cross training, so  
23 Water Revenue folks can handle emergency calls  
24 and Water Department employees can handle the  
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1 higher level water billing issue calls. I'm not  
2 sure. It may have been stated already, but they  
3 do do some -- Water Department employees do do  
4 some rudimentary billing issues. They can get  
5 into -- a supervisor can work out a payment  
6 agreement with some customers. But it's -- you  
7 know, when it gets complicated, that's their  
8 expertise. Water Revenue. I'm referring to  
9 Water Revenue.  
10 HEARING OFFICER: Thank you. I have  
11 only one question, which I'm sure you all thought  
12 of and you're not doing it because it's a stupid  
13 idea.  
14 I know that consumer advocates hate  
15 IVRs, or I don't even know what that stands  
16 for -- voice recognition -- anybody know what it  
17 stands for?  
18 MS. CROSBY: I think it's interactive  
19 voice recognition.  
20 HEARING OFFICER: Would that be -- I've  
21 often made a phone call and been told, you know,  
22 you're going to be holding for about ten minutes.  
23 If you want, you can put your name and your  
24 number in and we'll call you back. Now  
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1 personally, I've never done that because I never  
2 believe them. It wouldn't solve your problem.  
3 But is there any way to solve some of  
4 the need for overflow by giving more information  
5 in an IVR?  
6 MS. BETHEL: So, we do currently have  
7 that call back feature. But it wouldn't benefit  
8 you because you said you wouldn't put your phone  
9 number in. But we do have --  
10 HEARING OFFICER: You can have my phone  
11 number, I just don't believe you'll call me.  
12 MS. BETHEL: Oh, okay. Did you say you  
13 don't think we would call you?  
14 HEARING OFFICER: I don't believe  
15 anybody who says -- I believe that that is a way  
16 of putting people off. I think a lot of  
17 customers do, but not all.  
18 MS. BETHEL: So if you happen to call  
19 the Water Department or WRB and were afforded the  
20 opportunity for call back, you would receive a  
21 phone call within that same business day. Now --  
22 MS. McCARTY: I'm sorry. That's our  
23 service level goal to return the call that day if  
24 you leave your phone number.  
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1 MS. BETHEL: Correct. And we are  
2 meeting that we do call you within that -- within  
3 the business day. As far as the IVR, we are  
4 actually looking to do that, to provide better  
5 customer service for our customers that -- for  
6 simple things. You want to know what our hours  
7 are or you want to know what your balance is,  
8 when your last payment hits so you don't have to  
9 sit on the phone for that. We are looking to put  
10 that in place. We are just having some issues  
11 with technology requirements, but it is something  
12 that is in the works to do that currently.  
13 HEARING OFFICER: Okay. If I left my  
14 number with you, I believe you would call me.  
15 MS. BETHEL: We would.  
16 MS. McCARTY: The Water Department does  
17 use IVR for customer calls, and they want to make  
18 a meter shop appointment. That can be done -- we  
19 have just -- recently, we have just implemented  
20 that. It took us way longer than we ever hoped  
21 and imagined, but it is finally implemented. And  
22 we have seen that reduce the calls at the meter  
23 shop where we don't actually have folks sitting  
24 around waiting for calls. They are supposed to  
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1 be doing other things. They were getting  
2 overwhelmed with phone calls.  
3 We were frustrating our customers  
4 because the line was busy or the voice mail was  
5 full and things like that. It is -- it has  
6 really made improvements in that little sector of  
7 our business.  
8 HEARING OFFICER: Great. I am done with  
9 my questions at this point.  
10 The question has come up about where we  
11 go from here because you will have rebuttal to  
12 Mr. Colton. And when did you plan to do that?  
13 Now or after? What would your preference be?  
14 MR. DASENT: I was going to do it next  
15 as soon as you tell us.  
16 HEARING OFFICER: Does that meet with  
17 your satisfaction Tran -- Ms. Tran?  
18 MS. TRAN: That's fine with us.  
19 HEARING OFFICER: All right.  
20 We will take a break for 15 minutes, and  
21 we will come back and start with that.  
22 - - -  
23 (Brief break taken.)  
24 - - -  
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1 HEARING OFFICER: We'll go back on the  
2 record.  
3 During the break, I had a conversation  
4 with counsel for the Department and Public  
5 Advocate. It's pretty clear it's ten of 3:00.  
6 Even if we went to 5:00, which would be an  
7 option, we would not finish with Mr. Colton. We  
8 also have Mr. Rosenthal by phone tomorrow. At  
9 the moment that's at 2:00. I am hopeful we can  
10 move that up and be done with everything by lunch  
11 time tomorrow. Certainly, we won't be done by  
12 5:00 today, so we are going to stop at 4:00 and  
13 pick up at a sensible hour tomorrow.  
14 With that, I think we go to your  
15 rebuttal of Mr. Colton.  
16 MR. DASENT: Yes.  
17 (Mr. Colton Rebuttal using Jon Davis.)  
18 BY MR. DASENT:  
19 Q. Mr. Davis, Mr. Colton concludes that PWD's  
20 program design is inconsistent with I-WRAP or the  
21 I-WRAP ordinance.  
22 Do you agree?  
23 A. I don't. In looking at the ordinance, I think it  
24 is consistent referring to the three tiers that are  
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1 mentioned specifically in the ordinance. I mean, we  
2 follow those three tiers. It also mentions the  
3 possibility of using historical usage as a  
4 determinant. We established usage levels within  
5 each tier to enhance the affordability of the  
6 proposal.  
7 So yeah, I do think that we are consistent. It  
8 also mentions using each customer's income. And  
9 that is the qualification we use to place customers  
10 into those tiers. So, I think we are consistent  
11 with the ordinance as written.  
12 Q. Mr. Colton is also critical of PWD's proposed  
13 level of program cost. Do you agree with his  
14 conclusions?  
15 A. Well, I think there are -- there are multiple  
16 ways to go about developing program costs. One is  
17 by kind of benchmarking a comparison. I really  
18 don't think that applies in this case. This is kind  
19 of new territory even with some of the more  
20 established programs. The costs that they are  
21 reflecting don't include the startup cost of the new  
22 utility, the circumstances that we're in. The fact  
23 that we are insourcing versus outsourcing a lot of  
24 the administration is really the only opportunity  
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<p>1 for us was to go in kind of a bottoms up bill of 2 these costs which we talked about kind of with WRB. 3 All those costs are billed from the bottoms up. 4 These are the tasks that we are going to have to 5 perform. This is what it's going to take to do 6 them. 7 With respect to the -- to the ongoing kind of 8 lost revenue cost that we discussed at some length 9 earlier this morning, again, I don't think that the 10 benchmarking is potentially the best way to look at 11 those costs. I think that the -- we really need to 12 look at the -- the protection of the utilities 13 financial position and, as well, the protection of 14 the utilities credibility with its customers. 15 You know, we should not skimp on the cost of 16 starting up a new program. What we need is a 17 successful program that's working well for our 18 customers right out of the gate. So, I think we 19 would be a little shortsighted if we start skimping 20 on those costs. 21 Q. Mr. Colton is also critical of your 22 quantification of program costs offsets. Do you 23 agree with his conclusions there? 24 A. Well, there were a few things in particular. I Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 collection rate for PWD customers. We do not have a 2 separate one for existing WRAP customers or 3 potential I-WRAP customers. So, we use the single 4 collection rate, which is about 96 percent all time 5 for billings to those customers. We would -- we 6 would expect to use those for all -- all customers 7 going forward. 8 Q. Arrears forgiveness is not in your program. Why 9 isn't it in there? 10 A. Well, arrearage forgiveness I think is something 11 that's going to be handled through regulation which 12 is yet to be developed and enacted. We haven't 13 included any cost with respect to arrearage 14 forgiveness. So we -- it's not like we've assumed 15 that there would be some kind of cost. We excluded 16 that from the program. We just can't say until the 17 regulations are enacted, we see exactly how that's 18 going to be handled. 19 (Mr. Colton Rebuttal using Michelle Bethel.) 20 BY MR. DASENT: 21 Q. Ms. Bethel, Mr. Colton makes several 22 recommendations regarding customer service issues. 23 Do you agree with his recommendations? 24 A. I don't agree with the recommendations. Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 think the cost of City grants was a major one. 2 There are 4 million in total in City grants. That 3 was part of Ms. Dahme's testimony. We looked at the 4 parts of that that is actually going away which 5 are -- which do not include about 1.6 billion 6 dollars for the UESF grants and matches. 7 What we included as an offset was the net of the 8 4 million in total less the part that's not going 9 away, which is the \$2.7 million offset. 10 HEARING OFFICER: Say again, just the 11 number. 12 MR. DAVIS: There is 4 million in total. 13 There is about 2.7 million of that that's 14 actually going away. There is 1.6 million that 15 will continue in the form of UESF grants and 16 matches. 17 BY MR. DASENT: 18 Q. Collection rates are also addressed in 19 Mr. Colton's testimony. Do you assume a known 20 overall collection rate for PWD, or is it something 21 that's extrapolated from elsewhere? 22 A. We -- we use actual PWD information to come up 23 with the collection rates that we talked about at 24 length last week. But we do have one universal Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 For example, one of the ones in reference to not 2 being in compliance. I would like to state that the 3 City has recognized that our current regulations on 4 file had not been updated for quite some time. And 5 therefore, are not in line with how we are currently 6 doing business. Changes have been drafted to the 7 regulations. It's my understanding that per the 8 objection of CLS, they were not filed as of yet 9 which would show that we are in compliance. 10 HEARING OFFICER: You talking about 11 compliance with rate case settlement? 12 MS. BETHEL: In compliance with our 13 deferred payment plan, one of the customer 14 service issues that Mr. Colton mentioned in his 15 testimony. 16 HEARING OFFICER: Thank you. 17 BY MR. DASENT: 18 Q. That does tie together with the rate case 19 settlement in the last case, too? 20 A. Yes. 21 Q. Customer service issues arising in public input 22 hearings. Have you categorized those and try to 23 think or tried to assess where we have addressed 24 those customers' needs that came to the hearing? Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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<p>1 A. Yes. Out of all of the public hearings, there 2 were a total, if I calculated correctly, a total of 3 five customers that we needed to address. And I 4 just wanted to let the Board know that we have 5 addressed all of them. 6 I spoke about the one, the February 24, in 7 reference to the guardianship, so I spoke about that 8 earlier. 9 The second customer at the Free Library on 10 March 1 had indicated that their bills were too high 11 is what their issue was. And Byronette Watson, the 12 manager of the customer service unit, spoke with 13 that customer directly. And because that customer's 14 bill was less than \$500, we referred the customer to 15 UESF so she could have that bill paid in full 16 because that meets the guidelines of the grant that 17 they give to customers. 18 And additionally, we advised her to make them 19 aware she was -- she had indicated that she had a 20 faulty toilet. And one of their programs also 21 consists of repair services. So, she was able to be 22 satisfied the day of the public hearing. 23 The third customer from the New Philadelphia 24 meeting, Mr. Clark had mentioned how he was an Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 with the raw sewage order. And at that time, he was 2 advised that he could reapply for WRAP. And if he 3 didn't want to do that because his application was 4 incomplete, there is a process in place, a new 5 process whereby he is able to take his dispute to 6 the TRB because they hear incomplete WRAP 7 application hearings. 8 We no longer do that in WRB. 9 HEARING OFFICER: What's TRB. 10 MS. BETHEL: Tax Review Board. 11 The last customer was a Ms. Stuart who 12 also spoke at -- in Council chambers. And she 13 was the customer that originally had a \$34 WRAP 14 bill, but then it went to \$66. And what we had 15 determined and she had admitted to our agent was 16 that she -- her water uses had changed. 17 She has a garden that she acknowledged 18 that she had, so she was watering her garden. 19 Her usage went up; therefore, her payment went 20 up. After she spoke with us and let us know 21 that, you know, that was still unaffordable, we 22 did reduce her payment back down to the \$34. 23 And unfortunately, I guess she may not 24 have had the opportunity to change her written Strehlow &amp; Associates, Inc. (215) 504-4622</p>
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<p>1 occupant without interest, and he had gone to CLS 2 back in 2011. I actually was the person that set up 3 his ten-year payment agreement back in 2011. When 4 he spoke at the current hearing in 2016, we did 5 reestablish his payment agreement again with 0 down 6 payment. And I extended another ten-year payment 7 agreement to Mr. Clark. 8 So which goes to show that we do attempt to go 9 above and beyond to meet the needs of our customers 10 as to what they can afford to pay. 11 With our fourth customer that came during the 12 City Council chambers, Mr. Lightbody, he was the 13 gentleman that said that he had been denied WRAP. 14 But I just wanted to point out that the part that 15 unfortunately was omitted in his testimony was the 16 reason he initially was denied WRAP was because when 17 our investigators went to his home, there was a 18 posting from License and Inspections Bureau that 19 stated there was a violation at that property due to 20 raw sewage. And it couldn't be occupied. One of 21 the eligibility requirements for WRAP is you must be 22 in the property. 23 He did come back to us and reapply for WRAP. 24 Went under the assumption that he must have dealt Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 statement, but that had been resolved before the 2 hearing. We actually had resolved that on March 3 the 29th. And made CLS aware of that on the 31st 4 that her agreement had been revised. But I'm 5 guessing she just didn't have the opportunity to 6 update her testimony. I want to let you know 7 that that was actually resolved prior to that 8 hearing. 9 MR. DASENT: Thank you. That's all I 10 have. 11 HEARING OFFICER: I have a couple 12 questions from the bench if that gives you a 13 little bit more time. 14 You talked about a fourth case, an 15 inspector. You send an inspector out to every 16 premise that -- where somebody is asked for WRAP? 17 MS. BETHEL: No. No, we do not. If 18 there is a reason to suspect that the person may 19 not be occupying the property or they weren't 20 able to provide sufficient information to show 21 occupancy, we then did send a revenue 22 investigator to the property. And our 23 investigator is the one that saw that posting on 24 the property. Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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1 HEARING OFFICER: Thank you.  
2 MR. BALLENGER: I think we would like a  
3 couple minutes, if we may.  
4 HEARING OFFICER: Go off the record.  
5 - - -  
6 (Discussion was held off the record.)  
7 - - -  
8 HEARING OFFICER: Go back on the record.  
9 Mr. Ballenger.  
10 MR. BALLENGER: Yes. Thank you, Madam  
11 Hearing Officer. Just a few questions on cross.  
12 (Rebuttal Cross-Examination of Michelle Bethel.)  
13 BY MR. BALLENGER:  
14 Q. Ms. Bethel, you talked about a number of  
15 individual customer issues. Just to be clear, you  
16 would agree that none of those customers are in the  
17 room today?  
18 A. I agree.  
19 Q. And none of them have any opportunity to put on  
20 the record any differences in opinion they may have  
21 with how their cases were handled by the Department?  
22 A. Yes, they are not here.  
23 Q. Okay.  
24 HEARING OFFICER: Wait a minute. I get  
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1 about 40 emails a week from customers. And I --  
2 we also get letters. And we take -- they have  
3 until Monday, this is true. The 18th we cut it  
4 off. But if they wanted to, they can write in.  
5 Maybe they don't feel like they need to.  
6 MR. BALLENGER: I think it would be --  
7 it would be strange for someone to expect that  
8 their individual circumstances and the resolution  
9 of them would be subject to further discussion on  
10 the record. At this point, I believe public  
11 input is input taken on the record. And I  
12 just --  
13 HEARING OFFICER: I'm sorry. I --  
14 MR. BALLENGER: I'm not going to argue  
15 over it.  
16 HEARING OFFICER: No, no. The problem  
17 is that I'm interjecting too much.  
18 MR. CHAPMAN: Talking out loud.  
19 MR. BALLENGER: Moving on.  
20 (Rebuttal Cross-Examination of Jon Davis.)  
21 BY MR. BALLENGER:  
22 Q. Mr. Davis, I believe you said that you believed  
23 it would be inappropriate. And I believe you were  
24 talking about Mr. Colton's recommendations to skimp  
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1 on cost. I believe that was the exact language you  
2 used?  
3 HEARING OFFICER: He's nodding his head  
4 yes.  
5 MR. DAVIS: Yes.  
6 BY MR. BALLENGER:  
7 Q. Am I correct that nowhere in Mr. Colton's  
8 testimony has he said or even suggested that the  
9 Department should skimp on cost?  
10 A. I'm not inferring that Mr. Colton suggested we  
11 should skimp on cost. Perhaps that was a poor  
12 choice of words.  
13 Q. Do you recognize that there is a difference  
14 between establishing a budget and between  
15 establishing rates?  
16 A. I understand that the rates must cover the  
17 budget.  
18 Q. But you understand that there are a number of  
19 budget-to-actual factors that have been discussed in  
20 this rate case which reflect the fact that the Water  
21 Department doesn't spend to budget?  
22 A. Yes.  
23 Q. Ummm.  
24 (Rebuttal Cross-Examination Using Michelle Bethel.)  
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1 BY MR. BALLENGER:  
2 Q. Ms. Bethel, I thought I heard you say that your  
3 current regulations on file are not in line with how  
4 you currently do business; is that correct?  
5 A. That is correct.  
6 Q. So the way you do business now is not consistent  
7 with your regulations?  
8 MR. DASENT: Let me interject. I think  
9 the regulations go back 20 years, and they have  
10 not been updated. And that was the context she  
11 made.  
12 MR. BALLENGER: We are going to get  
13 there. We are going to get there.  
14 HEARING OFFICER: I would say asked and  
15 answered.  
16 MR. BALLENGER: Okay.  
17 BY MR. BALLENGER:  
18 Q. Ms. Bethel, are you aware that the -- you  
19 referenced proposed regulations. And I think you  
20 attributed to the CLS some delay in finalizing those  
21 regulations?  
22 A. That was my understanding, yes.  
23 Q. Are you aware those regulations were provided in  
24 draft form on Friday, January 29?  
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<p>1 A. I'm not certain of the date, but I know that it 2 was in draft form, yes. 3 Q. And that was at a meeting of the residential 4 customer assistance and services committee? 5 A. Correct. 6 Q. It was held on January 29 which was a Friday. 7 And are you also aware that at that time, CLS was 8 informed the that the Department planned to file 9 those regulations early the next week, meaning the 10 first week in February? 11 A. I believe I may have heard that at the meeting. 12 Q. And are you aware that Community Legal Services 13 asked for more time to review and provide comment on 14 those regulations? 15 A. No, I'm not aware of that. 16 Q. Are you aware of the language in the 17 Commissioner's report, mediation report. It's in 18 PWD -- I'm sorry, Public Advocate Hearing Exhibit 7, 19 as to the informal hearing and dispute process? 20 A. I'm sorry. What page are you on? 21 Q. I am on page 11 of 32 of Public Advocate Hearing 22 Exhibit 7. 23 MR. DASENT: Just observe that the 24 report speak for itself. If it's on that page, Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>1 A. Not all, but majority. 2 Q. The majority. Okay. And you were very active in 3 the formal hearing and dispute phase of the 4 mediation, were you not? 5 A. Absolutely correct. 6 Q. And that mediator in that process recommended 7 that we try to avoid further controversy in 8 regulations by working together. Are you aware of 9 that recommendation? 10 A. I am. 11 Q. Okay. And so, I think the timing speaks for 12 itself. Make sure I don't have anything else. 13 I believe Mr. Dasent asked you also, and I just 14 want to be clear on this, as to whether the revision 15 was something envisioned in the settlement of the 16 last rate proceeding? 17 MR. DASENT: If you know. 18 MS. BETHEL: I don't recall that 19 question. Was that today? 20 BY MR. BALLENGER: 21 Q. I believe Mr. Dasent asked whether that was part 22 of this arising of the settlement in the last rate 23 case. I believe you answered that it was. 24 A. Okay. Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p>Page 155</p> <p>1 it's cited. 2 MR. BALLENGER: Certainly. 3 BY MR. BALLENGER: 4 Q. Are you aware that on that page it reflects the 5 commissioners, that would be Water and Revenues, 6 commitment to consultation with the advocate and the 7 development for future regulations and policy? 8 MR. DASENT: Again, that's in the 9 report. But in part of the consultation in 10 negotiation with Community Legal Services or 11 Public Advocate, I'm not sure your title in that 12 context, but we were trying to work out a 13 timeline -- 14 HEARING OFFICER: Sorry. Now you're 15 testifying. He'll get a chance then. 16 On the other hand, I'm really not 17 interested in reading into the record. It sounds 18 like this witness is not current on the 19 regulation process underway; is that correct? 20 MS. BETHEL: That is accurate. 21 BY MR. BALLENGER: 22 Q. But you were a participant, an active participant 23 in all the mediation proceedings that were 24 conducted? Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p>Page 157</p> <p>1 Q. And that would have been in 2012, correct? 2 A. Yes. 3 Q. Okay. 4 HEARING OFFICER: When we say the 5 regulations, can people specify how broad that 6 term is? Because at one point, I heard it was 7 regulations about different payment agreements. 8 Is that narrow or is it something 9 broader? 10 MS. CROSBY: This would be to Chapter 11 100 of the PWD regulations. 12 MR. BALLENGER: Those are the 13 residential customer service regulations for the 14 Department. 15 HEARING OFFICER: It is broader than? 16 MR. BALLENGER: Yes. 17 HEARING OFFICER: Thanks. 18 MR. BALLENGER: We are -- we have 19 concluded at this point. We are done. 20 HEARING OFFICER: Mr. Chapman? 21 Mr. Popowsky? 22 MR. DASENT: Just one question. 23 HEARING OFFICER: Yes, please. 24 MR. DASENT: What's the status of the Strehlow &amp; Associates, Inc. (215) 504-4622</p>



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<p style="text-align: right;">Page 158</p> <p>1 PWD Regs Chapter 100 Water Department 2 Regulations, Chapter 100 of this time? 3 MS. CROSBY: Based on the request from 4 CLS, we did not file them. They requested extra 5 time to provide comment. We did allow them that 6 time to comment. They did, in fact, provide 7 those comments. We have been reviewing them 8 internally. We also met with Councilwoman 9 Sanchez's office to review the regulations with 10 her staff, as well. 11 They are currently -- they have not been 12 provided to the Office of Records. They have not 13 been filed. They are still in draft form. And 14 also, these regulations are to meet our 15 obligations as a result of the mediation in 16 regards to the informal hearing process and 17 customer status to bring our regulations in line 18 with OSTR and to address the payment agreements. 19 HEARING OFFICER: Would that appear in 20 Exhibit A to Hearing Exhibit 7, which has what's 21 called stipulation to mediation between PWD, WRB 22 and PA? 23 MS. CROSBY: Yes, it would be. 24 HEARING OFFICER: So, that would be Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: right;">Page 160</p> <p>1 HEARING OFFICER: We will go back on the 2 record. 3 We will suspend the hearing at the 4 moment and pick up with Mr. Colton tomorrow 5 morning at 10:00 in this room. Thank you. 6 (Hearing adjourned at 3:21 p.m.) 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24  Strehlow &amp; Associates, Inc. (215) 504-4622</p>
<p style="text-align: right;">Page 159</p> <p>1 paragraph six? 2 MS. CROSBY: Correct. The update of the 3 regulations as proposed would address item one, 4 item three possibly based on the comment that we 5 received from CLS. We may hold off on the 6 changes to address the delivery of deferred 7 payment agreements because of what we're going 8 through right now in the rate case. And it 9 addressed item four. 10 HEARING OFFICER: Thank you. 11 Any -- I don't know what we're calling 12 it, rejoinder or are we just going to plow onto 13 Mr. Colton? 14 MR. BALLENGER: I think we are fine. 15 We don't have any further questions for 16 the Department's witnesses. I guess our -- I 17 guess we are wondering whether we should start 18 down the road with Mr. Colton and -- only to have 19 to stop a short time into it. 20 HEARING OFFICER: We will go off the 21 record. 22 - - - 23 (Discussion was held off the record.) 24 - - - Strehlow &amp; Associates, Inc. (215) 504-4622</p>	<p style="text-align: center;">CERTIFICATION</p> <p>I, hereby certify that the proceedings and evidence noted are contained fully and accurately in the stenographic notes taken by me in the foregoing matter, and that this is a correct transcript of the same.</p> <p>----- ANGELA M. KING, RPR Court Reporter - Notary Public</p> <p>(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)</p> <p>Strehlow &amp; Associates, Inc. (215) 504-4622</p>

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