PA Statement No. 3

BEFORE THE

PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

RE. APPLICATION OF THE
PHILADELPHIA WATER
DEPARTMENT PROPOSED
CHANGE IN WATER,
WASTEWATER AND
STORMWATER RATES AND
RELATED CHARGES

) Fiscal Years 2022 - 2023
)

DIRECT TESTIMONY OF
ROGER D. COLTON

ON BEHALF OF THE PUBLIC ADVOCATE

March 22, 2021
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Colton Schedules

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Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.
A. My name is Roger Colton. My business address is 34 Warwick Road, Belmont, MA 02478.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?
A. I am a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics of Belmont, Massachusetts. In that capacity, I provide technical assistance to a variety of federal and state agencies, consumer organizations and public utilities on rate and customer service issues involving water/sewer, natural gas and electric utilities.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?
A. I am testifying on behalf of the Philadelphia Public Advocate.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.
A. I work primarily on low-income utility issues. This involves regulatory work on rate and customer service issues, as well as research into low-income usage, payment patterns, and affordability programs. At present, I am working on various projects in the states of New Hampshire, New York, Maryland, Pennsylvania, Virginia, Tennessee, Ohio, Michigan and Missouri. My clients include state agencies (e.g., Pennsylvania Office of Consumer Advocate, Maryland Office of People’s Counsel, Illinois Office of Attorney General), federal agencies (e.g., the U.S. Department of Health and Human Services), community-based organizations (e.g., National Immigration Law Center, Natural Resources Defense Council, Advocacy Centre Tenants Ontario), municipalities (e.g., City
of Toledo [OH]), and private utilities (e.g., Unitil Corporation d/b/a Fitchburg Gas and Electric Company, Entergy Services, Xcel Energy d/b/a Public Service of Colorado). In addition to state-specific and utility-specific work, I engage in national work throughout the United States. For example, in 2011, I worked with the U.S. Department of Health and Human Services (the federal LIHEAP office) to advance the review and utilization of the Home Energy Insecurity Scale as an outcomes measurement tool for the federal Low-Income Home Energy Assistance Program (“LIHEAP”). In 2007, I was part of a team that performed a multi-sponsor public/private national study of low-income energy assistance programs. This year, I completed a study of water affordability in twelve U.S. cities for the London-based newspaper, The Guardian. In October 2020, I was legal counsel submitting comments to the U.S. Environmental Protection Agency (EPA) regarding the EPA’s proposed community financial capability assessment model. I currently also sit on the advisory panel of a National Science Foundation (NSF) research project examining water affordability throughout the nation. I am also serving as an expert witness for the NAACP Legal Defense Fund challenging water shutoffs in Cleveland (OH). A summary of my professional background is provided in Appendix A.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. After receiving my undergraduate degree in 1975 (Iowa State University), I obtained further training in both law and economics. I received my law degree in 1981 (University of Florida). I received my Master’s Degree (Regulatory Economics) from the MacGregor School in 1993.
Q. HAVE YOU EVER PUBLISHED ON PUBLIC UTILITY REGULATORY ISSUES?

A. Yes. I have published three books and more than 80 articles in scholarly and trade journals, primarily on low-income utility and housing issues. I have published an equal number of technical reports for various clients on energy, water, telecommunications and other associated low-income utility issues. A summary of my publications is included in Appendix A.

Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR OTHER UTILITY COMMISSIONS?

A. Yes. I have testified in each Philadelphia Water Department general rate case since at least 2005, including the last three general rate cases before the Philadelphia Water, Sewer and Storm Water Rate Board (“Board”). In addition, I have testified before the Pennsylvania Public Utility Commission (“PUC” or “Commission”) on dozens of occasions, most recently including rate cases involving Pittsburgh Water and Sewer Authority (PWSA) and Pennsylvania American Water Company (PAWC) regarding utility issues affecting low-income customers and customer service. I have also testified in regulatory proceedings in more than 35 states and various Canadian provinces on a wide range of utility issues. A summary of recent jurisdictions in which I have testified is listed in Appendix A.

Q. PLEASE EXPLAIN THE STRUCTURE OF YOUR DIRECT TESTIMONY.

A. My Direct Testimony is presented in seven sections as follows.
In Section 1, I examine the impacts of COVID-19 on low-income and low-wage PWD customers. I propose an Emergency Relief Program that PWD should offer in response to COVID-19.

In Section 2, I examine certain rate issues presented by the TAP program implemented pursuant to Philadelphia’s IWRAP legislation. As part of this discussion, I examine the performance of TAP participants to date.

In Section 3, I examine PWD’s Arrearage Forgiveness program. In this section, I consider both Arrearage Forgiveness implementation issues and Arrearage Forgiveness cost recovery issues.

In Section 4, I examine certain modifications that need to be made to the implementation of TAP. TAP is a “rate” of PWD. The Philadelphia City Council has prescribed which customers should be allowed to take service under that rate. To the extent that income-eligible customers are being unreasonably excluded from this rate, the impediments to full participation should be modified or eliminated.

In Section 5, I examine certain customer service issues presented by PWD actions. To the extent that customer service needs to be improved, PWD customers are not receiving the “reasonably adequate” service which they are paying for. Making a determination that customer service is “reasonably adequate” is an inherent part of utility rate-making.

In Section 6, I examine the reasonableness of new fees that PWD proposes to impose on TAP participants. I explain why these fees should be denied as unjustified and unfair.

Finally, in Section 7, I examine why testimony regarding the “economic development” impacts of PWD infrastructure investments are not an appropriate basis upon which to make rate case decisions on proposed capital budget expenditures.

Q. CAN YOU SUMMARIZE THE RECOMMENDATIONS YOU MAKE THROUGHOUT YOUR TESTIMONY?

A. Yes. Based on the data and discussion I present below, I recommend the following:

1. PWD should adopt a COVID-19 Emergency Relief Program for residential customers as
outlined in the body of my testimony. Eligibility for the COVID-19 ERP should extend to any residential customer meeting the following qualifications: (1) the customer is a current customer who was no less than 90-days in arrears as of January 1, 2021; and (2) the customer is not participating or eligible for TAP. Through the ERP, a customer shall be entitled to a Special Emergency Relief Payment Plan ("SERPP"). Eligible customers shall be proactively enrolled in the SERPP without further action on their part. The SERPP shall be entered into with a $0 downpayment and shall extend payments for no less than 24 months. Enrollment in the SERPP should continue through the end of Fiscal Year 2023, or upon Petition by either PWD or the Public Advocate. Enrollment in SERPP shall not preclude a customer from subsequently enrolling in TAP, nor shall SERPP preclude a customer from entering into a deferred payment plan, if need-be, for arrearages incurred on or after January 1, 2021. Customers placed in an SERPP shall retain their right to dispute the underlying bills where appropriate.

2. In 2018, PWD agreed to include a collectability offset equal to the difference between 100% collectability and the collectability rate for all customers. That figure is clearly too low. The TAP Rider should be adjusted to apply a collectability offset of 45% to TAP credits.

3. PWD should fulfill the intention of the legislation adopted unanimously by the Philadelphia City Council. TAP participants should be provided a good-faith opportunity to earn forgiveness of pre-program arrears by making complete payments. Arrearage forgiveness should be ratable for each month in which a TAP participant makes a complete payment. Arrearage forgiveness of 1/24th of a TAP participant’s pre-program arrears should vest for TAP participants with each complete payment the participant makes. This pro ration of arrearage forgiveness should begin immediately, with credits granted for payments previously made. The Board should require PWD to provide monthly status reports until it fulfills these obligations.

4. PWD should discontinue perfecting liens based on pre-program arrearages for TAP participants. PWD should declare that pre-program arrearages that have been frozen pursuant to TAP, and made eligible for forgiveness, are not claims that are “due” to the City and are not considered “unpaid” so long as the customer remains an active participant in TAP. There is no exception in either the ordinance or in the implementing regulation allowing PWD to enforce collection of a frozen pre-program arrearage subject to forgiveness through a municipal lien process.
   a. Both the Water Revenue Bureau and PWD should comply with the IWRAP legislation unanimously adopted by the Philadelphia City Council. That legislation unambiguously provides in relevant part that “Low-income customers who are enrolled in IWRAP shall be required to make no additional payment in
respect to any pre-IWRAP arrears to maintain service.” (Section 19.605(3)(h)). (emphasis added).

b. Both the Water Revenue Bureau and the PWD should comply with the IWRAP legislation unanimously adopted by the Philadelphia City Council. That legislation provides in relevant part that “The Department and the Water Department shall also promulgate standards regarding circumstances under which pending enforcement actions shall be discontinued after a customer enters into IWRAP.” (Section 19.605(3)(m)). That legislation provides for no exception for the perfection of liens for pre-existing arrears. The Board should require PWD to provide monthly status reports until it has adopted appropriate policy changes to discontinue imposing liens on TAP participants.

5. PWD should adopt a low-income “lien blocker” (similar to PGW’s CRP blocker). Under such a process, PWD actions to perfect a lien would be placed on hold for 12 months after a customer applies for TAP, for 12 months after receiving a UESF grant, at any time a customer is an active TAP participant, or within 90 days subsequent to a customer being removed from TAP for a failure to recertify. Each of these recommendations regarding liens on pre-program arrears is made in conjunction with, and not in conflict with, my previous recommendations regarding arrearage forgiveness. The Board should require PWD to provide monthly status reports until it has implemented a low-income lien blocker.

6. In addition to the recommendations made immediately above, in the event that an active TAP participant seeks to sell or refinance his or her home, the forgiveness of any pre-TAP arrears remaining on the TAP participant’s account will be accelerated so that the pre-TAP arrears are forgiven in their entirety prior to the home sale or refinancing. The Board should direct PWD to provide monthly status reports until it has implemented this recommendation.

7. PWD should be required to provide a complete accounting of the principal arrearage that should have been forgiven under these three existing PWD policies, as compared to the $2,300 of principal arreages that were reported as having been forgiven in fact (PA-VIII-24). To the extent that principal forgiveness has not been granted where merited, PWD should provide such forgiveness with interest. The Board should direct PWD to file monthly reports of the amount of principal arrearage forgiveness being granted and under which provision such forgiveness has been granted.

8. PWD should take the following actions with respect to allowing tenants to establish a tenant account:

   a. First, PWD must comply with its own regulations with landlords being deemed to
consent to the establishment of a tenant account. Notice of the right of a tenant to establish a tenant account shall be included on the PWD website, on all notices provided to a tenant with respect to establishing a tenant account; and all on USTRA notices provided to PWD tenants.

b. The 20 days within which a landlord may provide written objection to a tenant establishing a tenant account shall start running on the first business day after the tenant completes an application for a tenant account.

c. PWD should switch all accounts for which a tenant has made an application within the twelve months prior to PWD’s filing of this rate case if no written landlord objection was filed within twenty days of the tenant application.

d. PWD should enroll income-eligible tenants for whom tenant accounts are established in this fashion in TAP retroactive to the day on which the application to establish a tenant account was completed.

e. The Board should direct PWD to provide monthly status reports until it has implemented these recommendations.

9. Consistent with its existing practice—i.e., the need to contact the Law Department and request that the balance be transferred is a practice, not a Department regulation—when a person applies to establish a tenant account, that applicant should be taken through a structured decision-making process on whether to make such a request of the Law Department. The process should allow a tenant applicant to opt into making a request to transfer pre-existing arrears into his or her account for purposes of earning arrearage forgiveness. Upon receiving a “yes” response to each question, the request shall be deemed to have been made of the Law Department.

10. PWD should implement TAP recertification steps which mirror the recertification processes used by Pennsylvania utilities with respect to program recertification for the Customer Assistance Programs (CAPs) for the state’s regulated gas and electric utilities. These steps, according to the Pennsylvania PUC, “strive to minimize disruptions in CAP participation.” The Board should direct PWD to provide monthly status reports until it has a recertification process that provides that:

- TAP households that submit documentation of their participation in LIHEAP annually should be required to fully recertify no more than once every three (3) years;
- TAP households whose primary source of income is Social Security, Supplemental Security Income (SSI), or pensions should be required to recertify no more than once every three (3) years; and
- All other TAP households should recertify no more than once every two (2) years.

11. PWD should take steps to reach out to customers whose service was restored during COVID-19 and to make TAP enrollment available to them. PWD should provide
monthly status reports to the Board on the proactive TAP outreach it has directed to reach customers whose service was restored during COVID-19.

12. While PWD has its COVID-19 termination moratorium in effect, it should make the TAP application widely available and discontinue the practice of requiring a special code to access the application. The Board should require PWD to provide monthly status reports until it fulfills the recommendation that it discontinue the process of requiring an access code to allow PWD to ensure that shut-off protections are automatically provided to the customer during the customer’s application process during the period in which PWD is undertaking no shutoffs.

13. PWD should acknowledge that there are disparate racial impacts resulting from its TAP implementation. An insistence that there is “no problem” of implicit racial bias in the PWD implementation of TAP only serves to continue the patterns identified. PWD should further convene one (or more) summits not only of Black community leaders, but also of Black grassroots community members. The summit (those summits) should put the question to both the City’s leadership and to the City’s grassroots community of what aspects of TAP enrollment (and recertification), represent impediments to persons entering TAP without having their TAP application denied for being incomplete or inaccurate. PWD should be required to file monthly reports about the impediments which the summit(s) have identified and the steps that PWD will affirmatively take to resolve the disproportionate exclusion of members of the Black community from TAP.

14. If a customer with limited English proficiency calls PWD, or any CBO acting on behalf of PWD, to apply for TAP, or for a hardship grant, or otherwise seeking relief from their inability to pay an outstanding balance, PWD should provide language translation services to those customers, whether or not the customers comprise 5% or more (or 1,000, whichever is less) of the PWD customer base. PWD should have immediate access to a telephone interpreter to the extent that such customers do not meet the statutory threshold for providing in-person translators. To the extent that the customer is part of a population that meets the statutory threshold, PWD should have in-person translators available. Third, PWD should translate universal service program applications (including deferred payment plans) into all languages that are relied upon by 5% of the population of Philadelphia (or 1,000 households, whichever is less). In addition to applications, PWD should translate other critical universal service and customer service documents into any other language meeting the 5% (or 1,000) threshold, whichever is less. The translated written documents should be available on the PWD website, as well as through any CBO working for or on behalf of PWD to provide outreach and intake service for PWD universal service programs. Finally, PWD should file an updated and amended Language Access Plan with the City, after providing stakeholders an
opportunity for comment. The Board should require PWD to provide monthly status reports until it has implemented these recommendations.

15. TAP participants should not be subjected to the disconnection of service for nonpayment for unpaid balances less than any other customer. Participation in TAP should not be a factor that is taken into account in deciding when, or whether, to disconnect service for nonpayment to a PWD customer.

16. The $12 fees proposed to be imposed on TAP participants, as set forth in Section 6.4(e) should be denied.

PART 1. A COVID-19 EMERGENCY RELIEF PROGRAM.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I consider the impact of the COVID-19 pandemic on utility customers. In responding to the COVID-19 pandemic, PWD should take into account the extent to which the health pandemic results in an economic crisis that adversely affects its customers. The immediate health emergency today facing the United States and PWD also results in serious economic consequences.

A. The Disproportionate COVID-19 Impact to Low- and Moderate-Wage Workers.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. While the COVID-19 pandemic is obviously a critical public health crisis to the general population, it presents a particular health and economic crisis to the working poor. In this section of my testimony, I document those disproportionate impacts.
Q. HAVE YOU CONSIDERED THE DISPROPORTIONATE IMPACTS OF JOB LOSS AND INCOME REDUCTION TO THE WORKING POOR?

A. Yes. My discussion below focuses on the disproportionate COVID-19 impacts on lower-income employment. There is substantial research that explains the disproportionate adverse impact on low-wage workers. As of mid-March 2020, more than 90 percent of the jobs lost were in low-wage industries, particularly in the accommodations and food services industries. The loss of income, however, is not limited exclusively to the loss of employment. As the Urban Institute reports, based on its Health Reform Monitoring Survey (HRMS), conducted between March 25 and April 10, 2020, the health pandemic also results in a reduction in work hours, even if jobs remain:

Though the rise in unemployment insurance claims suggests the unemployment rate has soared over the past month, the official rate will likely understate the negative effects of the pandemic on families, because it will not account for reductions in work hours or work-related income (e.g., reduced business income) that are not connected to job losses. We find that 41.5 percent of nonelderly adults reported that the coronavirus outbreak has had one or more of the following effects on their work or the work of someone in their family: losing or being laid off from a job (17.1 percent), being furloughed or having work hours reduced (28.8 percent), or losing earnings or income from a job or business (27.8 percent).

According to the Urban Institute, “[t]he finding that about 4 in 10 adults were in families that lost work or work-related income is consistent with results from recent surveys and

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polls conducted by the Henry J. Kaiser Family Foundation (March 25–30), Pew Research Center (April 7–12), and Monmouth University Polling Institute (April 3–7)." The Urban Institute’s research, supported by the Robert Wood Johnson Foundation, reported further that:

About half of adults in families with incomes at or below poverty (51.1 percent) or between 100 and 250 percent of FPL (49.0 percent) reported that their families lost jobs, work hours, or work-related incomes because of the coronavirus outbreak […]. In contrast, just under one-third (32.2 percent) of adults in families with incomes at or above 400 percent of FPL reported job or income losses because of the outbreak.4

These numbers are consistent throughout research performed nationwide. The Pew Research Center, one of the nation’s most respected research centers, also reported that:

lower-income adults are more likely than middle- and upper-income adults to say they’ve experienced significant job disruption due to the coronavirus outbreak. About half of lower-income adults (52%) say they or someone in their household has lost a job or taken a cut in pay due to the outbreak. This compares with 42% of middle-income and 32% of upper-income adults.5

The Pew data is set forth in the Table below.


4 Id., at 6.

Table 1. More than four-in-ten adults say they or someone in their household has lost a job or taken a pay cut due to COVID-19 (Pew Research Center)

<table>
<thead>
<tr>
<th></th>
<th>Been laid off / lost job</th>
<th>Had to take cut in pay</th>
<th>Net either / both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper income</td>
<td>18%</td>
<td>26%</td>
<td>32%</td>
</tr>
<tr>
<td>Middle income</td>
<td>26%</td>
<td>32%</td>
<td>42%</td>
</tr>
<tr>
<td>Lower income</td>
<td>39%</td>
<td>41%</td>
<td>52%</td>
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Q. WHY IS THE ECONOMIC DISRUPTION GREATER FOR LOW-WAGE WORKERS?

A. One reason why low wage workers are so adversely affected is because they are far less likely to report being able to work from home than the highest-income group of workers (17.1% versus 54.6%). Just under one-third of American workers stated that they could work from home - including those workers who were simply bringing their work home with them - according to the American Time Use Survey. Even fewer workers—just 12%—actually did work from home at least once per month. These numbers are far lower for those in the bottom quartile of workers: only 9% could work from home, and just 1% worked from home at least once per month. Most workers do not have access to a flexible workplace that would permit them to work an agreed-upon portion of their schedule at home, but those in the bottom 10% of income are the least likely while the highest-paid workers are the most likely.

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6 Urban Institute, at 7.
9 Id.
Loss of income arises, too, when the families of low-wage workers fall ill. Low-wage workers tend not to have paid leave, including paid sick leave, personal leave, or paid “vacation” time. Accordingly, when household members become ill, requiring caretakers to take time off, these households permanently lose income. Fewer than one-third of low-wage workers have access to paid leave at their place of work, as compared to 94% of those in the top 10% of income.

This disproportionate exposure to becoming ill is not theoretical. It is well-established that those low-wage workers who do remain employed will likely be employed in high-risk jobs. Common occupations for low-wage workers include cashiers and retail salespersons, people who re-stock retail establishments and/or prepare orders for fulfillment, and others who have constant, close contact with the public (e.g., delivery people, drivers/truck drivers). Following the Bureau of Labor Statistics’ National Compensation Survey, service occupations include health care support, protective service, food preparation, building and grounds, cleaning and maintenance, and personal care. These workers are at risk of exposure to the coronavirus due to the inherent person-to-person nature of their work, which also makes it nearly impossible for these service occupation employees to work from home. In 2019, just 1% of all workers in service occupations had access to a flexible workplace, which would allow them to complete their work at home or at an approved alternative location. As the vice-chair of the Congressional Joint Economic Committee noted, “without options for paid sick leave and working from home, workers in the service occupations are at risk of contracting and
spreading the virus from sick co-workers and customers, and of bringing it home to their
families.”

Q. ARE THERE ECONOMIC IMPACTS IN ADDITION TO THE LOSS OF JOBS
OR REDUCTION IN INCOME?

A. Yes. In addition to those actually becoming ill, the people who are most severely
economically disadvantaged by COVID-19 from becoming ill involve low-wage workers.
Most low-wage workers lack paid benefits such as health insurance. According to the
U.S. Bureau of Labor Statistics, only 24% of workers in the private sector in the lowest
10% wage category had access to employer-sponsored health care plans in 2019.

Moreover, COVID-19 is making this situation worse. In March-April 2020, 9.2 million
workers may have lost their employer-provided health insurance as a result of COVID-
19, with those losses highly concentrated in the accommodation and food services
industry.

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B. Impact of Economic Disruption on Ability to Pay Utility Bills.

Q. HOW DO THESE ECONOMIC IMPACTS AFFECT PWD CUSTOMERS IN THEIR CAPACITY AS UTILITY CUSTOMERS?

A. It is possible to quantify the extent to which the income loss discussed above, whether due to lost jobs or reduced incomes, affects a household’s ability-to-pay utility bills. The Urban Institute, previously cited, examined the growth in “material hardships” attributable to COVID-19. The Urban Institute:

define[s] [a material hardship as] being unable to pay their rent or mortgage, being unable to pay utility bills, reporting household food insecurity, or having someone in the family go without medical care because of the cost. As noted, 31.0 percent of all adults and 42.0 percent of adults in families experiencing a loss of work or work-related income because of the pandemic reported that their families faced at least one type of hardship in the month before they completed the survey. This included 8.1 percent of adults whose households did not pay the full amount of the rent or mortgage or were late with such a payment; 10.3 percent who did not pay gas, oil, or electricity bills; 21.9 percent reporting household food insecurity; and 15.6 percent with unmet needs for medical care. These estimates likely understate housing hardship, because about three-quarters of respondents completed the survey before rent was due on April 1.

Among adults in families that lost work or work-related income, the shares reporting each type of hardship were significantly higher than such shares among adults in families that have not lost work or income. Nearly one in three (29.6 percent) adults in families that lost work or income reported food insecurity for their household in the last 30 days, nearly twice the share of adults in families not losing work or income who reported food insecurity (16.3 percent). Food insecurity was the most commonly reported hardship among all adults and those in families that lost work or income, and that food insecurity occurred during a period when people were being encouraged to stock up on food and limit trips to grocery stores.

***
The share of adults reporting hardship falls sharply as family income increases: whereas more than two-thirds (68.6 percent) of adults with family incomes at or below poverty reported one or more hardships, 10.7 percent of adults with incomes at or above 400 percent of FPL reported hardship.¹³

Not surprisingly, the burden of material hardships attributable to COVID-19 fell hardest on adults whose families lost jobs, work hours, or work-related income.

Chart 1. Material Hardship in the Last 30 Days by Adults Ages 18 - 64, March/April 2020

As I noted above, there is a substantial overlap between those adults and households who lost jobs or income and those households with lower income with which to begin. The Urban Institute further found the burden of increased material hardship fell overwhelmingly on the poor. With unpaid utility bills in particular, while 27.5% of consumers with income less than 100% of Poverty were unable to pay home energy bills,

¹³ Urban Institute, supra, at 10, 11.
only 8.2% of families with income between 250% and 400% of Poverty, and only 2.6% of families with income greater than 400% of Poverty, were unable to do so.14

<table>
<thead>
<tr>
<th>Family Income</th>
<th>At or below 100% FPL</th>
<th>100 – 250% FPL</th>
<th>250 – 400% FPL</th>
<th>400% FPL or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unable to pay full amount of gas, oil or electricity bills</td>
<td>27.5%</td>
<td>13.9%</td>
<td>8.2%</td>
<td>2.6%</td>
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Q. ARE THERE COVID-19 IMPACTS BEYOND ACTUALLY MISSING A UTILITY BILL PAYMENT?

A. Yes. My discussion above presented data on the percentage of households who have failed to make utility bill payments. In addition, that same study documented the percentage of households who worry about their ability to work sufficient hours to be able to pay their utility bills each month. “Among adults in families that lost work or income,” the Urban Institute found, over half (50.6 percent) were “worried about being able to pay debts, and many also worried about being able to pay... utility bills (43.8 percent). ...in the next month. These data suggest that in addition to those who have already had problems paying their bills, a large share of adults in families losing work or income were newly at risk of falling behind on the rent, mortgage, or utility bills. ...”15

(emphasis added).

14 The Poverty Level ranges reported here are those used in the report, not those which I have developed.
15 Urban Institute, supra, at 14.
Q. WHY IS THE PRESENCE OF BEING “WORRIED ABOUT” BEING ABLE TO MAKE PAYMENTS OF SIGNIFICANCE?

A. As can be seen, customers are aware of their payment obligations, and have sufficient intent to pay those obligations that they are “very or somewhat worried about” whether their household will have sufficient resources to make those payments. If people had the ability to pay, but simply did not intend to do so, they would not report being “worried about” having sufficient resources.

Q. HAVE CUSTOMERS CONTINUED TO MAKE GOOD FAITH EFFORTS TO PAY THEIR UTILITY BILLS DURING THE COVID-19 PANDEMIC?

A. Yes. The problems identified above arise despite the fact that customers choose to pay their utility bills during the pandemic, where possible, even if that payment is at the cost of **not** paying for food and/or shelter. The Urban Institute study, previously cited,
illuminates the choices that households are being forced to make in today’s COVID-19 pandemic world. The Chart immediately below shows those choices that people are making. As documented above, one-in-six (15.7%) of adults are unable to pay their home energy bills when they lost jobs, or suffered lost work hours or reductions in work-related income. That number, however, does not tell the full story. Nearly one-in-three (29.6%) of adults who lost jobs/income experienced food insecurity, while nearly one-in-four (22.5%) were unable to receive medical care for someone in their family because of cost. There are, in other words, people who are choosing to pay their utility bills before they are buying food or obtaining health care in the midst of the worst public health crisis in more than 100 years.

Q. PLEASE EXPLAIN WHY THIS DATA FROM MARCH/APRIL 2020 IS STILL RELEVANT AT THIS TIME?
A. Simply because the data above was generated in the “early” months of the pandemic does not mean that the information (and lessons to be learned from the information) is now outdated. Table 3 below shows, for Pennsylvania specifically, that neither the loss of employment income nor the expected loss of employment income, has reversed from the first week of the Census Pulse Survey to the most recent (Week 24: February 3, 2021 – February 15, 2021) of the U.S. Census Bureau’s COVID-19 Pulse Survey. Moreover, the disparity in employment outcomes (and expected outcomes) has remained the same (and perhaps even become somewhat more exacerbated) between Week 1 and Week 24 of the Pulse Survey. The information I present above helps to explain what is going on, and why. The data and conclusions have certainly not become out-of-date. By Week 24 of the Pulse Survey, more people have actually experienced a loss of employment income since the start of the pandemic. Fewer people expect to lose such income in the next four weeks than early on. The disproportionate adverse impacts on low-income and low-wage households, in contrast to higher income households, is evident. While roughly 65% of households with income less than $35,000 have experienced the loss of employment income since March 13, 2020, only 32% to 37% of households with income greater than $150,000 have. While more than 40% of households with income less than $35,000 expect to lose employment income in the next four weeks, only roughly 15% of households with income greater than $100,000 have such an expectation.

<table>
<thead>
<tr>
<th></th>
<th>Week 1 (April 23 – May 5, 2020)</th>
<th>Week 24 (February 3 – February 15, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Experienced loss of employment income since March 13, 2020 (for self or household member)</td>
<td>Experienced loss of employment income in next 4-weeks (for self or household member)</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>52.5%</td>
<td>46.6%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>39.7%</td>
<td>60.3%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>46.7%</td>
<td>53.3%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>49.2%</td>
<td>50.8%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>49.2%</td>
<td>50.8%</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>42.4%</td>
<td>57.6%</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>42.1%</td>
<td>57.9%</td>
</tr>
<tr>
<td>$200,000 and above</td>
<td>35.4%</td>
<td>63.5%</td>
</tr>
</tbody>
</table>

Q. DOES THIS STATEWIDE PENNSYLVANIA DATA REFLECT WHAT IS OCCURRING IN PHILADELPHIA?

A. Yes. As Table 4 shows, the same results appertain when limiting the data to the Philadelphia metropolitan area. The loss of employment income falls disproportionately hard on low-income households, particularly those households likely to have had low wage employment (income of $35,000 to $50,000). Philadelphia households with higher incomes with which to begin experienced less hardship in the experienced loss of employment income, and expect to face less hardship through the expected loss of income.

<table>
<thead>
<tr>
<th>Week 24 (February 3 – February 15, 2021)</th>
<th>Experienced loss of employment income since March 13, 2020 (for self or household member)</th>
<th>Expected loss of employment income in next 4-weeks (for self or household member)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>58.2%</td>
<td>41.8%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>53.4%</td>
<td>46.6%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>66.7%</td>
<td>33.3%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>48.4%</td>
<td>51.2%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>57.2%</td>
<td>42.8%</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>43.6%</td>
<td>56.4%</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>39.0%</td>
<td>61.0%</td>
</tr>
<tr>
<td>$200,000 and above</td>
<td>24.5%</td>
<td>75.5%</td>
</tr>
</tbody>
</table>


**Q. WHAT ARE YOUR LONG-TERM EXPECTATIONS ABOUT THE ECONOMIC CONSEQUENCES OF COVID-19 FOR THE LOW-INCOME POPULATION?**

**A.** The COVID-19 pandemic imposes two distinctly different crises to the customers of PWD. On the one hand, there is the public health crisis. On the other hand, however, there is the associated economic crisis. The economic impacts of the COVID-19 pandemic may persist for years to come and any PWD response to this economic crisis should take this long-term nature into account.

It should be recognized that the economic crisis which is associated with the COVID-19 pandemic will not be resolved when there is a publicly available vaccine. The economic impacts will result in a long-term economic disruption for customers of PWD.
Q. WHAT IS THE FIRST LONG-TERM ECONOMIC IMPACT OF COVID-19?

A. The resolution of the COVID-19 health crisis will not end the economic crisis facing low-income customers. One analysis by the Center on Poverty and Social Policy at Columbia University projects the longer-term effects of the COVID-19 economic crisis.\(^{16}\) The Columbia University research center forecasted poverty rates under three alternative unemployment scenarios: 10 percent; 20 percent, and 30 percent. The Center assumed that such high levels of unemployment lasted for two different scenarios: (1) one quarter, and (2) one year. The Center uses the “Supplemental Poverty Measure” (SPM), which differs somewhat from the Federal Poverty Level.\(^{17}\)

The Center began with a projected SPM of 12.4% in February 2020, the lowest recorded poverty rate since 2001. Its projected poverty rates after the onset of the COVID-19 pandemic, however:

\begin{itemize}
  \item point to higher poverty rates today.
  \item If unemployment rates rise to 10 percent, comparable to the unemployment rate during the peak of the Great Recession, we project that poverty rates would rise to 15 percent. This is approximately
\end{itemize}


\(^{17}\) In simplified terms, the Census Bureau explains that the Supplemental Poverty Measure, “takes into account family resources and expenses not included in the official measure as well as geographic variation. First, it adds the value of in-kind benefits that are available to buy basic goods to cash income. In-kind benefits include nutritional assistance, subsidized housing and home energy assistance. Then it subtracts necessary expenses for critical goods and services not included in the thresholds from resources. Necessary expenses that are subtracted include income taxes, Social Security payroll taxes, child care and other work-related expenses, child support payments to another household, and contributions toward the cost of medical care and health insurance premiums.” What is the Supplemental Poverty Measure and How Does it Differ from the Official Measure, available at, \url{https://www.census.gov/newsroom/blogs/random-samplings/2018/09/what_is_the_suppleme.html} (last accessed March 14, 2021).
the same rate of poverty observed in 2010. (note omitted). If unemployment rates rise to 20 percent, we project a poverty rate of 16.9 percent—the highest rate of poverty since 1967, the first year for which reliable estimates of poverty are available. Finally, if annual unemployment rates rise to 30 percent, we project a poverty rate of 18.9 percent. This would mark the highest rate of poverty over the past 50 years.\textsuperscript{18}

Two observations are appropriate. On the one hand, unemployment in Pennsylvania did not reach the 20% or 30% levels represented by the two upper ranges in this analysis. Accordingly, the 20% and 30% unemployment scenarios are set aside for this discussion. Even with this lowest scenario, the Center stated: “under an optimistic scenario, in which employment rates return to pre-crisis levels during the summer of 2020, annual SPM poverty rates are still projected to reach levels comparable to the Great Recession.”\textsuperscript{19} On the other hand, employment rates, as we now know, did \textit{not} return to the pre-crisis levels in the summer of 2020.

This increase in poverty is important for purposes of this proceeding because it is not likely to be resolved in the short-term. The long-term danger arises because when people lose their jobs, the long-lasting effects are not just on their income. Unemployment has a negative effect on workers’ skills and education, even on their health—people who are unemployed become sicker. Human capital, the skills of the overall workforce, decays over time because of the loss of jobs. Moreover, with the COVID-19 pandemic, it is generally recognized that many of the jobs that have been lost will never come back.

One recent research paper from the Becker Freidman Institute for Economics at the

\textsuperscript{18} Id., at 4 - 5.
\textsuperscript{19} Forecasting Estimates of Poverty, supra note 16, at 9.
University of Chicago estimates that between 32% and 42% of COVID-19 induced layoffs will be permanent.\(^20\)

**Q. IS THERE A SECOND ECONOMIC IMPACT THAT SHOULD BE CONSIDERED IN THIS PROCEEDING?**

**A.** Yes. Nearly 40% of U.S. households, including nearly all low-wage workers, fall into a category referred to as “liquid asset poor.” “Liquid asset poverty,” which is interchangeable with “liquid asset poor,” is a term-of-art that refers to households who lack sufficient liquid assets to replace income in order to subsist at the Poverty Level for three months in the absence of income. According to a Pew Research Center report, “only about one-in-four (23%) [lower income adults] say they have rainy day funds set aside that would cover their expenses for three months in case of an emergency such as job loss, sickness or an economic downturn, compared with 48% of middle-income and 75% of upper-income adults.”\(^21\)

As the COVID-19 economic crisis moves into a more prolonged period, the impact of the lack of savings will become increasingly pronounced, with low-income customers, in particular, unable to draw on resources to pay day-to-day bills. A Pew Research Center study published in late September reported that half of all adults who said they had lost a job due to the coronavirus were still unemployed “roughly six months since the


coronavirus outbreak sent shockwaves through the U.S. economy." Moreover,
according to Pew, even those who did not lose their job, but who nonetheless lost income,
were still in bad economic shape. Pew reported:

Of those who say they personally lost a job, half say they are still unemployed,
a third have returned to their old job and 15% are in a different job than before.
Lower-income adults who were laid off due to the coronavirus are less likely
to be working now than middle- and upper-income adults who lost their jobs
(43% vs. 58%). Adults ages 18 to 29 are less likely than those 30 to 64 to have returned to their previous job.

Even if they didn’t lose a job, many workers have had to reduce their hours or
take a pay cut due to the economic fallout from the pandemic. About a third of
all adults (32%) say this has happened to them or someone in their household,
with 21% saying this happened to them personally. Most workers who’ve
experienced this (60%) are earning less now than they were before the
coronavirus outbreak, while 34% say they are earning the same now as they
were before the outbreak and only 6% say they are earning more.23

Pew continues, however, to note that “lower-income adults who lost their jobs because of
the coronavirus outbreak are more likely than those with middle or upper incomes to
remain unemployed. Some 56% of workers with lower incomes who lost their job
because of the coronavirus outbreak say they are currently unemployed, compared with
42% of middle- and upper-income adults.”24

This long-term job loss is significant because one of the long-term economic implications
of the job loss and other loss of income is just now becoming more evident. Economic

22 Parker, Minkin and Bennett (September 24, 2020). Economic Fallout from COVID-19 Continues to Hit Lower-
Income Americans the Hardest, at 1, Pew Research Center (Washington D.C.). (hereafter COVID-19 Economic
income-americans-the-hardest/ (last accessed March 14, 2021).
23 Id., at 5, 7, 8.
24 Id., at 7 – 8.
difficulties, particularly for lower-income households, will prevail for an extended period of time not only because these households have been forced to use their emergency savings, but also because they have been forced to incur substantial debt during the COVID-19 pandemic to date. According to Pew:

Those affected by coronavirus related job loss or pay cuts are much more likely than those who have not experienced these setbacks to have drawn on additional resources. Fully 46% of adults who say they or someone in their household have either been laid off or taken a pay cut as a result of the coronavirus outbreak say they have used money from a savings or retirement account to pay their bills, compared with 17% of those who have not experienced these setbacks.\(^{25}\)

As the COVID-19 economic crisis continues, these households are now running out of savings to draw down. A Bankrate survey found that “of households with income below $50,000, about 44% say their savings has dropped, compared with 27% of those earning above that amount. . .” Bankrate reported that 27% of Americans say that they now have emergency savings that would last less than three months; 20% say their emergency savings would last from three to five months; and 25% say their emergency savings would last six months.\(^{26}\)

Q. HAVE YOU EXAMINED DATA SPECIFIC TO PHILADELPHIA?

A. Yes. The discussion below is based on the U.S. Census Bureau’s “Household Pulse Survey,” the same survey I discussed above. The Pulse Survey was designed to quickly and efficiently deploy data collected on how peoples’ lives have been affected by the


\(^{26}\) Survey: Nearly 3 times as many Americans say they have less emergency savings versus more since pandemic, available at https://www.bankrate.com/banking/savings/emergency-savings-survey-2020/ (last accessed March 14, 2021).
COVID-19 pandemic. According to the Census Bureau, data collection for the Household Pulse Survey began on April 23, 2020. The Philadelphia data discussed below is from Week 24 of the Pulse Survey, for the week of February 3, 2021 through February 15 2021.27

Q. WHAT DO YOU KNOW ABOUT PHILADELPHIA IN PARTICULAR?

A. The problems posed by consumers being forced to use credit and/or savings to pay household bills during the pandemic can be seen from data specific to Philadelphia. According to the Census Bureau’s Pulse Survey (Week 24), these households have substantially greater difficulties in meeting their household needs. While 15.4% of Philadelphia residents using credit, and 22.4% drawing down savings, find it “very difficult” to pay “usual household expenses,” only 7.6% using their pre-pandemic income sources do so. While 31.1% (money from savings or selling assets) to 35.0% (credit cards or loans) of Philadelphia households find it “somewhat difficult” to pay their “usual household expenses,” less than one-half that number (16.8%) using their normal pre-pandemic incomes sources do so. In total, nearly half of Philadelphia residents who have been forced to use credit (35.0% + 15.4% = 49.4%), and more than half forced to draw down savings or sell assets (31.1% + 22.4% = 53.5%), find it “somewhat” or “very” difficult to pay their usual household expenses during the pandemic.

27 While time periods exceed seven days, the reference to “weeks” of the PULSE Survey adopts Census Bureau terminology. Available at https://www.census.gov/data/tables/2021/demo/hhp/hhp24.html (last accessed March 14, 2021).
In contrast, only 18.1% to 22.8% using credit or savings find it “not at all difficult” to pay their usual household expenses, compared to 50.3% of those who can use their normal pre-pandemic income sources.

<table>
<thead>
<tr>
<th>HH Income</th>
<th>Not at all difficult</th>
<th>A little difficult</th>
<th>Somewhat difficult</th>
<th>Very difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>15.6%</td>
<td>16.9%</td>
<td>33.9%</td>
<td>33.5%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>17.1%</td>
<td>22.8%</td>
<td>37.7%</td>
<td>22.4%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>21.5%</td>
<td>32.5%</td>
<td>21.5%</td>
<td>24.4%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>29.0%</td>
<td>33.1%</td>
<td>30.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>35.1%</td>
<td>25.6%</td>
<td>31.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>55.8%</td>
<td>22.5%</td>
<td>15.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>67.1%</td>
<td>18.6%</td>
<td>7.2%</td>
<td>7.1%</td>
</tr>
<tr>
<td>$200,000 and above</td>
<td>86.5%</td>
<td>10.8%</td>
<td>1.6%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Used in the last 7 days to meet spending needs:

<table>
<thead>
<tr>
<th>Source</th>
<th>Not at all difficult</th>
<th>A little difficult</th>
<th>Somewhat difficult</th>
<th>Very difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular income sources like those used before the pandemic</td>
<td>50.3%</td>
<td>25.1%</td>
<td>16.8%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Credit cards or loans</td>
<td>22.8%</td>
<td>25.5%</td>
<td>35.0%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Money from savings or selling assets</td>
<td>18.1%</td>
<td>28.3%</td>
<td>31.1%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

Totals may not sum to 100% as the question allowed multiple responses to be marked.
Q. WHAT DO YOU CONCLUDE?

A. The conclusion to be drawn from this data is that low-wage households are a long ways away from achieving any post-pandemic economic stability. Even should the public health crisis associated with COVID-19 end in the coming months, the associated economic crisis will continue. It is that ongoing economic crisis that PWD should respond to in this proceeding. It is the ongoing economic crisis that will adversely affect the ability-to-pay of PWD customers.

Q. WHAT DO YOU RECOMMEND?

A. Based on the data and discussion above, I recommend that PWD adopt an Emergency COVID-19 Relief Program for residential customers. The structure of the Emergency Relief Program should be as follows:

- PWD should continue its moratorium on nonpayment shutoffs through the end of Fiscal Year 2023 (June 30, 2023), subject to periodic review by the Water Board on the Petition of PWD or the Public Advocate;

- PWD’s moratorium on nonpayment shutoffs should extend to accounts with unpaid balances irrespective of whether those balances were incurred before or after March 2020. The inability to retire balances due to economic difficulties associated with COVID-19 is not limited to balances incurred subsequent to the start of the pandemic;

- PWD’s ongoing moratorium on nonpayment disconnections should incorporate the restoration of service for accounts that had been previously disconnected for nonpayment. Accounts that are restored due to the COVID-19 shutoff moratorium should be exempt from paying a service restoration fee;
➢ PWD should suspend the removal of TAP participants due to a failure to recertify through the end of Fiscal Year 2023 (June 30, 2023), subject to periodic review by the Water Board on the Petition of PWD or the Public Advocate;

➢ PWD should allow the immediate enrollment of customers into TAP at the highest percentage of income bracket upon self-certification of income, with the reassessment of the income bracket occurring if and when PWD is able to process a written TAP application or the end of twelve months of TAP participation, whichever comes first;\(^{29}\)

➢ Eligibility for the COVID-19 ERP should extend to any residential customer meeting the following qualifications: (1) the customer is a current customer who was no less than 90-days in arrears as of January 1, 2021; \textit{and} (2) the customer is not participating or eligible for TAP. Through the ERP, a customer shall be entitled to a Special Emergency Relief Payment Plan (“SERPP”). Eligible customers shall be proactively enrolled in the SERPP without further action on their part. The SERPP shall be entered into with a $0 downpayment and shall extend payments for no less than 24 months. Enrollment in the SERPP should continue through the end of Fiscal Year 2023, or upon Petition by either PWD or the Public Advocate. Enrollment in SERPP shall not preclude a customer from subsequently enrolling in TAP, nor shall SERPP preclude a customer from entering into a deferred payment plan, if need-be, for arrearages incurred on or after January 1, 2021. Being placed in an SERPP shall retain their right to dispute the underlying bills where appropriate.

\(^{29}\) Under the IWRAP legislation, being “enrolled in TAP” would include placing a customer on a more affordable alternative.
Q. WHY DOES YOUR RECOMMENDED COVID-19 EMERGENCY RELIEF PROGRAM EXTEND BEYOND LOW-INCOME CUSTOMERS?

A. “Low-income” is a defined term in Philadelphia, primarily defining that population of customers to whom certain customer service protections, as well as the TAP program, extend. As I discuss in detail above, however, the economic crisis facing PWD customers is not limited to low-income customers. The data I cite above instead considers the impacts of COVID-19 on low-wage households.

PART 2. TAP Rate Issues.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I examine the elements of TAP which involve the calculation of TAP costs and the recovery of those TAP costs from PWD customers. This section of my testimony is to be distinguished from the discussion which I present in a subsequent section that involves an examination of the implementation of, and availability of, TAP to all income-eligible customers. In addition, I will address the rate implications of TAP arrearage forgiveness in a separate section of my testimony.

A. Assessing the Impacts of TAP on Participant Payment Patterns.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I consider the payment-pattern impacts that Philadelphia’s Tiered Assistance Program (TAP) has demonstrably generated for TAP
participants. My assessment of the data reported from the TAP program inception (July 1, 2017) through December 2020 is set forth in Appendix B, “The Impact of Philadelphia’s Tiered Assistance Program (TAP) for Water/Wastewater bills on Low-Income Payment Patterns” (March 2021).

Based on the data and analysis presented in Appendix B, I find as follows about the operation of TAP to date:

1. From July 2017 through December 2020: 36,564 low-income PWD customers newly enrolled in TAP; of those, 34,666 low-income customers newly enrolled in TAP (95%) enrolled in the program bringing pre-program arrears with them; those new enrollees with pre-program arrears brought an aggregate dollar amount of $109,603,111 in pre-program arrears, an average of $3,162 per new enrollee with arrears.

2. In Fiscal Year 2019, PWD provided a discounted bill of $5,668,382.88 to TAP participants. PWD had a collectability rate of 87.89% at the two year (24-month) mark, meaning that it had collected $4,981,941.71 in actual revenue. In contrast, if PWD would have billed at standard residential rates ($15,440,890.43) and collected at the same rate as it had collected from low-income TAP non-participants for the three most recent Fiscal Years (2017 – 2019) (46.69%), it would have collected $7,209,239.99. Hence, in FY2019, while PWD provided a discount of nearly $9.8 million ($9,772,507.55), it collected only $2,227,298 less in actual revenue from TAP participants assuming the 3-year low-income non-TAP participant collectability rate.

3. To the extent that PWD includes the entire amount of the TAP discount in rates to other customers, PWD will over-collect its revenue. By including the full amount of the discount ($9,772,507.55) in rates to other customers for FY19, for example, PWD will collect $9.4 million in revenue. By providing a TAP discount of $9.773 million, PWD will collect $14.397 million in actual receipts, nearly $5 million more than it provided in discounts.

4. As PWD enrolled more and more customers into TAP in the first year, payment performance noticeably improved as measured by the “payment coverage ratio.” From months 8 through 25, the monthly Payment Coverage Ratio ranged in a
reasonably narrow band between 75% and 85%. In the third year of TAP operation, the Payment Coverage Ratio noticeably improved, with TAP customers consistently paying between 85% and 95% of their TAP bills.

5. After the initial first months of sputtering operation, TAP participants began to pay an increasingly higher proportion of their bills. The accumulated dollars of payments as a percentage of accumulated dollars of billings showed increasing improvement over time. Even including the lower Payment Coverage Ratios from the early months, by the last half of 2020 (months 35 through 41), TAP participants, 94% or more of whom entered the program with an average arrearage of $3,200 or more, had paid nearly 85% of their PWD bills over the first 42 months of the TAP program’s operation.

6. A consistency in the improved timeliness of payments by TAP participants is seen at both the 12-month and 24-month mark. For all three years (FY18, FY19, FY20), at the 12-month mark, TAP participants out-performed the non-TAP low-income customers by 35% to nearly 50%. The proportion of bill paid by TAP participants at the 12-month mark in FY18, for example, was more than 47% higher than the proportion of bill paid by low-income TAP non-participants at the 12-month mark (74.51% vs. 27.22%). The proportion of bill paid by TAP participants at the 12-month mark in FY20 (72.82%) was 35% higher than the proportion of bill paid by low-income TAP non-participants (72.82% vs. 38.14%).

7. The improved timeliness of payments expanded through the second year of collections. In FY19, for example, while 87.90% of TAP participant bills had been paid by the 24-month mark, only 52.59% of low-income TAP non-participant bills had been paid at the 24-month mark (an improved performance by TAP participants of 49.1% over low-income TAP non-participants). An even greater performance difference can be seen in FY18, with the TAP participant payment of 95.73% by Month-24 being more than 61% higher than the low-income TAP non-participant performance at the 24-month mark.

8. A different way to look at the timeliness of TAP bill payments is to begin with the TAP collectability at a point in time and to review the pre-TAP collectability to see how long it took TAP-eligible non-participating low-income customers to achieve that same collectability outcome. The two-year TAP collectability of 87.90% (FY19) was never reached in pre-TAP years. The closest was Fiscal Year 2013, in which pre-TAP low-income customers had paid 76.30% of their bills by the end of Month 84 (i.e., after 7 years). Similarly, the two-year TAP
The one-year TAP collectability for FY18 of 74.49% was only reached by income-eligible customers in Fiscal Year 2013. In FY13, however, it took TAP-eligible (low-income) customers 72 months (i.e., 6 years) to pay the same percentage of their bill that TAP participants had paid in their first year of TAP participation. Similarly, the one-year TAP collectability for FY19 of 72.68% was achieved (or virtually achieved) in two pre-TAP years (FY2013, FY2012). However, for pre-TAP dollars billed in FY13, it took TAP-eligible customers 60 months (5 years) to pay the same proportion of their bill that TAP customers paid in their first year. For pre-TAP dollars billed in FY12, it took TAP-eligible customers 84 months (7 years) to pay the same proportion of their bill that TAP participants paid in their first year.

As TAP participants increased their period of participation, the amount of long-term arrears (121 – 365 days old) significantly decreased. After one year of TAP operation (June 2018), 11,855 TAP participants carried $5,924,729 of arrears that were from 121 to 365 days old. One year later, in June 2019, TAP participation had increased further to 14,796 low-income customers, and long-term arrears had decreased to $2,668,826. In the twelve months July 2018 through June 2019, in other words, while TAP participation increased by 25% (from 11,855 to 14,796), the amount of long-term arrears had decreased by 56% (from $5,924,729 to $2,668,826).

Similar results are seen for more moderate term arrearages. In July 2018, 11,855 TAP participants carried $650,291 in arrearages of 91 – 120 days old. Six months later, while TAP enrollment had increased to 14,166 participants, arrears falling in the 91 – 120 aging bucket had fallen 64%, to an aggregate of $234,222. Arrearages increased in April through June 2019, but decreased in subsequent months. Even in July 2019 (the seasonal high of that year), the $357,871 in 91 – 120 day arrears was 45% lower than the arrears of the same age twelve months earlier.

On both an aggregate and an average basis, the dollar level of 61 – 90 day arrears was lower in 2019 than it was in 2018 (with the exception of November). Even in November, it is evident that both the aggregate and average dollar level of 61 – 90 arrears had substantially decreased relative to the balances being carried in June 2018. While the average 61 – 90 day arrears in the three months of June...
through August 2018 was $38.60, the average 61 – 90 day arrears in the three months of October through December 2019 was $14.59, a decrease of more than 62%.

B. TAP Credit Cost Offsets to be Included in the TAP Rider.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I explain why TAP cost recovery should reflect the lost revenues from TAP participants currently embedded in PWD rates.

Q. PLEASE SUMMARIZE THE PROBLEM WITH FAILING TO ACCOUNT FOR EMBEDDED LOST REVENUES THROUGH THE TAP RIDER.

A. Since the PWD’s compensation for the TAP discount is reconcilable (through the TAP Rider), as TAP participation increases, PWD collects the entire amount of increased TAP discounts associated with any increased participation as though that additional shortfall is a “new” expense. Even though PWD makes an upward adjustment in the costs it collects through the TAP Rider, it is not required to make a corresponding downward adjustment to base rates to remove those dollars that were already included in base rates, but are now instead being collected through the TAP Rider as part of the TAP discount.

Whenever a public utility, whether it be PWD or another utility, adopts a low-income bill affordability program, there will, by definition, be some amount of discount offered to program participants tied to bills that would have been rendered at standard residential rates. The difference between the bill at standard residential rates and the discounted bill, however, does not constitute the “lost revenue” to the utility. The “lost revenue” to the
utility is not the difference between billings and the discounted rate, but rather is the
difference between receipts and the discounted rate. If a utility is not fully collecting the
bills that it is rendering in the first place, the fact that some portion of that bill is set aside
as a discount does not represent lost revenue.

The participation by low-income customers in TAP, in other words, does not create
“new” costs. Instead, participation in TAP simply moves the unpaid bills out of the group
of customers known as “residential” customers and into the group of customers known as
“TAP participants.” To allow the dollars of TAP discounts to be added to the TAP Rider
without correspondingly adjusting for those dollars that already have been included in
base rates allows PWD to collect those dollars in both places.

Q. HAS THE ISSUE OF A COLLECTABILITY OFFSET PREVIOUSLY BEEN
PRESENTED TO THE WATER BOARD WITH RESPECT TO TAP
COLLECTIONS?

A. Yes. In my 2018 Direct Testimony regarding TAP, I proposed a “bad debt offset.” Since
TAP had not been in operation for longer than a few months at that time, my proposed
offset was based on data that I had assessed from Philadelphia’s other public utilities
(PECO for electricity and PGW for natural gas). PWD objected to my recommended
offset for the following reasons:

The Department is critical of this recommendation for a variety of reasons
including, that the data is not specific to PWD, its derivation is not clearly
documented in the record, and it relates to non-water sector utilities.
(PWD 2018 Main Brief, at 57, June 4, 2018). That objection is no longer applicable.

According to the low-income collectability studies filed by PWD in this proceeding, the collectability of TAP-eligible (i.e., low-income) customers outside of TAP enrollment was 74.41% through 96 months in 2012 and 77.75% through 84 months in 2013. As shown in the Table below, the collectability of billings (i.e., the rate at which billings are translated into receipts) is relatively consistent for TAP-eligible customers outside of TAP enrollment over the years. As can be seen, the longer the collectability study extends out, the more the years converge.

Table 6. Average Collectability through 48 Months and through 60 Months TAP Eligible—Non-TAP Participants (by selected Fiscal Years)

<table>
<thead>
<tr>
<th></th>
<th>Through 48 Months</th>
<th>Through 60 Months</th>
<th>Through 72 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>64.65%</td>
<td>66.55%</td>
<td>---</td>
</tr>
<tr>
<td>FY14</td>
<td>67.59%</td>
<td>70.89%</td>
<td>72.30%</td>
</tr>
<tr>
<td>FY13</td>
<td>70.11%</td>
<td>74.22%</td>
<td>76.64%</td>
</tr>
<tr>
<td>FY12</td>
<td>64.36%</td>
<td>68.42%</td>
<td>71.59%</td>
</tr>
<tr>
<td>Average</td>
<td>66.68%</td>
<td>70.02%</td>
<td>71.77%</td>
</tr>
</tbody>
</table>

Q. WHAT OCCURS WHEN AN OFFSET FOR COLLECTABILITY IS NOT APPLIED?

A. In Appendix B, I explain what occurs should a collectability offset not be applied to PWD’s TAP enrollees. As I explain:

The net collections impact of the TAP discount does not end with an examination of the collectability from TAP participants themselves. The dollars of TAP discount do not “disappear” when they are not billed to TAP participants. Instead, those dollars are billed to PWD customers as a whole.

The collectability data above demonstrates another way in which Philadelphia Water financially benefits from TAP. Through TAP, PWD is taking billings
that it would be collecting at a rate of 35% to 55% from TAP-eligible non-participants and instead billing those dollars through the TAP Rider. In so doing, it will be collecting those dollars at the collectability rate of customers as a whole, rather than at the collectability rate of TAP-eligible non-participant. As a result, it is generating substantially more dollars that are actually collected.

In Appendix B, I set forth the impact of the different collection rates for FY19 in the following Table.

<table>
<thead>
<tr>
<th></th>
<th>TAP Participants</th>
<th>Non-TAP Customers</th>
<th>Total Dollars Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discounted Bill</td>
<td>Collectability Rate</td>
<td>Amount Collected</td>
</tr>
<tr>
<td>FY1931</td>
<td>$5,668,383</td>
<td>87.89%</td>
<td>$4,981,942</td>
</tr>
<tr>
<td>Non-TAP customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Collected</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Actual Collections Exceeding Discount</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I found:

As can be seen, to the extent that PWD includes the entire amount of the TAP discount in rates to other customers, PWD will over-collect its revenue. By including the full amount of the discount ($9,772,507.55) in rates to other customers for FY19, for example, PWD will collect $9.4 million in revenue. By providing the TAP discount of $9.773 million, PWD will collect $14.397 million. Unless either directed to return the excess collection to ratepayers, or directed to calculate the amount of discount to be included in the TAP Rider by referencing the difference between the TAP discount and actual collections rather than the difference between the TAP discount and standard residential rates, PWD collects $4.6 million more in actual cash than it provides in discounts.

30 If 100% included in TAP Rider.
31 Through 24 months. Data beyond 24 months is not yet available for this Fiscal Year.
Q. WHAT DO YOU RECOMMEND?

A. In 2018, PWD agreed to include a collectability offset equal to the difference between 100% collectability and the collectability rate for all customers. That figure is clearly too low. I recommend that the TAP Rider be adjusted to apply a collectability offset of 45% to TAP credits. If such a collectability offset had been applied in FY2019 (the last year for which data was provided by PWD), PWD would have still over-collected by $388,000 (down from an over-collection of $4.6 million if no offset is applied).

Nonetheless, given that there is some imprecision in the calculations, rounding the TAP offset to the nearest 5% is not unreasonable.

Table 8. PWD TAP Net Gain in Collections (FY19)

<table>
<thead>
<tr>
<th>TAP Participants</th>
<th>Non-TAP Customers</th>
<th>Total Dollars Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted Bill</td>
<td>Amount of TAP Discount</td>
<td>Discount Minus Offset</td>
</tr>
<tr>
<td>Collection Rate</td>
<td>Discount Billed</td>
<td>TAP Discount Billed</td>
</tr>
<tr>
<td>Amount Collected</td>
<td>Collection Rate</td>
<td>Amount Collected</td>
</tr>
<tr>
<td>FY1934</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>$5,668,383</td>
<td>$4,981,942</td>
<td>$4,981,942</td>
</tr>
<tr>
<td>Non-TAP customers</td>
<td>$9,772,508</td>
<td>$5,374,879</td>
</tr>
<tr>
<td>$55%</td>
<td>96.34%</td>
<td>$5,178,159</td>
</tr>
<tr>
<td>Total Collected</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Actual Collections Exceeding Discount</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

Q. HAS PWD ADOPTED A TAP COST OFFSET OF ANY OTHER TYPE FOR PURPOSES OF THIS PROCEEDING?

32 If 100% included in TAP Rider.
33 The “discount minus offset” is defined to be one minus the collectability offset. A “discount minus offset” of 55%, therefore, implies a collectability offset of 45%.
34 Through 24 months. Data beyond 24 months is not yet available for this Fiscal Year.
A. Yes. Because of the age of the pre-program arrears TAP participants are bringing into
the program, PWD has acknowledged that they will collect very little of those pre-
program arrears even if those arrears are not forgiven under the program. Accordingly,
PWD, itself, has proposed an offset of 91% (implying a collectability of 9%) for its pre-
program arrearages. What I propose for TAP credits is precisely the same principle,
using different data given that TAP credits would implicate different collectability
factors. When PWD proposed its “Lost Revenue Adjustment Factor” for arrearage
forgiveness, it explained: “The TAP Lost Revenue Adjustment Factor is intended to
represent the percentage of pre-program arrears that a TAP Customer would have likely
paid, had the Customer not been enrolled in the program, had their arrears not been
frozen, and had the Water Department continued to attempt to collect on those arrears.”
(PWD St. 7B, at 11). The offset I propose for the TAP Credits as a whole presents
precisely the same issue. The offsets “represent the percentage of [TAP Credits] that
would have likely been paid, had the Customer not been enrolled in the program. . .”

Q. DOES TAP RESULT IN ANY ADDITIONAL DIRECT FINANCIAL BENEFIT
TO PWD THAT IS NOT REFLECTED IN YOUR RECOMMENDED COST
OFFSET?

A. Yes. Not only does TAP increase the overall collection of revenue for PWD, the
implementation of TAP has had the additional effect of reducing PWD’s “collection lag
factor” as well. Black and Veatch explains this term:

The final step in conducting a Cost of Service Study involves developing the
rate structure that allows the utility to recover its costs for a given test year.
Because the Water Department uses receipts as the basis for calculating
revenues, its “collection lag factor” must be evaluated. *The lag factor reflects a final adjustment to the cost of service rates to recognize the fact that... not all of the fiscal year billings are fully collected within that fiscal year.*

(PWD St. 7A, at 9). (emphasis added).

As documented in my discussion regarding the impacts of TAP on payment patterns (Appendix B), the implementation of TAP will reduce the need for a collection lag factor. My analysis of the TAP impacts on the need for a collection lag factor found, inter alia, that:

A consistency in the improved timeliness of payments by TAP participants is seen at both the 12-month and 24-month mark. For all three years, at the 12-month mark, TAP participants out-performed the non-TAP low-income customers by 35% to nearly 50%. The proportion of bill paid by TAP participants at the 12-month mark in FY18, for example, was more than 47% higher than the proportion of bill paid by low-income TAP non-participants at the 12-month mark (74.51% vs. 27.22%). The proportion of bill paid by TAP participants at the 12-month mark in FY20 (72.82%) was 35% higher than the proportion of bill paid by low-income TAP non-participants (72.82% vs. 38.14%).

Moreover, my analysis of the TAP impacts on the need for a collection lag factor found that:

The one-year TAP collectability for FY18 of 74.49% was only reached by income-eligible customers in Fiscal Year 2013. In FY13, however, it took TAP-eligible (low-income) customers 72 months (i.e., 6 years) to pay the same percentage of their bill that TAP participants had paid in their first year of TAP participation. Similarly, the one-year TAP collectability for FY19 of 72.68% was achieved (or virtually achieved) in two pre-TAP years (FY2013, FY2012). However, for pre-TAP dollars billed in FY13, it took TAP-eligible customers 60 months (5 years) to pay the same proportion of their bill that TAP customers paid in their first year. For pre-TAP dollars billed in FY12, it took TAP-eligible customers 84 months (7 years) to pay the same proportion of their bill that TAP participants paid in their first year.
While I do not propose a cost-of-service adjustment to reflect the reduction in the extent of the necessary “collection lag factor” for PWD, the financial savings, according to Black and Veatch’s own description, are real. These financial savings further support the reasonableness of the adjustment in the TAP Rider I propose to reflect the increased collection of revenue under the TAP program.

PART 3. The TAP Arrearage Forgiveness Program.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I examine certain operational and cost recovery issues presented by the proposed TAP Arrearage Forgiveness Program. I will address the operational issue first. I will next address the proposed cost recovery of Arrearage Forgiveness through the TAP Rider.

A. The Forgiveness of Pre-program Arrears.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I explain why the PWD’s current structure of its arrearage forgiveness program unreasonably denies TAP participants the advantage of earning arrearage forgiveness. Philadelphia’s legislation creating the TAP (referenced as IWRAP in the legislation) provides that: “Earned forgiveness of arrearages shall be available under such terms and conditions as are adopted by regulation.” According to
Black and Veatch, PWD’s rules provide that the arrearage forgiveness works as follows:

“eligible TAP Customers, who have made 24 payments on or after September 1, 2020, with forgiveness of all arrears accumulated by the Customer prior to entering the program (i.e., Pre-Program TAP Arrears).” (PWD St. 7B, at 10). There are three problems with the arrearage forgiveness program as described by Black and Veatch as being set forth in PWD regulations.

The PWD regulations (Section 206.7) provide in relevant part:

If a Customer maintains continuous enrollment, the Customer will obtain forgiveness of outstanding arrears under the following conditions:

(a) A Customer maintaining enrollment in TAP, who makes twenty-four (24) complete monthly payments of the TAP Bill, will earn forgiveness of penalty charges on pre-TAP arrears.

(b) After each year of continued enrollment in TAP, any arrears older than fifteen years will be removed in accordance with Philadelphia Code Section 19-1605(1).

(c) A Customer maintaining continuous enrollment in TAP who makes twenty-four (24) complete monthly payments of the TAP Bill on or after September 1, 2020, will earn forgiveness of pre-TAP arrears. The credit for the pre-TAP arrears will be applied to the Customer’s account on or after the twenty-fourth (24th) complete monthly payment of the Customer’s TAP bill during such period of enrollment.

Q. PLEASE IDENTIFY THE FIRST PROBLEM.

A. PWD’s 24-month “shelf” approach to arrearage forgiveness places undue restrictions on the ability of TAP participants to earn arrearage forgiveness under the Philadelphia IWRAP legislation. Under the PWD’s all-or-nothing approach, pre-program arrears remain on the shelf unless and until a TAP participant reaches 24-months of complete
payments. Only then will the entire amount of arrears be removed from the shelf and forgiven.

Under this approach, TAP participants, more often than not, do not receive arrearage forgiveness in response to complete payments they have made. Chart 4 below, for example, shows by month the number of TAP payments made for each TAP bill issued. Setting aside the first three months, when billing and reporting bugs were being worked out at the very beginning of the program, TAP participants routinely made between 0.65 and 0.70 payments for each one (1.0) bill that PWD issued. In aggregate, from October 2017 through December 2020, TAP participants made 65.5 payments for each 100 bills issued.

### Chart 4. # of TAP Pyts Made per TAP Bill Issued

Chart 5 below shows that the overwhelming majority of these payments were made in-full and on-time. Chart 5 documents the percentage of complete payments that were made on or before the bill’s due date. As the Chart shows, from the inception of TAP, between 75% and 80% of TAP payments made were in-full and on-time. In total, from
October 2017 through December 2020, an aggregate of 75.9% of TAP payments made represented in-full and on-time payments.

Indeed, as Chart 6 shows, the cumulative TAP Payment Coverage Ratio shows that, by December 2020, the sum of TAP payments divided by the sum of TAP bills exceeded 80%. TAP participants, 95% of whom enrolled in the program with a pre-program arrears averaging more than $3,200 per participant, in other words, had paid more than 80% of the dollars they had been billed under TAP during the first 40+ months of the TAP program. As Chart 6 shows, the cumulative Payment Coverage Ratio has increased each month the TAP program has continued. This means that TAP participants are paying a higher and higher percent of the TAP bills issued each month.

Particularly in light of this positive TAP payment history, TAP participants should be provided arrearage forgiveness as they complete making full payments each month. They should not be forced to wait until the 24th month of complete payments for their arrearage forgiveness to vest. Forcing TAP participants to wait until Month 24 means that most
TAP participants receive no arrearage forgiveness despite having made the complete payments identified above.

**Chart 6. Cumulative TAP Payment Coverage Ratio**

Q. WHAT IS THE HARM OF MAKING 24 MONTHS OF COMPLETE PAYMENT A PREREQUISITE FOR TAP ARREARAGE FORGIVENESS?

A. The 24-month requirement now imposed by PWD means that, despite having paid 80% or more of the bills they have received, PWD participants are not receiving arrearage forgiveness in return for those complete payments. Again, it is important to remember the starting point. From July 2017 through December 2020, 36,514 low-income customers newly enrolled in TAP. Of these new enrollees, 34,666 (95%) enrolled with pre-program arrearages on their account.

In December 2020, however, TAP’s total enrollment was 16,433 participants, only 45% of the total number of low-income customers who had enrolled in the program. Chart 7 below shows both the total number of TAP participants each month and the number of
TAP new enrollees each month. Even setting aside the COVID-19 months (starting in March 2020, Month 34, and extending through December 2020), Chart 7 demonstrates that at the same time TAP was enrolling between 1,000 and 1,500 new participants each month, total TAP participation was flat at roughly 15,000 participants. What that means is that as many low-income customers were leaving the program as were newly enrolling in the program. This occurred despite the fact that 80% of TAP bills were being paid (as measured by the Cumulative Payment Coverage Ratio).

Chart 7. Monthly New TAP Enrollees and Total TAP Participation

Chart 8 shows the impact of new enrollees and ongoing exits. The dashed line in Chart 8 shows the cumulative number of new TAP enrollees over the first 40+ months of the program. Again, the period when the cumulative number of new enrollees flattens out (starting in Month 34, March 2020, and extending through December 2020) was the period where TAP enrollment was affected by the COVID-19 pandemic. Nonetheless, Chart 8 shows that while the cumulative number of new TAP enrollees—not merely applicants but new enrollees—continued to climb from Month 15 through Month 33, total TAP participation remained flat.
The Table below shows the detailed numbers for those months when new TAP enrollment continued to grow but total TAP enrollment did not. The Table presents data limited to September 2018 (when new TAP enrollment and total TAP enrollment began to diverge) through February 2020 (the last month before the COVID-19 pandemic affected PWD operations, including TAP enrollment). In September/October 2018, for example, growth in TAP enrollment mirrored new TAP enrollment, with 1,640 new enrollees (551 + 1,089) and a growth in total enrollment of nearly 1,300 low-income customers (15,202 – 13,894). In November/December 2018, however, PWD had roughly 1,670 new TAP enrollees (839 + 832), but the total program enrollment grew by only 640 customers (15,844 – 15,716). In January 2019, TAP enrolled 1,569 new participants, but total enrollment increased by only 73 customers. In February 2019, TAP enrolled an additional 1,155 new participants, but total program participation declined by 1,545 customers. At no point thereafter did an increase in TAP program participation mirror the number of new TAP enrollees. In July 2019, PWD enrolled 1,292 new TAP participants but total program participation increased by only 13 customers. In August
2019, PWD enrolled 971 new TAP enrollees, but total program participation declined by 609 customers. In September 2019, PWD newly enrolled 992 TAP enrollees, but total program participation declined by 7 low-income customers. In November 2019, PWD newly enrolled 922 TAP participants, but total TAP participation declined by 1,804 low-income customers.

Overall, from September 2018 through February 2020, PWD enrolled 19,302 new TAP enrollees, but total TAP participation increased from only 13,894 (September 2018) to 14,245 (February 2020), an increase of 351 participants.
Table 9. New TAP Enrollees, Total TAP Enrollment, Net Gain in TAP Enrollment Over Prior Month Month 15 (September 2018) – Month 33 (February 2020)

<table>
<thead>
<tr>
<th>No. New TAP Enrollees</th>
<th>Total TAP Enrollment</th>
<th>Net Gain in TAP Enrollment Over Prior Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2018</td>
<td>551</td>
<td>13,894</td>
</tr>
<tr>
<td>October 2018</td>
<td>1,089</td>
<td>15,202</td>
</tr>
<tr>
<td>November 2018</td>
<td>839</td>
<td>15,716</td>
</tr>
<tr>
<td>December 2018</td>
<td>832</td>
<td>15,844</td>
</tr>
<tr>
<td>January 2019</td>
<td>1,569</td>
<td>15,917</td>
</tr>
<tr>
<td>February 2019</td>
<td>1,155</td>
<td>14,372</td>
</tr>
<tr>
<td>March 2019</td>
<td>1,211</td>
<td>14,686</td>
</tr>
<tr>
<td>April 2019</td>
<td>1,320</td>
<td>15,024</td>
</tr>
<tr>
<td>May 2019</td>
<td>1,057</td>
<td>15,385</td>
</tr>
<tr>
<td>June 2019</td>
<td>1,160</td>
<td>15,650</td>
</tr>
<tr>
<td>July 2019</td>
<td>1,292</td>
<td>15,663</td>
</tr>
<tr>
<td>August 2019</td>
<td>971</td>
<td>15,054</td>
</tr>
<tr>
<td>September 2019</td>
<td>992</td>
<td>15,047</td>
</tr>
<tr>
<td>October 2019</td>
<td>1,031</td>
<td>15,334</td>
</tr>
<tr>
<td>November 2019</td>
<td>922</td>
<td>13,530</td>
</tr>
<tr>
<td>December 2019</td>
<td>1,021</td>
<td>15,247</td>
</tr>
<tr>
<td>January 2020</td>
<td>1,400</td>
<td>15,175</td>
</tr>
<tr>
<td>February 2020</td>
<td>890</td>
<td>14,245</td>
</tr>
</tbody>
</table>

Q. HOW ARE THESE PARTICIPATION NUMBERS RELEVANT TO ARREARAGE FORGIVENESS?

A. PWD’s regulations provide that “When a TAP Customer is removed from TAP, the balance on all past unpaid TAP Bills and whatever debt remains on pre-TAP arrears becomes immediately due.” (Section 206.6(e)) (emphasis added). Of the 36,514 low-income customers who newly enrolled in TAP through December 2020, 95% of whom
had pre-program arrears, only 16,433 were participating in December 2020. This means that 20,081 of those new TAP enrollees, who had paid a cumulative 80% of their TAP bills, were not able to receive any arrearage forgiveness because of PWD’s oppressive 24-month regulation.

Q. ARE TAP PARTICIPANTS BEING REMOVED FOR NONPAYMENT?

A. No. PWD submits TAP reports to the Mayor each year (included in PA-III-22), which reports include data on the number of TAP participants who “defaulted” from the program. According to the 2018 Report (filed March 4, 2019), “during 2018, there were 292 cases of TAP participants defaulting from TAP, all for failure to successfully recertify.” (PA-III-22, at 296) (emphasis added). In the 2019 report, submitted to the Mayor on May 7, 2020, PWD reported that “during 2019, there were 8,094 cases of TAP participants defaulting from TAP, all for failure to successfully recertify.” (PA-III-22, at 313). (emphasis added). PWD did not report any TAP participants for having been defaulted from the program due to non-payment.

Q. WHAT DO YOU RECOMMEND?

A. PWD should fulfill the intention of the legislation adopted unanimously by the Philadelphia City Council. TAP participants should be provided a good-faith opportunity to earn forgiveness of pre-program arrears by making complete payments. Restricting arrearage forgiveness until TAP participants have made 24 complete payments does not fulfill that objective. From July 2017 through December 2020, 34,666 low-income customers newly enrolled in TAP, bringing a total of $109,603,111 of pre-existing arrears
into the program. As of the end of December 2020, two-and-a-half years after the TAP program began, PWD has provided $2,292 of principal forgiveness. (PA-VIII-24).\footnote{It is not clear why this number is so low if PWD previously has been forgiving arrearages that are fifteen years or older.}

Arrearage forgiveness should be ratable for each month in which a TAP participant makes a complete payment. Arrearage forgiveness of \(1/24\)th of a TAP participant’s pre-program arrears should vest for TAP participants with each complete payment the participant makes. This pro ration of arrearage forgiveness should begin immediately, with credits granted for payments previously made. The Board should require PWD to provide monthly status reports until it fulfills these obligations.

Q. PLEASE IDENTIFY THE SECOND PROBLEM.

A. Beginning in July 2019, PWD began forgiving penalty and interest pursuant to PWD’s regulations. The principal arrearage forgiveness program began later. As PWD stated in response to discovery:

Customer account penalties are tracked separately in the water billing system by a specific code that identifies them as penalties. This code allows the arrearage forgiveness processes to clearly identify penalty and non-penalty debt. The Penalty Forgiveness Program was, in fact, implemented earlier than the Principal Forgiveness Program. Penalty forgiveness was implemented in June 2019 and principal forgiveness was implemented starting in September 2020.

(PA-VIII-25). The distinction between penalty forgiveness and principal forgiveness identified by PWD in this data request response has not been carried forward into PWD’s regulations. PWD regulations, for example, provide that: “(a) A Customer maintaining
enrollment in TAP, who makes twenty-four (24) complete monthly payments of the TAP Bill, will earn forgiveness of penalty charges on pre-TAP arrears.” No reference is made to the fact that penalty forgiveness began in July 2019. In fact, under the regulation, “Month 24” of the “twenty-four complete monthly payments of the TAP Bill” could well be June 2019, with forgiveness of penalties and interest earned and posted in July 2019 (as the regulation states). In clearly different language from Section 206.7(c), section 206.7(a) certainly does not state that June 2019 is only “Month 1” of the stated twenty-four complete monthly payments of the TAP bill” and that the required 24 complete payments must be made “on or after June 2019.”

In contrast to the forgiveness of penalties and interest, Section 206.7(c) provides: “A Customer maintaining continuous enrollment in TAP who makes twenty-four (24) complete monthly payments of the TAP Bill on or after September 1, 2020, will earn forgiveness of pre-TAP arrears. The credit for the pre-TAP arrears will be applied to the Customer’s account on or after the twenty-fourth (24th) complete monthly payment of the Customer’s TAP bill during such period of enrollment.” (emphasis added). Unlike this principal forgiveness, as can be seen, the forgiveness of penalties and interest does not begin the count of its 24-months with the date in the regulation. Instead, by the language in the four corners of the regulation, the forgiveness of penalties and interest regulation applies to any PWD customer who has made 24 complete payments.

Q. HAVE YOU EXAMINED THE AMOUNT OF FORGIVENESS GRANTED TO DATE?
A. Yes. The data is set forth in the Table below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Penalty Amount Forgiven</th>
<th>Principal Amount Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2020</td>
<td>$119,993.04</td>
<td>$---</td>
</tr>
<tr>
<td>February 2020</td>
<td>$107,286.47</td>
<td>$---</td>
</tr>
<tr>
<td>March 2020</td>
<td>$145,040.48</td>
<td>$---</td>
</tr>
<tr>
<td>April 2020</td>
<td>$127,908.51</td>
<td>$---</td>
</tr>
<tr>
<td>May 2020</td>
<td>$203,392.38</td>
<td>$---</td>
</tr>
<tr>
<td>July 2019</td>
<td>$4,810.00</td>
<td>$---</td>
</tr>
<tr>
<td>August 2019</td>
<td>$48,213.07</td>
<td>$---</td>
</tr>
<tr>
<td>September 2019</td>
<td>$91,870.73</td>
<td>$---</td>
</tr>
<tr>
<td>October 2019</td>
<td>$71,617.20</td>
<td>$---</td>
</tr>
<tr>
<td>November 2019</td>
<td>$67,647.56</td>
<td>$---</td>
</tr>
<tr>
<td>December 2019</td>
<td>$113,539.08</td>
<td>$---</td>
</tr>
<tr>
<td>June 2020</td>
<td>$156,253.23</td>
<td>$---</td>
</tr>
<tr>
<td>July 2020</td>
<td>$275,896.57</td>
<td>$---</td>
</tr>
<tr>
<td>August 2020</td>
<td>$922,666.48</td>
<td>$---</td>
</tr>
<tr>
<td>October 2020</td>
<td>$258,151.05</td>
<td>$1,179</td>
</tr>
<tr>
<td>November 2020</td>
<td>$175,642.34</td>
<td>$1,113</td>
</tr>
<tr>
<td>December 2020</td>
<td>$169,394.84</td>
<td>$---</td>
</tr>
</tbody>
</table>

The portion of the regulation providing that September 2020 is “Month 1” of the 24
complete monthly payments should be struck as being in conflict with the Philadelphia
legislation. The City Council’s legislation quite explicitly stated that PWD should
implement an arrearage forgiveness program and set forth that program in its regulations.
To approve PWD’s proposal to only begin counting complete monthly payments as of
September 2020, and to require that additional complete payments be made “on or after
September 1, 2020,” would mean that TAP participants would not be eligible for
principal arrearage forgiveness until, at first, September 2022, more than five years after
the TAP program began. Approving this delay in the grant of arrearage forgiveness, particularly when considerably more than half of all new TAP enrollees do not remain on the program, denies TAP participants the forgiveness of pre-program arrears to which they are entitled pursuant to the Philadelphia legislation.

Q. DO YOU HAVE ANY ADDITIONAL CONCERN ABOUT THE DATA REGARDING FORGIVENESS OF PRINCIPAL?

A. Yes. As can be seen from the data provided by PWD, from July 2019 through December 2020, PWD reports having granted $2,292 in principal forgiveness ($1,179 in October 2020; $1,113 in November 2020). Consider, however, that TAP participants, to date, have had three ways to earn arrearage forgiveness (above and beyond the 24-month approach starting in September 2020): (1) an arrearage exceeding 15-years in age; (2) an arrearage the forgiveness of which was accelerated in its entirety at the time a TAP participant sought to refinance his or her home through PFHA; and (3) an arrearage a pro rata portion of which was forgiven for all complete payments made to date in the event that the TAP participant had sought to recertify but was found to be no longer income-eligible for TAP. The combined impact of those three means by which to access arrearage forgiveness has summed to a forgiveness of less than $2,300.

According to PWD’s annual report to the Mayor, during 2019, 67 customers were removed from TAP for having “failed to meet income guidelines.” It is conceivable that those 67 customers were all within the five percent of TAP new enrollees that brought no preprogram arrears into TAP (remembering that 95% of new TAP enrollees brought
preprogram arrears into the program). In the alternative, it is further conceivable that those 67 customers all made zero payments toward their TAP bills (remembering that between 85% and 95% of TAP bills were being paid, and that, cumulatively, 82% of all TAP bills had been paid). While “conceivable,” however, the odds are so unlikely as to be beyond belief that all of those 67 customers fell into one of these two categories of customers where they would, as a group, receive only $2,300 of arrearage forgiveness by having, under the PWD’s own regulations, a pro rata portion of their pre-program arrears forgiven in the event that they had sought to recertify but were found to be no longer income-eligible for TAP. Moreover, the $2,300 was the cumulative principal forgiveness through December 2020. The 67 included only customers who sought to recertify for TAP but were found income-ineligible through June 2020.

PWD should be required to provide a complete accounting of the principal arrearage that should have been forgiven under these three existing PWD policies, as compared to the $2,300 of principal arrearages that were reported as having been forgiven in fact (PA-VIII-24). To the extent that principal forgiveness has not been granted where merited, PWD should provide such forgiveness with interest. The Board should direct PWD to file monthly reports of the amount of principal arrearage forgiveness being granted and under which provision such forgiveness has been granted.

Q. WHAT IS THE THIRD PROBLEM YOU HAVE IDENTIFIED WITH PWD’S ARREARAGE FORGIVENESS FOR TAP?
A. Section 206.7(a) and Section 206.7(c) should be read together to reach a result that is most favorable to TAP participants. Given the ambiguity of the language of the sections, to the extent that the ambiguity could be resolved to benefit TAP participants or resolved to harm TAP participants, the ambiguity should be resolved in favor of TAP participants.

Referencing Section 206.7(c) as I cite it above, the arrearage forgiveness regulation provides that “(c) A Customer maintaining continuous enrollment in TAP who makes twenty-four (24) complete monthly payments of the TAP Bill on or after September 1, 2020, will earn forgiveness of pre-TAP arrears. The credit for the pre-TAP arrears will be applied to the Customer’s account on or after the twenty-fourth (24th) complete monthly payment of the Customer’s TAP bill during such period of enrollment.” (emphasis added). Section 206.7(c) is notable for failing to distinguish between forgiveness of pre-program principal and the forgiveness of pre-program penalties and interest. For TAP participants who newly entered the TAP on or after September 1, 2020, there would be no distinction. For every other TAP participant, however, the distinction is important.

The distinction is important because, during the COVID-19 pandemic, very few low-income customers have newly enrolled in TAP. From September 2020 through December 2020, only 536 low-income customers newly enrolled in TAP. Of the 16,433 TAP participants active as of December 2020, in other words, 15,897 (97%) of them had enrolled before September 2020. Indeed, of the 16,433 TAP participants as of December
2020, 15,151 (92%) of them had enrolled before March 2020, the start of the COVID-19 pandemic.

Nothing in the PWD regulation regarding the forgiveness of pre-program penalties and interest requires the clock to start anew on the required 24 complete monthly payments required in order to earn the forgiveness of pre-program penalties and interest. PWD should, consistent with my testimony above, ensure that customers who have made 24 complete monthly TAP payments, with June 2019 being the end of the 24 months and not the beginning, should continue to earn forgiveness of their pre-program penalties and interest as their 24th complete payment is made. Penalties and interest are not to be wrapped into pre-program principal, with the count of complete monthly payments starting anew, simply because, as PWD notes in its discovery response, “the penalty Forgiveness Program was, in fact, implemented earlier than the Principal Forgiveness Program.” (PA-VIII-25). Given that PWD acknowledges that “Customer account penalties are tracked separately in the water billing system by a specific code that identifies then as penalties,” the forgiveness of penalties and interest for TAP participants newly enrolled before September 2020 should continue on the separate, and accelerated track, from principal forgiveness.
B. Cost Recovery of the Forgiveness of Pre-Program Arrears.

Q. WHAT RATE ISSUE DO YOU ADDRESS IN THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I address PWD’s proposed recovery of arrearage forgiveness costs. PWD proposes to include the costs of TAP arrearage forgiveness credits through its TAP Rate Rider. Black and Veatch (PWD St. 7B) states that: “The proposed AF-Factor is intended to allow the Water Department the ability to recover a portion of the costs (in dollars) of providing arrearage forgiveness to eligible TAP Customers.” (PWD St. 7B, at 10). Black and Veatch continues: “At the time of the annual TAP-R reconciliation, AF will be determined based upon the actual amount of arrears forgiven in accordance with Section 206.7 of the Water Department’s regulations. The total amount of arrearage forgiveness included in determining the TAP-R surcharge rates will be adjusted by applying a proposed TAP Lost Revenue Adjustment Factor of 9%.” (Id., at 10 – 11). The “lost revenue adjustment factor of 9%” is an acknowledgement of the fact that PWD would fail to collect 91% of the billed revenues included in the pre-program arrears even in the absence of the TAP arrearage forgiveness.

Q. DO YOU AGREE THAT PWD’S ARREARAGE FORGIVENESS CREDITS SHOULD BE COLLECTED THROUGH THE TAP RIDER?

A. No. The TAP Rider should not be modified to provide for a separate collection of arrearage forgiveness credits. The uncollectability of those dollars which comprise arrearage forgiveness credits have already been taken into account in establishing PWD
rate levels. The dollars of PWD arrearage forgiveness credits are already reflected in PWD’s calculation of its base rates.

Q. DOES THIS RECOMMENDATION DIFFER FROM PRIOR RECOMMENDATIONS YOU HAVE MADE WITH RESPECT TO INCLUDING ARREARAGE FORGIVENESS IN THE TAP RIDER?

A. Yes. In previous cases, I have recommended that arrearage forgiveness credits provided through TAP be collected through the TAP Rider. However, in this case, the record establishes that pre-program arrearages are already included in PWD’s base rates. To include them again in the TAP Rider as they are forgiven would be to allow PWD to include those dollars in rates twice. If arrearage forgiveness credits for pre-program arrears are collected through the TAP Rider, PWD would need to remove those pre-program arrearages from the billed revenues examined in assessing the overall collectability factor, with that collectability factor adjusted upwards accordingly.

Q. ON WHAT BASIS DO YOU CONCLUDE THAT PRE-PROGRAM ARREARAGES ARE ALREADY INCLUDED IN PWD’S BASE RATES?

A. In setting its base rates, PWD assumes a certain level of collectability for outstanding balances. PWD, in other words, undertakes the same process for its total revenue that I explained above for TAP credits. While Black and Veatch discusses a “collection factor” for pre-program arrears (B&V, Attachment S1), it is not that collectability analysis which is applicable here. There is also a collectability analysis that is applicable to customers as a whole. That collectability analysis, however, is not limited to non-TAP customers. It is
instead applicable to all customers, including both TAP customers and non-TAP customers.

Q. HOW DOES ARREARAGE FORGIVENESS AFFECT THE DETERMINATION OF PWD’S OVERALL COLLECTION FACTOR?

A. As PWD acknowledges, when a low-income customer enrolls in TAP, the arrearages that appear on the participant’s bill at the time of enrollment (called the “pre-program arrearages”) are frozen and “not enforced upon.” As Raftelis explains:

> When an applicant is enrolled in TAP, any water debt on that applicant’s account is assigned to one of two debt collection records: a TAPHLD record for principal charges, an TAPPEN record for penalty charges. The debt collection records remain part of the customer’s balance, but are not enforced upon.

(PWD St. 6, at 13) (emphasis added). According to Black and Veatch: “For qualified TAP Customers, all pre-program arrears are frozen at the time of enrollment. Once enrolled in TAP, the Water Department no longer pursues collection of the customers’ existing (or pre-program) arrears.” (PWD St. 7B, at 10). (emphasis added).

Given that even though the TAP pre-program arrears “remain part of the customer’s balance” even though they “are not enforced upon,” those arrearages are included in the PWD billings against which actual collections (i.e., receipts) will be compared to determine the total Company collection factor. By definition, however, those pre-program arrearages are no longer being subject to collection once the customer enrolls in TAP. If they are not removed from the billings in the calculation of the total Company collection factor, rates will be increased to reflect the resulting reduced collection factor.
If PWD were to remove the pre-program arrearages from the base, its actual collections would be a higher percentage. There would, as a result, be a smaller upward adjustment in rates needed to reflect the higher collection factor.

Unless PWD removes the dollars of pre-program arrearages from the revenue base used to calculate the overall PWD collection factor, base rates are adjusted upwards once to account for the reduced collection factor attributable in large part due to the non-collection of those arrears. Rates are adjusted upwards again to include a portion of those arrearages in rates through the TAP Rider as those arrearages are forgiven.

Given that the collectability, or lack thereof, of TAP pre-program arrears is already incorporated into the determination of base rates, the forgiveness of those arrears should not be again recovered through the TAP Rider. The modification of the TAP Rider to reflect arrearage forgiveness as proposed by PWD should be rejected.

Q. IS THERE ANY FINAL ARREARAGE FORGIVENESS ISSUE YOU WISH TO ADDRESS?

A. Yes. I recommend that arrearage forgiveness not be recovered through the TAP Rider for all the reasons I discuss above. If some portion of the forgiven arrears is included in the TAP Rider, however, the Rider should only reconcile those arrearage forgiveness credits granted in the Fiscal Year preceding the TAP Rider reconciliation. The purpose of the
Rider is not to allow impermissible retroactive ratemaking by reaching back beyond the Fiscal Year.

**PART 4. TAP Implementation Needs.**

**Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

**A.** In this section of my testimony, I examine whether the TAP program is being reasonably and adequately made available to income-eligible households. TAP is a “rate” of PWD. The IWRAP legislation makes it mandatory that income-eligible PWD customers have the opportunity to take service pursuant to this rate. To the extent that TAP participation is being artificially limited, the policies and practices which impede participation should be modified and/or eliminated.

**A. Extending TAP to Philadelphia Tenants.**

**Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.**

**A.** In this section of my Testimony, I explain how and why PWD should modify its TAP enrollment procedures to ensure that eligible PWD customers who are renters (i.e., tenants) are able to enroll in TAP and to make their pre-existing arrears subject to arrearage forgiveness. Relatively few TAP enrollees are tenant customers of PWD. According to PWD data provided through discovery, of the 36,514 TAP enrollees from July 2017 through December 2020, only 6,374 (17.4%) were low-income tenants. This is a stunningly low number given that 66% of all persons in Philadelphia living with income at or below the Poverty Level are tenants.
Q. WHAT IS THE PROBLEM WITH TAP IMPLEMENTATION LEADING TO THIS LOW TAP ENROLLMENT OF TENANTS?

A. Many tenants in Philadelphia are liable to pay for PWD bills on a dollar-for-dollar basis under their lease. However, even under such lease provisions, since the tenant is not the customer of record, the tenant is not eligible for TAP nor is the tenant eligible for payment arrangements or UESF grants. When PWD bills are unaffordable, there is no remedy or redress available to these low-income tenants.

Q. CAN A TENANT APPLY TO PLACE THE PWD BILL IN HER OWN NAME?

A. Yes. A tenant can apply to place the PWD bill in his/her name. (PA-II-6, citing PWD Regulation 100.2(a)). PWD explains the process:

A tenant must present satisfactory evidence of the landlord’s permission to reside in the property. This evidence may include a current rental agreement or agreement of sale for the unit, a lease, a rent book, money order receipts, canceled checks, other utility bills in the applicant’s name at that address, rent receipts, or other written evidence of tenancy or written evidence of the landlord’s consent to occupancy.
(PA-VIII-29, citing PWD Regulation 100.2, Application for Service as Residential Customer; see also, PA-VIII-30). To open a tenant account, however, the tenant needs the landlord’s “consent.” The landlord, however, can withhold his/her consent. PWD continues on to explain:

Once satisfactory evidence is presented, a letter will be mailed to the landlord notifying them of the request to open a tenant account. The landlord has [the] ability to approve or deny the tenant account by mailing a response back to WRB. If a landlord does not reply, they are considered to have approved the opening of the account.

(PA-VIII-29). PWD has conflicting statements of what can happen in its regulations and on its website. In its Regulations, and as stated in its discovery response, PWD states that the landlord is *deemed* to have provided consent if no objection is lodged within 20 days on a tenant request to place the PWD bill in her own name. (see also, PA-VIII-31). On the PWD website, however, there is no such deeming process articulated. In addition, PWD’s website imposes additional requirements upon the tenant that are not required under PWD’s Regulations. On its website, PWD requires the tenant to submit “written consent from the owner for you to have water service in your name.” Further, the website imposes residency documentation requirements upon the tenant, which are not required by PWD Regulations. For example, PWD’s website requires the tenant to submit current utility bills in the tenant’s name when no such requirement is set forth in PWD’s Regulations.

Q. **WHAT DO YOU RECOMMEND?**

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37 Id.
A. PWD should take the following actions with respect to allowing tenants to establish a tenant account:

- First, PWD must comply with its own regulations with landlords being deemed to consent to the establishment of a tenant account if a written opposition is not received within 20 days. Notice of the right of a tenant to establish a tenant account shall be included on the PWD website; on all notices provided to a tenant with respect to establishing a tenant account; and on all USTRA notices provided to PWD tenants.

- The 20 days within which a landlord may provide written objection to a tenant establishing a tenant account shall start running on the first business day after the tenant completes an application for a tenant account.

- PWD should switch all accounts for which a tenant has made an application within the twelve months prior to PWD’s filing of this rate case if no written landlord objection was filed within twenty days of the tenant application.

- PWD should enroll income-eligible tenants for whom tenant accounts are established in this fashion, and who submit a TAP application, into TAP, retroactive to the day on which the application to establish a tenant account was completed.

- PWD should immediately modify its website language to be consistent with PWD Regulations regarding the establishment of a tenant account, including removing the requirement that tenants submit written consent from the owner to have water service placed in the tenant’s name and current utility bills in the tenant’s name.

The Board should require PWD to provide monthly status reports until it fulfills these recommendations and obligations.
B. Transferring Past-Due Account Balances to New Tenant Accounts.

Q. PLEASE EXPLAIN THE SECOND PROBLEM WITH RESPECT TO TENANT ENROLLMENT IN TAP.

A. If the tenant has not paid his/her water bill obligations (imposed via lease), and has service transferred to his/her name, going forward, those unpaid obligations are not transferred to the PWD account (and thus made subject to TAP arrearage forgiveness) unless and until the tenant asks for them to be transferred. PWD states that having a lease obligation to pay water bills is not sufficient to enroll in TAP. “As long as a residential customer who is a tenant has a tenant account and is eligible for TAP, they can participate in TAP.” (PA-VIII-26). When a tenant establishes a “tenant account,” the arrears on that account owed based on a lease obligation are not automatically transferred to the account. Instead, “the standard procedure is that a tenant account begins accruing a balance as of the date it is approved and does not transfer previous balances from a landlord’s account.” (PA-VIII-28). PWD, however, will transfer balances upon request. “To place any previously unpaid bills in the tenant’s name, the tenant must contact the Law Department and request the balance be transferred.” (PA-VIII-28) (emphasis added). PWD further explains:

Generally, a tenant account is not retroactive. It begins as of the date it is approved and a landlord’s debt is not automatically transferred to that account. However, a tenant may contact the Law Department and request the balance be transferred. Only the balance transferred would be eligible for forgiveness. (PA-VIII-27). (emphasis added).

Q. IS THERE A PROBLEM WITH THIS PRACTICE?
A. Yes. The ability of a tenant to request a transfer of an unpaid balance upon the establishment of a tenant account, and the need to request such a transfer is not widely known. Consistent with its existing practice—the need to contact the Law Department and request that the balance be transferred is a practice, not a Department regulation—when a person applies to establish a tenant account, that applicant should be taken through a structured decision-making process on whether to make such a request of the Law Department. The process should allow a tenant applicant to opt into making a request to transfer pre-existing arrears into his or her tenant account for purposes of earning arrearage forgiveness. With full disclosure of the implication of transferring the debt (e.g., the tenant is responsible for the debt if forgiveness is not earned), the tenant should be asked:

- Does the current landlord account holder have existing debt that they owe to PWD?
- Are you responsible for paying that debt on a dollar-for-dollar pass-through by the terms of your lease?
- Do you understand the terms of the arrearage forgiveness program?
- Do you understand that if that debt is transferred to your tenant account, you will be responsible for the debt if you make an insufficient number of complete payments to earn arrearage forgiveness?
- Do you understand that if you transfer this debt to your tenant account, and become a participant in TAP, 1/24th of this debt will be forgiven for each complete PWD payment you make (assuming approval of this recommendation in this proceeding)?
- Do you request that the Law Department transfer the pre-existing debt of the current landlord account holder to your new tenant account?
Upon receiving a “yes” response to each question, the request shall be deemed to have been made of the Law Department. Moreover, the tenant should be allowed to make such a transfer at any time after becoming a TAP participant.

C. TAP Recertification.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I explain why the PWD TAP recertification process poses unreasonable impediments to low-income PWD customers from receiving the affordability assistance prescribed by the City Council.

Q. WHAT PROBLEMS DO YOU SEE WITH THE PWD RECERTIFICATION PROCESS?

A. The first problem is that recertification of eligibility for PWD involves a requirement that the TAP participant successfully complete and resubmit an entirely new application. (PA-IX-4). As PWD stated in response to discovery: “In addition, WRB is proactively reaching out to TAP customers through a mass mailing campaign encouraging them to contact WRB with updated information regarding financial or household information. TAP customers can update WRB by filling out and returning the application enclosed within the mailing.” (PA-VIII-5(c)). (emphasis added).

Consider the implications of that PWD process. Despite being a current PWD customer, and despite having been a TAP participant for at least one year –if they had been a TAP
participant for less than a year, they would need not yet recertify—a TAP participant
must enter their street address as part of the TAP application. In 2019, almost exactly
two times the number of TAP participants were defaulted because they were found to
“fail to meet Residency Guidelines” (n=133) as were defaulted for being over-income
(n=67). Moreover, despite being a current PWD customer, and despite having been a
TAP participant for more than one year, of the 1,693 TAP participants who were
defaulted “for cause,” 1,331 of those (79%) were defaulted for “missing or invalid
income or Residency documentation.” (PA-III-22, at 313). The recertification process
should be a process to assess whether existing information subject to change continues to
be current. It should not be a test of customer literacy, or of the ability of a TAP
participant to compile information and present it in a way acceptable only to PWD. The
street address or Residency status of an on-going TAP participant does not fit within that
information that is subject to change.

Q. DOES THE RECERTIFICATION PROCESS SUCCEED IN PREVENTING TAP
PARTICIPANTS WHO ARE NO LONGER INCOME-ELIGIBLE FROM
CONTINUING TAP PARTICIPATION?

A. No. The primary impact of PWD’s recertification process is to reduce the number of
customers who are active TAP participants. The data shows that the number of those
who seek to recertify, but who are denied because they are over-income, is a fraction of a
fraction of a percent. Consider that in the most recent report that PWD submitted to the
Mayor (May 22, 2020) (PA-III-22), PWD reported that “during 2019, there were 8,094
cases of TAP participants defaulting from TAP, all for failure to successfully recertify.”
(PA-III-22, at 313). Of those 8,094, 467 did not “fail to successfully recertify,” but rather were “enrolled in more affordable alternative.”

Of the remaining 7,627, 1,693 (22%) submitted a recertification but were denied. Of those 1,693, only 67 (4.0%) were denied because they “failed to meet Income Guidelines.”

In contrast, PWD reported that:

- 5,934 TAP participants “defaulted” because they “did not respond”;
- 1,331 defaulted because they provided “missing or invalid Income or Residency Documentation”; and
- 149 defaulted because they submitted “missing information on application form.”

In short, through the recertification process, nearly seven times more TAP participants were found to have a “more affordable alternative” than TAP than were found to fail to meet income guidelines (467 / 67 = 6.97).\(^{38}\) Twenty-two times more TAP participants were defaulted due to the provision of missing or invalid income or residency documentation or missing information on the application form than were found to fail to meet income guidelines ([1,331 + 149] / 67 = 22.1). Nearly 90 times more TAP participants were defaulted from the program due to a “failure to respond” than were defaulted from the program because they failed to meet income guidelines.

\(^{38}\) Pursuant to TAP procedures, a TAP participant, of course, may always apply for a change in TAP status if a change in household income or family composition might lead to a more affordable alternative.
Overall, of the 8,094 who were defaulted from TAP during the recertification process, fewer than one percent (67 / 8,094 = 0.008), or roughly one out of every 120, were defaulted because of their failure to meet income qualifications.

Q. PLEASE EXPLAIN THE DATA ON TAP ENROLLMENT DURING THE COVID-19 PANDEMIC?

A. PWD states that “Beginning in mid-March 2020 and through the present, customers were no longer asked to recertify.” (PA-IX-6). PWD further states that “The City did not ask any participants to recertify during the COVID-19 pandemic.” (PA-IV-7, see also, PA-IX-5 [“the City did not ask any participants to recertify during the COVID-19 pandemic”], PA-IX-7). Nonetheless, PWD reports that from April 2020 through December 2020, PWD had 2,079 “New TAP enrollees,” but increased the number of TAP participants by only 1,274 (15,159 in April 2020 to 16,433 in December 2020). PWD, in other words, added more than 800 fewer additional TAP participants than it had “new TAP enrollees” in this nine-month period of the COVID-19 pandemic.

Q. IS THERE ANY ADDITIONAL HARM TO TAP PARTICIPANTS FROM THE BURDENSOME TAP RECERTIFICATION PROCESS?

A. Yes. The ability of TAP participants to earn complete arrearage forgiveness —whether under PWD’s existing flawed 24-month shelf process or the reasonable arrearage forgiveness process I recommend in this testimony—is dependent on the ability of TAP participants to remain in the program. As PWD acknowledges in response to discovery: “If a TAP participant opts-out of the program, fails to recertify timely, or is otherwise
removed from the program, they will be responsible for the entirety of liens for any
remaining pre-program arrears.” (PA-VIII-10).

Q. IS THERE OTHER DATA SUPPORTING THE CONCLUSION THAT THE PWD
RECERTIFICATION PROCESS IS UNREASONABLY EXCLUDING TAP
PARTICIPANTS?

A. Yes. The Table below shows the cumulative number of TAP new enrollees reported
monthly by PWD compared to the total number of TAP participants by month.

As the Table shows, by January 2018, the cumulative number of new TAP enrollees
exceeded the total number of TAP participants by 20%. By March 2019, the cumulative
number of new enrollees exceeded the number of TAP participants by 50%. Throughout
2020, the cumulative number of new TAP enrollees exceeded total TAP participants by
more than 120%. Clearly, the recertification process is posing an impediment to
continued TAP participation while not generating any benefit of excluding customers
who are no longer income-qualified.
<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Cumulative New TAP Enrollees</th>
<th>Total TAP Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2018</td>
<td>6,014</td>
<td>5,204</td>
</tr>
<tr>
<td>2</td>
<td>2018</td>
<td>6,764</td>
<td>6,146</td>
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<tr>
<td>3</td>
<td>2018</td>
<td>7,698</td>
<td>7,191</td>
</tr>
<tr>
<td>4</td>
<td>2018</td>
<td>8,540</td>
<td>8,072</td>
</tr>
<tr>
<td>5</td>
<td>2018</td>
<td>10,196</td>
<td>9,090</td>
</tr>
<tr>
<td>6</td>
<td>2018</td>
<td>12,031</td>
<td>10,906</td>
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<tr>
<td>7</td>
<td>2018</td>
<td>13,725</td>
<td>12,618</td>
</tr>
<tr>
<td>8</td>
<td>2018</td>
<td>14,711</td>
<td>13,928</td>
</tr>
<tr>
<td>9</td>
<td>2018</td>
<td>15,262</td>
<td>13,894</td>
</tr>
<tr>
<td>10</td>
<td>2018</td>
<td>16,351</td>
<td>15,202</td>
</tr>
<tr>
<td>11</td>
<td>2018</td>
<td>17,190</td>
<td>15,716</td>
</tr>
<tr>
<td>12</td>
<td>2018</td>
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</tr>
<tr>
<td>1</td>
<td>2019</td>
<td>19,591</td>
<td>15,917</td>
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<tr>
<td>2</td>
<td>2019</td>
<td>20,746</td>
<td>14,372</td>
</tr>
<tr>
<td>3</td>
<td>2019</td>
<td>21,957</td>
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<td>4</td>
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<td>15,650</td>
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<tr>
<td>7</td>
<td>2019</td>
<td>26,786</td>
<td>15,663</td>
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<td>8</td>
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<td>27,757</td>
<td>15,054</td>
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<td>31,723</td>
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</tr>
<tr>
<td>1</td>
<td>2020</td>
<td>33,123</td>
<td>15,175</td>
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<tr>
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<td>6</td>
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</tr>
<tr>
<td>7</td>
<td>2020</td>
<td>35,834</td>
<td>15,942</td>
</tr>
<tr>
<td>8</td>
<td>2020</td>
<td>35,978</td>
<td>16,072</td>
</tr>
<tr>
<td>9</td>
<td>2020</td>
<td>36,129</td>
<td>14,507</td>
</tr>
<tr>
<td>10</td>
<td>2020</td>
<td>36,248</td>
<td>14,180</td>
</tr>
<tr>
<td>11</td>
<td>2020</td>
<td>36,387</td>
<td>13,386</td>
</tr>
<tr>
<td>12</td>
<td>2020</td>
<td>36,514</td>
<td>16,433</td>
</tr>
</tbody>
</table>
Q. WHAT DO YOU CONCLUDE?

A. PWD’s TAP recertification process is a serious impediment to delivering the affordability assistance to low-income PWD customers intended by the IWRAP legislation enacted by the Philadelphia City Council. The recertification process is not screening out substantial numbers of TAP participants who are no longer income-eligible (67 of 8,094 defaulting cases in 2019). Instead, the recertification process is preventing PWD customers from continuing their participation (5,934 who did not respond in 2019; an additional 1,480 who tried to respond but who PWD rejected for providing missing or invalid information).

Q. WHAT DO YOU RECOMMEND?

A. I recommend the following steps be taken with respect to TAP recertification. These steps mirror the recertification processes used by Pennsylvania utilities with respect to program recertification for the Customer Assistance Programs (CAPs) for the state’s regulated gas and electric utilities. In its Final Order modifying the Pennsylvania PUC’s CAP Policy Statement in 2019, the PUC stated that Pennsylvania utilities should “Establish new maximum recertification timeframes for CAPs and strive to minimize disruptions in CAP participation.” (Pennsylvania PUC, Final Policy Statement and Order, Docket M-2019-3012599, at 6 – 7) (hereafter “Final Order”). (emphasis added).

In its Final Order, the PUC directed that:

- CAP households that submit documentation of their participation in LIHEAP annually should be required to fully recertify at least once every three (3) years;
➢ CAP households whose primary source of income is Social Security,
Supplemental Security Income (SSI), or pensions should be required to recertify
at least once every three (3) years; and

➢ All other CAP households should recertify at least once every two (2) years.

Clearly, the PWD is not subject to the jurisdiction of the Pennsylvania PUC and the
PUC’s CAP Policy Statement does not apply to PWD as a matter of law. Nonetheless,
the PUC’s Revised CAP Policy Statement was promulgated after a two-year proceeding
in which every regulated utility, and multiple other stakeholders participated. 39 The
lessons learned are applicable to PWD as well as to the state’s regulated utilities. For
example, even though LIHEAP obviously is not provided to PWD, LIHEAP participation
is easy for a TAP participant to document. A TAP participant’s primary source of
income would be determined at the time of initial enrollment.

Through this process, PWD could “strive to minimize disruptions in TAP participation.”
The Philadelphia IWRAP legislation should not be implemented in a way in which PWD
would enroll 36,514 new TAP enrollees, to end up with only 16,433 TAP participants.
PWD would not default 8,094 TAP participants in the recertification process, only 67 of
whom were defaulted for no longer being income-eligible.

The Board should require PWD to provide monthly status reports until it has a
recertification process that provides that: (1) TAP households that submit documentation

39 The PUC stated in its Final Order: “In addition to the participating EDCs and NGDCs and the Energy Association
of Pennsylvania (EAP), other active participants included statutory advocates, low-income advocates, industrial user
groups, community-based organizations, other agencies, energy marketers, educational institutions, and others.”
(Final Order, at 2).
of their participation in LIHEAP annually should be required to recertify no more than
least once every three years; TAP households whose primary source of income is Social
Security, Supplemental Security Income, or pensions should be required to recertify no
more than once every three years; and all other TAP households should recertify no more
than once every two years.

D. TAP Outreach to Customers Restored Since the Start of COVID-19.

Q. PLEASE EXPLAIN THE PROBLEM YOU ADDRESS IN THIS SECTION OF
YOUR TESTIMONY.

A. In response to discovery PWD indicated that it has restored service to 15,234 customers
whose service had been terminated as of March 1, 2020. (PA-XI-3 and PA-XI-4). This
number does not include customers who PWD was unable to restore due to unsafe
plumbing conditions at the property. (PA-XI-4). These restorations represent a significant
number of customers who had previously been unable to restore service. I would expect
that a significant number of these customers will require financial assistance to maintain
service. While PWD has conducted some outreach to PWD customers during the
COVID-19 moratorium (PA-VIII-5) and provided customers whose service was restored
with a door hanger, indicating that service had been restored as part of Philadelphia’s
response to COVID (PA-XI-6), PWD has not conducted any targeted TAP outreach to
customers who were restored.

PWD’s lack of proactive TAP outreach to these customers is one major reason why only
355 TAP applications have been requested on these accounts (PA-XI-8) and only 48 of
these 15,234 accounts have been approved for TAP (PA-XI-9). PWD must take steps to reach out to these customers to make TAP enrollment available to them. It is reasonable to conclude that many of these customers may have experienced a financial hardship that caused them to lose service in the first place, while still others may be experiencing a current financial hardship as a result of the pandemic. PWD should provide monthly status reports to the Board on the proactive TAP outreach that it has directed to reach customers whose service was restored during COVID-19.

E. Broad Availability of TAP Application.

Q. WHAT IS THE PROBLEM YOU ADDRESS IN THIS SECTION OF YOUR TESTIMONY?

A. In response to discovery, PWD indicated that one of the reasons that it is unable to make the TAP application available in an easily downloadable PDF format is that its current process of requiring an access code allows PWD to ensure that shut-off protections are automatically provided to the customer during the customer’s application process. (PA-XI-31). This rationale for precluding access to the TAP application is no longer sufficient. PWD has publicly announced that it is extending a freeze on shutoffs for residential customers until April 2022. While PWD has its COVID-19 termination moratorium in effect, it should make the TAP application widely available and discontinue the practice of requiring a special code to access the application. By making the application easily downloadable customers will be able to access the application even if they don’t know or have access to their access code and service providers will be able

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40 [https://water.phila.gov/covid-19/#2021-03-08](https://water.phila.gov/covid-19/#2021-03-08)
to mass distribute applications to potentially eligible participants. Moreover, if PWD were to provide a downloadable PDF of the TAP application on its website, it would bring its practice into alignment with those of PECO and PGW.

While PWD has also indicated that it uses the access code to generate a bar code, which it uses for reporting purposes, PWD’s implied suggestion that it cannot generate a bar code for use in reporting after receipt of a TAP application lacks any factual foundation. (PA XI -31).

The Board should require PWD to provide monthly status reports until it fulfills the recommendation that it discontinue the process of requiring an access code to allow PWD to ensure that shut-off protections are automatically provided to the customer during the customer’s application process during the period in which PWD is undertaking no shutoffs.

F. Race and TAP Denials.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I identify the disparate impacts that PWD’s denial of TAP enrollment has by race. I find that the denial of TAP applications attributable to filing incomplete applications or due to ineligibility is substantial when viewed through a racial lens. PWD should undertake those steps necessary both to reduce the number of
TAP applications that are denied due to ineligibility or incompleteness and to address the racial inequities in access to TAP.

Q. PLEASE SUMMARIZE YOUR ANALYSIS OF THE DATA ON RACE AND TAP APPLICATION DENIALS.

A. PWD provided, by year and by zip code, a list of “the number of customer assistance applications that were denied in each calendar year for ineligibility or incompleteness.” (PA-XI-2). In providing this data, PWD explains that “applications that were approved for any assistance program or were found to have no assistance program be the most affordable alternative are not included.” (Id.) The data involves counts of applications, not customers or accounts. (Id.)

I matched the zip codes provided by PWD with data on five digit ZCTAs (Zip Code Tabulation Areas) reported by the Census Bureau. While zip codes and ZCTAs are virtually identical, and are generally used as providing comparable data, they are not identical. Zip codes are creatures of the post office used to help designate postal distribution. In contrast, ZCTAs are geographic areas used for data compilations. I deem them to be sufficiently comparable to use for purposes of this discussion.

For each year, I rank-ordered each zip code from the lowest number of TAP denials to the highest number of TAP denials. I then divided that list of zip codes into nine equal parts (45 zip codes divided into nine groups of five each, numbered #1 through #10, omitting #5). I repeat that process for zip codes rank-ordered by the percentage of
population in each zip code that is reported to be comprised of “Black” persons by the
Census Bureau.

For ease of reference in this testimony, I will refer to each grouping as a “decile” (even
though the “fifth decile” is a group with 0 items).\(^4\) The “first decile” is the zip code with
the lowest number in a zip code (of TAP denials) or the lowest percentage in a zip code
(of Black persons). The “tenth decile’ is the zip code with the highest number or
percentage.

Finally, I then cross-tabulate the data for TAP denials and the percentage of Black
persons by zip code in the zip codes served by PWD.

Q. WHAT DO YOU FIND?
A. The zip codes with the highest number of TAP denials also tend to be the zip codes with
the highest percentage of Black population throughout the City of Philadelphia. I reach
this conclusion by comparing the overlap of the three highest and three lowest deciles for
each factor (i.e., number of TAP denials; percentage of population that is Black). The
data is set forth in Schedule RDC-1. The data is summarized in the Table below.

\(^4\) In an oddity in the language of mathematics, nine equal parts is the only division of ten or fewer groups that does
not have a specific name (tertiles: 3; quartiles: 4; quintiles: 5; sextiles: 6; etc.).
As shown in this Table, communities with a higher percentage of Black persons experienced an increased number of TAP denials. For example, in 2017, while 11 of the zip codes with the three lowest numbers of TAP denials also have the lowest percentage of Black population, none of the zip codes with the lowest percentage of Black population have the highest number of TAP denials. Similarly, while 11 of the zip codes with the highest number of TAP denials also have the highest percentage of Black population, none of the zip codes with the lowest number of denials have the lowest percentage of Black population. A similar pattern exists for each of the four years considered. Higher numbers of ineligible or incomplete TAP applications are experienced in communities with higher percentages of Black persons.

Q. HAVE YOU COMPARED THIS RACIAL DATA TO FACTORS OTHER THAN RACE?

A. Yes. I have also compared the number of TAP denials (for being ineligible or incomplete) to the percentage of population in each zip codes with income at or below 150% of the Federal Poverty Level. Unlike the percentage of population which is Black, as the percentage of income-eligible population increases, it could be expected that the

<table>
<thead>
<tr>
<th>Factor 1</th>
<th>Factor 2</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 lowest Black %</td>
<td>3 lowest # denials</td>
<td>11</td>
<td>9</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>3 lowest Black %</td>
<td>3 highest # denials</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3 highest Black %</td>
<td>3 lowest # denials</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>3 highest Black %</td>
<td>3 highest # denials</td>
<td>11</td>
<td>9</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>
number of TAP applications could be expected to increase, with a resulting increase in
the number of applications that were denied for being “incomplete.”

<table>
<thead>
<tr>
<th>Table 13. Zip Codes by Number of TAP Denials vs. Percentage of Population with Income Below 150% of Poverty (3 lowest deciles / 3 highest deciles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1</td>
</tr>
<tr>
<td>3 lowest % &lt;150 FPL</td>
</tr>
<tr>
<td>3 lowest % &lt;150 FPL</td>
</tr>
<tr>
<td>3 highest % &lt;150 FPL</td>
</tr>
<tr>
<td>3 highest % &lt;150 FPL</td>
</tr>
</tbody>
</table>

As the Table above shows, that expectation is borne out. In 2020, 10 of the zip codes
with the lowest percentage of population with income at or below 150% of Poverty also
have the lowest number of TAP application denials, while none (0) of the zip codes with
the lowest percentage of income-eligible population have the highest number of TAP
denials (for being incomplete or ineligible). Similarly, while one (1) zip code with the
highest percentage of population with income at or below 150% of Poverty has the lowest
number of denials in 2020, 11 of the zip codes with the highest percentage of population
with income at or below 150% of Poverty have the highest number of denials.

Q. HAVE YOU LOOKED AT ANY OTHER MEASURE OF TAP DENIALS WITHIN
THE CONTEXT OF THE PENETRATION OF BLACK POPULATION?

A. Yes. Of the 45 zip codes that PWD provided, I identified the number of zip codes in
which the percentage of Black population exceeded the percentage of Black population in
the City as a whole. Of the 45 zip codes provided, showing a city-wide average
percentage of Black population of 42.4%, 17 zip codes had a percentage of Black population higher than that figure (i.e., had a percentage of Black population greater than 42.4%). I then compared those zip codes to the zip codes rank-ordered by the percentage of TAP application denials. As above, the question was whether a pattern could be discerned. The data is set forth in the Table below.

<table>
<thead>
<tr>
<th>Count of 2020</th>
<th>Zip Code by Number of TAP Application Denials by Decile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blk population &lt;City average</td>
<td>1 2 3 4 6 7 8 9 10 Grand Total</td>
</tr>
<tr>
<td>5 4 5 4 2 3 1 3 1</td>
<td>28</td>
</tr>
<tr>
<td>Blk population &gt;City average</td>
<td>1 1 3 2 4 2 4</td>
</tr>
<tr>
<td>1 1 3 2 4 2 4</td>
<td>17</td>
</tr>
<tr>
<td>Grand Total</td>
<td>5 5 5 5 5 5 5 5 5</td>
</tr>
<tr>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

Row = Penetration of Black population above City average.
Columns = Number of TAP application denials.

As can be seen in this Table, of the 17 Philadelphia zip codes with a percentage of Black population greater than the City average, ten (10) fall within the fifteen zip codes with the largest number of TAP application denials. Of the 17 zip codes with a percentage of Black population greater than the City average, one (1) falls within the fifteen zip codes with the lowest number of TAP application denials. Only two fall within the twenty zip codes with the lowest number of TAP application denials.

In contrast, of the 28 zip codes with a penetration of Black population less than the City average, 14 fall within the fifteen zip codes with the lowest number of TAP application denials. Of the 28 zip codes with a penetration of Black population less than the City average, only five fall within the fifteen zip codes with the highest number of TAP application denials. The pattern of exclusion seems evident.
Q. WHAT DO YOU RECOMMEND?

A. The first thing that PWD needs to do to remedy these disproportionate racial impacts is to acknowledge that there are disproportionate racial impacts. Just as implicit racial biases arise in other processes without any explicit intent to discriminate, the pattern analysis presented above documents a pattern of Black exclusion from Philadelphia’s water affordability program. An insistence that there is “no problem” of implicit racial bias in the PWD implementation of TAP would only serve to continue the patterns identified above.

The second action step I recommend is for PWD to convene one (or more) summits not only of Black community leaders, but also of Black grassroots community members. The summit should put the question to both the City’s leadership and to the City’s grassroots community of what aspects of TAP enrollment (and recertification, although the data above does not address recertification) represent impediments to persons entering TAP without having their TAP application denied for being incomplete or inaccurate.

PWD should report back to the Water Board, to the Mayor’s office, to City Council, and to other stakeholders (e.g., the Public Advocate) about the impediments which the summit(s) have identified and the steps that PWD will affirmatively take to resolve the disproportionate exclusion of members of the Black community from TAP.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I consider the reasonableness of certain customer service fees and practices pursued by PWD.

A. Language Access Plans.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I consider whether PWD adequately and appropriately provides effective access to translation services for Limited English Proficient (LEP) customers. I conclude that PWD complies with neither the local ordinance relating to language access nor the Federal Fair Housing Act.

Q. IS THERE ANY LOCAL PHILADELPHIA REQUIREMENT FOR PWD TO ADDRESS LANGUAGE ACCESS ISSUES?

A. Yes. At an election held on May 21, 2019, and verified on June 10, 2019, Philadelphia voters approved an amendment to the City’s Home Rule Charter. That amendment states that “every office, department, board and commission” shall prepare and implement a Language Access Plan. That Plan “shall”: “promote access to City services, compliance with City law and ease of contact with . . . government in the City for people with limited English proficiency. . .” The Plan shall be “in accordance with any generally applicable language access policy established by the Mayor.” The Charter amendment finally
provides that every office, department, board and commission “shall...provide an annual
report regarding the status of implementation of such plan to the Office of Immigrant
Affairs.” The Office of Immigrant Affairs (“OIA”) is also a City agency.42

Q. IS THE PHILADELPHIA LANGUAGE ACCESS ORDINANCE APPLICABLE
TO PWD?
A. Yes. PWD, itself, acknowledges that it is governed by the Philadelphia language access
ordinance. PWD states unequivocally that “PWD is not exempt” from the Philadelphia
language access ordinance. (PA-II-43).

Q. HAS THE PHILADELPHIA MAYOR’S OFFICE PROVIDED GUIDANCE ON
LANGUAGE ACCESS TO LIMITED ENGLISH RESIDENTS OF THE CITY OF
PHILADELPHIA?
A. Yes. The Mayor’s Office has stated that “it is the City’s policy to grant access to services
to every person even when the person has limited ability speak, understand, read or write
English.”43 The Mayor’s Plan states that it is the City, rather than the LEP client, that
bears the following responsibilities:

1) Provide language appropriate services.

2) Identify and record language needs at the initial point of contact.

42 Philadelphia Home Rule Charter, Article 8, Chapter 6, available at
http://library.amlegal.com/nxt/gateway.dll/Pennsylvania/philadelphia_pa/philadelphiahomerulecharter/articleviiipro
visionsofgeneralapplicatio/chapter6provisionsapplicablethroughoutci?f=templates$fn=default.htm$3.0$vid=amlegal
:philadelphia_pa$anc=JD_HRC-8-600 (last accessed March 14, 2021).
43 Mayor’s Language Access Plan (October 2019), at 2, available at
March 14, 2021).
3) Discourage use of informal interpreters such as family, friends of the person seeking services, or other customers. Prohibit minor children from acting as interpreters.

4) Do not suggest or require that an LEP customer provide an interpreter in order to receive services.\(^4\)

According to the Mayor’s Plan, “the preferred method” of serving LEP persons is by:

1) Using trained bilingual staff able to provide services directly to the customer in his/her primary language without the need for an interpreter.

2) Engaging available, trained, competent, bilingual staff for in-person or telephone interpreting to support other staff.

3) Seeking assistance from professional in-person or telephonic interpreters when staff cannot meet language needs.

4) Recognizing that certain circumstances may require specialized interpretation and translation services even when staff with bilingual abilities are available (for example, situations concerning HIPAA, confidentiality or anything that may have a legal implication). Staff must be authorized to provide language access services to communicate effectively even when such assistance is not requested by the LEP person.\(^5\)

Remember, under the language of the Philadelphia ordinance, PWD actions are to be “in accordance with” these policies established by the Mayor.

Q. **IS THE MAYOR’S PLAN SIGNIFICANT IN ANY OTHER WAY?**

A. Yes. The Mayor’s Plan is significant in that it grounds the City’s language access responsibilities not only in the Philadelphia Home Rule Charter, but also in the

\(\footnote{44}{\text{Id.}}\)

\(\footnote{45}{\text{Id.}}\)
requirements of Title VI of the Civil Rights Act of 1964. 46 Title VI of the Civil Rights Act of 1964 provides:

No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance. 47

The Title VI protection against discrimination based on national origin applies when an individual is unable or has a limited ability to speak, read, write or understand English. Allegations of a failure to provide bilingual services in a Food Stamp program, for example, could be a violation of Title VI. Title VI, of course, extends to PWD because PWD accepts federal dollars. Once Title VI extends to PWD, it extends to the entirety of PWD’s operations, not simply to the aspect which receives the federal funding.

Q. PLEASE EXPLAIN WHAT YOU MEAN BY THE TERM “LANGUAGE ACCESS.”

A. “Language access” involves two elements: (1) an oral element; and (2) a written element. The oral element involves the ability to provide oral interpretative services. Under Title VI, pursuant to the written element, PWD should provide written translation of any vital documents “for each LEP language group that constitutes five percent or 1,000, whichever is less, of the population of persons eligible to be served or likely to be affected or encountered.” (emphasis added). 48

46 Mayor’s Language Access Plan, at 1.
Q. WHY IS THE LACK OF A REASONABLE LANGUAGE ACCESS PLAN, AS
REQUIRED BY THE PHILADELPHIA HOME RULE CHARTER, AND/OR
TITLE VI, A PROBLEM FOR PWD CUSTOMERS?

A. Let me discuss the problems posed by the lack of language access in terms of the specific
language used in the Philadelphia Home Rule Charter which I cite above.

First, language access is necessary to “promote access to City services.” From the
perspective of PWD customers, access to “City services” involves a variety of PWD
services. Ultimately, of course, the “access to City services” that is being “promoted” is
the access to the utility services provided by PWD. Other PWD-specific services are in
play, however. For example, negotiating a payment plan can be critical to retaining
access to service. TAP is a major “City service” which LEP customers need to be able to
gain access to in the event that they may be income-qualified.

Second, “compliance with City law” implicates numerous aspects of being a PWD
customer. For income-challenged customers participating in TAP, for example, not only
must customers know and understand their payment obligations, but they must know and
understand their recertification obligations to maintain their participation in TAP. They
must also know and understand their payment obligations to be able to cure any missed
TAP payments in order to gain access to arrearage forgiveness.
Third, the “ease of contact with government in the City” implicates not only contact with PWD in response to nonpayment, but also ease of contact with PWD in seeking to access help through programs such as UESF, TAP and extended payment plans. Simply identifying oneself as a “low-income” customer involves the ability of an LEP customer to make contact with PWD.

Q. DOES PWD COMPLY WITH ITS OWN LANGUAGE ACCESS PLAN?

A. No. Consider, for example:

➢ that the Language Access Plan states that “posters notifying Limited English Proficient (LEP) individuals of their right to language services will be developed and displayed in areas of public contact. These posters will contain a simple message –such as ‘Free Interpreter services are available. Please ask for assistance.’ – and will be in English as well as the principle (sic) languages spoken in the service area.” (PWD Language Access Plan, at 12) (emphasis added).

➢ that the Language Access Plan states that “the Philadelphia Water Department has integrated the City’s language layer in its GIS mapping system to identify the different languages spoken in the neighborhoods in Philadelphia to enable us to plan ahead for community meetings and/or outreach materials.” (PWD Language Access Plan, at 12) (emphasis added).

Q. WHAT PROBLEM HAVE YOU IDENTIFIED?

A. Despite the language access requirements imposed by ordinance on PWD, and the specific commitments set forth in its own Language Access Plan, PWD concedes that it has undertaken no effort to identify any clusters of English as a Second Language (ESL) customers that exist in the PWD service territory by community, zip code, Census Tract or any other geographic region. (PA-II-44). PWD admits that it has undertaken no study or analysis, or had any third party undertake a study or analysis on its behalf, of
“available Census Data to determine language preference in its service territory.” (PA-II-25).

PWD, in other words, has made no effort even to identify the “principal (sic) languages spoken in its service area.” Despite its commitment to “identify the different languages spoken in the neighborhoods in Philadelphia,” PWD has made no effort to identify clusters of English as a Second Language by any geographic region in the City.

Q. HAVE YOU HAD OCCASION TO CONSIDER THE EXTENT TO WHICH THERE ARE POPULATIONS IN PHILADELPHIA WITH LIMITED ENGLISH PROFICIENCY?

A. Yes. Table 14 immediately below shows the prevalence of LEP households in Philadelphia distributed by the language which is spoken in the home. In addition to Spanish speaking LEP households (17,234), there are substantial penetrations (certainly more than 1,000) of LEP households who speak Russian, Polish or other Slavic language (4,849), Korean (1,243), Chinese (4,534), Vietnamese (1,595), as well as “other Indo-European languages” (3,429) and “other Asian and Pacific Island languages” (3,506).

49 It is not possible to reconcile this discovery response to the statement PWD makes in response to PA-XI-11, which states in relevant part that “PWD uses current available census data and produces a web-based map to display predominant language spoke for each census tract. A related series of maps show the three highest languages spoken after English, based on the number of residents speaking that language in each census tract.” (PA-XI-11). PWD does not explain how it could develop such maps having previously said that it has undertaken no analysis, or had any third party undertake a study or analysis on its behalf, of “available Census Data to determine language preference in its service territory.” (PA-II-25).

<table>
<thead>
<tr>
<th>Language</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spanish: Limited English speaking household</td>
<td>17,234</td>
</tr>
<tr>
<td>French, Haitian, or Cajun: Limited English speaking household</td>
<td>996</td>
</tr>
<tr>
<td>Russian, Polish, or other Slavic languages: Limited English speaking household</td>
<td>4,849</td>
</tr>
<tr>
<td>Other Indo-European languages: Limited English speaking household</td>
<td>3,429</td>
</tr>
<tr>
<td>Korean: Limited English speaking household</td>
<td>1,243</td>
</tr>
<tr>
<td>Chinese (incl. Mandarin, Cantonese): Limited English speaking household</td>
<td>4,534</td>
</tr>
<tr>
<td>Vietnamese: Limited English speaking household</td>
<td>1,595</td>
</tr>
<tr>
<td>Other Asian and Pacific Island languages: Limited English speaking household</td>
<td>3,506</td>
</tr>
</tbody>
</table>

Q. WHAT ADDITIONAL OBLIGATIONS DOES THE PWD LANGUAGE ACCESS PLAN IMPOSE WHICH HAVE NOT BEEN COMPLIED WITH?

A. The Language Access Plan states that PWD “will conduct an annual evaluation of its Language Access Plan to determine its overall effectiveness, review the progress of department goals and identify new goals or strategies for serving LEP residents.” (PWD Language Access Plan, at 13). PWD stated in its Language Access Plan that it “will continually work with community stakeholders to evaluate its services and identify ways to refine and/or expand them. As a result, we expect these strategies, services and programs to evolve over time.” (PWD Language Access Plan, at 2). Despite these commitments, PWD has not revised in Language Access Plan for four years, with the Plan being “last updated” in 2017. PWD, in other words, has not even updated its Language Access Plan in the time since Philadelphia voters imposed specific, binding, language access obligations on each city agency (including PWD). It has not been revised since the Mayor published binding language setting forth language access policies with which PWD shall “be in accordance with.”
Q. IS THERE A THIRD OBLIGATION THAT IS INCLUDED IN THE PWD LANGUAGE ACCESS PLAN THAT PWD HAS NOT COMPLIED WITH?

A. Yes. The Language Access Plan makes a very specific commitment that “PWD will continue to broadly translate materials. . .” (PWD Language Access Plan, at 16). Yet when PWD was asked for “a detailed description of how translations of written documents provided to customers are provided for: (A) credit and collection activities (including but not limited to shutoff notices); (B) TAP outreach; and (C) Deferred Payment Plans,” including within these explanation “a detailed explanation of the languages provided, how the choice of languages is made, and how the written documents in different languages are distributed,” PWD could provide no such information. The only thing PWD could do was to cite its Language Access Plan, which contains none of the requested information. (PA-II-46).

Q. IS THERE A FOURTH COMMITMENT PWD HAS MADE WHICH IT DOES NOT FULFILL?

A. Yes. PWD states that it “proactively translates documents based on Census data for neighborhoods throughout Philadelphia.” (Attachment PA-II-45) (emphasis added). As noted above, however, PWD has admitted that, notwithstanding this commitment, it has undertaken no study or analysis, nor had any third party undertake a study or analysis on its behalf, of “available Census Data to determine language preference in its service territory.” (PA-II-25).
Q. IS THERE A FIFTH PROBLEM WITH PWD’S PROVISION OF SERVICE TO LIMITED ENGLISH PROFICIENT CUSTOMERS?

A. Yes. The PWD Language Access Plan explicitly states that “PWD, rather than the customer, bears the following responsibilities. . .Staff at the initial point of contact have the specific duty to identify and record language needs.” (PWD Language Access Plan, at 3). Despite this commitment that it is “PWD, rather than the customer, which bears the responsibilities,” when asked for how a person accesses translation services through an interactive voice system, through a web-based system, or through human interaction with PWD, PWD responded:

➢ If through a human interaction, “requests for translation services through human interaction can be obtained using telephone interpretation. . .” (emphasis added);

➢ If through an automated or interactive telephone system, “requests for translation services through an automated or interactive telephone system are sent to the Language Access Coordinator. . .” (emphasis added);

➢ If through a web-based system, “translations of PWD material can be obtained upon request through any of PWD’s web-based systems, including our website, email and social media.” (emphasis added).

(PA-II-45). (emphasis added). Clearly, PWD is not complying with its commitment to impose the responsibility to identify LEP needs on the Department rather than on the customer.

Q. IS THERE A SIXTH PROBLEM THAT YOU HAVE IDENTIFIED?
A. Yes. PWD’s Language Access Plan states that “Department notices and flyers will also provide notice of the availability of language services and a simple instruction on how to request language assistance.” (PWD Language Access Plan, at 12). No such notice appears. Appendix C of this testimony presents a shutoff notice for a past-due water bill. (PA-II-7). PWD also provided a tenant USTRA notice. (PA-II-16). Both notices are included in Appendix C. As can be seen, in contravention of the Language Access Plan, no notice or instruction is included in either document.

Similarly, the Language Access Plan specifically states that “tag lines will be included in or attached to a document. Taglines in languages other than English can be used on documents written in English that describe how individuals with LEP can obtain document translations or an interpreter to read or explain the document.” Referencing, again, two of the most critical documents pertaining to retaining service—a nonpayment shutoff notice and an USTRA tenant notice, both attached as Appendix C, no such tagline is included.

Q. IS THERE A FINAL LANGUAGE ACCESS PROBLEM THAT YOU HAVE IDENTIFIED?

A. Yes. PWD’s Language Access Plan states that:

PWD has developed a list of the documents that are vital to the access of LEP persons to PWD’s programs. Documents that have also been identified that may contain important information and will contain noticing of PWD language access services and how to obtain services. PWD currently provides some vital documents in the following languages: Spanish, Chinese, Vietnamese, Cantonese, Portuguese, Russian, Korean, Cambodian, Polish and Albanian.
(PWD Language Access Plan, at 8) (emphasis added). PWD’s Language Access Plan provides a list of the “vital documents that have been translated. . .” (Id.). Not one single document on that list relates to TAP. Not one single document on that list relates to any type of deferred payment plan. Not one single document on that list relates to collections, to shutoffs, or to public assistance that may help a PWD customer pay his or her bill. In PWD’s Language Access Plan, in other words, the path to gaining “access of LEP persons to PWD’s programs” does not go through TAP, payment plans, public assistance, or other responses to nonpayment.

Q. WHAT DO YOU RECOMMEND?

A. I recommend that PWD should, if a customer with limited English proficiency calls PWD, or any CBO acting on behalf of PWD, to apply for TAP, for a hardship grant, or otherwise seeking relief from their inability to pay an outstanding balance, provide language translation services to those customers, whether or not the customers comprise 5% or more (or 1,000, whichever is less) of the PWD customer base. PWD should have immediate access to a telephone interpreter to the extent that such customers do not meet the statutory threshold for providing in-person interpreters. To the extent that the customer is part of a population that meets the statutory threshold, PWD should have in-person interpreters available. Third, PWD should translate customer assistance program applications (including deferred payment plans) into all languages that are identified in the PWD’s existing Language Access Plan. In addition to applications, PWD should translate other critical customer assistance and customer service documents into all other
languages identified in that existing Language Access Plan. The translated written
documents should be available on the PWD website, as well as through any CBO
working for or on behalf of PWD to provide outreach and intake service for PWD
customer assistance programs. Finally, PWD should file an updated and amended
Language Access Plan with the City, after providing stakeholders an opportunity for
comment. The Board should require PWD to provide monthly status reports until it has
implemented this recommendation.

B. Arrearage Amount at which Disconnection is Triggered.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR
TESTIMONY.

A. In this section of my testimony, I explain why PWD’s proposal to disconnect service to
TAP participants for an arrearage that is lower than the arrearage level at which a non-
TAP participant would be disconnected should be disapproved. PWD concedes that it
disconnects service to TAP participants at a dollar amount that is less than the amount
which is required to disconnect service to a non-TAP participant. According to PWD:
“Low-income customers who are participating in TAP, must have a delinquency of $75
or more to be eligible for shutoff. All other residential customers must have a
delinquency of $150 or more to be eligible for shutoff.” (PA-II-47(b)).

Q. DO TAP RECIPIENTS POSE A SUBSTANTIALLY HIGHER RISK OF
NONPAYMENT?
A. No. Remember, TAP has only been in operation since July 2017 (FY18), so it does not have the same data collection history as the broader PWD customer base. Nonetheless, for FY18 and FY19, the TAP participant base and the broader PWD customer base have very similar collections outcomes. As the Table immediately below demonstrates, in FY18, the collections of TAP and non-SWO customers are virtually identical (95.7% vs. 97.1%). Moreover, the collections percentages for FY19 closely reflect FY18 through twelve months.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Customer Class</th>
<th>Total Payments (All)</th>
<th>Total Payments Months 0-12</th>
<th>Total Payments Months 13-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>Non-SWO</td>
<td>96.9%</td>
<td>88.0%</td>
<td>8.9%</td>
</tr>
<tr>
<td>FY19</td>
<td>TAP (including TAP and Senior Citizens Discount)</td>
<td>72.2%</td>
<td>72.2%</td>
<td>0.0%(^{50})</td>
</tr>
<tr>
<td>FY18</td>
<td>Non-SWO</td>
<td>97.1%</td>
<td>87.4%</td>
<td>8.4%</td>
</tr>
<tr>
<td>FY18</td>
<td>TAP (including TAP and Senior Citizens Discount)</td>
<td>95.7%</td>
<td>74.5%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

Q. WHAT DO YOU CONCLUDE?

A. PWD has advanced no legitimate reason for disconnecting service of TAP participants with lower unpaid balances. When a customer enrolls in TAP, that customer does not agree to become a second-class customer. The receipt of affordability assistance pursuant to the Philadelphia IWRAP legislation was not designated as a reason for service to be subject to nonpayment disconnection at lower unpaid balances.

\(^{50}\) Month 13 (and beyond) for TAP collections in FY19 would reflect data for July 2020 and beyond, which has not been reported.
Indeed, PWD’s differential treatment is likely in violation of the federal Equal Credit Opportunity Act (ECOA). The ECOA, 15 U.S.C. 1691 et seq., prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age, or because an applicant receives income from a public assistance program, amongst other bases. The law applies to “any creditor,” which is defined to include any government, governmental subdivision, or governmental agency that allows for deferred payment for property or services. That means the law applies to any county, municipality, water and sewer authority, sanitary district, water and sewer district, metropolitan water district, metropolitan sewer district, metropolitan water and sewer district, or other district, authority, commission, or joint agency that: (1) provides water, sewer, electric, and natural gas utilities and (2) bills for the services after they are provided.

Q. WHAT DO YOU RECOMMEND?

A. TAP participants should not be subjected to the disconnection of service for nonpayment for unpaid balances less than any other customer. Participation in TAP should not be a factor that is taken into account in deciding when, or whether, to disconnect service for nonpayment to a PWD customer. TAP disconnections should not be triggered at a delinquency amount less than $150.

C. The Interaction between PWD Liens and TAP.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.
A. In this section of my testimony, I explain how PWD works to frustrate, and in many instances totally impede, the right of TAP participants to receive forgiveness of pre-program arrears granted by the IWRAP legislation unanimously approved by the City Council. The City Council legislation does not authorize PWD to take actions outside the context of TAP which will prevent TAP participants from earning forgiveness of their pre-program arrearages. In addition, I explain how actions of PWD resulting in the imposition of a lien processing fee are an unreasonable service activity by PWD which conflicts with the directives of the IWRAP legislation adopted by City Council directing PWD to implement TAP to promote affordability.

Q. WHAT IS THE OVERALL RECOMMENDATION OF THIS SECTION OF YOUR TESTIMONY?

A. PWD should adopt a low-income “lien blocker” in those instances where perfecting a lien stands as an impediment to delivering reasonable service and an affordable bill. Moreover, PWD should declare that pre-program arrearages that have been frozen pursuant to TAP, and made eligible for forgiveness, are not claims that are “due” to the City and are not considered “unpaid” so long as the customer remains a participant in TAP. Pursuant to the Philadelphia IWRAP legislation unanimously adopted by the Philadelphia City Council, “Earned forgiveness of arrearages shall be available under such terms and conditions as are adopted by regulation.” As cited in this legislation, the implementing PWD regulation states that with respect to principal forgiveness: “A Customer maintaining continuous enrollment in TAP who makes twenty-four (24) complete monthly payments of the TAP Bill on or after September 1, 2020, will earn
forgiveness of pre-TAP arrears. The credit for the pre-TAP arrears will be applied to the 

Customer’s account on or after the twenty-fourth (24th) complete monthly payment of 
the Customer’s TAP bill during such period of enrollment.” (emphasis added). There is 
no exception in either the ordinance or in the implementing regulation allowing PWD to 
initiate enforcement or collection of a frozen pre-program arrearage subject to 
forgiveness through a municipal lien process.

For this (and each other arrearage forgiveness issue presented above), while PWD is 
authorized to promulgate regulations to implement an arrearage forgiveness program, 
such regulations are constrained by the language of the ordinance directing that arrearage 
forgiveness be “available.” To the extent that the regulations make arrearage forgiveness 
unavailable, either in-law or in-fact, those regulations are not authorized by the City’s 
IWRAP ordinance.

Q. WHAT PROBLEM HAS BEEN CREATED THROUGH THE PERFECTION OF 

LIENS ON PRE-PROGRAM ARREARAGES?

A. PWD’s liening policy toward the pre-program arrearages of TAP participants was 

explained in response to Public Advocate discovery.

As of January 1, 2020, WRB was able to implement its policy to perfect a lien 
on the unpaid water bills of a TAP participant. TAP participants are liened 
using the same rules that are applied to other WRB customers, namely: the debt 
must total $1,000 or more; the debt has not been previously liened, is not in 
dispute, and is not protected by an active bankruptcy; and the customer had 
been notified via a message on their bill of the intent to file a lien for the 
water/sewer delinquency.

(PA-II-54).
Since July 1, 2017, 10,285 liens have been filed for TAP participants due to an unpaid water bill. (PA-II-57). According to PWD witness Crosby, however, “liens are a function of the Department of Revenue, therefore lien policies are developed by the Department of Revenue and not the Philadelphia Water Department.” (PA-II-56). While that may be accurate, it is not unreasonable for PWD to take the actions recommended below which do not involve reforming the lien practices themselves.

1. The Interaction of Lien Filing Fees and TAP Pre-program Arrears.

Q. HOW DO LIEN FILING FEES INTERACT WITH, AND AFFECT, TAP PRE-PROGRAM ARREARAGES?

A. There is no question but that any Lien Filing Fee that is incurred is subsequently charged to a TAP participant for pre-existing arrears (i.e., pre-program arrears). According to Crosby:

once pre-TAP debts are forgiven, any lien fees associated with that debt will be forgiven. However, if a participant entered the TAP program prior to the lien program being run for that cycle, the debt would not have been liened until January 2020. Therefore, the resulting fee from this lien would appear on the customer’s bill. Finally, if a participant accrues TAP debt eligible to be liened, the resulting fee would appear on the customer’s bill once the lien is filed.

(PA-II-58) (emphasis added). It is not, however, the “TAP debt” (i.e., in-program arrears) which Crosby references in the statement above that my testimony addresses. Crosby’s comment quoted above relating to “TAP debt” is thus set aside. PWD, however, does not make distinctions between “TAP debt” and “pre-TAP debt” for liening purposes. Accordingly, the distinction drawn by Crosby is largely meaningless. Crosby
specifically acknowledges that “PWD does not distinguish between pre-TAP or in-
program arrears when placing a lien on a property.” (PA-II-63).\textsuperscript{51}

\textbf{Q.}  \textbf{IS THERE CONFUSION ABOUT HOW TAP CUSTOMER PAYMENTS TOWARD LIENED AMOUNTS ARE TREATED?}

\textbf{A.}  Yes.  PWD has several conflicting policies with respect to liens and associated Lien 
Filing Fees.  Consider, for example, that Crosby flatly asserts that “PWD does accept 
payments to retire liens.” (PA-II-64(A)) (emphasis added).  However, she goes on to 
state: “Any monies received will be first applied to any outstanding \textit{TAP balance} that 
remains due and the remainder will be credited to the account and used toward future 
TAP payments.” (PA-II-64(B)) (emphasis added).  While in the first statement, provision 
is made to apply TAP participant payments “to retire liens,” in the second statement, no 
provision is made for applying revenue toward pre-TAP arrears.  Crosby instead only 
references applying “monies received” to “any outstanding TAP balance,” not applying it 
to a pre-TAP arrearage.  It is not a “TAP balance” that is at issue here.  The balance that is 
at issue is instead a pre-existing (“pre-TAP”) arrears that is subject to arrearage 
forgiveness.\textsuperscript{52}

\textsuperscript{51} I note, without further comment, the conflict between Crosby’s response to PA-II-63 (“\textit{PWD does not distinguish between pre-TAP or in-program arrears when placing a lien}”) (emphasis added) and Crosby’s response to PA-II-56 (“\textit{liens are a function of the Department of Revenue, therefore \textit{lien policies are developed by the Department of Revenue and not the Philadelphia Water Department}”). (emphasis added).  As one can see, sometimes, Crosby notes that PWD is the actor regarding liens, while other times, she asserts that it is \textit{not} PWD, but the Department of Revenue.

\textsuperscript{52} Crosby makes other conflicting statements as well.  For example, when asked in discovery “specifically, please confirm that the $91.45 filing fee is forgiven with the arrears,” Crosby responded “Denied. The lien fee is cancelled when the arrears are forgiven.” However, in response to PA-II-58, Crosby stated: “Once pre-TAP debts are forgiven, any lien fees associated with that debt will be forgiven.” (PA-II-58).
Q. IS THERE AN IMMEDIATE HARM TO TAP PARTICIPANTS FROM
IMPOSING THE LIEN FILING FEE ON TAP PARTICIPANT ACCOUNTS
BECAUSE OF PRE-PROGRAM ARREARS?

A. Yes. PWD seems to assert that no harm arises from placing a lien on a TAP participant’s
pre-program arrearages (that are subject to forgiveness). After all, Crosby asserts, “when
the debt is forgiven, the liens are vacated.” (PA-II-65). The harms, however, are as
discussed below.

The first harm is that TAP participants are denied the protections specifically provided in
Philadelphia’s IWRAP ordinance. The City Council could hardly have been more clear
in its language: “Low-income customers who are enrolled in IWRAP shall be required to
make no additional payment in respect to any pre-IWRAP arrears to maintain service.”
(Section 19.605(3)(h)). (emphasis added). In contravention to this directive, PWD is
including the fee of $91.45 for filing a lien on pre-IWRAP (i.e., pre-TAP) arrears on TAP
participant bills.

Second, when PWD places a lien on a TAP participant’s pre-program arrears, the TAP
participant is charged a fee of $91.45. PWD asserts that this fee is mandatory and is set
by statute. (PA-II-52; PA-II-53; PA-II-62). Crosby acknowledges that “the total amount
of lien docketing fees that have been billed to TAP participants is $523,276.90.” (PA-
VIII-1). While PWD downplays this fee, asserting that the lien fee is “cancelled” when
the pre-program arrears are forgiven (PA-VIII-14), in the meantime, Crosby
acknowledges that this fee appears on a TAP participant’s water bill. (PA-II-58).
This result creates a number of problems for TAP participants. When asked for the order in which PWD applies customer payments to customer bills, Crosby responded that “payments are applied to the transactions with the oldest due date through the most recent due date. When transactions all have the same due date, payments are applied in this order: 1. Sundry invoices (these are charges in Basis2 for .lien fees.)” (PA-II-26) (emphasis added).

According to Crosby, in other words, within the constraints of applying payments to older balances first, payments are applied to “lien fees” before being applied to any water and sewer “service and quantity charges.” The lien fee is not made a part of the balance subject to forgiveness. Instead, the lien filing fee is cancelled when the arrears are forgiven. (PA-VIII-14). If they have already been paid, however, which is likely given the posting order identified by Crosby (PA-II-26), there is no longer a fee to cancel.

Another problem arises because adding a Lien Filing Fee to a TAP participant’s bill is a substantial addition to the bill. The Table below presents the average TAP bill by month for January 2019 through December 2020. What is clear from this Table is that adding a Lien Filing Fee to the TAP participant’s bill has the effect of tripling the TAP participant’s bill in any given month. The lowest multiplier of the Lien Filing Fee (i.e., Lien Filing Fee divided by average monthly bill) ranged from 2.82 to 2.84 times the average monthly bill. As a result, the bill as a percentage of income, rather than being limited to the percentage of income burdens provided by Philadelphia ordinance and
PWD regulation, is substantially higher than that prescribed for a TAP participant. In making this observation, it is again important to remember that Lien Filing Fees are imposed not because of in-program arrearages, but rather because of the existence of pre-existing arrears. As previously noted, 95% of TAP participants enter TAP with a pre-existing arrearage.

| Table 16. Average Monthly TAP Bill and Lien Filing Fee as Multiplier of TAP Bill (by Month) (January 2019 – December 2020) |
|---|---|---|---|---|---|
|  | Number of TAP Bills Issued | Dollars of TAP Bills Issued | Avg TAP Bill | Lien Filing Fee | Multiplier of Monthly TAP Bill |
|  | 2019 |  |  |  |  |
| January | 16,862 | $531,909.60 | $31.54 | $91.45 | 2.90 |
| February | 14,417 | $455,582.21 | $31.60 | $91.45 | 2.89 |
| March | 14,702 | $464,621.68 | $31.60 | $91.45 | 2.89 |
| April | 15,039 | $472,384.62 | $31.41 | $91.45 | 2.91 |
| May | 15,402 | $491,115.76 | $31.89 | $91.45 | 2.87 |
| June | 15,689 | $505,438.95 | $32.22 | $91.45 | 2.84 |
| July | 16,197 | $516,892.33 | $31.91 | $91.45 | 2.87 |
| August | 15,083 | $490,181.40 | $32.50 | $91.45 | 2.81 |
| September | 15,065 | $488,301.86 | $32.41 | $91.45 | 2.82 |
| October | 16,295 | $529,907.72 | $32.52 | $91.45 | 2.81 |
| November | 13,548 | $442,437.61 | $32.66 | $91.45 | 2.80 |
| December | 16,191 | $519,783.19 | $32.10 | $91.45 | 2.85 |
|  | 2020 |  |  |  |  |
| January | 16,053 | $155,191.08 | $29.82 | $91.45 | 3.07 |
| February | 14,253 | $187,240.63 | $30.44 | $91.45 | 3.00 |
| March | 15,172 | $226,801.24 | $30.23 | $91.45 | 3.03 |
| April | 15,163 | $242,399.99 | $29.98 | $91.45 | 3.05 |
| May | 15,431 | $275,821.11 | $30.34 | $91.45 | 3.01 |
| June | 15,756 | $337,604.39 | $30.85 | $91.45 | 2.96 |
| July | 15,950 | $388,817.40 | $30.80 | $91.45 | 2.97 |
| August | 16,091 | $432,254.12 | $31.00 | $91.45 | 2.95 |
| September | 14,538 | $436,666.58 | $31.40 | $91.45 | 2.91 |
| October | 15,033 | $493,950.66 | $31.02 | $91.45 | 2.95 |
| November | 13,406 | $493,967.79 | $31.42 | $91.45 | 2.91 |
| December | 23,354 | $500,660.15 | $31.57 | $91.45 | 2.90 |

In addition to, and quite aside from the impact on bill burdens, PWD pre-conditions the forgiveness of pre-program arrears on TAP participants making 24 complete payments. By adding an additional payment obligation on to the bill of $91.45, which obligation must be paid before any customer payment is applied to monthly bills for current service (PA-II-26), and which is the same as three times the average current bill, PWD
effectively stretches that 24 months to 27 months. Under PWD’s process, the TAP participant must make 24 complete TAP payments for current service, plus payment of the Lien Filing Fee (which is equal to three additional TAP payments). All of this is because of pre-existing arrears that are subject to forgiveness.

Q. HOW DO YOU KNOW THAT LIENS ON TAP ACCOUNTS ARE ATTRIBUTABLE TO PRE-PROGRAM ARREARS RATHER THAN TO IN-PROGRAM ARREARS?

A. PWD witness Crosby stated in relevant part in response to discovery that “TAP participants are liened using the same rule that are applied to other WRB customers, names: the debt must total $1,000 or more. . .” (PA-II-54). Given an average TAP bill of $30 per month, to reach a $1,000 arrears for in-program arrears, a TAP participant would need to be 33 months behind in their TAP payments (i.e., 33 months of in-program arrears) ($1,000 debt needed for lien divided by $30/month in average TAP monthly bill = 33 months of TAP in-program arrears). There are at least two problems with that. First, we know from Appendix B that that level of nonpayment is not being experienced in the TAP program. Moreover, the basic arithmetic doesn’t work out. Someone who was liened in June 2020, for example, would need to have had continuous and complete unpaid TAP bills for every month of TAP participation since September 2017 (30 months previous). If a TAP participant was liened in December 2020, that participant would have needed to have unpaid TAP bills for every month since February 2018. If any TAP participant was liened in March 2020 or sooner, they would not have been liened for unpaid in-program arrears, since the TAP program had not yet operated for 30 months.
2. The Interaction between PWD Liens and the Operation of TAP.

Q. ASIDE FROM THE LIEN FILING FEES, IS THERE ANY ADDITIONAL HARM TO TAP PARTICIPANTS FROM HAVING LIENS PLACED ON THEIR PRE-PROGRAM ARREARS SUBJECT TO FORGIVENESS?

A. Yes. PWD witness Crosby makes the blanket assertion that “a TAP participant would not be forced to satisfy a lien for arrears unless they leave the TAP program.” (PA-VIII-10). That statement, however, isn’t quite true. As Crosby later concedes, for example, if a TAP recipient has a pre-program arrears that has been made subject to a lien, and the TAP participant seeks to refinance the participant’s home through a state or local program that would provide a lower mortgage payment, “if the refinancing requires the satisfaction of open liens including any liens on debt for pre-program arrears that qualify for forgiveness, the arrears must be paid.” (PA-VIII-12). The PWD liening practices, in other words, not only harm the TAP participant, by preventing a refinancing that would lower mortgage payments, those practices harm PWD itself by preventing the TAP participant from taking rational actions that would make payment of future PWD TAP bills more likely.

In sum, there are a multitude of problems that arise when PWD places a lien on a TAP participant’s pre-existing arrearage that the City of Philadelphia has deemed to be subject to forgiveness. Most immediately, contrary to the Philadelphia IWRAP legislation, a TAP participant can be forced to pay an arrearage that, over time, through the arrearage forgiveness aspect of TAP, the customer would no longer owe. In addition, the lien
becomes an obstacle to a mortgage modification for a customer who would otherwise be eligible for one. All of the protections that Pennsylvania has built into affordable mortgages in order to preserve homeownership and to prevent widespread housing abandonment, become unavailable because PWD is seeking to collect an arrearage by perfecting a lien on an arrearage that is subject to forgiveness under the IWRAP legislation.

Q. WHAT DO YOU RECOMMEND WITH RESPECT TO LIENS FOR PRE-EXISTING ARREARAGES THAT ARE SUBJECT TO FORGIVENESS?

A. PWD must comply with the IWRAP legislation unanimously adopted by the Philadelphia City Council. First, that legislation unambiguously provides in relevant part that “Low-income customers who are enrolled in IWRAP shall be required to make no additional payment in respect to any pre-IWRAP arrears to maintain service.” (Section 19.605(3)(h)). (emphasis added).

Second, that legislation provides in relevant part that “The Department and the Water Department shall also promulgate standards regarding circumstances under which pending enforcement actions shall be discontinued after a customer enters into IWRAP.” (Section 19.605(3)(m)). That legislation provides for no exception for the perfection of liens for pre-existing arrears. The Board should require PWD to provide monthly status reports until it has adopted appropriate policy changes to discontinue imposing liens on TAP participants.
Neither of these sections of the IWRAP legislation provides an exemption for PWD perfecting liens for pre-existing arrears on TAP participants.

Third, PWD should adopt a low-income “lien blocker” (similar to PGW’s CRP blocker. (CRP\textsuperscript{53} being PGW’s natural gas equivalent to TAP).\textsuperscript{54} Under such a process, PWD actions to perfect a lien would be placed on hold for 12 months after a customer applies for TAP, for 12 months after receiving a UESF grant, at any time a customer is an active TAP participant, or within 90 days subsequent to a customer being removed from TAP for a failure to recertify. The Board should require PWD to provide monthly status reports until it has implemented a low-income lien blocker.

These recommendations are made in conjunction with, and not in conflict with, my previous recommendations regarding arrearage forgiveness.

Q. **DO YOU HAVE AN ADDITIONAL RECOMMENDATION THAT WOULD AFFECT THE POSSIBILITY THAT PWD WOULD LIEN PRE-PROGRAM ARREARS TO THE DETRIMENT OF AN ACTIVE TAP PARTICIPANT IN THE FUTURE?**

\textsuperscript{53} CRP is PGW’s low-income rate affordability program, generically known in Pennsylvania as a Customer Assistance Program (“CAP”). CAP is a program that the PUC mandated PGW (and other Pennsylvania gas and electric utilities) to adopt. (52 Pa. Code §69.261). According to the PUC, CAPs “are designed as alternatives to traditional collection methods for low income, payment troubled customers.” (52 Pa. Code §69.261).

\textsuperscript{54} Once a tenant-customer is enrolled in CRP, PGW now uses CRP status as a permanent blocker of any future lien on the property associated with that account. This gives the landlord an enormous interest in having income-eligible tenants enrolled in CRP. If a customer has enrolled in CRP, a property will not be liened for an underlying unpaid balance no matter how large.
A. Yes. In addition to the recommendations I make immediately above, PWD should provide that in the event that an active TAP participant seeks to sell or refinance his or her home, the forgiveness of any pre-TAP arrears remaining on the TAP participant’s account will be accelerated so that the pre-TAP arrears are forgiven in their entirety prior to the home sale. The Board should require PWD to provide monthly status reports until it has implemented this recommendation.

Providing for such an acceleration is permitted under existing policy and would require no change in regulations regarding arrearage forgiveness. According to Crosby, WRB has the existing authority to “determine the appropriateness of a payment agreement. . .on a case-by-case basis.” (PA-VIII-19; see also, PWD St. 5, at 15). Crosby states that “any customer with an unpaid balance may contact WRB for arrearage management.” (PA-VIII-19) (emphasis added). Using that existing authority, PWD should provide that one of those “case-by-case” decisions would involve a decision that pre-existing arrearages subject to forgiveness under TAP will not be a barrier to the sale or refinancing of a TAP participant’s home. Moreover, a low-income customer (whether or not a TAP participant) should not be forced to take on responsibility to pay for the pre-existing arrears subject to forgiveness on a TAP participant’s home. In the absence of accelerated forgiveness, as Crosby concedes, “if the pre-program arrears are not paid prior to the sale, the entire account balance, including any pre-program arrears, is transferred to the new owner’s account.” (PA-VIII-11). The acceleration that I recommend here is not tied to the presence or absence of a lien on the pre-existing arrears.
PART 6. Collection Fees Imposed on TAP Participants.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. PWD proposes to impose two new fees on TAP participants. On the one hand, PWD proposes to impose a fee of $12 if the Department is required to visit a property to shutoff service for nonpayment and payment is tendered at the time of the shutoff. In addition, PWD proposes to impose a fee of $12 if the Department is required to visit a property to restore water service after termination of water service for nonpayment or violation of service requirements. (PWD Exh. 3, Section 6.4(e); see also, PWD St. 5, at 14 - 15).

There is no cost-causation associated with either of these fees. In this respect, “cost-causation” is measured on a “but-for” basis (i.e., “but for” the activities for which the fee is assessed, the cost would not be incurred). With both of these fees, the lack of cost causation is shown because any costs covered by the fee would be incurred whether or not the activity occurred. Assigning a fee for costs that are not caused by the activity on which the fee is imposed is not only unjustified, but is unfair to TAP participants as well.

Q. EXPLAIN WHY IMPOSING THESE COLLECTION FEES ON TAP PARTICIPANTS IS “UNFAIR” TO TAP PARTICIPANTS.

A. At the same time PWD proposes to impose additional costs on TAP participants, PWD is not proposing to provide credits for all those real cost reductions that can be attributed to a customer’s participation in TAP. It would be unjust and unreasonable to impose additional collection fees on TAP participants unless and until PWD agreed to provide
offsetting credits for the cost reductions which those very same customers have allowed PWD to experience.

Consider the *reduction* in collection costs that can be associated with TAP but which are not given back to TAP participants. The Table immediately below shows the impact of TAP on the collectability of revenue from low-income customers. As the Table shows—the data for this Table is presented in and discussed in Appendix B—TAP participation improves the collectability of revenue at the 12-month mark from between 35% to nearly 50% (FY20: 72.82% - 38.14% = 34.68%; FY18: 74.51% - 27.22% = 47.29%). At the 24-month mark, TAP participation improves the collectability of revenue from 35% to more than 60% (FY19: 87.90% - 52.59% = 35.31%; 95.73% - 34.30% = 61.43%). Under normal collection protocols, collecting 73% of the revenue you billed by the 12-month mark rather than 38% would generate a reduction in collection activity. Collecting 75% of the revenue you billed by the 12-month mark rather than 27% would generate a reduction in collection activity. Similarly, collecting 88% of the revenue you billed by the 24-month mark rather than 53%, as well as collecting 96% of the revenue you billed by the 24-month mark rather than 34%, would generate a reduction in collection activities. If PWD is to assign dollar costs to fees for activities directed toward TAP participants, it should also recognize the expense reductions in credits. At a minimum, any fees should be limited to those costs that exceed the dollars of expense reductions which TAP directly generates.
Aside from the reduction in collection activities, and thus reduction in collection expenses, the improved payment patterns, as discussed in Appendix B, will generate savings in PWD’s costs of financing. The improved payment patterns directly associated with TAP will reduce the lag between the point at which dollars are billed and the point at which dollars are collected.

Unless and until PWD can demonstrate that the dollars of expense reductions directly caused by TAP are exceeded by the dollars of collection costs associated with collecting revenue at the door when a service person visits a property to disconnect service, or are exceeded by the dollars of collection costs associated with the reconnection of service, to impose such TAP collection fees is unreasonable.

Q. **HOW DOES THE FEE RELATE TO AFFORDABILITY?**

A. Imposing these fees is contrary to the careful attention being paid to affordability within the TAP program. Imposing an additional fee not only results in making bills unaffordable, but, in so doing, also creates a barrier to the restoration of service.

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55 24 months have not elapsed since FY 2020.
Q. **DO YOU HAVE ANY FINAL OBJECTION TO THE SERVICE RESTORATION FEE?**

A. Yes. As I cite above, PWD proposes to impose a $12 fee if the Department is required to visit a property to restore water service after termination of water service for violation of service requirements. (PWD Exh. 3, Section 6.4(e); see also, PWD St. 5, at 14 - 15).

When asked for “a complete list of ‘service violations’ that would merit a disconnection of service, restoration of which would entail a restoration charge,” however, PWD could provide no such list. Instead, PWD stated: “PWD only charges restore fees to restore account (sic) shutoff for delinquency.” (PA-VIII-23). If no disconnections occur “for violations of service requirements,” no restoration fee is needed. Moreover, if PWD cannot provide a list of what “violations of service requirements” might merit a termination of water service, that, in turn, would generate a service restoration fee, customers are not placed on notice of what actions would or would not subject the customer to additional charges. Under such circumstances, the fee should be disapproved. This observation is in addition to, and not in contravention of, the broader arguments in opposition to the fee, as those arguments are presented above.

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Q. **WHAT DO YOU RECOMMEND?**

A. I recommend that the $12 fees proposed to be imposed on TAP participants, as set forth in Section 6.4(e) should be denied.
PART 7. Economic Development Impacts of PWD Infrastructure Investment.

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. In this section of my testimony, I respond to the testimony filed by H. Gil Peach, Mark Thompson, and Yvonne Whitelaw (hereafter, collectively “Peach Testimony”) regarding the economic development impacts of PWD’s Capital improvement Plan (CIP). I conclude that the Peach Testimony provides no legitimate basis for decision-making on rates in this proceeding.

Q. DOES THE PEACH TESTIMONY HAVE ANY RELEVANCE TO THE RATEMAKING ISSUES PRESENTED IN THIS PROCEEDING?

A. No. The Peach Testimony, by its very terms, provides no insights into the PWD request for increased rates. The Peach Testimony asserts that its purpose is “to demonstrate the economic benefits associated with a typical year of construction and related activity for the Department’s Capital Improvement Plan. . .” (PWD St. 8, at 2).

The basic failure of the Peach Testimony is its assertion that PWD’s proposed expenditures “for capital projects as modelled in our analysis. . .represent a substantial injection of investment dollars into the local economy that will promote economic activity, support jobs and generate tax revenue. This provides important economic stimulus in Philadelphia and the region to counter-act some of the negative impacts of the pandemic.” (PWD St. 8, at 3). The Peach Testimony asserts that “the capital
improvement program can produce substantial economic benefits and serve as a lever to
drive economic recovery.” (PWD St. 8, at 4).

There are multiple problems with the Peach Testimony that lead to the conclusion that it
should not be used as a basis for any decision-making in this proceeding.

Q. WHAT IS THE FIRST PROBLEM?

A. The first problem with the Peach Testimony is that it does not demonstrate that its results
are unique to the CIP. Indeed, the expenditures of dollars on any public infrastructure
would generate the three economic impacts captured in IMPLAN: (1) direct effects; (2)
indirect effects; and (3) induced effects. The economic multipliers identified in the Peach
Testimony could just as easily be calculated for investment in other public infrastructure
projects. Investments in repairing local streets and bridges, for example, would not only
have direct economic effects, but would also have both indirect and induced economic
effects. It is important to remember that when the federal government talks about using
infrastructure funding as economic stimulus, it does not talk about projects such as
PWD’s Capital Improvement Plan, but rather about investments in projects such as
bridges and highways. The economic stimulus impacts of an investment offers no
insights into the extent to which, if at all, those stimulus dollars should be included in
utility rates.

Q. WHAT IS THE SECOND PROBLEM?
A second problem with the Peach Testimony is that it does not consider the source of the dollars being spent. In fact, the Peach Testimony does not imply an expenditure by PWD (or the City of Philadelphia) on the CIP. It instead implies an expenditure by PWD ratepayers. What the Peach Testimony does not consider is the impact of customer expenditures in the business-as-usual scenario. If ratepayers were not required to spend their dollars on the CIP, they would instead be spending those dollars on other household needs. Consumer spending on capital-intensive utility projects, however, is one of the least efficient or effective ways to produce economic activity.

Q. **WHAT IS THE THIRD PROBLEM?**

A. Closely related to, but not identical to, the second problem, the Peach Testimony does not consider the net impacts of the CIP. Consider, for example, what utility regulators have learned from decades of experience with energy efficiency expenditures. Just as with the CIP, there is no question but that consumer expenditures on building power plants will generate direct, indirect and induced economic activity. However, consumer expenditures on more labor intensive industries generate more jobs (and more economic activity) than consumer expenditures on less labor intensive industries. A $1 million investment in manufacturing, for example, supports roughly 14 jobs, while the same investment in trade services supports just under 19 jobs. Knowing the 14 without also knowing the 19 provides no useful information.
Consider that the jobs (and economic activity) analysis presented by the Peach Testimony has also been used in Pennsylvania to support expenditures on building trails,\textsuperscript{56} investing in clean energy,\textsuperscript{57} investing in a state housing trust fund,\textsuperscript{58} investing in historic preservation,\textsuperscript{59} investing in state parks,\textsuperscript{60} investing in a natural gas synthesis plant,\textsuperscript{61} investing in alternatives to coal,\textsuperscript{62} investing in agriculture infrastructure,\textsuperscript{63} investing in outdoor recreation,\textsuperscript{64} and on, and on, and on. All of these reports found that investments in their particular interest would create substantial numbers of jobs, and generate extensive economic activity. The presence of these reports, however, just as with the Peach Testimony regarding the CIP, does not mean that PWD should immediately go out and start spending hundreds of millions of dollars in that sector, let alone mean that ratepayers should be called upon to pay those investments.

\textsuperscript{56} Trail Investment: A Good Deal for the American Economy, Trails and Trail Networks Revitalize American Infrastructure, \url{http://onlinepubs.trb.org/onlinepubs/nchrp/docs/NCHRP08-36(103)_FR.pdf} (last accessed March 14, 2021).
Q. **FINALLY, DO YOU HAVE A RESPONSE TO PEACH’S ASSERTION THAT THE RATEPAYER INVESTMENT IN THE CIP WOULD BE AN IMPORTANT ECONOMIC STIMULUS IN THIS ERA OF THE COVID-19 PANDEMIC?**

A. Yes. I have two responses. If the Peach Testimony is sufficient to support a finding that ratepayers should be required to spend money on this “economic stimulus,” the same argument could be advanced about all of the other investment that could be shown to generate economic activity. The decision-rule advanced by the Peach testimony, in other words, creates no boundaries and imposes no limits.

Moreover, one activity that does not create an economic stimulus is consumer savings. However, in this period of economic crisis created by the COVID-19 health pandemic, as I document in the first section of my testimony, one impact of the COVID-19 economic crisis has been to force consumers to exhaust their savings and to unreasonably live on an increased use of credit. The Peach testimony does not address why it is better for ratepayers to be required to support the CIP through ratepayer expenditures rather than to use available consumer dollars, if any, to replenish their savings, restore their ability to respond to future short-term crises, and to retire their debt.

Q. **WHAT DO YOU CONCLUDE?**

A. I conclude that the Peach Testimony makes no meaningful contribution to decision-making in the pending PWD rate proceeding.
Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes it does.
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## Schedule RDC-1

(rows 3 of 4)

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**Grand Total**

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*Rows – Percentage Black / Columns = Number of Denials*
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**Rows – Percentage Black / Columns = Number of Denials**
Colton Appendices
Roger Colton  
Fisher, Sheehan & Colton  
Public Finance and General Economics  
Belmont, MA  
* * * * * * * * * * * * * * * * * * * * *

**EDUCATION:**

J.D. (Order of the Coif), University of Florida (1981)  
M.A. (Regulatory Economics), McGregor School, Antioch University (1993)  
B.A. Iowa State University (1975) (journalism, political science, speech)

**PROFESSIONAL EXPERIENCE:**

**Fisher, Sheehan and Colton, Public Finance and General Economics:** 1985 - present.

As a co-founder of this economics consulting partnership, Colton provides services in a variety of areas, including: regulatory economics, poverty law and economics, public benefits, fair housing, community development, energy efficiency, utility law and economics (energy, telecommunications, water/sewer), government budgeting, and planning and zoning.  

Colton has testified in state and federal courts in the United States and Canada, as well as before regulatory and legislative bodies in more than three dozen states. He is particularly noted for creative program design and implementation within tight budget constraints.

**PROFESSIONAL AFFILIATIONS:**

- **Past Chair:** Belmont Zoning By-law Review Working Committee (climate change)  
- **Member:** Board of Directors, Massachusetts Rivers Alliance  
- **Columnist:** Belmont Citizen-Herald  
- **Producer:** Belmont Media Center: BMC Podcast Network  
- **News Host:** Belmont Media Center: Belmont Journal  
- **Member:** Belmont Town Meeting  
- **Vice-chair:** Belmont Light General Manager Screening Committee  
- **Past Chair:** Belmont Goes Solar  
- **Coordinator:** BelmontBudget.org (Belmont’s Community Budget Forum)  
- **Coordinator:** Belmont Affordable Shelter Fund (BASF)  
- **Past Chair:** Belmont Solar Initiative Oversight Committee  
- **Past Member:** City of Detroit Blue Ribbon Panel on Water Affordability  
- **Past Chair:** Belmont Energy Committee  
- **Member:** Massachusetts Municipal Energy Group (Mass Municipal Association)
Member: Technical Advisory Group, Northeastern University, National Science Foundation research regarding water affordability.
Past Chair: Housing Work Group, Belmont (MA) Comprehensive Planning Process
Past Member: Board of Directors, Belmont Housing Trust, Inc.
Past Chair: Waverley Square Fire Station Re-use Study Committee (Belmont MA)
Past Member: Belmont (MA) Energy and Facilities Work Group
Past Member: Belmont (MA) Uplands Advisory Committee
Past Member: Advisory Board: Fair Housing Center of Greater Boston.
Past Chair: Fair Housing Committee, Town of Belmont (MA)
Past Member: Aggregation Advisory Committee, New York State Energy Research and Development Authority.
Past Member: Board of Directors, Vermont Energy Investment Corporation.
Past Member: Board of Directors, National Fuel Funds Network
Past Member: Board of Directors, Affordable Comfort, Inc. (ACI)
Past Member: ASHRAE Guidelines Committee, GPC-8, Energy Cost Allocation of Comfort HVAC Systems for Multiple Occupancy Buildings
Past Member: National Advisory Board: Energy Financing Alternatives for Subsidized Housing, New York State Energy Research and Development Authority.

PROFESSIONAL ASSOCIATIONS:

National Association of Housing and Redevelopment Officials (NAHRO)
National Society of Newspaper Columnists (NSNC)
Association for Enterprise Opportunity (AEO)
Iowa State Bar Association
Energy Bar Association
Association for Institutional Thought (AFTT)
Association for Evolutionary Economics (AEE)
Society for the Study of Social Problems (SSSO)
Association for Social Economics

BOOKS


BOOK CHAPTERS


JOURNAL PUBLICATIONS

65 publications in industry and academic journals, primarily involving utility regulation and affordable housing. (list available upon request)

TECHNICAL REPORTS

200 technical reports for public-sector and private-sector clients (list available upon request)

JURISDICTIONS IN WHICH EXPERT WITNESS PROVIDED

1. Maine 17. Louisiana 33. Colorado
2. New Hampshire 18. Tennessee 34. New Mexico
5. Rhode Island 21. Indiana 37. Idaho
11. Virginia 27. Missouri
13. South Carolina 29. Texas (Federal Court)
14. Florida (Federal Court) 30. South Dakota
16. Mississippi 32. Montana

Canadian Provinces

1. Nova Scotia
2. Ontario
3. Manitoba
4. British Columbia
In the Fall of 2015, the City of Philadelphia became the first major urban center to adopt a water affordability program structured on percentage of income principles. Adopted unanimously by the Philadelphia City Council on November 19, 2015, the Philadelphia initiative was titled the Income-based Water Rate Affordability Program (“IWRAP”). IWRAP opened for business on July 1, 2017. As implemented, the program was referred to as the Philadelphia Water Department’s (“PWD”) “Tiered Assistance Program” (“TAP”). Throughout this discussion, references to “TAP” will be to the program as implemented. References to “IWRAP” will be to the program as set forth in the local legislation.

Philadelphia’s IWRAP legislation provides that: “monthly IWRAP bills shall be affordable for low-income households, based on a percentage of the household’s income.” Each low-income customer’s bill, the legislation directed, shall be “based upon each Customer’s actual income” and “shall be charged in lieu of the Department’s service, usage, and stormwater charges.”

The following major policy decisions are incorporated into this language:

- Bills “shall be affordable.” The purpose of the Philadelphia legislation, in other words, was not merely to provide “some” level of discount to low-income customers. There is, instead, a legislatively-mandated outcome. The level of discount must result in an affordable bill for low-income customers. This policy works two ways. First, if a customer has a lower income (or a higher bill), the amount of assistance should be increased to reflect the increased dollars needed to make a bill affordable. Second, if a

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customer has an affordable bill without assistance, the customer does not receive a discount merely because he or she is “poor.” The bill assistance, in other words, should be an amount that is sufficient, but only that amount which is sufficient, to make a bill affordable.

- Affordability is to be “based on a percentage of the household’s income.” Affordability, in other words, was not some ambiguous concept included in the legislation. Instead, Philadelphia specifically mandated that affordability was to be determined as a function of a “percentage of income.”

- Affordability is to be “based upon each Customer’s actual income.” According to the Philadelphia City Council, in other words, affordability was not to be determined “on average” or on a City-wide basis. Affordability could not be set, for example, based on median income. Affordability was not to be based on some estimated or imputed income. Rather, pursuant to the legislation, affordable IWRAP bills in Philadelphia are to be determined based upon “each Customer’s actual income.”

- The Philadelphia IWRAP legislation makes clear that the difference between bills that would have been charged at standard residential rates and bills actually charged pursuant to the IWRAP legislation was not to be accumulated for subsequent collection from the IWRAP participants. Instead, IWRAP bills were “in lieu of” the water, wastewater and stormwater charges otherwise charged to residential customers. “Timely payment of his or her monthly IWRAP bill,” the legislation provides, “shall satisfy all of a customer’s current water liabilities, so that there is no addition to his or her arrears.”

- Finally, the IWRAP legislation is intended to be comprehensive. It is designed to cover all aspects of “water” bills charged to residential customers, including water, wastewater and stormwater charges.

The Philadelphia legislation directly addresses the treatment of arrearages that had been incurred by low-income customers before those customers entered IWRAP. The legislation recognizes that collection efforts by the Philadelphia Water Department are based on total bills, not on whether a customer’s arrears were incurred before or after the effective date of the water affordability program. Moreover, the City Council recognized, it was not only possible, but indeed it was likely that low-income customers would have incurred arrears during that time period prior to the point where the City Council moved to incorporate affordability into the City’s rate structure. Accordingly, the Philadelphia legislation mandates that “low-income customers who are enrolled in IWRAP shall be required to make no additional payment in

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5 Determining the net costs of an arrearage credit component to IWRAP is beyond the scope of this discussion.
respect to any pre-IWRAP arrears to maintain service." In fact, the legislation explicitly provides that “earned forgiveness of arrearages shall be available under such terms and conditions as are adopted by regulation.”

Finally, while the legislation does not specify the exact nature of water conservation investments to be directed toward low-income customers, the IWRAP legislation does specifically contemplate water conservation as an important component of the affordability effort. “Each participating IWRAP customer,” the legislation provides, “shall agree to accept and reasonably maintain any free conservation measures offered to the customer by the Water Department.”

In short, the Philadelphia IWRAP legislation includes virtually every component that has historically been argued to be essential for a water affordability initiative. It provides for a percentage of income-based bill affordability approach relating to bills for current service. It provides for an opportunity for low-income customers to earn forgiveness of pre-program arrears incurred under the rates that have been found to have been unaffordable. The legislation provides for water conservation investments.

In the discussion below, this analysis will review the first 2+ years of TAP operation to determine what insights, if any, can be gleaned from the implementation of the Philadelphia water affordability program.

THE IMPACT OF PWD’S LOW-INCOME TAP ON LOW-INCOME PAYMENT PATTERNS.

One expected impact of PWD’s low-income TAP was to help the Philadelphia water utility improve the collectability of its billed revenue. Historically, while PWD tracked the collectability of its billed revenues for customers as a whole, it did not track the collectability of residential bills in general, let alone of low-income residential bills in particular. Comparisons can be made, however, between program payment patterns and pre-program arrears.

Pre-Existing Arrears for TAP Enrollees

With the arrearage forgiveness program mandated by the City Council legislation, PWD has had occasion through TAP to track the amount of arrears that the utility’s low-income customers were carrying before entering the program. Given that a TAP participant’s “pre-program arrears” are frozen at the time the customer entered the program, PWD identified the unpaid balance on a program participant’s bill at the time of program enrollment.

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6 Amended Philadelphia City Code, Section 19-1605(3)(h) (2017).
Setting aside July 2017 (the first month of enrollment), with only three enrollees, Chart 1 below presents the number of TAP enrollees who have entered TAP with pre-program arrears, along with the percentage which those numbers represent of all TAP enrollees. As can be seen, not only “most,” but nearly all new TAP enrollees entered the Philadelphia water affordability program with pre-program arrears. Even during the months of April through December 2020, when the COVID-19 pandemic impeded substantial new enrollment, well over 90% of those low-income customers who were enrolling in TAP brought pre-program arrears into the program with them.

Chart 2 then assesses the extent of the pre-program arrears new TAP enrollees were bringing into the affordability program. As Chart 2 shows, prior to COVID-19, at the same time that 94% or more of low-income customers were bringing pre-program arrearages into TAP with them, those new TAP enrollees were bringing thousands of dollars of arrears each. During the first 16 months of TAP enrollment (July 2017 through October 2018), those arrears averaged between $3,000 and over $3,500. From October 2018 to October 2019, the average pre-program arrears with new enrollees averaged roughly $3,000, while from October 2019 to March 2020, they averaged closer to $2,500 per new TAP enrollee with arrears. During the COVID-19 pandemic months (to date) (starting April 2020), not only did TAP new enrollment drop precipitously, but so, too, did the pre-program arrearages (still averaging, however, between $2,000 and $2,500 per new enrollee). Overall, from July 2017 through December 2020:
- 36,574 low-income PWD customers newly enrolled in TAP;
- Of those, 34,666 low-income customers newly enrolled in TAP (95%) enrolled in the program bringing pre-program arrears with them;
- Those new enrollees with pre-program arrears brought an aggregate dollar amount of $109,603,111 in pre-program arrears, an average of $3,162 per new enrollee with arrears.

If one were to exclude the aberrational COVID-19 months, from July 2017 through February 2020, 34,435 low-income customers enrolled in TAP, 32,352 of whom (94%) of whom had a pre-program arrears. Those pre-program arrearages totaled an aggregate of $104,233,683 in arrears, an average of $3,222 per new enrollee with arrears.

It is within this context of nonpayment that the impacts of TAP on low-income payment patterns is reviewed.
**Net Collections of Bills for Current Service After TAP Discount**

One of the first questions posed by the PWD low-income TAP program is the extent to which PWD would increase or decrease its net collection of dollars. Pursuit of this analysis takes the dramatic step of assuming away all pre-existing (i.e., pre-program) arrears. This first discussion, in other words, wipes the slate clean of the more than $109 million in pre-existing debt (an average of $3,162) that new TAP enrollees brought into the program. Assuming a $0 arrearage balance for TAP enrollees, this discussion examines the net collections from TAP enrollees of bills for current service under the TAP program.

**Collectability from TAP Participants**

We know from PWD reporting that the amount of the TAP discount for FY18, FY19, and FY20 ranged from roughly $3.1 million in the first year of TAP (FY18) to nearly $9.9 million in the third year of the program (FY20). The amount of discount substantially increased in FY19 and FY20 due to an increase in TAP enrollment.

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<td>$5,977,181.32</td>
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<td>FY19</td>
<td>$5,668,382.88</td>
<td>$15,440,890.43</td>
<td>$9,772,507.55</td>
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<td>FY18</td>
<td>$1,673,117.68</td>
<td>$4,818,597.63</td>
<td>$3,145,479.95</td>
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Assessing PWD’s net collections involves comparing what PWD actually collected to what it would have collected without the discount. PWD reports the collection rate both for TAP participants and for TAP-eligible non-participants. This discussion examines collectability at the 24-month mark (2-years). Two years of collectability data (for both FY18 and FY19) are available. Two different collection rates for the TAP-eligible non-participants are considered below: (1) the collectability for the same year as the year in which the revenue is first billed; and (2) the three year average collectability for the three years immediately preceding the commencement of TAP (FY15, FY16, FY17).

**Collectability for the same year:** This metric examines the collectability of revenue to TAP-eligible non-participants for the same Fiscal Year in which the revenue is first billed. If

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9 For FY20, there is only one year of collections. For FY2017 and before, there was no TAP program.

10 PWD operates on a July through June Fiscal Year. Fiscal Year 2018, therefore, is July 2017 through June 2018.
revenue is billed in FY18, for example, the collectability of that revenue is tracked for the 24 months subsequent to the month of FY18 in which the revenue was billed.

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<th>Collectability with and without TAP at 24-Month Mark (RFC-6)</th>
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In FY2018, TAP participants received a discounted bill of $1,673,117.68. PWD collected 95.70% of those billed dollars ($1.60 million). For dollars billed to low-income TAP non-participants in FY18, however, PWD had a collection rate of only 39.77%. Had TAP participants been billed at standard residential rates ($4,818,597.33), and collected at the same rate as low-income TAP non-participants, PWD would have collected only $1,916,356.16 in cash. In FY18, in other words, while PWD provided a discount of $3,145,499.95, it collected only $315,182.54 fewer dollars in cash.

The same result can be seen in Fiscal Year 2019. PWD provided a discounted bill of $5,668,382.88 to TAP participants. It had a collectability rate of 87.89% at the two year (24-month) mark, meaning that it had collected $4,981,941.71 in actual revenue. In contrast, if PWD would have billed at standard residential rates ($15,440,890.43) and collected at the same rate as low-income TAP non-participants, it would have collected $8,120,364.28 in cash. In FY19, therefore, while PWD provided a discount of $9,772,507.55, it collected only $3,138,422.56 fewer dollars.

**Collectability at average rate of three most recent Fiscal Years:** The second metric used to examine the net collections by PWD under TAP involves employing the average non-TAP collectability rate for the three most recent Fiscal Years. The average non-TAP collectability rate at the 24-month mark was 46.69% for the three most recent Fiscal Years (2017 – 2019). Using the three-year average accomplishes two functions. On the one hand, the averaging smooths the year-to-year fluctuations in non-TAP collectability. In addition, the use of a three-year average helps to separate the collectability factor from any particular set of customers. It is not only possible, but nearly certain, that the group of households comprising the PWD low-income non-participant population over three years would be a different mix of customers in any given year. The data is set forth in the table below.

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11 Fiscal Year 2020 cannot be used since two years of collections have not yet elapsed since bills were first issued.
As before, in FY18, PWD billed TAP participants $1,673,117.68 and collected $1,601,173.62 (95.70%). Had PWD billed at standard residential rates, and collected at the same rate as its low-income non-participants, it would have billed $4,818,597.33 and collected $2,249,768.22 (46.69%). In FY19, while PWD billed TAP customers $5,668,382.88 and collected $4,981,941.71 (87.89%), if it had billed at standard residential rates, it would have billed $15,440,890.43 and collected $7,209,239.99 (46.69%). Hence, in FY2019, while PWD provided a discount of nearly $9.8 million ($9,772,507.55), it collected only $2,227,298 less in actual revenue.

Again, of course, it is important, also, to remember that new TAP enrollees brought over $109 million of pre-existing arrears into the TAP program, an average of nearly $3,200 for each new enrollee with arrears. To move those customers from paying less than half their bill each year to paying 88% (87.89%) of their bill is a financial success for PWD.

### Collectability of the Dollars of Discount

The net collections impact of the TAP discount does not end with an examination of the collectability from TAP participants themselves. The dollars of TAP discount do not “disappear” when they are not billed to TAP participants. Instead, those dollars are billed to PWD customers as a whole.

The collectability data above demonstrates another way in which Philadelphia Water financially benefits from TAP. Through TAP, PWD is taking billings that it would be collecting at a rate of 35% to 55% from TAP-eligible non-participants and instead billing those dollars through the TAP Rider. In so doing, it will be collecting those dollars at the collectability rate of customers as a whole, rather than at the collectability rate of TAP-eligible non-participants. As a result, it is generating substantially more dollars that are actually collected. The Table below sets forth the impact.
### PWD TAP Net Gain in Collections (FY19)

<table>
<thead>
<tr>
<th></th>
<th>TAP Participants</th>
<th>Non-TAP Customers</th>
<th>Total Dollars Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discounted Bill</td>
<td>Collectability Rate</td>
<td>Amount Collected</td>
</tr>
<tr>
<td>FY19$^{12}$</td>
<td>$5,668,383</td>
<td>87.89%</td>
<td>$4,981,942</td>
</tr>
<tr>
<td>Non-TAP customers</td>
<td></td>
<td></td>
<td>$9,772,508</td>
</tr>
<tr>
<td>Total Collected</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Actual Collections Exceeding Discount</td>
<td>---</td>
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<td>---</td>
</tr>
</tbody>
</table>

As can be seen, to the extent that PWD includes the entire amount of the TAP discount in rates to other customers, PWD will over-collect its revenue. By including the full amount of the discount ($9,772,507.55) in rates to other customers for FY19, for example, PWD will collect $9.4 million in revenue. By providing the TAP discount of $9.773 million, PWD will collect $14.397 million. Unless either directed to return the excess collection to ratepayers, or directed to calculate the amount of discount to be included in the TAP Rider by referencing the difference between the TAP discount and actual collections rather than the difference between the TAP discount and standard residential rates, PWD collects $4.6 million more in actual cash than it provides in discounts.

**IMPACT ON COMPLETENESS OF TAP PAYMENTS**

The offer of TAP discounts substantially improves the completeness of payment by TAP participants. The beginning point, again, is the pre-program performance of new TAP enrollees. As documented above, from July 2017 through February 2020 (i.e., pre-COVID-19):

- 34,435 low-income PWD customers newly enrolled in TAP;
- Of those, 32,352 low-income customers newly enrolled in TAP (95%) enrolled in the program bringing pre-program arrears with them;
- Those new enrollees with pre-program arrears brought an aggregate dollar amount of $104,233,683 in pre-program arrears, an average of $3,222 per new enrollee with arrears.

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$^{12}$ If 100% included in TAP Rider.

$^{13}$ Through 24 months. Data beyond 24 months is not yet available for this Fiscal Year.
TAP payment performance can and should be compared to this pre-program performance. As PWD enrolled more and more customers into TAP in the first year, payment performance noticeably improved as measured by the “payment coverage ratio.” The Payment Coverage Ratio is a reasonably simple ratio. The dollars of billings are placed in the denominator each month. The dollars of payment are placed in the numerator. The resulting ratio is the percentage of the billings that are paid by PWD’s TAP participants. If PWD bills $100 in Month 16, for example, and PWD TAP participants pay $92, the Payment Coverage Ratio is 92%.

Beginning in Month 7 of TAP program operation, the monthly “payment coverage ratio” reached 65%. During the first two years of TAP operation, from months 8 through 25, the monthly Payment Coverage Ratio ranged in a reasonably narrow band between 75% and 85%. In the third year of TAP operation, the Payment Coverage Ratio noticeably improved, with TAP customers consistently paying between 85% and 95% of their TAP bills.

The improved TAP participant payment patterns is evident not only in the trend line of the monthly Payment Coverage Ratios presented in Chart 3 above, but in the Cumulative Payment Coverage Ratio set forth in Chart 4 below. The Cumulative Payment Coverage Ratio is calculated in the same fashion as the monthly ratio. In the Cumulative Ratio, an aggregate of billings and payments are tracked, with each month’s data being added to the sum total of all preceding months. Chart 4 presents the same basic results as Chart 3 above does. After the initial first months of sputtering operation, TAP participants began to pay an increasingly higher proportion of their bills. The accumulated dollars of payments as a percentage of accumulated dollars of billings showed increasing improvement over time. Even including the lower Payment Coverage Ratios in the early months, by the last half of 2020 (months 35 through 41), TAP
participants, 94% or more of whom entered the program with arrearages of $3,200 or more, had paid nearly 85% of their PWD bills over the first 42 months of the TAP program’s operation.

**Impact on Timeliness of Bill Payments**

In addition to receiving full payments from its customers, PWD would seek to receive timely payments as well. If a bill due date is April 1st, for example, PWD wants its customers to make their payments on or before April 1st. A complete payment that is made 60 days late is considered to be a lesser performance than a complete payment that is made on-time.

In looking at the question of bill payment timeliness for TAP participants, the first metric used involves an examination of the percentage of bills paid at different measurement points in time. Since TAP data is available for two Fiscal Years (2018, 2019), the two measurement points are: (1) 12-months; and (2) 24-months. The data is set forth in the Table below. The comparisons examined involve TAP participants (who, by definition, are low-income) and low-income TAP non-participants.

The Table shows a substantial improvement in the timeliness of payments by TAP participants (in comparison to low-income TAP non-participants). In the Table below, data for low-income TAP non-participants is included for FY12 through FY17 even though no TAP program existed in those years. This data is presented simply for informational purposes.
The three years of most important comparison in the Table below are FY18 (the first year of TAP operation), FY19, and FY20. FY20 is included even though, because of its recent nature, it has collections data only for twelve months.

A consistency in the improved timeliness of payments by TAP participants is seen at both the 12-month and 24-month mark in the Table below. For all three years, at the 12-month mark, TAP participants out-performed the non-TAP low-income (non-TAP LI) customers by 35% to nearly 50%. The proportion of bill paid by TAP participants at the 12-month mark in FY18, for example, was more than 47% higher than the proportion of bill paid by low-income TAP non-participants (74.51% vs. 27.22% at the same mark). The proportion of bill paid by TAP participants at the 12-month mark in FY20 (72.82%) was 35% higher than the proportion of bill paid by low-income TAP non-participants (72.82% vs. 38.14%) at 12-months.

<table>
<thead>
<tr>
<th>Timeliness of Bill Payment (TAP and Non-TAP Low-Income [LI])</th>
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</thead>
<tbody>
<tr>
<td>Percent Paid in 0 – 12 Months</td>
</tr>
<tr>
<td>TAP</td>
</tr>
<tr>
<td>FY20</td>
</tr>
<tr>
<td>FY19</td>
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<tr>
<td>FY18</td>
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<tr>
<td>FY17</td>
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<td>FY16</td>
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<td>FY15</td>
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<tr>
<td>FY14</td>
</tr>
<tr>
<td>FY13</td>
</tr>
<tr>
<td>FY12</td>
</tr>
</tbody>
</table>

The improved timeliness of payments expanded through the second year of collections. In FY19, for example, while 87.90% of TAP participant bills had been paid by the 24-month mark, only 52.59% of low-income TAP non-participant bills had been (an improved performance by TAP participants of 49.1% over low-income TAP non-participants). An even greater performance difference can be seen in FY18, with the TAP participant payment of 95.73% by

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14 24 months have not elapsed since FY 2020.
15 TAP began in July 1, 2017 (Fiscal Year 2018).
Month-24 being more than 61% higher than the low-income TAP non-participant performance (34.30%).

A different way to look at the timeliness of TAP bill payments is to begin with the TAP collectability at a point in time and to review the pre-TAP collectability to see how long that it took TAP-eligible low-income customers to achieve that same collectability outcome. The TAP collectability outcomes that will be considered are set forth in the Table below.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>74.49%</td>
<td>72.68%</td>
<td>72.82%</td>
<td>95.73%</td>
<td>87.90%</td>
<td></td>
</tr>
</tbody>
</table>

This one-year and two-year collectability for TAP participants can then be compared to TAP-eligible (low-income) customers in years before TAP was implemented. The cumulative collectability at annual measuring points is presented below. What can be seen is that:

- The two-year TAP collectability of 87.90% (FY19) was never reached in pre-TAP years. The closest was Fiscal Year 2013, in which pre-TAP low-income customers had paid 76.30% of their bills by the end of Month 84 (i.e., after 7 years).

- Similarly, the two-year TAP collectability of 95.73% (FY18) was never reached in pre-TAP years. Again, the closest year was Fiscal Year 2013, in which pre-TAP low-income customers had paid 76.30% of their bills by the end of Month 84 (i.e., after 7 years).

- The one-year TAP collectability for FY18 of 74.49% was only reached by income-eligible customers in Fiscal Year 2013. In FY13, however, it took TAP-eligible (low-income) customers 72 months (i.e., 6 years) to pay the same percentage of their bill that TAP participants had paid in their first year of TAP participation.

- The one-year TAP collectability for FY19 of 72.68% was achieved (or virtually achieved) in two pre-TAP years (FY2013, FY2012). However, for pre-TAP dollars billed in FY13, it took TAP-eligible customers 60 months (5 years) to pay the same proportion of their bill that TAP customers paid in their first year. For pre-TAP dollars billed in FY12, it took TAP-eligible customers 84 months (7 years) to pay the same proportion of their bill that TAP participants paid in their first year. In the other four years, TAP-eligible (low-income) customers never achieved the same collectability performance as was achieved by TAP participants in one-year (FY19).

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16 Two years of collection have not elapsed since FY20 bills, and, accordingly, FY20 is not included for the 2-year mark.
Cumulative Collectability for TAP-Eligible Customers in Pre-TAP Years

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>36.41%</td>
<td>47.80%</td>
<td>51.11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>39.80%</td>
<td>53.35%</td>
<td>58.72%</td>
<td>61.08%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>39.37%</td>
<td>53.32%</td>
<td>60.18%</td>
<td>64.39%</td>
<td>66.28%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>40.49%</td>
<td>55.04%</td>
<td>62.04%</td>
<td>67.30%</td>
<td>70.60%</td>
<td>72.01%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>42.45%</td>
<td>57.06%</td>
<td>63.41%</td>
<td>68.66%</td>
<td>72.77%</td>
<td>75.18%</td>
<td>76.30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td>39.18%</td>
<td>53.26%</td>
<td>58.96%</td>
<td>63.74%</td>
<td>67.80%</td>
<td>70.96%</td>
<td>72.90%</td>
<td>73.79%</td>
<td></td>
</tr>
</tbody>
</table>

The Table immediately above indicates why a utility considers it important to improve the timeliness of collections. As arrears age, it becomes less and less likely that a utility such as PWD will ever collect those dollars. In the Table above, for example:

- While PWD increased the collection of its FY17 billings by 11.39% in Months 13-24 (as compared to Months 0-12) (47.80% minus 36.41%), it increased its collections by only an additional 3.31% in Months 25-36 (compared to Months 13-24) (51.11% minus 47.80%).

- While PWD increased the collection of FY15 billings by 13.55% in Months 13-24 (as compared to Months 0-12) (53.35% minus 39.80%), it increased its collections by only an additional 6.86% in Months 25-36 (compared to Months 13-24) (60.18% minus 53.32%).

- While PWD increased its collections of FY12 billings by 14.08% in Months 13-24 (compared to Months 0 – 12) (53.26% minus 39.18%), it increased its collections by only an additional 5.70% in Months 25-36 (compared to Months 13-24) (58.96% minus 53.26%).

In each of the pre-TAP years presented above for income-eligible customers, as can be seen from the Table above, incremental collections from low-income customers decreased by two-thirds after Month 24, and virtually disappeared after Month 60. As arrearages age, it becomes increasing less likely that they will ever be collected.

Shaded cells represent aging buckets for which no data is reported since insufficient time has elapsed since billing to reach that aging bucket. For dollars billed in FY17, by FY19, which is the last year for which data is reported, there have only been 36 months to collect. The 37 – 48 month bucket, in other words, has not yet been reached.
The improved timeliness of payments for PWD customers provides an important benefit to the Philadelphia water utility.

**Reduced Age of Arrearages**

Finally, it is possible to assess the impact of TAP by looking at the dollar levels of arrears by aging bracket. Three levels of longer-term arrears are presented in the Charts below: (1) 121-365 day arrears; (2) 91-120 day arrears; and (3) 61-90 day arrears. As discussed above, the starting point of this review is to remember that of the 36,574 low-income PWD customers newly enrolled in TAP from July 2017 through December 2020, 34,666 low-income customers (95.1%) enrolled in the program bringing pre-program arrears with them. Those new enrollees with pre-program arrears brought an aggregate dollar amount of $109,603,111 in pre-program arrears, an average of $3,162 per new enrollee with arrears.

Each Chart below includes not only the dollars of arrearages in different aging buckets, but also the number of TAP participants. Including the number of TAP participants demonstrates that changes in the aggregate dollar level of arrears is not driven by the number of participants.

Chart 5 below presents long-term arrears for TAP participants. The Chart demonstrates that as TAP participants increased their period of participation, the amount of long-term arrears (121 – 365 days old) significantly decreased.

- After one year of TAP operation (June 2018), 11,855 TAP participants carried $5,924,729 of arrears that were from 121 to 365 days old.

- Six months later, while the number of TAP participants had increased to 14,166, the dollar level of arrears in the 121 – 365 day aging bucket had decreased to $5,444,031.

- One year later, in June 2019, TAP participation had increased further to 14,796 low-income customers, and long-term arrears had decreased to $2,668,826.

In the twelve months July 2018 through June 2019, in other words, while TAP participation increased by 25% (from 11,855 to 14,796), the amount of long-term arrears had decreased by 56% (from $5,924,729 to $2,668,826).
Similar results are seen for more moderate term arrearages. Because the size of the aging bucket is smaller (30 days long, 91 – 120 day arrears, rather than more than 240 days, 121 – 365 day arrears), the dollar amounts are much smaller. In July 2018, TAP participants hit the peak of the aggregate 91 – 120 day arrears. In July, 2018, 11,855 TAP participants carried $650,291 in arrearages of this age. Six months later, while TAP enrollment had increased to 14,166 participants, arrears falling in the 91 – 120 day aging bucket had fallen 64%, to an aggregate of $234,222.

Being a more moderate-term arrears, the 91 – 120 day arrears of TAP participants show a more seasonal pattern than the aggregate of the long-term arrears discussed above. Arrearages increased in April through June 2019, but decreased in subsequent months. Even in July 2019 (the seasonal high of that year), however, the $357,871 in 91 – 120 day arrears was 45% lower than the arrears of the same age twelve months earlier.
Finally, the arrearages falling into the aging bucket of 61 - 90 days (i.e., balances unpaid for 61 to 90 days after due date) show a consistent pattern for TAP participants. Despite TAP enrollment substantially increasing from June 2018 through December 2018 (from 10,351 to 14,166 TAP participants), the aggregate dollars of arrearages falling in the 61 – 90 day aging bucket dropped by 54% (from $465,704 in June 2018 to $215,724 in December 2018).

As with the other 30-day bucket discussed above (91 – 120 day arrears), the dollar level of arrearages falling into the 61 - 90 day aging bucket show a seasonal variation. As the Table below shows, however, on both an aggregate and an average basis, the dollar level of 61 – 90 day arrears was lower in 2019 than it was in 2018 (with the exception of November). Even in
November, it is evident that both the aggregate and average dollar level of 61 – 90 arrears had substantially decreased relative to the balances being carried in June 2018. While the average 61 – 90 day arrears in the three months of June through August 2018 was $38.60, the average 61 – 90 arrears in the three months of October through December 2**019** was $14.59, a decrease of 62%.

<p>| Aggregate and Average TAP Arrearages (61 – 90 day aging bucket) |</p>
<table>
<thead>
<tr>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$465,704.45</td>
<td>$493,564.11</td>
<td>$369,449.03</td>
<td>$308,184.62</td>
<td>$200,757.21</td>
<td>$202,931.77</td>
</tr>
<tr>
<td>2019</td>
<td>$322,908.07</td>
<td>$248,358.59</td>
<td>$234,989.43</td>
<td>$150,596.84</td>
<td>$152,864.36</td>
<td>$272,454.72</td>
</tr>
</tbody>
</table>

**Findings of Fact Regarding PWD Collections Performance under TAP Discount**

Based on the data and discussion presented above, the following findings are made with respect to the PWD low-income percentage-of-income-based Tiered Assistance Program (TAP) for water affordability:

1. From July 2017 through December 2020: 36,574 low-income PWD customers newly enrolled in TAP; of those, 34,666 low-income customers newly enrolled in TAP (95%) enrolled in the program bringing pre-program arrears with them; those new enrollees with pre-program arrears brought an aggregate dollar amount of $109,603,111 in pre-program arrears, an average of $3,162 per new enrollee with arrears.

2. In Fiscal Year 2019, PWD provided a discounted bill of $5,668,382.88 to TAP participants. PWD had a collectability rate of 87.89% at the two year (24-month) mark, meaning that it had collected $4,981,941.71 in actual revenue. In contrast, if PWD would have billed at standard residential rates ($15,440,890.43) and collected at the same rate as it had collected from low-income TAP non-participants for the three most recent Fiscal Years (2017 – 2019) (46.69%), it would have collected $7,209,239.99. Hence, in FY2019, while PWD provided a discount of nearly $9.8 million ($9,772,507.55), it collected only $2,227,298 less in actual revenue assuming the 3-year low-income non-TAP participant collectability rate.
3. To the extent that PWD includes the entire amount of the TAP discount in rates to other customers, PWD will over-collect its revenue. By providing the TAP discount of $9.773 million, PWD will collect $14.397 million in actual receipts.

4. As PWD enrolled more and more customers into TAP in the first year, payment performance noticeably improved as measured by the “payment coverage ratio.” From months 8 through 25, the monthly Payment Coverage Ratio ranged in a reasonably narrow band between 75% and 85%. In the third year of TAP operation, the Payment Coverage Ratio noticeably improved, with TAP customers consistently paying between 85% and 95% of their TAP bills.

5. After the initial first months of sputtering operation, TAP participants began to pay an increasingly higher proportion of their bills. The accumulated dollars of payments as a percentage of accumulated dollars of billings showed increasing improvement over time. Even including the lower Payment Coverage Ratios from the early months, by the last half of 2020 (months 35 through 41), TAP participants, 95% or more of whom entered the program with an average arrearage of $3,200 or more, had paid nearly 85% of their PWD bills over the first 42 months of the TAP program’s operation.

6. A consistency in the improved timeliness of payments by TAP participants is seen at both the 12-month and 24-month mark. For all three years (FY18, FY19, FY20), at the 12-month mark, TAP participants out-performed the non-TAP low-income customers by 35% to nearly 50%. The proportion of bill paid by TAP participants at the 12-month mark in FY18, for example, was more than 47% higher than the proportion of bill paid by low-income TAP non-participants at the 12-month mark (74.51% vs. 27.22%). The proportion of bill paid by TAP participants at the 12-month mark in FY20 (72.82%) was 35% higher than the proportion of bill paid by low-income TAP non-participants (72.82% vs. 38.14%).

7. The improved timeliness of payments expanded through the second year of collections. In FY19, for example, while 87.90% of TAP participant bills had been paid by the 24-month mark, only 52.59% of low-income TAP non-participant bills had been paid at the 24-month mark (an improved performance by TAP participants of 49.1% over low-income TAP non-participants). An even greater performance difference can be seen in FY18, with the TAP participant payment of 95.73% by Month-24 being more than 61% higher than the low-income TAP non-participant performance at the 24-month mark.

8. A different way to look at the timeliness of TAP bill payments is to begin with the TAP collectability at a point in time and to review the pre-TAP collectability to see how long it
took TAP-eligible low-income customers to achieve that same collectability outcome. The two-year TAP collectability of 87.90% (FY19) was never reached in pre-TAP years. The closest was Fiscal Year 2013, in which pre-TAP low-income customers had paid 76.30% of their bills by the end of Month 84 (i.e., after 7 years). Similarly, the two-year TAP collectability of 95.73% (FY18) was never reached in pre-TAP years. Again, the closest year was Fiscal Year 2013, in which pre-TAP low-income customers had paid 76.30% of their bills by the end of Month 84 (i.e., after 7 years).

9. The one-year TAP collectability for FY18 of 74.49% was only reached by income-eligible customers in Fiscal Year 2013. In FY13, however, it took TAP-eligible (low-income) customers 72 months (i.e., 6 years) to pay the same percentage of their bill that TAP participants had paid in their first year of TAP participation. Similarly, the one-year TAP collectability for FY19 of 72.68% was achieved (or virtually achieved) in two pre-TAP years (FY2013, FY2012). However, for pre-TAP dollars billed in FY13, it took TAP-eligible customers 60 months (5 years) to pay the same proportion of their bill that TAP customers paid in their first year. For pre-TAP dollars billed in FY12, it took TAP-eligible customers 84 months (7 years) to pay the same proportion of their bill that TAP participants paid in their first year.

10. As TAP participants increased their period of participation, the amount of long-term arrears (121 – 365 days old) significantly decreased. After one year of TAP operation (June 2018), 11,855 TAP participants carried $5,924,729 of arrears that were from 121 to 365 days old. One year later, in June 2019, TAP participation had increased further to 14,796 low-income customers, and long-term arrears had decreased to $2,668,826. In the twelve months July 2018 through June 2019, in other words, while TAP participation increased by 25% (from 11,855 to 14,796), the amount of long-term arrears had increased by 25% (from 11,855 to 14,796), the amount of long-term arrears had decreased by 56% (from $5,924,729 to $2,668,826).

11. Similar results are seen for more moderate term arrearages. In July, 2018, 11,855 TAP participants carried $650,291 in arrearages of 91 – 120 days old. Six months later, while TAP enrollment had increased to 14,166 participants, arrears falling in the 91 – 120 aging bucket had fallen 64%, to an aggregate of $234,222. Arrearages increased in April through June 2019, but decreased in subsequent months. Even in July 2019 (the seasonal high of that year), the $357,871 in 91 – 120 day arrears was 45% lower than the arrears twelve months earlier.

12. On both an aggregate and an average basis, the dollar level of 61 – 90 day arrears was lower in 2019 than it was in 2018 (with the exception of November). Even in November, it is evident that both the aggregate and average dollar level of 61 – 90 day arrears had substantially decreased relative to the balances being carried in June 2018. While the
average 61 – 90 day arrears in the three months of June through August 2018 was $38.60, the average 61 – 90 arrears in the three months of October through December 2019 was $14.59, a decrease of more than 62%.
*** SHUT OFF NOTICE ***

- Your water service will be shut off without further notice on or after 03/09/2020 unless you pay the PAY NOW amount.
- Avoid the inconvenience and additional expense of a shut off by making payment immediately. If you have already made your payment, please disregard this notice.
- If your service is suspended, a Restoration Fee will be added to the balance due.
- A Visitation Fee is added to the balance due if we show up to suspend service and payment is made at the property.
- The PWD Customer Contact Center is available Monday through Friday, 8:00 AM to 5:00 PM. Call 215-685-6300.
- If you are a tenant who is not responsible for paying the water bill according to your rental agreement, you may have additional rights to prevent your water from being shut off. Please call the PWD Customer Contact Center at 215-685-6300.
- Suspension of water service may affect your fire suppression system if a single / combined domestic and fire service line serves the property.
- Struggling to pay your bill? You may qualify for our billing assistance program called TAP. Call 215-685-6300 for an application or visit www.phila.gov/water-bill-help.

City of Philadelphia
Department of Revenue
P.O. Box 41496
Philadelphia, PA 19101-1496

SHUT OFF BILL
WATER/SEWER

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PAY NOW $539.67

JANE DOE
1234 HARRIET LN
MALVERN PA 19355

PAY NOW $539.67

MAIL THIS PORTION OF BILL ONLY

IF NOT PAID, ADDITIONAL PENALTY WILL BE ADDED TO THE NEXT REGULAR BILL. DO NOT STAPLE, PIN, OR FOLD.
TO STOP THE WATER SHUT OFF
You must do one of the following on or before the shut off date:

IF YOU ARE A TENANT WHO IS NOT A CUSTOMER
You may apply at the WRB for continued service under USTRA (the Utility Service Tenants Rights Act, 68 P.S. §399.1 et seq.), if the Authorized User is an USTRA Tenant.

IF YOU ARE A CUSTOMER (OWNERS AND TENANTS)
1. Pay the amount shown on the front of this notice; or
2. Make a payment agreement; or
3. Pay all amounts past due on the most recent payment agreement; or
4. Enroll in the Tiered Assistance Program (TAP) or other customer assistance program; or
5. Complete such other steps as may be required as specified in a Notice of Defect issued by the Water Department.

YOU HAVE A RIGHT TO A HEARING BEFORE YOUR WATER IS SHUT OFF.

TO REQUEST A HEARING:
1. You may request an Informal Hearing (IH) within ten (10) days if a dispute exists as to any matter described in Section 100.7(a) of the Water Department Regulations. You can request an IH form by calling our Contact Center at (215) 685-6300 or by visiting one of our Service Centers. Mailed requests for hearings are permitted, but must be received by the Water Revenue Bureau on or before this date.; or
2. You may submit a petition form to the Tax Review Board (TRB) within 60 days of the date of this notice. Forms can be requested from the TRB by calling (215) 686-5216 or downloaded at: http://www.phila.gov/trb/TRB_Petitions.html.

You will be notified by the Water Revenue Bureau or the TRB of the time and place of the hearing.

IF YOU REQUEST A HEARING, YOUR WATER SERVICE WILL BE CONTINUED UNTIL A FINAL DECISION HAS BEEN MADE.

CALL 215-685-6300 IF YOU ARE ILL OR OTHERWISE CANNOT GO TO THE WATER REVENUE BUREAU IN PERSON OR IF YOU NEED FURTHER INFORMATION OR EXPLANATION OF YOUR RIGHTS.

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE
WATER REVENUE BUREAU

Appendix C -- 2
*** SHUT OFF NOTICE ***

- Your water service will be shut off without further notice on or after 04/20/2020 unless you pay the PAY NOW amount.
- Avoid the inconvenience and additional expense of a shut off by making payment immediately. If you have already made your payment, please disregard this notice.
- If your service is suspended, a Restoration Fee will be added to the balance due.
- A Visitation Fee is added to the balance due if we show up to suspend service and payment is made at the property.
- The PWD Customer Contact Center is available Monday through Friday, 8:00 AM to 5:00 PM. Call 215-685-6300.
- If you are a tenant who is not responsible for paying the water bill according to your rental agreement, you may have additional rights to prevent your water from being shut off. Please call the PWD Customer Contact Center at 215-685-6300.
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City of Philadelphia
Department of Revenue
P.O. Box 41496
Philadelphia, PA 19101-1496

SHUT OFF BILL
WATER/SEWER

YOUR WATER SERVICE IS SUBJECT TO SHUT OFF FOR NON-PAYMENT. FOR FURTHER INFORMATION SEE REVERSE SIDE OF THIS BILL.

You may pay by mail to P.O. BOX 41496, PHILADELPHIA, PA 19101-1496, OR IN PERSON AT MSB 1401 JFK BLVD, CONCOURSE LEVEL, PHILADELPHIA, PA, OR AT ONE OF OUR SERVICE CENTERS. MAKE CHECKS PAYABLE. CITY OF PHILA.

<table>
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<tr>
<th>PRINCIPAL</th>
<th>PENALTY</th>
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PAY NOW $1,134.40

SERVICE WATER ACCESS CODE
41R 000053918

ACCOUNT NUMBER
029192800000750001

BILL INCLUDES PAYMENTS RECEIVED ON OR BEFORE DATE OF THIS NOTICE: 03/16/20

OWNER/OCCUPANT
750 BROOKLYN ST
PHILADELPHIA PA 19104

OWNERS NAME AND PROPERTY BILLED OF OTHER THAN ABOVE:
CUSTUS PERCY & SPRING
750 BROOKLYN ST

PAY NOW $1,134.40

ACCOUNT NUMBER
0291928000750001

OWNER/OCCUPANT
750 BROOKLYN ST
PHILADELPHIA PA 19104

OWNERS NAME AND PROPERTY BILLED OF OTHER THAN ABOVE:
CUSTUS PERCY & SPRING
750 BROOKLYN ST

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form by calling our Contact Center at (215) 685-6300 or by
visiting one of our Service Centers. Mailed requests for hearings
are permitted, but must be received by the Water Revenue
Bureau on or before this date.; or
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from the TRB by calling (215) 686-5216 or downloaded at:

You will be notified by the Water Revenue Bureau or the TRB
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NEED FURTHER INFORMATION OR EXPLANATION OF YOUR
RIGHTS.
12/9/2020

CITY OF PHILADELPHIA
WATER REVENUE BUREAU
30-DAY TENANT BILL

RCB Reference #: T-0000969490 - 724327
Violation Address: __________________________

Bill Date: 12/08/2020  Bill Amount: $144.13  Due Date: 12/30/2020

Dear

According to our records, the water service at __________________________ was scheduled to be shutoff on __________________________. This shutoff was cancelled in accordance with Philadelphia Water Department Regulations, Section 100.3 USTRA Tenant Rights. To continue your water service, the recent billing cycle in the amount of $144.13, must be paid by 12/30/2020.

Please send your check or money order, along with the Payment Coupon below, to the address listed on the Payment Coupon. Make your check or money order payable to WATER REVENUE BUREAU. Please include your account and/or case number on any payment made through this office to ensure proper processing of the payment.

If you have any further questions or require additional information, please contact our Settlement Group at (215) 288-6800. Thank you for your cooperation in resolving this matter.

Sincerely yours,

Charlena Cooper
Revenue Collection Bureau, Inc.

**THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE**
**NO CASH PAYMENTS ACCEPTED**

PAYMENT COUPON

Return this portion with your payment

Name: __________________________  Violation Address: __________________________
Case Number: T-0000969490-724327  Date: __________________________

MAIL TO:

CITY OF PHILADELPHIA
P.O. BOX 780084
PHILADELPHIA, PA 19178-0084