

RESPONSE TO
PUBLIC ADVOCATE'S INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
QUESTIONS 1-23

Dated: April 2021

1 **PA-XVI-1.** REFERENCE PWD REBUTTAL ST. 3, AT PAGE 3: PLEASE DESCRIBE AND
2 PROVIDE ALL RELEVANT DOCUMENTATION RELATED TO THE PWD
3 AND UESF PLAN FOR DISTRIBUTING \$1.2 MILLION IN RELIEF TO TAP
4 AND SENIOR CITIZEN DISCOUNT CUSTOMERS.

5

6 **RESPONSE:**

7 Preparation of this response is in progress and will be provided in the future.

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9 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **PA-XVI-2.** REFERENCE PWD REBUTTAL ST. 3, AT PAGE 3: PLEASE DESCRIBE AND
2 PROVIDE ALL RELEVANT DOCUMENTATION RELATED TO PWD'S
3 WORK WITH PHDC TO ADMINISTER GRANTS OF UP TO \$2,000 FOR
4 QUALIFYING TENANT AND LANDLORD CUSTOMERS.

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6 **RESPONSE:**

7 Please refer to the PHDC website for more information: <https://phdcphila.org/>. There is no
8 additional documentation related to the administration of these grants at this time.

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10 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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1 **PA-XVI-3.** REFERENCE PWD REBUTTAL ST. 3, AT PAGE 23: PLEASE PROVIDE A
2 COPY OF THE WRB INTERNAL POLICY THAT SETS FORTH WHAT WRB
3 MAY REQUIRE FROM A CUSTOMER WHO SEEKS TO ESTABLISH A
4 TENANT ACCOUNT.

5
6 **RESPONSE:**

7 While there is an internal policy in which representatives are trained, there is no written
8 internal policy. Additionally, please refer to response attachment PA-II-18 USTRA Training
9 Documents.

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11 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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1 **PA-XVI-4.** REFERENCE PWD REBUTTAL ST. 3, AT PAGE 42: PLEASE PROVIDE ALL
2 AVAILABLE DATA TO SUPPORT THE ASSERTION THAT “DURING THE
3 PANDEMIC, THE CITY HAS USED TELEPHONE TRANSLATION
4 SERVICES EVEN MORE OFTEN TO LIMIT PHYSICAL INTERACTION.
5

6 **RESPONSE:**

7 Preparation of this response is in progress and will be provided in the future.
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9 **RESPONSE PROVIDED BY:** Water Revenue Bureau
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1 **PA-XVI-5.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: PLEASE PROVIDE AS
2 OF THE MOST RECENT DATE AVAILABLE, A DISTRIBUTION OF THE
3 NUMBER OF RESIDENTIAL ACCOUNTS BY THE LEVEL OF
4 ARREARAGES IN RANGES OF \$100. THE FIRST RANGE WOULD BE \$1 -
5 \$100.

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7 **RESPONSE:**

8 Preparation of this response is in progress and will be provided in the future.

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

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1 **PA-XVI-6.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: PLEASE PROVIDE ALL
2 RESTRICTIONS THAT APPLY TO UESF GRANTS, INCLUDING
3 MAXIMUM GRANT SIZE, AND ANY OTHER LIMITATION ON WHO MAY
4 RECEIVE A GRANT OR WHAT THE LEVEL OF A GRANT MIGHT BE.

5
6 **RESPONSE:**

7 With respect to the standard grant application process, please refer to
8 <https://uesfacts.org/our-programs/utility-grant-program/>.

9
10 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau and RaVonne A.
11 Muhammed, Water Revenue Bureau

1 **PA-XVI-7.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5, LINE 14: PLEASE
2 PROVIDE A DATE FOR WHAT IS MEANT BY “THE NEAR FUTURE.”
3

4 **RESPONSE:**

5 The specific date is still to be determined but it will be after July 1, 2021.
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7 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau and RaVonne A.
8 Muhammad, Water Revenue Bureau
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1 **PA-XVI-8.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: PLEASE PROVIDE:
2 A. THE NUMBER OF COVID-19 VACCINATIONS THAT HAVE BEEN
3 PROVIDED BY ZIP CODE WITHIN PHILADELPHIA (IF ZIP CODE
4 DATA IS NOT AVAILABLE, PROVIDE DATA AS IS AVAILABLE);
5 B. THE RATE OF CONFIRMED COVID-19 ILLNESSES FOR THE PAST
6 EIGHT WEEKS BY ZIP CODE (IF ZIP CODE DATA IS NOT
7 AVAILABLE, PROVIDE DATA AS IS AVAILABLE. IF EIGHT WEEKS IS
8 NOT AVAILABLE, PLEASE PROVIDE WHAT DAILY OR WEEKLY
9 INFORMATION IS AVAILABLE FOR THE MOST RECENT TIME
10 PERIOD AVAILABLE).

11
12 **RESPONSE:**

13 Please refer to the City of Philadelphia Vaccine Data website at
14 <https://www.phila.gov/programs/coronavirus-disease-2019-covid-19/data/vaccine/>.

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16 **RESPONSE PROVIDED BY:** City of Philadelphia
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1 **PA-XVI-9.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: FOR EACH YEAR 2018,
2 2019, AND 2020, OF THE NUMBER OF CUSTOMERS WHO WERE
3 DEFAULTED FROM TAP, PLEASE PROVIDE THE PERCENTAGE OF TAP
4 CUSTOMERS WHO WERE DEFAULTED FROM TAP FOR HAVING BEEN
5 FOUND TO BE NO LONGER INCOME-ELIGIBLE AT THE TIME OF
6 RECERTIFICATION.

7
8 **RESPONSE:**

9 The percentage of TAP customers who defaulted from TAP because they were no longer
10 income-eligible at the time of recertification are as follows:

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12

	2018	2019	2020
TAP Participants defaulting from TAP	292	8,094	1,436
Those defaulting for Failure to meet Income Guidelines at Recertification	1	67	17
Percentage	0.3%	0.8%	1.2%

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19 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-XVI-10.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5:

2 A. PLEASE PROVIDE A DETAILED EXPLANATION OF THE PURPOSE OF
3 HAVING A TAP PARTICIPANT CONFIRM THEIR RESIDENCY GIVEN
4 THEIR ACTIVE CUSTOMER STATUS AND THEIR ACTIVE TAP
5 PARTICIPATION STATUS.

6 B. SEPARATELY PROVIDE A DETAILED DESCRIPTION OF ALL WAYS
7 IN WHICH AN ACTIVE TAP PARTICIPANT MAY NO LONGER BE A
8 RESIDENT AT THE ADDRESS WHERE THEY ARE TAKING PWD
9 SERVICE.
10

11 **RESPONSE:**

12 A. TAP participants are required to confirm and provide proof of residency during both the
13 initial application process and the recertification process in order to confirm the
14 customer is occupying the service location.

15 B. This explanation would require the Department to have information on the
16 circumstances and thought processes of our customers that we do not possess.
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18 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau and RaVonne A.
19 Muhammad, Water Revenue Bureau
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1 **PA-XVI-11.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: WITH RESPECT TO
2 THE STATEMENT AT LINE 24 THAT “THERE IS AMPLE OPPORTUNITIES
3 FOR CUSTOMERS TO SUBMIT AN APPLICATION,” PLEASE PROVIDE A
4 DETAILED EXPLANATION OF WHY THERE WERE 365 NEW TAP
5 ENROLLEES IN OCTOBER/NOVEMBER/DECEMBER 2020 AS COMPARED
6 TO 2,974 NEW TAP ENROLLEES IN OCTOBER/NOVEMBER/DECEMBER
7 2019.

8
9 **RESPONSE:**

10 This explanation would require the Department to have information on causes for behaviors
11 of our customers that we do not possess.

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13 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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- 1 **PA-XVI-12.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE-6: IF “WRB HAS
2 REMAINED ABLE TO ACCEPT AND PROCESS APPLICATIONS IN A
3 TIMELY MANNER, EVEN DURING THE PANDEMIC,” PLEASE EXPLAIN
4 ALL REASONS THE DATA FROM PWD’S RESPONSE TO PA-III-11 SHOW
5 THE FOLLOWING DECLINES:
6 A. MORE SPECIFICALLY, PLEASE EXPLAIN WHY THE NUMBER OF
7 TOTAL APPLICATIONS SUBMITTED DECLINED FROM ROUGHLY
8 6,000 OR MORE IN THE PERIOD MARCH 2019 THROUGH NOVEMBER
9 2019 TO ONLY 2,258 TO 1,055 IN THE PERIOD MARCH 2020 THROUGH
10 NOVEMBER 2020.
11 B. MORE SPECIFICALLY, PLEASE EXPLAIN WHY THE TOTAL NUMBER
12 OF SUBMITTED APPLICATIONS DECLINED FROM 2,258 IN MARCH 1,
13 2020 THROUGH MAY 2020 TO ONLY 1,055 IN SEPTEMBER 2020
14 THROUGH NOVEMBER 2020.
15 C. MORE SPECIFICALLY, PLEASE EXPLAIN WHY THE PERCENTAGE
16 OF TAP APPLICATIONS APPROVED WITHIN 30 DAYS DECLINED:
17 I. FROM 52% TO 18% IN THE PERIOD MARCH 2019 THROUGH
18 MAY 2019 TO THE PERIOD MARCH 2020 THROUGH MAY 2020;
19 II. FROM 42% TO 18% IN THE PERIOD JUNE 2019 THROUGH
20 AUGUST 2019 TO THE PERIOD JUNE 2020 THROUGH AUGUST
21 2020; AND
22 III. FROM 36% TO 26% IN THE PERIOD SEPTEMBER 2019
23 THROUGH NOVEMBER 2019 TO THE PERIOD SEPTEMBER
24 2020 THROUGH NOVEMBER 2020.

25
26 **RESPONSE:**

27 This explanation would require the Department to have information on causes for behaviors
28 of our customers that we do not possess.

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RESPONSE PROVIDED BY: Susan M. Crosby, Water Revenue Bureau

1 **PA-XVI-13.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 10: ARE THE REVENUES
2 BILLED THROUGH THE TAP RIDER INCLUDED IN PWD'S
3 COLLECTABILITY STUDIES? IF THE ANSWER IS ANYTHING OTHER
4 THAN AN UNQUALIFIED "YES," PLEASE PROVIDE A DETAILED
5 EXPLANATION OF WHETHER, IF ANYWHERE, THE COLLECTABILITY
6 OF REVENUES BILLED THROUGH THE TAP RIDER IS DETERMINED.

7
8 **RESPONSE:**

9 Yes. The TAP Rate Rider Surcharge is embedded in the water and sewer quantity charges
10 and is not billed separately. The collection factor report reflects all customer discounts and
11 credits (i.e., stormwater).

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13 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.
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1 **PA-XVI-14.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 16: PLEASE PROVIDE BY
2 PAGE NUMBER AND LINE NUMBER, A CITATION TO MR. COLTON'S
3 TESTIMONY WHERE HE ASSERTS THAT PWD IS A "COMPANY" OR AN
4 "IOU."

5
6 **RESPONSE:**

7 We did not make the claim that Mr. Colton asserted that PWD is a Company or an IOU.
8 The purpose of the statement was to point out that PWD does not have a profit motive. Any
9 system-wide overperformance that occurs is reflected in the RSF balance and leveraged in
10 future fiscal years. This is evident by the fact that the Water Department has used the RSF
11 balance to help cover expenses and manage rate increases every year since FY 2016 and is
12 projected to do so again in FY 2020 in order to meet operational needs.

13
14 We do not agree with Mr. Colton's assertion that PWD over collects.

15
16 Mr. Colton does use the term "Company" on Page 62 lines 23 and 25 of his testimony.

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18 **RESPONSE PROVIDED BY:** Black & Veatch Management Consulting, LLC.
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1 **PA-XVI-15.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 22: PLEASE PROVIDE BY
2 PAGE NUMBER AND LINE NUMBER, INCLUDING A DIRECT QUOTE
3 FROM MR. COLTON’S TESTIMONY IN THE 2018 GENERAL RATE
4 PROCEEDING, WHERE MR. COLTON’S STATED POSITION WAS:
5 A. CUSTOMERS SHOULD RECEIVE NO ARREARAGE FORGIVENESS
6 UNLESS AND UNTIL THEY MAKE 24 COMPLETE PAYMENTS;
7 B. PWD SHOULD BE ALLOWED TO COLLECT THE COSTS OF
8 ARREARAGE FORGIVENESS THROUGH A RIDER SUCH AS THAT
9 WHICH IS PROPOSED BY PWD IN THIS PROCEEDING.
10

11 **RESPONSE:**

- 12 A. In PWD Rebuttal Statement 3, page 22, the Department stated that arrearage forgiveness
13 as originally implemented is consistent with Mr. Colton’s stated position in the 2018
14 general rate proceeding. It is consistent with his position in that it grants forgiveness
15 over a two-year period. “I recommend that pre-existing arrearages be forgiven over a
16 two-year period. There is a financial reason, as well as a substantive program-related
17 reason, for this recommendation.” 2018 Direct Testimony of Roger D. Colton, pg. 40,
18 lines 1-3.
- 19 B. “In this section of my testimony, I propose that the Department promulgate a TAP Rider
20 designed to collect the net incremental real costs of the TAP program. The adoption of
21 such a Rider is necessitated by the fact, in particular, that program participation may,
22 throughout any given year, vary from the participation that is estimated in setting the
23 previous year’s TAP costs.” 2018 Direct Testimony of Roger D. Colton, pg. 85, lines
24 12-17.
25

26 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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1 **PA-XVI-16.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 43: PLEASE PROVIDE BY
2 REGULATION SECTION NUMBER, INCLUDING A DIRECT QUOTE FROM
3 THE REGULATION, WHERE THE DISCONNECTION AMOUNT FOR
4 RECIPIENTS OF THE SENIOR CITIZEN DISCOUNT HAS BEEN REDUCED
5 BECAUSE THEY PAY A REDUCED BILL.

6
7 **RESPONSE:**

8 There is no regulation that states that the disconnection amount for recipients of the senior
9 citizen discount has been reduced because they pay a reduced bill.

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11 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau

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1 **PA-XVI-17.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 43: PLEASE PROVIDE BY
2 REGULATION SECTION NUMBER, INCLUDING A DIRECT QUOTE FROM
3 THE REGULATION, WHERE THE DISCONNECTION AMOUNT FOR WRAP
4 PARTICIPANTS, PRIOR TO THE IMPLEMENTATION OF TAP, WAS
5 REDUCED BECAUSE THEY PAY A REDUCED BILL.
6

7 **RESPONSE:**

8 There is no regulation that states that the disconnection amount WRAP participants as reduced
9 because they pay a reduced bill.
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11 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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1 **PA-XVI-18.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 42: PLEASE IDENTIFY BY
2 LINE NUMBER AND A DIRECT QUOTE:

3 A. EACH PLACE WHERE THE DOCUMENTS ATTACHED TO MR.

4 COLTON’S TESTIMONY AS “APPENDIX C” COMPLY WITH THE
5 FOLLOWING STATEMENT IN PWD’S LANGUAGE ACCESS PLAN:

6 “DEPARTMENT NOTICES AND FLYERS WILL ALSO PROVIDE
7 NOTICE OF THE AVAILABILITY OF LANGUAGE SERVICES AND A
8 SIMPLE INSTRUCTION ON HOW TO REQUEST LANGUAGE
9 ASSISTANCE.” (PWD LANGUAGE ACCESS PLAN, AT 12).

10 B. EACH PLACE WHERE THE WRB TENANT APPLICATION AVAILABLE

11 AT [HTTPS://WWW.PHILA.GOV/MEDIA/20200827105627/TENANT-
13 APPLICATION-EDITABLE-V.4.PDF](https://www.phila.gov/media/20200827105627/tenant-
12 application-editable-v.4.pdf), COMPLIES WITH THE

14 FOLLOWING STATEMENT IN PWD’S LANGUAGE ACCESS PLAN:

15 “DEPARTMENT NOTICES AND FLYERS WILL ALSO PROVIDE
16 NOTICE OF THE AVAILABILITY OF LANGUAGE SERVICES AND A
17 SIMPLE INSTRUCTION ON HOW TO REQUEST LANGUAGE
18 ASSISTANCE.” (PWD LANGUAGE ACCESS PLAN, AT 12).

19 C. EACH PLACE WHERE THE “WATER LIEN LETTER” PROVIDED IN
20 RESPONSE TO PA-II-20 (PAGE 2) COMPLIES WITH THE FOLLOWING

21 STATEMENT IN PWD’S LANGUAGE ACCESS PLAN: “DEPARTMENT
22 NOTICES AND FLYERS WILL ALSO PROVIDE NOTICE OF THE
23 AVAILABILITY OF LANGUAGE SERVICES AND A SIMPLE
24 INSTRUCTION ON HOW TO REQUEST LANGUAGE ASSISTANCE.”

(PWD LANGUAGE ACCESS PLAN, AT 12).

25 D. EACH PLACE WHERE THE TENANT USTRA BILL PROVIDED IN

26 RESPONSE TO PA-II-16 COMPLIES WITH THE FOLLOWING

27 STATEMENT IN PWD’S LANGUAGE ACCESS PLAN: “DEPARTMENT
28 NOTICES AND FLYERS WILL ALSO PROVIDE NOTICE OF THE

1 AVAILABILITY OF LANGUAGE SERVICES AND A SIMPLE
2 INSTRUCTION ON HOW TO REQUEST LANGUAGE ASSISTANCE.”
3 (PWD LANGUAGE ACCESS PLAN, AT 12).

4 E. EACH PLACE WHERE THE TENANT WATER SHUTOFF NOTICE
5 PROVIDED IN RESPONSE TO PA-II-20 (PAGE 25) COMPLIES WITH
6 THE FOLLOWING STATEMENT IN PWD’S LANGUAGE ACCESS
7 PLAN: “DEPARTMENT NOTICES AND FLYERS WILL ALSO PROVIDE
8 NOTICE OF THE AVAILABILITY OF LANGUAGE SERVICES AND A
9 SIMPLE INSTRUCTION ON HOW TO REQUEST LANGUAGE
10 ASSISTANCE.” (PWD LANGUAGE ACCESS PLAN, AT 12).

11 F. EACH PLACE WHERE THE TENANT REFUND PETITION PROVIDED
12 IN RESPONSE TO PA-II-17 COMPLIES WITH THE FOLLOWING
13 STATEMENT IN PWD’S LANGUAGE ACCESS PLAN: “DEPARTMENT
14 NOTICES AND FLYERS WILL ALSO PROVIDE NOTICE OF THE
15 AVAILABILITY OF LANGUAGE SERVICES AND A SIMPLE
16 INSTRUCTION ON HOW TO REQUEST LANGUAGE ASSISTANCE.”
17 (PWD LANGUAGE ACCESS PLAN, AT 12).

18
19 **RESPONSE:**

20 Specific notification of the availability of language services and instruction on how to
21 request language assistance is not currently included on the documents referenced in A-F
22 above, however, PWD is continually looking for ways to improve language access for
23 customers. Taglines indicating translation services are available will be added to more
24 documents including the notices attached to Mr. Colton’s testimony.

25
26 **RESPONSE PROVIDED BY:** Susan M. Crosby, Water Revenue Bureau
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1 **PA-XVI-19.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 5: PLEASE PROVIDE:

2 A. AN UPDATE TO PWD'S RESPONSE TO PA-III-25 THROUGH THE
3 MOST RECENT WEEK AVAILABLE.

4 B. AN UPDATE TO PWD'S RESPONSE TO PA-III-11(B) THROUGH THE
5 MOST RECENT MONTH AVAILABLE.

6
7 **RESPONSE:**

8 An update to PWD's response to PA-III-25 as of April 14, 2021 is included as attachment
9 PA-XVI-19a. An update to PWD's response to PA-III-11(b) through the end of March is
10 included as attachment PA-XVI-19b.

11
12 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.

1 **PA-XVI-20.** REFERENCE: PWD REBUTTAL ST. 3, AT PAGE 46: PLEASE PROVIDE BY
2 MONTH, FOR JULY 2017 TO DATE:

3 A. THE NUMBER OF ACCOUNTS WITH PRE-PROGRAM PRINCIPAL
4 ARREARAGE THAT EXCEEDS 15 YEARS IN AGE;

5 B. THE DOLLAR OF PRE-PROGRAM PRINCIPAL ARREARAGES THAT
6 EXCEEDS 15 YEARS IN AGE;

7 C. THE NUMBER OF ACCOUNTS WHO DEFAULTED FROM TAP AT THE
8 TIME OF RECERTIFICATION FOR BEING OVER-INCOME;

9 D. THE DOLLAR AMOUNT OF PRE-PROGRAM PRINCIPAL
10 ARREARAGES THAT WERE OWED BY CUSTOMERS WHO
11 DEFAULTED FROM TAP AT THE TIME OF RECERTIFICATION FOR
12 BEING OVER-INCOME;

13 E. THE NUMBER OF TAP PARTICIPANTS WHO PRE-PAID THEIR ENTIRE
14 PRE-PROGRAM ARREARS PRIOR TO THE FORGIVENESS OF THOSE
15 ARREARS;

16 F. THE NUMBER OF TAP PARTICIPANTS WHO PRE-PAID THEIR ENTIRE
17 PRE-PROGRAM ARREARS AFTER BEING REQUIRED TO DO SO IN
18 ORDER TO SELL OR REFINANCE THEIR HOME.

19
20 **RESPONSE:**

21 A. – E. Preparation of this response is in progress and will be provided in the future.

22 F. Requirements for a customer to pay water debt in order to sell or refinance their home
23 come from outside the City. This information cannot be generated or provided.

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25 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-XVI-21.** REFERENCE PWD ST. 8. PLEASE IDENTIFY AND SUPPLY COPIES OF
2 ANY TESTIMONY THE WITNESSES HAVE PROVIDED TO STATE OR
3 LOCAL UTILITY RATE-MAKING BODIES REGARDING THE
4 COMMUNITY ECONOMIC BENEFITS ASSOCIATED WITH UPGRADING
5 AND/OR IMPROVING UTILITY INFRASTRUCTURE.

6
7 **RESPONSE:**

8 The Panel has not provided testimony regarding the community economic benefits
9 associated with upgrading and/or improving utility infrastructure to state or local utility rate-
10 making bodies.

11
12 However, the Panel has provided economic impact evaluations of rates and projects for
13 utility submission to commissions. Often, commission staff are part of the advisory group
14 for such studies. Such studies are required by commissions, and specific types of impact
15 analysis are required by commissions as components of the studies. So long as engineering
16 economics is involved, the Panel submits that commissions necessarily consider both costs
17 and benefits to arrive at balanced decisions.

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19 **RESPONSE PROVIDED BY:** H. Gil Peach & Associates
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1 **PA-XVI-22.** REFERENCE PWD ST. 8. PLEASE IDENTIFY AND SUPPLY COPIES OF
2 ANY RATE DETERMINATIONS BY STATE OR LOCAL UTILITY RATE-
3 MAKING BODIES THAT HAVE FOUND COMMUNITY ECONOMIC
4 BENEFITS ASSOCIATED WITH UPGRADING AND/OR IMPROVING
5 UTILITY INFRASTRUCTURE TO BE RELEVANT TO THE UTILITY'S
6 REQUEST FOR RATE RELIEF.

7
8 **RESPONSE:**

9 The Panel submits that virtually all rate determinations by state or local utility rate-making
10 bodies that address proposed spending related to capital improvement programs inherently
11 require that both costs and benefits of upgrading and/or improving utility infrastructure be
12 taken into account. Commissions necessarily consider both costs and benefits to arrive at
13 balanced decisions.

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15 **RESPONSE PROVIDED BY:** H. Gil Peach & Associates
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1 **PA-XVI-23.** REFERENCE PWD ST. 8 AT 3. DO THE WITNESSES SUBMIT THAT THE
2 BOARD’S ROLE IN SETTING THE WATER DEPARTMENT’S RATES AND
3 CHARGES IS INTENDED TO PROVIDE “IMPORTANT ECONOMIC
4 STIMULUS IN PHILADELPHIA AND THE REGION”? IF SO, PLEASE
5 PROVIDE A DETAILED EXPLANATION OF THE BASIS FOR SUCH
6 BELIEF, TOGETHER WITH ANY SUPPORTING AUTHORITIES RELIED
7 UPON.
8

9 **RESPONSE:**

10 The Rate Board’s role is to set rates that support the Department’s expenses, which include
11 spending related to the Department’s operating and capital budgets.
12

13 The Panel submits that the Rate Board, in carrying out its decision-making responsibilities,
14 takes both benefits and costs into consideration insofar as both benefit and cost information
15 is made available to the Board in the proceedings.
16

17 The Panel suggests that, to the extent that the Rate Board is required to consider the Water
18 Department’s capital spending, the Rate Board reasonably considers the material (technical)
19 basis and the economics of the request. The discipline of economics requires consideration
20 of both benefits and costs.
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22 **RESPONSE PROVIDED BY:** H. Gil Peach & Associate
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