

Monthly Report

**TO THE RATE BOARD AS REQUIRED BY THE
FY2022-2023 RATE DETERMINATION**

Philadelphia Water Department

September 21, 2021



City of
Philadelphia



September 21, 2021

Philadelphia Water, Sewer and Storm Water Rate Board
1515 Arch Street, 17th Floor
Philadelphia, PA 19102-1595

Chairman Popowsky and Members of the Rate Board:

Attached please find the first monthly report provided pursuant to the Philadelphia Water, Sewer and Storm Water Rate Board's Rate Determination, dated June 16, 2021, to document the Tiered Assistance Program ("TAP") enrollments, denials, turnovers, arrearage forgiveness (principal and penalty amounts), implementation of ratable forgiveness, as well as updates concerning tenant issues, language access, customer service and financial matters.

Thank you for your attention to this matter.

Very truly yours,

Susan Crosby, Esq.
Deputy Revenue Commissioner
Water Revenue Bureau

Melissa LaBuda
Deputy Water Commissioner, CFO
Philadelphia Water Department

Enclosure

CC: Service List (2021 General Rate Case)

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1. EXECUTIVE SUMMARY

This report provides a monthly update for August 2021 regarding TAP enrollments, denials, turnovers, arrearage forgiveness, implementation of ratable forgiveness, as well as customer service and financial updates. August 2021's statistics will serve as a baseline for measuring the impact of efforts to reduce TAP Denials and program turnover in the coming months.

In August 2021,

- 232 applicants were enrolled in TAP, 107 of them for the first time.¹
- 301 customers received a total of \$119,261.12 in Penalty Forgiveness.²
- 2 customers received a total of \$76.00 in Principal Forgiveness.³
- 379 applications were denied.⁴
 - 41% of those denials were from already-existing TAP participants, whose change applications had missing or incomplete residency or income documentation. Those participants stayed in the program.
 - 2% of those denials were from already-existing TAP participants who were removed from the program because they were no longer eligible.
 - 57% of all denied applications were for applicants who have not participated in TAP before. Most were denied for missing or incomplete documentation.
 - Some customers made more than one application.

As of August, 2021, PWD and WRB have taken several steps to begin enhancing TAP participation. The TAP Pause, allowing TAP participants to keep and pick up their progress towards forgiveness if they leave the program was incorporated in July as a part of the broader strategy to introduce ratable forgiveness. PWD has made further efforts to address administrative regulatory, and policy considerations around the implementation of ratable arrearage forgiveness. There are no legal barriers to implementing ratable arrearage forgiveness. Finally, please note that PWD is offering application forms and other materials in Spanish and Simplified Chinese on its websites.

¹ See Tables 3-4.

² See Table 1.

³ See Table 2.

⁴ See Table 5.

2. INTRODUCTION

2.1 Required Reporting

This Monthly Report is provided pursuant to the June 16, 2021 Rate Determination of the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board”) and the Hearing Officer’s Report, dated May 18, 2021 both rendered in the 2021 general rate proceeding (collectively referred to as the “Rate Determination”). Based on the Rate Determination, the Philadelphia Water Department (“Department” or “PWD”) is required to report monthly on:

- Specific progress in PWD’s arrearage forgiveness and Tiered Assistance Program (TAP), namely the “amount and type of arrearage forgiveness” PWD provides to TAP customers.
- PWD efforts to increase accessibility to the TAP program by implementing “ratable forgiveness” (allowing customers to earn partial arrearage forgiveness each month) and removing administrative constraints to implementation.
- PWD efforts to reduce the number of denied applications (“TAP denials”) and program turnover, specifically the number leaving the program before receiving arrearage forgiveness.⁵

Sections 6 through 8 of this report also provide updates regarding TAP outreach, community meetings, language access, customer assistance and financial updates (as available quarterly or more frequently).

⁵ The Rate Determination outlines the following reporting requirements at pages 53-54:

Based on the record produced in this proceeding and in accordance with the discussions, findings and resolutions discussed above, we therefore... (8) require the Philadelphia Water Department to report monthly on the amount and type of arrearage forgiveness that PWD is providing to TAP customers, the result of its efforts to determine what legal and/or operational barriers must be overcome to implement ratable forgiveness for each month the TAP participant pays the TAP bill; and the efforts PWD is taking to reduce TAP denials and TAP churn.” In this report, “TAP churn” is called “Program Turnover.”

Reference: <https://www.phila.gov/media/20210618105014/2021-General-Rate-Determination-as-filed-with-Records-Dept-20210616.pdf>

3. ARREARAGE FORGIVENESS

3.1 Definitions

In this section, important terms that have not been previously defined and their definitions are as follows:

Penalty Arrearage Forgiveness: The process by which TAP participants are able to have penalty charges forgiven after 24 full payments of their TAP bills. The penalty forgiveness program was begun in July of 2017.

Principal Arrearage Forgiveness: The process by which TAP participants are able to have their unpaid water bills forgiven after 24 full payments of their TAP bills. The principal forgiveness program was begun in September of 2020. Note that customers who exit TAP because they are over-income are provided partial forgiveness of debt proportional to their principal forgiveness as of the time they exit TAP.

Enrollments (total): All customers who joined the TAP program and began participating this month. Includes customers who have never participated in TAP before (see below), as well as customers who had previously left TAP and now returned or recertified their enrollment in TAP.

First-Time Enrollees: Customers who have never participated in TAP before, and enrolled in TAP for the first time this month. These new TAP participants are a subset of total enrollments.

3.2 Forgiveness by Amount and Type

The information provided in the tables below is for the month of August 2021 (the “reporting period”). Table 1 documents the total penalty arrearages forgiven during the reporting period, broken down by amount of the participant’s penalty debt forgiven. Table 2 documents the total principal arrearages forgiven during the reporting period, broken down by amount of the participant’s principal debt forgiven.

Table 1. Total Penalty Arrearage Forgiven during August 2021

Debt Range	Participants Receiving Penalty Forgiveness	Amount Forgiven
< \$0	-	\$-
\$0-\$200	210	\$10,585.06
\$200-\$500	40	\$13,165.92
\$500-\$1,000	17	\$12,306.58
\$1,000-\$2,000	19	\$26,516.82
\$2,000-\$5,000	12	\$36,025.97
\$5,000-\$10,000	3	\$20,660.77
\$10,000-\$20,000	-	\$-
\$20,000-\$50,000	-	\$-
\$50,000+	-	\$-
Total	301	\$119,261.12

Table 2. Total Principal Arrearage Forgiven during August 2021

Debt Range	Participants Receiving Principal Forgiveness	Amount Forgiven
< \$0	-	\$-
\$0-\$200	2	\$76.00
\$200-\$500	-	\$-
\$500-\$1,000	-	\$-
\$1,000-\$2,000	-	\$-
\$2,000-\$5,000	-	\$-
\$5,000-\$10,000	-	\$-
\$10,000-\$20,000	-	\$-
\$20,000-\$50,000	-	\$-
\$50,000+	-	\$-
Total	2	\$76.00

For first-time enrollees, pre-TAP debt that was newly protected from enforcement and made eligible for forgiveness is shown in Tables 3 and 4.

Table 3. Pre-TAP Debt for August 2021 First-Time Enrollees

Type	Total First-Time Enrollees with Debt by Type	Total Pre-TAP Debt
Principal	101	\$125,284.14
Penalty	68	\$10,847.95
Total	107 ⁶	\$136,132.09

⁶ Note that the total of first-time enrollees is 107. The count of enrollees in the penalty and principal lines above does not sum to 107 because some customers appear in one category, neither category, or both categories, depending on whether they had only principal, only penalty, both penalty and principal, or no pre-TAP debt.

**Table 4. August 2021 First-Time Enrollees by Income Guidelines
and Associated Pre-TAP Debt⁷**

Income Level as Compared to Federal Poverty Guideline	Total Enrollees	Total Pre-TAP Debt
Up to 50%	25	\$36,962.52
Above 50% and up to 100%	47	\$54,407.41
Above 100% and up to 150%	32	\$32,808.01
Above 150% and up to 250%	3	\$11,954.15
Above 250%	-	\$-
Total	107	\$136,132.09

4. IMPLEMENTATION OF RATABLE FORGIVENESS

4.1 Definitions

In this section, important terms that have not been previously defined and their definitions are as follows:

Ratable forgiveness: The monthly proration of arrearage forgiveness. Each month a TAP participant makes a complete payment, 1/24th of their pre-program arrearage is vested immediately. This vested amount is retained even if a participant leaves TAP and later returns to the program.

Legal considerations: Legal and administrative restrictions or conflicts preventing or slowing down the introduction of ratable forgiveness as described above.

Operational challenges: Technical, technological, staffing, or other factors preventing or slowing down the introduction of ratable forgiveness as described above.

TAP Pause: A change to the forgiveness process whereby a customer's 24-month progress towards arrearage forgiveness is "paused," rather than lost, if they leave TAP for any reason, and the customer can resume their progress upon returning to TAP, rather than starting over.

4.2 Discussion

One aspect of ratable forgiveness has already been addressed by September 2020 updates to the TAP program. Under the new "TAP Pause" feature, customers do not lose their progress towards arrearage forgiveness if they leave the program for any reason and then return. Instead, if a

⁷ A similar report for all enrollees during the full calendar year is provided in the Annual Report to the Mayor on the Tiered Assistance Program (TAP), "Table 2. New Applicants Enrolled in TAP." This monthly data was reported on September 1, 2021.

customer re-enters TAP after leaving for a period of time, their count of paid bills toward earned forgiveness will pick back up from where they left off, with the amount of forgivable pre-TAP arrearage fixed at the time of their first enrollment in TAP.

Otherwise, implementing ratable forgiveness is dependent on the following considerations.⁸

Legal considerations: There are currently no legal barriers to the implementation of ratable forgiveness. To proceed with this change, at a minimum, Section 206.7 of the Philadelphia Water Department Regulations must be updated and Rate Board approval must be obtained to recover the cost of arrearage forgiveness in rates.

Operational challenges: There are currently no operational barriers to the implementation of ratable forgiveness, although there are resource constraints. Changes to the basis2 billing system are necessary to begin implementing the program, which require resources for development and significant testing, and would need to be prioritized among other important initiatives.

4.3 This Month's Updates

PWD and WRB are internally reviewing the feasibility, steps, and timing of a shift in principal and penalty forgiveness policy toward ratable forgiveness. Commissioners and other stakeholders are being asked to review and approve the proposal prior to broader discussion.

⁸ The Water Rate Board's Rate Determination requires a discussion of "barriers" to implementation. There are no barriers, so this section of the report addresses considerations for implementation instead.

5. PWD EFFORTS TO REDUCE TAP DENIALS AND PROGRAM TURNOVER

5.1 Definitions

In this section, important terms that have not been previously defined and their definitions are as follows:

TAP Denials: TAP application outcomes in which applicants are not enrolled in the program.

Applicants can be denied for TAP for one of six reasons:

- Failure to meet income and residency guidelines;
- Failure to meet income guidelines (without a Special Hardship);
- Failure to meet residency guidelines;
- Installation type is not eligible for TAP;
- Missing or invalid income or residency documentation; or
- Missing information on the application form.

Program Turnover: Reduction in TAP participation due to failure to meet income or residency guidelines, missing or invalid documentation, failure to recertify or other reasons including a determination that the customer will have a more affordable bill under another assistance program or other billing arrangement.

More Affordable Alternatives: Some customers qualify for assistance programs outside of TAP, and based on their individual circumstances, these programs may be a more affordable option.

Denied as Incomplete: When a customer with a pre-existing TAP agreement applies for a change or recertification but has missing or invalid proof of residency or income, their application is denied, as “Denied for Incomplete.” An application that is Denied for Incomplete does not mean the customer is removed from the program. As can be seen below, the majority of TAP denials are Denied for Incomplete—customers who are already in TAP, and are not removed as a result of this denial.

Denied for Cause: If a customer with a pre-existing TAP agreement applies for a change or recertification but is no longer eligible for TAP participation, their application is “Denied for Cause,” and the customer is removed from the program.

5.2 Discussion

In August, 688 applicants were approved for enrollment in TAP, and 430 applicants were not. Of those applications that were technically not approved, 168 applicants were already enrolled in TAP at the time of the application submittal, and only 9 resulted in the actual removal from TAP for failure to meet income or residency, or for placement in a more affordable alternative.

These data are set forth in Table 5 below. The numbers below reflect the number of applications, rather than the number of customers, as customers can make multiple applications.

Table 5. Denials: Applicants Not Enrolled in TAP⁹ during August 2021

Outcome	Total Count	Applicants Already Participating in TAP
<u>Denied</u>		
Discontinued Account	1	0
Failed to meet Income Guidelines (no Special Hardship)	13	2
Failed to meet Residency Guidelines	15	5
Installation Type Not Eligible for TAP	0	0
Missing or Invalid Income or Residency Documentation	333	153
Missing information on application form	7	2
Not the Customer applying	10	0
<u>Total Denials</u>	<u>379</u>	<u>162</u>
<i>Denied for Incomplete, remained in TAP¹⁰</i>		155
<i>Denied for Cause, removed from TAP</i>		7
<i>New Applicant Denials</i>	217	
<u>Enrolled in More Affordable Alternative</u>		
Senior Citizen Discounted Bill ¹¹	20	3
Senior Citizen Discounted Bill + Extended Payment Agreement	2	0
Regular Bill ¹¹	15	2
Regular Bill + Extended Payment Agreement	14	1
WRBCC Agreement	0	0
<u>Total More Affordable Alternative Placements</u>	<u>51</u>	<u>6</u>
<u>Other Outcomes</u>		
Customer Withdrew Application	0	0
Data Transfer ¹²	0	0
<u>Total Other Outcomes</u>	<u>0</u>	<u>0</u>

⁹ An annualized version of this report is included in the Annual Report to the Mayor On The Tiered Assistance Program (TAP), "Table 4. Applicants Not Enrolled." This monthly data was reported on September 1, 2021.

¹⁰ Apart from recertification (which is not presently occurring), customers in TAP who reapply and have their application denied for being incomplete are not removed from TAP. Only those who are denied for cause or are approved for a more affordable alternative are removed from TAP.

¹¹ Senior Citizen Discounted Bill or Regular Bill may also include a standard payment agreement.

¹² When customers had more than one application in progress at the same time, information was transferred to the newest application for processing, older applications were categorized as "Data Transfer," and were no longer processed. Similarly, previously denied applications were transferred for re-evaluation when WRB identified available OOPA information or the customer submitted additional required documentation after denial. The subsequent approvals or denials are also captured in these figures.

As stated in the previous section, the introduction of “TAP Pause” will address some concerns about Program Turnover, as customers leaving and returning to the program will pick up where they left off on earning principal and penalty forgiveness, rather than starting anew.

5.3 Efforts to Reduce TAP Denials and Program Turnover

As shown above, the largest portion of denials are due to missing or invalid income or residency documentation. To address this factor, the Water Revenue Board has redesigned the TAP application checklist to clarify and communicate the documentation requirements and has begun including a customer’s water bill with the submitted application materials to serve as one portion of the proof of residency requirement, if needed. Program Turnover can also result from failure to recertify or other reasons including a determination that the customer will have a more affordable bill under another assistance program. Because recertification requirements have been suspended during the pandemic, this particular factor has been removed by PWD as a cause of Program Turnover.

5.4 This Month’s Updates

The application checklist redesign is underway this month, and customer service representatives are implementing the policy to include a water bill with application materials, as described above.

6. QUARTERLY UPDATES

PWD will also provide at least quarterly updates to the Rate Board with respect to certain customer service and policy issues identified in the Settlement, as set forth in this Section.

6.1 Storm Water Cost of Service and Benefit Allocation Issues

The Water Department has initiated internal planning discussions to:

1. Begin to evaluate potential alternative residential rate structures; and
2. Identify and evaluate potential options for the recovery of non-residential stormwater overflow remediation projects.

Please note that the evaluation of cost of service and benefit allocation issues will involve the Department and multiple external stakeholders. PWD staff are developing a plan to engage these stakeholders.

6.2 Customer Service and Policy Issues

1. TAP Recertification:

In this quarter, PWD continued to waive program recertification during the pandemic, and plans to continue to waive recertification in the second quarter of Fiscal Year 2022. As noted above, this will have a favorable impact on Program Turnover. PWD is also in the process of considering the merits of establishing a longer period of TAP recertification for certain groups such as pensioners, SSI and LIHEAP recipients.

2. TAP Outreach/Participation:

In this quarter, WRB/PWD engaged in the following activities in support of achieving greater TAP participation, attaining more affordable bills for vulnerable households and evaluating various approaches to inform more customers of TAP and other assistance programs:

- WRB concluded a program in which it reached out to existing TAP customers, inviting them to submit updated income information and receive the most affordable bill. To date, this program has generated over 15,000 applications mailed to TAP participants and resulted in over 6,000 applications returned to WRB. The applications received this month are included in the monthly reporting above.
- WRB began a campaign of moving customers from the WRBCC assistance program into TAP, where reasonable, so they can begin benefitting from arrearage forgiveness.
- PWD is currently planning community meetings, summits and other gatherings, including meetings with Black community leaders and black grassroots community members.

Based on the results of this quarter's outreach/participation efforts, PWD will evaluate the approaches of next quarter.

A RCAS meeting was held in July, and a TAP sub-committee meeting is being scheduled. A summary of the July meeting is provided in Appendix A.

3. Language Access:

See "Tenant Issues" in 6.3.2, below.

4. Moratorium on Shut-Offs:

In this quarter, PWD reviewed and evaluated the need to extend the current moratorium, finding that its scheduled ending in April 2022 is still reasonable. Prior to lifting the moratorium, PWD plans to consult with stakeholders to evaluate the feasibility or necessity of extending the moratorium considering public health guidance and economic conditions.

6.3 COVID-19 Protections

1. Payment agreements:

In this quarter, PWD evaluated different payment arrangement options, and determined that offering them would prevent PWD from delivering debt protection to TAP customers, developing the Philadelphia Housing Development Corporation program, and progressing towards the resumption of normal collection practices after COVID. In order to provide the most possible support to customers, PWD will not be allocating vital programming and testing resources within the billing system towards providing new payment agreement options.

2. Tenant issues:

To address certain tenant issues, such as establishing tenant accounts, proof of residency, PWD continues to review its business practices, website disclosures and regulations regarding establishing a tenant account and in conjunction with the Law Department reviewed its policies to facilitate tenants opting to request transfer pre-existing arrearages into their account.

In making its review this quarter, PWD found that its business practices, website disclosures, and regulations regarding establishing a tenant account are not in sync. PWD will continue to work with the Law Department to bring synergy around this issue.

PWD has updated its website with the Simplified Chinese and Spanish request forms in addition to the existing English. The links to these forms are below:

- [Become a tenant water customer | Department of Revenue | City of Philadelphia](#)
- [Become a commercial tenant water customer | Department of Revenue | City of Philadelphia](#)
- [Become an occupant water customer | Department of Revenue | City of Philadelphia](#)

7. CUSTOMER ASSISTANCE UPDATES

This section details customer assistance dollars that PWD is working with outside entities to process for its customers. These programs are:

- PHDC: Philadelphia Housing Development Corporation. Provides emergency rental assistance for renters and landlords. PHDC is currently administering federal COVID relief dollars
- UESF: Utilities Emergency Services. Provides financial assistance/grants to utility customers with low-income facing or experiencing shut-offs. Water grants are matched by PWD. UESF has introduced Rapid Assistance Development, which provides added flexibility. UESF funding is included here as part of the assistance provided to customers, however, unlike PHDC funds, UESF dollars do not come from the federal government and should not be considered in the reconciliation/adjustment process.
- LIHWAP: Low Income Household Water Assistance Program. Federal program introduced in 2021 to provide low-income households with financial assistance on water and wastewater bills.

7.1 Rental Assistance and Emergency Services Funding

During August 2021, a total of \$390,531.83 in rental assistance from PHDC and emergency grant funding from UESF was applied to customer accounts.

Because this is the first Monthly Report to the Rate Board, it includes a summary of both the 2021 and 2022 fiscal year PHDC and UESF grants in Table 6. Table 7 shows PHDC payments in August of 2021. Table 8 shows UESF payments in August of 2021. All tables are based on data reported on August 31, 2021. In addition to these funds, PWD matches some UESF grants.

Table 6. Summary of UESF and PHDC Grants, Fiscal Years 2021 and 2022

Source	Count	Amount
UESF	177	\$264,707.57
PHDC	951	\$697,455.26
TOTAL	1128	\$962,162.83

Table 7. PHDC Grants by Month July-August 2021

Month	Total Amount
July 2021	\$361,922.86
August 2021	\$335,532.40
TOTAL	\$697,455.26

Table 8. UESF Grants by Month July-August 2021

Month	Total Amount
July 2021	\$25,288.82
August 2021	\$54,999.43
TOTAL	\$80,288.25

7.2 Commonwealth's LIHWAP Program

During July 2021, PWD/WRB and the Mayor's Office reviewed and submitted comments to the Commonwealth's proposed LIHWAP Model State Plan. Those comments can be found in Appendix B.

8. DEPARTMENT EFFORTS TO PURSUE FEDERAL ASSISTANCE AND OTHER FINANCIAL UPDATES

To date, PWD has pursued and is continuing to pursue federal funding. This section documents efforts to secure federal funding and the overall rating agency posture. In June 2021, the City sold \$368.7 million of Water and Wastewater Revenue Refunding Bonds, garnering net present value savings (17.4% of refunded par) for the Water Department over the next 25 years. These savings will help the Philadelphia Water Department (PWD) continue to make crucial system-wide investments in water and wastewater infrastructure while minimizing debt service costs.

Pending Applications seeking Financial Assistance

In July 2021, PWD submitted a Water Infrastructure Finance and Innovation Act (WIFIA) Letter of Interest for a total of \$500 million to cover capital costs. Under WIFIA, federal aid via the U.S. EPA can cover up to 49% of projects' eligible costs.

In August of 2021, the City, through the Water Department, submitted an application to PennVest totaling \$40.4 million to fund water main replacements in the City of Philadelphia. This application is expected to be considered for approval on or about November 3, 2021, at a meeting of the Board.

Furthermore, the Department is working on an additional PennVest application totaling \$10 million for stormwater improvements in the City. This application is expected to be submitted prior to November 3, 2021 for consideration by the PennVest Board at its February 2022 meeting.

PWD is preparing to apply for a Building Resilient Infrastructure and Communities (BRIC) grant from the Pennsylvania and Federal Emergency Management Agencies (PEMA/FEMA). The application is due by November 1, 2021 and will be for roughly \$25 million.

Awarded Financial Assistance

In April 2020, the Board of Directors of the Pennsylvania Infrastructure Investment Authority ("PennVest") approved a draw-down loan to the City for the rehabilitation of the Torresdale Filtered Water Pump Station. The loan is part of PennVest's Drinking Water State Revolving Fund program. The loan closed in February 2021 in a principal amount not to exceed \$80,821,155, with an interest rate of 1.0% per annum for years 1 through 5 and 1.727% per annum for years 6 until maturity. The first scheduled amortization payment date on the loan is February 1, 2024 and the loan matures on February 1, 2044.

In January of 2021, the Board of Directors of PennVest approved three funding offers to the City. The first entails a loan in a principal amount not to exceed \$95,015,000 for the construction of the new preliminary treatment building at the Northeast Water Pollution Control Plant. The new facility will increase the plant's wet-weather treatment capacity thereby reducing the frequency of CSO discharges and thus facilitating compliance with the City's COA requirements. The loan is expected to close in the beginning of calendar year 2022 and is expected to bear interest at 1.0% per annum for years 1 through 5 and 1.727% per annum for years 6 until maturity. The loan is

expected to have a term of twenty (20) years. PennVest also approved a funding offer of \$5.1 million to finance engineering services related to the project to construct the new preliminary treatment building.

Additionally, PennVest approved a second funding offer for more than \$6 million to finance stormwater improvements in the Lawncrest neighborhood as part of the City's GCCP Program and COA target compliance. The loan is expected to close in the fall of calendar year 2021 and is expected to bear interest at 1.0% per annum for years 1 through 5 and 1.727% per annum for years 6 until maturity. The loan is expected to have a term of 20 years and is scheduled to close on or about October 19, 2021.

In August of 2021, the Board of Directors of PennVest approved a draw-down loan to the City, through the Water Department, to fund improvements to the City-owned Flat Rock Dam totaling \$20.69 million. The Flat Rock Dam is located on the Schuylkill River, between the Manayunk neighborhood of Philadelphia and Montgomery County, Pennsylvania. In the 20th century, the canal system was abandoned and the City took ownership of the dam, thus requiring the City to keep the structure in stable condition. In addition to performing necessary repairs, the Water Department will also introduce flow into the Manayunk Canal. The loan is expected to close in calendar year 2022 and is expected to bear interest at 1.0% per annum for years 1 through 5 and 1.743% per annum for years 6 until maturity.

The Department's updated rating reports provided in connection with recent bond transactions are summarized as follows:

PWD Credit Rating Overview

Fitch¹ A+ Rated: Stable Outlook (9/2021)	Moody's² A1 Rated: Stable Outlook (9/2021)	S&P³ A+ Rated: Stable Outlook (9/2021)
STRENGTHS		
<ul style="list-style-type: none"> Stable operations and robust system capacity Low operating risk profile Essential service provider - diverse service area Satisfactory financial performance; sound historical finances 	<ul style="list-style-type: none"> Strong management team with conservative budgeting and prudent management Satisfactory reserves and reserve policy Large and diverse service area Closed-loop legal framework Declining debt service debt profile Some flexibility in capital budget 	<ul style="list-style-type: none"> A diverse and stable customer base Liquidity remains satisfactory Ample water supply & treatment capacity
CHALLENGES		
<ul style="list-style-type: none"> Arduous rate approval process – rate affordability and cost recovery is a concern Elevated capital program costs – long-term asset rehabilitation Anticipated impacts to revenue due to coronavirus and proposed rate package Continued use of rate stabilization funds to maintain financial metrics Leverage (debt to funds available for debt service) concerns if 'revenue expectations' (i.e. rate increases) not met 	<ul style="list-style-type: none"> Use of rate stabilization reserves over the next four fiscal years Extended moratorium and higher than average delinquencies Dept's ability to raise rates is constrained by rate board governance Coverage projected to decline to covenant level (1.2x) Sizable CIP: 80% funded with bond proceeds 	<ul style="list-style-type: none"> Uncertainty around rate board process and PWD's ability to obtain rate increases Substantial investment and future debt issuances needed to support the department's aging infrastructure via CIP Affordability concerns given city's elevated poverty rate Moratorium extension until April 2022 Depleting the RSF below \$120M or significant COA project delays will likely lower rating
ACTIONS THAT COULD YIELD POSITIVE CREDIT IMPACT		
<ul style="list-style-type: none"> Improvements in service area characteristics and rate flexibility Leverage consistently below 8.0x 	<ul style="list-style-type: none"> Considerable improvement in debt service coverage Service area expansion Revenue growth beyond expected rate increases 	<ul style="list-style-type: none"> Financial performance significantly exceeds current projections Unlikely given current circumstances

- Source: Fitch Ratings. Fitch Rates Philadelphia (PA) Water & Wastewater Revs 'A+'; Outlook Stable – June 11, 2021 and September 16, 2021
- Source: Moody's Investor's Report. Philadelphia Water & Sewer Enterprise, PA New Issue Report – June 15, 2021 and September 17, 2021
- Source: S&P Global Ratings – Philadelphia Water Sewer Ratings Direct Report – June 14, 2021 and September 17, 2021



APPENDIX A: SUMMARY OF JULY RCAS COMMITTEE MEETING

Summary of Residential Customer Assistance and Services (RCAS) Committee

Friday, July 23 – 10 AM

Microsoft Teams meeting

Attendees:

Keysha Abad, UESF

Glen Abrams, PWD

Wayman Blackstock PHA

Laura Copeland, PWD

Susan Crosby, WRB

Brooke Darlington, WRB

Andre Dasent

Robbie Ericson, Miitek

Paul Fugazzotto, PWD

Randy Hayman, PWD

Bret Holden PHA

Melissa LaBuda, PWD

Nicole Lawrence, TURN

Tom Malecki UESF

Joan Motz, CLS

Ravonne Muhammad, WRB

Josie Pickens, CLS

John Rowe UESF

Catherine Santos, ECA

Kinteshia Scott, CLS

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Highlights of Issues Discussed:

- Partner Updates
- Rate Case Final Determination
- Customer Assistance Stats
- Customer Assistance Promotion
- Water Assistance Days Pilot
- TAP Outreach/Participation and Other Commitments from Rate Case Settlement
- Open Discussion

Partner Updates

- UESF – reported considerable growth over the past year with influx of Federal COVID-19 related assistance; working with PWD and WRB to process utility assistance funding, focusing on TAP customers that have accumulated debt since the beginning of the pandemic to zero out pandemic-related debt.
- CLS – remote work continues; conducting telephonic work with clients.

Rate Case Final Determination

On June 16, 2021, the Philadelphia Water, Sewer, and Storm Water Rate Board issued its Rate Determination approving the Settlement regarding proposed water, sewer, and storm water rate increases for Fiscal Years 2022 and 2023 (Settlement). As a part of the Settlement, PWD agreed to provide monthly/quarterly updates regarding the Tiered Assistance Program (TAP) as well as certain other customer assistance and cost of service issues. See discussion below for a general overview of recent or ongoing customer assistance promotions by PWD as well as a discussion of TAP outreach and other commitments related to the Settlement.

Customer Assistance Promotion

Radio and Digital WDAS and La Mega (March – June 2021):

- Links in digital ads directed traffic to the “We Care” landing page
 - 500,000 impressions
 - 1,037 page visits
 - 48 conversions (sign ups)
 - 4.6% conversion rate

We Care Billstuffer/Landing Page (April – May 2021; page ongoing):

- This page outlines all of the ways customers can get help with their water bills:
 - Program features
 - Application tips
 - Payment agreements
 - Grants

Email Campaign (April – May 2021):

- 134,253 unique recipients
- 35.9% email open rate
- 4.7% email click rate

Vaccine Site Flyer Distribution (May 2021):

- 3,200 flyers at eight (8) vaccine locations. English and Spanish flyers in high Spanish speaking locations.

Print and Digital (June 2021):

- Ads ran in the Metro Chinese Weekly, Metro Viet News, Philadelphia Sunday Sun, and El Sol.
- Most outlets included digital advertising as a value add.

Social Media (Ongoing):

- PWD Public Affairs created a customer assistance toolkit with ready-made graphics, sample posts, and hashtags to be shared with community organizations to help widely promote customer assistance programs.

Fall CAP Promotion (September – November 2021):

- Plans in the works for print, digital, email, transit ads, and in-person outreach.

Water Assistance Days Pilot

The Water Assistance Days pilot program will begin on August 4. The plan is for five virtual events (every other Wednesday in August and September) and four in-person events. The pilot is targeted to the 19132 zip code, the area of the city with the highest percentage of residential customers that were eligible for shut off in June 2021 due to payment delinquency.

PWD and WRB staff will be available to provide assistance to customers interested in applying for assistance, including TAP. We have partnered with City Council offices (Council President Clarke; Councilmembers Bass and Jones) and State Representative Bullock's office to promote the events.

Schedule:

- Virtual on Zoom (by appointment) – Wednesdays in August and September, 4-8 PM (8/4; 8/18; 9/1; 9/15; 9/29)
- In person (appointments encouraged) – Saturdays in August and September, 10 AM - 2 PM
 - 8/14 – Cecil B. Moore Recreation Center (2521 N. 22nd St.)
 - 8/28 – Mander Playground and Recreation Center (2410 N. 33rd St.)
 - 9/11; 9/25 – Winchester Playground (2332 N. 15th St.)

TAP Outreach/Participation and Other Commitments from Settlement

A partial listing of TAP related reporting and other commitments from the Settlement are outlined below:

- TAP Administration
 - *TAP Recertification* - To protect TAP participants, PWD waived program recertification during the pandemic. This policy will continue to be in place for the near term. For the longer term, PWD will consider the merits of establishing a longer period of TAP certification for certain groups (e.g., pensioners, SSI, and LIHEAP recipients).
 - *TAP Outreach / Participation* - To improve outreach for TAP, PWD/WRB will evaluate new approaches to inform PWD customers of this program and other assistance programs
 - Outreach to customers restored since the start of COVID-19
 - Greater outreach in the Black community in concert with community organizations
 - Effectively communicate the availability of assistance for PWD customers and consider proposals raised at outreach meetings.
 - Organize and participate in community meeting concerning TAP participation to discuss what aspects of processes related to TAP application, enrollment, and recertification can be improved upon.
- Language Access - To improve communication with PWD customers, PWD will consider changes in its language access plans, in coordination with the City's Office of Immigrant Affairs.
- Moratorium on Utility Shut-Offs - To protect PWD customers during the pandemic, PWD will continue to review and evaluate the need to extend the current termination moratorium to protect public health and safety. Prior to lifting the current moratorium, PWD, in concert with stakeholders, will evaluate the feasibility of extending the moratorium, evaluating, among other considerations, public health guidance and economic conditions.
- COVID-19 Protections
 - *Payment Agreements* - To protect customers, PWD will provide more flexible terms for payment arrangements to help PWD customers bring their accounts current. PWD will evaluate the Public

Advocate's proposals to proactively extend payment arrangements to assist customers who have fallen behind during the COVID-19 pandemic.

- *Tenant Issues* - To address certain tenant issues raised in the proceeding, PWD will review:
 - Internal policies, website language, and PWD regulations regarding establishing a tenant account
 - Policies requiring other utility bills in the tenant's name
 - PWD, in conjunction with the Law Department, will review policies to facilitate tenants opting to request to transfer pre-existing arrears into their account.

Additional Commitments:

Cost of Service:

- *Cost and Benefit Allocations* - PWD will convene stakeholder meetings to evaluate alternative ways of sharing the costs/benefits of ratepayer-funded non-residential stormwater overflow remediation projects. PWD will develop proposals prior to the next base rate proceeding.
- *Residential Rate Structure* - PWD will develop a proposal to evaluate tiered residential stormwater rate structures to reflect the range of residential property sizes. PWD will convene stakeholder meetings to discuss such proposal prior to its next base rate proceeding.

*Please see the PWD/WRB Monthly Report (September 2021) for a more complete discussion of reporting requirements related to the Settlement.

Open Discussion

CLS is actively participating in providing feedback regarding Customer Assistance Program outreach and policies.

Propose an RCAS subcommittee to discuss Customer Assistance Program outreach and program improvements.

APPENDIX B: CITY OF PHILADELPHIA

COMMENTS ON LIHWAP PLANS

City of Philadelphia Comments on
State LIHWAP July 24, 2021

Thank you for the opportunity to provide comments regarding the Low Income Household Water Assistance Program (LIHWAP) Model Plan (Plan). The LIHWAP will bring much needed water assistance to Pennsylvania communities. We appreciate the many positive elements of the Plan.

We recommend the following revisions to improve the effectiveness of the program and ensure that it can efficiently reach those most in need:

1. The Plan should incorporate a cash component, in addition to the crisis program.
2. The Plan should create the option for vendors to allow for datasharing with PA DHS to support automatic application of LIHWAP funds to the arrearages of those who are lowest income (using the categorical eligibility data) without requiring an application from the individual.
3. Regarding the crisis component, the Plan should assist income eligible customers to catch up with past due bills even before reaching the point of water service termination.
4. The Plan should allow for low income residents who are responsible for water costs but are not property owners (and whose water bills may not be in their names) to benefit from LIHWAP.
5. The Plan should prioritize any supplemental payments to those who are lowest income, without regard to past due bills, termination notices or lien activity.
6. The Plan should include multilingual outreach and should use the most permissive policies allowed under federal law with regard to:
 - a. Requiring social security numbers
 - b. Other requirements related to immigration status, and
 - c. Requirements related to criminal background checks.
7. The Plan should reserve some administrative funds for vendors for example to allow for costs related to standing up operations to interface with the state IT systems.