

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

Re: Philadelphia Water Department Proposed Charges in Rates and Charges	2023 General Rate Proceeding Fiscal Years 2024 - 2025
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**PHILADELPHIA WATER DEPARTMENT’S
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO THE PUBLIC ADVOCATE, SET III**

The Philadelphia Water Department (“Department” or “PWD”) requests that the Public Advocate provide full and complete answers to the following interrogatories and request for production of documents upon the undersigned.

Interrogatories and Requests for Production to the Public Advocate

For Public Advocate Witnesses, Roger Colton:

General Questions

1. With reference to PA Statement 3 at 14-19, do you believe that the COVID emergency, and with it the disruption of work patterns, and the temporary relaxation of collection procedures had an effect on timely payment of utility bills for utility payment assistance programs in general?

Response:

2. With reference to PA Statement 3 at 14-19, did the COVID emergency and the associated disruption of work patterns, and the temporary relaxation of collection procedures have an effect on the customers' choices to spend effort to enroll in the TAP program?

Response:

3. With reference to PA Statement 3 at 37-38, did the COVID emergency and the associated disruption of work patterns, and the temporary relaxation of collection procedures have an effect on participating customers' choices to spend effort to recertify for the TAP program?

Response:

4. Do you agree that PWD customers have freedom of choice as to whether to apply or not to apply to participate in the TAP program?

Response:

5. Do you agree that, if a customer qualifies for TAP, they are not obligated to apply or may opt not to apply to participate in TAP?

Response:

6. With reference to PA Statement 3 at 38 (lines 3-4), are you aware that the Annual Report to the Mayor on the Tiered Assistance Program was filed by the deadline, March 31, 2023.

Response:

7. With reference to PA Statement 3 at 2, please provide a copy of the Water Affordability Plan prepared for the City of Toledo. Additionally, provide information about the outcome of how that plan has been implemented.

Response:

TAP Enrollment

8. Please confirm whether TAP enrollment is addressed in the 2023 TAP-R proceeding, which is the subject of the Joint Petition for Settlement of the TAP-R proceeding.

Response:

9. With reference to Schedule RDC-1-1, please provide data disaggregated by zip code and all underlying assumptions about income and customers.

Response:

10. Do these calculations relating to TAP participation account for properties that are ineligible for assistance programs, such as public housing and properties with common utilities?

Response:

11. With reference to PA Statement 3 at 26-27 and Table 5, please identify the discovery response(s) you rely upon in compiling your table on page 27. Also, please explain whether your calculations and estimates relating to TAP participation account for households that are ineligible for TAP because a given household is not a PWD customer, such as those families in public housing or living in properties with common utilities?

Response:

12. With reference to PA Statement 3 at 12, what is the basis for your assumption that the income level of all *customers* aligns with the income levels of all *households*, which allows you calculate that PWD has approximately 170,000 eligible TAP customers?

Response:

13. Please provide the breakdown of the 170,000 estimate (referenced in the prior question) between accounts that are estimated to be owners, USTRA/landlord accounts, tenants accounts, and occupant accounts?

Response:

14. With reference to PA Statement 3 at 14, have you considered the impact of limited enforcement in customer payment behavior during FY21 and FY22?

Response:

15. Reference page 29, lines 12-17: Provide calculations for estimates of eligible customers by zip code.

Response:

Text-Based Communications Recertification Alert System

16. With reference to PA Statement 3 at 4 (lines 30-32) and 40 (lines 1-4) and the recommendation for text-based recertification alerts, please explain how many text messages are recommended to be sent to each participant, assuming they do not immediately respond? (A) How many messages

would be too many? (B) When would reminders first be sent to a customer. (C) When would redundant messages stop?

Response:

17. With reference to PA Statement 3 at 4 (lines 30-32) and 40 (lines 1-4), please provide references to low-income utility payment assistance programs that use cell phone text messages to remind customers of the need to recertify or use a text based system for submission of recertification documentation. (A) As to any references provided, please describe how these utility payment assistance programs use text messaging system in the context of their full set of messaging approaches. (B) Also provide costs associated with these programs.

Response:

18. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide references to low-income payment assistance program evaluations in Pennsylvania that report the effectiveness of the use of text messaging systems to remind customers of the need to recertify or as a means to submit recertification documentation.

Response:

19. With reference to PA Statement 3 at 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide supporting documentation, reports or other information that indicate what percentage of customers in different low-income poverty groups maintain cell phone service with text messaging. (A) Specifically what percentages of customers from 0-20% of the federal poverty level (FPL), 21-50% of FPL, 50-100% of FPL and 101-150% of FPL pay their cell phone bills regularly to maintain cell phone service? (B) Does this percentage vary by tier of the federal poverty level?

Response:

20. With reference to PA Statement 3 at 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide supporting documentation, reports or other information that indicate the rate of turnover of cell phone numbers for households from 0-150% of the federal poverty level (FPL)? (A) For example, do they keep the same number for several years or do they change numbers frequently? (B) Please answer for customers from 0-20% of FPL, 21-50% of FPL, 50-100% of FPL and 101-150% of FPL.

Response:

21. With reference to PA Statement 3 at 40, please provide supporting documentation, reports or other information on the demonstrated responsiveness of different low-income poverty groups to recertification texts from their utility. (A) If a recertification reminder text is received, what percent of customers by low-income poverty group would be expected to decide to act on the message and complete recertification? (B) Please answer separately for customers from 0-20% of the federal poverty level (FPL), 21-50% of FPL, 50-100% of FPL and 101-150% of FPL.

Response:

22. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide supporting documentation, reports or other information on the monthly cost of households from 0-150% of the federal poverty level each month to maintain cell phone service capable of receiving free text messages. Also, do low-income household cell phone plans include free text messaging, or is there a cost for messaging?

Response:

23. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide supporting documentation, reports or other information indicating the monthly cost for cell phone service marketed to low-income (0-150% of federal poverty level - FPL) customers. What percent of household income is this for customers overall (1-150% of FPL), customers in deep poverty (0-20% of FPL), and for income groups of 21-50% of FPL, 51-100% of FPL, and 101-150% of FPL?

Response:

24. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, in view of the current percentage of program participants that recertify, what change in the form of a delta percentage increase in the recertification beyond this do you expect from sending texts to those current participants who own cell phones and keep their phone payments current? (A) For example, are you projecting a one or two percent increase or a high percentage increase by also communicating via text message? (B) What is the basis for this expectation?

Response:

25. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please provide a cost estimate for developing and maintaining the proposed text messaging service and provide a benefit-cost ratio for the proposal.

Response:

26. With reference to PA Statement 3 at 39, what “similar technology solutions” beyond text messaging do you recommend?

Response:

Text-Based Communication Recertification via Cell Phone

27. With reference to PA Statement 3 at 4 and 40 and the recommendation for implementation of a text based system for recertification alerts and submission of recertification documentation, please describe what a text-based system for allowing customers to submit necessary recertification documents look like? How would it function in a way that would meet recertification requirements?

Response:

28. With reference to PA Statement 3 at 38-40, please breakout the percentages of customers in the income groups from 0-150% of the federal poverty level (FPL) who make payments via cell phone text messaging. If you do not have that information, please provide the rationale used to generalize from customer payment behavior overall (including the upper income and middle income customers) to the subset of customers in the income groups within 0-150% of FPL.

Response:

29. With reference to PA Statement 3 (lines 18-29), please indicate Mr. Colton's current understanding of PWD's ongoing efforts to explore workability and/or non-workability of pre-qualification of TAP qualified customers using other City (IDEA, OOPA) and Commonwealth (LIHWAP) data sources.

Response:

Arrearage Forgiveness

30. With reference to PA Statement 3 at 60, are you aware of specific cases where a TAP participant has paid a TAP bill and not received ratable arrearage forgiveness as expected? If so, please identify the customer(s) and/or property address(es).

Response:

31. With reference to PA Statement 3 at 63, how do you account for the fact that a customer's pre-program arrears may only represent the bill most recently generated before enrollment into TAP, and is subsequently paid.

Response:

32. With reference to PA Statement 3 at 67, do you contend that PWD should not have extended the recertification timeframe, and that customers should have continued to have been asked to recertify despite the failure rate shown in Table 11.

Response:

33. With reference to PA Statement 3 at 73-74, explain the basis for your “hypothetical forgiveness of 50%” of arrears for prior TAP participants, shown in the right-most column of Table 12.

Response:

34. With reference to PA Statement 3 at 75, should customers be empowered to pay down their own account balance?

Response:

35. With reference to PA Statement 3 at 77, is it your testimony that that occupant customers should be responsible for all water debt associated with a property? Please explain why or why not?

Response:

36. (A) Please confirm that your testimony recommends that PWD adhere to the same arrearage policies for occupants (who have a legal right to own the property) as tenants (who are temporary residents of a property).
(B) Please explain your reasoning as to why it would be a good policy that tenant customers should be responsible for water debt incurred by the landlord or past tenants living in the property prior to their lease.

Response:

37. With reference to PA Statement 3 at 50, please provide evidence of the marginal costs and benefit (or “outcomes”) of the recommended account-specific audit. Does this fit reasonably within the charge to “control costs?”

Response:

Disposition of Late Payment Charges

38. With reference to PA Statement 3 at 8-9 and 79-81, a recommendation is made that revenues from late payment charges be redirected from general revenue to specific programs. Please state whether in making this recommendation, whether Mr. Colton reviewed or considered the provisions (restrictions) in the General Water and Wastewater Revenue Bond Ordinance of 1989 (General Ordinance). If so, please explain in detail how his recommendation is consistent with the provisions of the General Ordinance.

Response:

39. With reference to PA Statement 3 at 8-9 and 79-81, please explain how the recommended diversion of revenues from late payment charges (utilized to meet revenue requirements in FY 2024 and FY 2025 in the rate filing) is to be made up during the Rate Period (FY 2024-2025).

Response:

40. With reference to PA Statement 3 at 80 (lines 15-17), the statement is made that the proposal to redirect revenues from late payment charges to support programs recommended by Mr. Colton would "...be returning...dollars to benefit the customer base that is most likely to have paid those charges...." Please provide the basis for this assertion, since late payment charges are applicable to all customer types (as well as all residential customers of different incomes).

Response:

41. With reference to PA Statement 4 at 79, upon what basis do you conclude that the late payment charge does not incentivize payment?

Response:

Development of Revenue and Expense Adjustments

42. Please provide work papers and supporting documents used in the development of the summary of revenue and expense adjustments proposed in PA Statement 3 and summarized in PWD Statement 1 at 23.

Summary of Colton Adjustments

Description	2024	2025
Improved Collection of TAP Billings (Increase revenues under existing rates)	\$3,988,498	\$3,988,498
Improved Collection of TAP Credits (Increase revenues under existing rates)	\$4,926,821	\$4,926,821
Remove Lien Filing Fees for TAP (O&M adjustment)	(\$564,795)	(\$564,795)
Fund LICAP for PGW/PECO LIURP Customers (O&M adjustment)	\$1,129,500	\$1,129,500
Fund LICAP for TAP Customers (O&M adjustment)	\$600,000	\$600,000
PILOT Internal Plumbing Repair Program (O&M adjustment)	\$2,156,250	\$2,156,250
Increase UESF Funding (O&M adjustment)	\$3,000,000	\$3,000,000

Response:

Lien Fees and Sequestration

43. Please confirm whether lien fees are included in the calculation of a TAP Bill amount that a TAP customer is required to pay each month. Please provide examples of such bills.

Response:

44. With reference to PA Statement 3 at 101, please confirm the basis for the statement that, "... (TAP) payments are applied to retire lien fees before they are applied to any other customer obligation."

Response:

45. Please provide examples of any instance(s) where the City has enforced collection of liens and lien fees of TAP customers.

Response:

46. With reference to PA Statement 3 at 105, please provide the property address of the case identified by Roxane Crowley of Philadelphia Legal Assistance described as being owned by "a dad of an eight-year-old." (A) Please also confirm who "told" the client that the "property is going to stay in Sequestration until they reach some kind of payment arrangement."

(B) Please further confirm whether the client had been approved for an occupant account or was otherwise a customer of PWD.

Response:

47. With reference to PA Statement 3 at 105-106, please provide the property address of the case identified by Roxane Crowley of Philadelphia Legal Assistance described as being a “low-income homeowner” “required top put (\$)6,000 down.” Please confirm whether this client had been approved for an occupant account or was otherwise a customer of PWD.

Response:

48. With reference to PA Statement 2 at 107, please provide examples of properties where the City has refused to discontinue the Sequestration action after being provided with evidence to confirm that there were no tenants residing in the property.

Response:

49. With reference to PA Statement 3 at 107 (lines 12-15), please identify examples of TAP customers where “the Sequestration process was continued after a customer began TAP participation.”

Response:

Respectfully submitted,

/s/ Andre C. Dasent

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