

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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**PUBLIC ADVOCATE RESPONSES TO
PHILADELPHIA WATER DEPARTMENT’S
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
SET III**

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:

PA Statement 3, at 14-19, does not address the “timely payment of utility bills for utility payment assistance programs in general.” Mr. Colton has not engaged in research with respect to the effect, if any, of the “COVID emergency” on “timely payment of utility bills for utility payment assistance programs in general.” It is doubtful that generalized conclusions can be legitimately asserted for “utility payment assistance programs in general,” or there can be a generalization about what constitutes a “utility payment assistance program in general.”

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:

No impact of the “COVID emergency” “on customers’ choices to spend effort to enroll in the TAP program” has been established by PWD.

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:

See response to PWD-III-2.

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:

Mr. Colton does not agree with the generalized conclusion presented in the question. Non-participation in TAP can occur for any number of reasons other than by customer choice. The “freedom of choice,” as that phrase is understood to be used in this question, is constrained by the actions and inactions of PWD.

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:

Yes.

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:

In the Public Advocate's discovery to PWD, the Public Advocate requested PWD to "Please provide a copy of all written presentations, memos or other written documents of any nature from PWD or WRB (including their consultants) provided to City Council, the Water Board, the Mayor's Office, or any other Philadelphia municipal entity or official regarding TAP from July 2017 to present." As of April 22, 2023, the 2022 Annual Report to the Mayor on the Tiered Assistance Program had neither been: (1) posted to the City of Philadelphia's website along with prior years Annual Reports; nor (2) provided to the Public Advocate in response to this specific request for such documents.

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:

A copy of the Toledo Water Affordability Plan is attached. Questions about the outcome of how that plan has been implemented would need to be directed to the City of Toledo.

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:

The 2023 TAP-R proceeding, including the Joint Settlement of the 2023 TAP-R proceeding, addresses the question of what participation rate should be assumed for purposes of setting the TAP-R charge for the coming year.

9. WITH REFERENCE TO SCHEDULE RDC-1-1, PLEASE PROVIDE DATA DISAGGREGATED BY ZIP CODE AND ALL UNDERLYING ASSUMPTIONS ABOUT INCOME AND CUSTOMERS.

Response:

See attached file.

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:

Yes.

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:

See the attached file underlying Table 5. Mr. Colton used standard Pennsylvania water and energy utility practices in using Census data to estimate income-qualified customers.

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:

The assumptions applied used standard utility practice in Pennsylvania for estimating numbers of utility customers.

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:

No such breakdown has been developed by Mr. Colton.

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:

Yes.

15. REFERENCE PAGE 29, LINES 12-17: PROVIDE CALCULATIONS FOR ESTIMATES OF ELIGIBLE CUSTOMERS BY ZIP CODE.

Response:

See file attached in response to question PWD-III-9.

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:

Mr. Colton did not develop responses to questions 16(a) through 16(c) as such responses were not necessary for his testimony.

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:

Mr. Colton has not engaged in a review of “low-income utility payment assistance programs” to determine which “use cell phone messages to remind customers of the need to recertify or use a text based system for submission of recertification documentation.”

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:

See Response to PWD-III-17.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

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:

No such research has been performed by Mr. Colton.

26. WITH REFERENCE TO PA STATEMENT 3 AT 39, WHAT “SIMILAR TECHNOLOGY SOLUTIONS” BEYOND TEXT MESSAGING DO YOU RECOMMEND?

Response:

The use of the terminology “similar technology solutions” was intended to ensure that the a consideration of the recommendation would not turn on what the definition of a “text message” might be.

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:

A specific detailed proposal for “implementation of a text base system for recertification alerts and submission of recertification documentation” was not presented. Such a proposal would best be developed by PWD with the consultation and input of community stakeholders.

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:

Mr. Colton has performed no such research.

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:

Mr. Colton's understanding of PWD's ongoing efforts to coordinate with the city regarding the tax hardship program known as OOPA, as well as other City and Commonwealth data sources, is based on PWD responses to PA-I-3, PA-I-4, PA-VI-14, and PA-VI-32, as well as PWD's monthly reports referenced at PWD St. 8, at page 4, and accessed through the link provided.

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:

No.

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:

The regulatory definition of "pre-program arrears" does not distinguish between the time at which a pre-program arrearage balance was incurred.

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:

Nothing in Mr. Colton's testimony implies, or can be reasonably read to imply, the conclusion advanced in this question.

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:

The 50% was a “hypothetical” designed to provide a baseline of comparison.

34. WITH REFERENCE TO PA STATEMENT 3 AT 75, SHOULD CUSTOMERS BE EMPOWERED TO PAY DOWN THEIR OWN ACCOUNT BALANCE?

Response:

The question cannot be answered in the abstract as presented in this question. The question of “empowering” customers to “pay down their own account balance” depends on the circumstances in which such payment might occur, the options available to the customer, the information provided to the customer, and the informed consent of the customer to make such payment in light of available options.

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:

Mr. Colton’s testimony cites the City regulations which provide in relevant part:

“After July 1, 2022, a Customer maintaining enrollment in TAP will earn forgiveness upon making each full monthly payment of the TAP Bill, calculated by dividing the amount of the Customer’s Pre- TAP arrears by twenty-four (24).” (Regulations, Section 206.7(d)). The Regulations go on to define a “pre-TAP arrears,” providing that: “For owners *and occupants*, the sum of *all unpaid service, usage, and stormwater charges at the property*, calculated at the time of first enrollment in TAP; or, for tenants, the sum of all unpaid service, usage, and stormwater charges at the property accruing during the period the tenant has been responsible to pay for water service pursuant to the terms of their lease, calculated at the time of first enrollment in TAP.” (Id., at Section 206.6(m)). (emphasis added).

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:

The response to this question has been previously incorporated into City regulations, which define a “pre-TAP arrears” as follows: “For owners *and occupants*, the sum of *all unpaid service, usage, and stormwater charges at the property*, calculated at the time of first enrollment in TAP; or, for tenants, the sum of all unpaid service, usage, and stormwater charges at the property accruing during the period the tenant has been responsible to pay for water service pursuant to the terms of their lease, calculated at the time of first enrollment in TAP.” (Id., at Section 206.6(m)). (emphasis added).

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:

The question does not identify whether the requested “marginal costs and benefits” are determined from the perspective of the customer who has been potentially unlawfully charged or denied benefits or from the perspective of the utility who has potentially unlawfully imposed charges or denied benefits. Neither does the question make clear whether the intent is to ask whether PWD might be justified in potentially unlawfully charging a rate or denying a benefit because it was cost-beneficial to do so.

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:

Yes. The cited Bond Ordinance does not dictate the ratemaking treatment of any particular stream of revenue.

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:

Each of Mr. Colton's recommendations have been accounted for in the Public Advocate's revenue requirement and rate recommendations.

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:

The collectability discussions and data provided by PWD support the conclusion that nonpaying customers are more likely to be the customers that are eligible for the initiatives proposed by Mr. Colton.

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:

Mr. Colton does not undertake to prove a negative (i.e., that late payment charges do not incentivize payments). However, when customers do not pay because they cannot afford to pay, it would be ineffective to respond to that nonpayment by *increasing* the underlying bills. In addition, PWD was explicitly asked to provide all information it had demonstrating that: (1) late payment charges was effective at incentivizing payments for either residential customers or low-income customers (PA-I-52); (2) had any impact on reducing residential bad debt (PA-I-53); or (3) have any impact on reducing arrears (PA-I-54). No such information existed.

Finally, the payment information that PWD provided in response to discovery does not support the conclusion that late payment charges incentivize payments (see, e.g., PA-I-15, PA-I-26, PA-I-34, PA-I-35, PA-I-40, PA-I-43, PA-I-44, PA-I-56).

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:

The above adjustments were described at the following places in Mr. Colton’s direct testimony:

1. Collection of TAP billings: PA St. 3, at 48-49.
2. Collection of TAP credits: PA St. 3, at 48-49.
3. Lien fees: PA St. 3., at 104.
4. PGW/PECO LICAP: PA St. 3, at 83 – 84.
5. TAP LICAP: PA St. 3, at 83.
6. Internal plumbing: PA St. 3, at 91.
7. UESF: PA St. 3, at 96.

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:

The lien fee is a charge set forth on the TAP bill.

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:

Issues of liens and lien fees were discussed in PWD's rate proceeding for Fiscal Year 2022 and 2023, Re. Application of the Philadelphia Water Department Proposed Change in Water, Wastewater, and Stormwater Rates and Related Charges, Fiscal Years 2022-2023, a proceeding in which Mr. Colton was a witness. TAP payments were described in various documents provided by PWD. (See, e.g., 2022-2023 rate proceeding, PWD responses to PA discovery II-20, II-54, II-56, II-58, II-63, II-64, and VIII-14).

45. PLEASE PROVIDE EXAMPLES OF ANY INSTANCE(S) WHERE THE CITY HAS ENFORCED COLLECTION OF LIENS AND LIEN FEES OF TAP CUSTOMERS.

Response:

No specific individual examples are available. Mr. Colton's conclusions were based on the information provided in his Direct Testimony.

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:

The answer to this question is being provided confidentially.

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:

The answer to this question is being provided confidentially.

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 THE THERE WERE NO TENANTS RESIDING IN THE PROPERTY.

Response:

The answer to this question is being provided confidentially.

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:

The answer to this question is being provided confidentially.