

Quarterly Report

**To the Rate Board as Required by the
FY2024-2025 Rate Determination**

Philadelphia Water Department

January 18, 2024



City of

Philadelphia



January 18, 2024

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 second quarterly report provided pursuant to the Philadelphia Water, Sewer and Storm Water Rate Board's Rate Determination, dated June 21, 2023, covering the period October 1 to December 31, 2023. Thank you for your attention to this matter.

Very truly yours,

Susan Crosby, Esq.
Deputy Revenue Commissioner for Water
Department of Revenue

Lawrence Yangalay
Deputy Water Commissioner
Philadelphia Water Department

Enclosure

CC: Service List (2023 General Rate Case)

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1. EXECUTIVE SUMMARY

The following report provides a quarterly update for October-December 2023 regarding key metrics of interest to the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board”), including information related to Tiered Assistance Program (“TAP”) administration, enrollment, retention, and outreach as well as enforcement policies, stormwater rate design and credit policy, and external funding opportunities being pursued by the Philadelphia Water Department (“Department”).

Regarding TAP enrollment and administration, in October, November, and December,

- 1,860 applicants were enrolled in TAP, 1,081 of them for the first time.¹
- 227 customers received a total of \$86,967.16 in Penalty Forgiveness.²
- 10,090 customers received a total of \$1,746,924.84 in Principal Forgiveness.³
- 968 applications were not enrolled in TAP.⁴ Reasons for and outcomes of denied applications vary by circumstance and are discussed in detail in section 3.
- There were 20,177 total TAP participants as of October 1.
- There were 21,694 total TAP participants as of December 31.

Section 4 provides information and reporting around application of the arrearage forgiveness policy as documented in PWD Regulation 206.7.

Data sharing efforts are underway between PWD/WRB and other agencies. In October, November, and December 2023,

- 477 customers were pre-qualified and enrolled in TAP through a data-sharing partnership between PWD and the Pennsylvania Department of Health and Human Services (HHS), which administered the state’s LIHWAP program.⁵

Regarding enforcement, PWD/WRB are engaged in continuing discussions with the Law Department regarding the extent that liening TAP eligible accounts is lawful.

In financial updates, as of December 31, 2023, PWD has submitted 15 grant applications totaling \$174M including some \$85M for stormwater and wastewater projects and received notice of awards for over \$25M for 2 stormwater and wastewater projects and \$3M in water treatment, stormwater and wastewater applications that were rejected. The Department also has begun discussions for Community Development Block Grant (CDBG)- Disaster Recovery (DR) funding for 4 projects totaling some \$53M being requested of the \$163M awarded by the US Department of Housing and Urban Development. In this period, two grant applications were submitted to the PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC) Program for a total of \$60.7M in grants.

¹ See Section 3.2.

² See Table 3.

³ See Table 4.

⁴ See Table 1.

⁵ See Table 2.

Also, all time as of December 31, 2023, PWD submitted 12 loan applications to PennVest and WIFIA totaling \$826M, 11 of which were approved and \$100M received to date. One new PennVest loan application was submitted in this period for \$37M.

2. INTRODUCTION

2.1. Required Reporting

This Quarterly Report is provided pursuant to the 2023 Rate Determination of the Rate Board. Based on the aforesaid Rate Determination, the Philadelphia Water Department (“Department” or “PWD”) will provide, on a quarterly basis, information related to the following:

TAP Enrollment/Retention and Arrearage Forgiveness:

- TAP metrics and data (including enrollment, program turnover, TAP recertification, denials, and TAP arrearage forgiveness).⁶
- Steps taken to ensure that eligible TAP customers are receiving the arrearage forgiveness benefits to which they are entitled.⁷
- Updates regarding the cost effectiveness of data sharing with Philadelphia Gas Works’ (“PGW”) Customer Responsibility Program to facilitate TAP enrollment.⁸
- Updates regarding cost effectiveness of implementing a text-based system for notification of need to recertify for TAP and/or as a vehicle for recertification.⁹

TAP Outreach/Participation and Language Access

- Updates to Rate Board regarding customer outreach and language access.

Customer Assistance and Other Updates

Enforcement Policies and Municipal Liens:

- Discussions with Law Department as to the extent that liening TAP or TAP-eligible accounts is lawful.¹⁰
- Updates to the Rate Board after examining whether or not it would be more cost effective not to lien certain categories of delinquencies.¹¹
- Updates to the Rate Board on considerations of the extent to which the use of lien-blockers would be appropriate.¹²

Stormwater Funding, Rate Design and Credit Policy:

- Updates to the Rate Board as to discussions regarding stormwater rate design options, allocation of SMIP/GARP credits and rain barrel credits.¹³
- Update Rate Board regarding activities undertaken to seek external funding for stormwater and combined sewer overflow remediation projects.¹⁴

⁶ See related references, 2023 Rate Determination at 48 (enrollment, denials), 51 (arrearage forgiveness).

⁷ Rate Determination at 51.

⁸ Rate Determination at 48.

⁹ Rate Determination at 48.

¹⁰ Rate Determination at 53.

¹¹ Rate Determination at 53.

¹² Rate Determination at 53.

¹³ Rate Determination at 42.

¹⁴ Rate Determination at 43.

Sections 5, 7, and 9 provide updates on areas that extend beyond TAP, but also impact the program, including TAP outreach, community meetings, and language access (section 5), customer assistance (section 7) and financial updates (section 9).

3. EFFORTS TO INCREASE TAP ENROLLMENT AND RETENTION

3.1. Definitions

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

TAP Denials: TAP application outcomes where 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.

Applications for accounts that are discontinued are also denied.

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 alternative.

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 than TAP.

Text-Based Recertification: Using customer-provided cell phone numbers to communicate via text message (SMS) with customers about their specific recertification deadlines or other TAP-related actions.

Data Sharing: Sharing customer-level information between PWD/WRB and other agencies to enroll eligible customers in TAP.

3.2. Efforts to Reduce Turnover

*TAP metrics and data including enrollment, program turnover, TAP recertification, and denials.*¹⁵

In October, November, and December, 1,860 applications were approved for enrollment in TAP, and 968 applications were not. Of those applications that were not approved, 7 applicants were already enrolled in TAP at the time of the application submittal. 4 remained in TAP while 3 were removed for not meeting residency guidelines or not being the customer of record.

These data are set forth in Table 1 below. The numbers below reflect the number of applications, rather than the number of customers, as customers can make multiple applications.

¹⁵ Rate Determination at 48

Table 1. Denials: Applications Not Enrolled in TAP¹⁶ during October, November, and December 2023

Outcome	Total Count of Applications	Applications for Customers Already Participating in TAP
<u>Denied</u>		
Failed to meet Income and Residency Guidelines	0	0
Failed to meet Income Guidelines (no Special Hardship)	42	0
Failed to meet Residency Guidelines	84	2
Installation Type Not Eligible for TAP	6	0
Missing or Invalid Income or Residency Documentation	388	4
Missing information on application form	16	0
Not the Customer applying	128	1
Total Denials	664	7
<i>Denied for Incomplete, remained in TAP¹⁷</i>		4
<i>Denied for Cause, removed from TAP</i>		3
New Applicant Denials	657	
<u>Enrolled in More Affordable Alternative</u>		
Senior Citizen Discounted Bill ¹⁸	125	0
Senior Citizen Discounted Bill + Extended Payment Agreement	30	0
Regular Bill ¹⁸	26	0
Regular Bill + Extended Payment Agreement	114	0
WRBCC Agreement	1	0
Total More Affordable Alternative Placements	296	0
<u>Other Outcomes</u>		
Customer Withdrew Application	0	0
Data Transfer ¹⁹	8	6
Total Other Outcomes	8	6

¹⁶ 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 quarterly data was reported on January 1, 2024.

¹⁷ Apart from recertification, 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.

¹⁸ Senior Citizen Discounted Bill or Regular Bill may also include a standard payment agreement.

¹⁹ 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.

3.3.Data Sharing

Updates regarding the cost effectiveness of data sharing to facilitate TAP enrollment.²⁰

This section discusses progress made towards data sharing with other agencies or affordability programs to facilitate TAP enrollment. Customers who are eligible for other programs are often, though not always, eligible for TAP enrollment, and PWD/WRB have begun working with partner programs to pre-qualify eligible TAP customers. Eligible TAP customers who have participated in these programs receive a letter stating they have been accepted into TAP and can opt out if they wish.

PWD is currently in a data-sharing partnership with the Pennsylvania Department of Health and Human Services (HHS), which administered the state's LIHWAP program, and has been prequalifying LIHWAP participants for enrollment in TAP. As a second phase, PWD is working with the City's Office of Integrated Data for Evidence and Action (IDEA) to begin prequalifying customers who have participated in several similarly eligible programs for TAP enrollment. The process is time-intensive, as data from partner programs must be accurately matched to PWD/WRB data, and prequalified applications must still be processed like fully completed applications. PWD/WRB can report good progress in its data sharing partnership with IDEA. Based on the data that has been shared, IDEA data sharing is anticipated to yield approximately 34,000 new TAP participants in FY24 and thereafter. Please note that these new participants can be enrolled without administrative delay, as all IDEA enrollees are already eligible on the basis of income (133% FPL). Also, no additional residency verification is needed for these enrollees.

WRB and members of other City Departments, including the Health Department and Managing Director's Office, are actively participating in the Pennsylvania Public Utilities Commission's (PUC) working groups on universal service programs pursuant to Secretarial Letter dated August 22, 2023. During meetings of the working group and subgroups in September 2023 and continuing into 2024, the PUC staff made a clear statement that PWD and other participants of LIHWAP who were not participating in Low Income Home Energy Assistance Program (LIHEAP) would not be eligible to participate in data sharing with the PUC or other LIHEAP participants. The PUC staff opined that if and when LIHWAP became a permanent program, there may be data sharing available.

It is possible for customers who are eligible for partner programs, such as LIHWAP, to not be enrolled in TAP if they do not meet TAP eligibility requirements. TAP eligibility requirements include but are not limited to: partner program participants must also be the water customer of record and be under 150% of the federal poverty guidelines, and the property in question must be primarily residential.

The majority of applications that were eligible for TAP enrollment via LIHWAP prequalification were processed in May 2023. In October, November, and December, a new set of prequalifications were processed, which can include cases where, for the same account, the customer name or address of the LIHWAP grant recipient did not match WRB records.

²⁰ Rate Determination at 48.

Table 2. Applications Enrolled in TAP during October, November, and December 2023

Source	Customers Enrolled This Quarter	Customers In Partner Program Not Enrolled This Quarter for Eligibility Requirements	Customers Enrolled All Time
LIHWAP Prequalification	477	1,179	2,770

3.4. Text-Based Recertification

Updates to the Rate Board regarding the possibility and cost effectiveness of implementing a text-based system for notification of need to recertify for TAP and/or as a vehicle for recertification.²¹

PWD/WRB have regular discussions about the most effective way to communicate with customers and get them to reapply. In this quarter, discussions have been ongoing on several challenges that must be resolved for a text-based notification or recertification system to become feasible:

- Customers did not opt into a text-based service when they joined TAP. Text messaging requires customers to opt-in and may be associated with fees and charges customers are not anticipating and do not desire.
- A similar email-based campaign had a very low success rate. Besides simply switching email for text messages, PWD must determine what changes need to be made in the reminder strategy.
- PWD must determine the quality of phone number data. There are several reasons why a customer may not receive text messages: customers' numbers have changed since they joined TAP, their numbers have been disconnected, or the numbers provided are landlines that cannot receive text messages, and the Department must determine the cost and efficiency of sending text messages.
- Implementing a text-based system will require programming, testing, ongoing support, training for PWD representatives to provide support to customers, auditing, and communication with customers.
- The recertification timeline has been extended to three years, and recertification will not start until March of 2024 at the earliest. Adjusting the process of recertification reminders is not the most pressing priority the Department faces.

²¹ Rate Determination at 48.

4. ARREARAGE FORGIVENESS

4.1. Definitions

In this section, the definitions for important terms that have not been previously defined 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 began in July of 2017.

Principal Arrearage Forgiveness: For the period of September 2020 through June 2022, the process by which TAP participants are able to have their unpaid water bills forgiven after 24 full payments of their TAP bills. Effective July 1, 2022, Principal Arrearage Forgiveness occurs on a monthly basis whereby a credit of 1/24th of the customer's Pre-TAP Arrears amount is added to the account after each full TAP Bill payment. In June 2022, customers received a one-time retroactive lump sum principal forgiveness proportional to the number of TAP payments made on their account.

Enrollments (total): All customers who were enrolled in TAP this quarter. Includes customers who have never participated in TAP before (see below), as well as customers who had previously left TAP and now returned or re-certified their enrollment in TAP.

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

4.2. Forgiveness by Amount and Type

TAP metrics and data including arrearage forgiveness.²²

Since reporting began in August 2021, a total of \$1,022,630.18 of Penalty Arrearage and \$25,092,776.92 of Principal Arrearage have been forgiven.

The information provided in the tables below is for the months of October through December 2023 (the "reporting period"). Table 3 documents the total penalty arrearages forgiven during the reporting period, Fiscal Year 2024 to date, and all time broken down by amount of the participant's penalty debt forgiven. Table 4 documents the total principal arrearage forgiven during the reporting period, Fiscal Year 2024 to date, and all time broken down by amount of the participant's principal debt forgiven.

Tables 3 and 4 report on the arrearage forgiveness received by all customers this quarter, and the application of the arrearage forgiveness policy is discussed further in section 4.3.

²² Rate Determination at 51

Table 3. Total Penalty Arrearage Forgiven Through December 2023

Debt Range	Participants Receiving Penalty Forgiveness this Quarter	Amount Forgiven this Quarter	Amount Forgiven, Previously Reported	Total Amount Forgiven, Fiscal Year 2024	Total Amount Forgiven, All Time
< \$0	-	\$-	\$-	\$-	\$-
\$0-\$200	157	\$5,761.10	\$74,952.59	\$12,212.46	\$80,713.69
\$200-\$500	30	\$10,743.39	\$93,192.12	\$22,127.21	\$103,935.51
\$500-\$1,000	19	\$13,026.25	\$130,398.57	\$28,108.53	\$143,424.82
\$1,000-\$2,000	10	\$15,092.00	\$180,602.73	\$32,719.96	\$195,694.73
\$2,000-\$5,000	10	\$34,131.25	\$274,244.82	\$65,369.65	\$308,376.07
\$5,000-\$10,000	1	\$8,213.17	\$111,627.87	\$24,677.10	\$119,841.04
\$10,000-\$20,000	-	\$-	\$70,644.32	\$16,687.09	\$70,644.32
\$20,000-\$50,000	-	\$-	\$-	\$-	\$-
\$50,000+	-	\$-	\$-	\$-	\$-
Total	227	\$86,967.16	\$935,663.02	\$201,902.00	\$1,022,630.18

Table 4. Total Principal Arrearage Forgiven Through December 2023

Debt Range	Participants Receiving Penalty Forgiveness this Quarter	Amount Forgiven this Quarter	Amount Forgiven previously reported	Total Amount Forgiven, Fiscal Year 2024	Total Amount Forgiven All Time
< \$0	-	\$-	\$-	\$-	\$-
\$0-\$200	7,959	\$437,753.80	\$2,191,649.96	\$865,405.08	\$2,629,403.76
\$200-\$500	1,381	\$428,325.27	\$2,939,429.02	\$865,315.81	\$3,367,754.29
\$500-\$1,000	511	\$348,018.33	\$2,706,181.51	\$731,301.30	\$3,054,199.84
\$1,000-\$2,000	168	\$230,147.59	\$2,747,195.49	\$481,806.43	\$2,977,343.08
\$2,000-\$5,000	51	\$148,551.92	\$5,663,611.69	\$360,511.85	\$5,812,163.61
\$5,000-\$10,000	18	\$126,614.93	\$4,659,679.48	\$246,320.31	\$4,786,294.41
\$10,000-\$20,000	2	\$27,513.00	\$2,023,480.66	\$59,858.91	\$2,050,993.66
\$20,000-\$50,000	-	\$-	\$358,071.27	\$-	\$358,071.27
\$50,000+	-	\$-	\$56,553.00	\$-	\$56,553.00
Total	10,090	\$1,746,924.84	\$23,345,852.08	\$3,610,519.69	\$25,092,776.92

4.3. Tracking Arrearage Forgiveness Outcomes

Steps taken to ensure that eligible TAP customers are receiving the arrearage forgiveness benefits to which they are entitled.²³

PWD is committed to reporting on steps taken to ensure that TAP customers are receiving arrearage forgiveness benefits appropriately. Extensive testing and preparation was done to ensure that the process would be effective before monthly forgiveness went into effect, and the following documents efforts to continually monitor the implementation of the program.

The first step taken was to start a reporting process. An internal monthly report has been developed for review and analysis of forgiveness outcomes.

The table below shows PWD/WRB tracking of arrearage forgiveness benefits.²⁴ Customers are eligible to receive principal forgiveness in a given month when they make a full TAP bill payment—total payments equal to (or greater than) their monthly TAP bill for that month. Customers are eligible to receive penalty forgiveness anytime before the end of a given month because they made more than 24 TAP bill payments. Customers who did not pay a TAP bill in a given month would not have received principal forgiveness that month.

Table 5. Counts of Arrearage Forgiveness by Type

Month	Customers Making a Full TAP Bill Payment	Customers Issued Principal Forgiveness Credits Equal to TAP Bills Paid, or Have \$0 Left to Forgive	Customers Eligible for Penalty Forgiveness (24+ TAP Bill Payments)	Customers Who Have Received 100% Of Their Penalty Forgiveness Credits or Have \$0 Left to Forgive
October	12,123	12,120	12,912	12,907
November	12,288	12,285	12,997	12,992
December	11,395	11,395	13,089	13,084

In nearly every case, there are two possible outcomes for customers who earned principal forgiveness in a given month, or penalty forgiveness anytime before the end of that month: they could have received as many forgiveness credits as TAP bills paid, or they could have had \$0 left to forgive, and so did not receive more forgiveness. **All but 8 TAP customers who paid a full TAP bill payment in October, November, and December received the appropriate arrearage forgiveness, and the remaining 8 are the results of unique and explainable billing situations.**

Customers can have \$0 to forgive if they never had arrearages to begin with, if they have already had their arrearages forgiven, if they had outstanding arrearages paid, including those paid by a LIHWAP or a similar grant, or if their only remaining pre-TAP arrears are in dispute or bankruptcy.

²³ Rate Determination at 51.

²⁴ As reported on the first day of the following month

5.TAP OUTREACH/PARTICIPATION AND LANGUAGE ACCESS

Updates to Rate Board regarding customer outreach and language access.

Outreach/Participation and Language Access efforts extend beyond TAP, but they also serve to increase TAP enrollment and retention, and are therefore reported below.

1. TAP Outreach/Participation:

In this quarter, the Water Revenue Bureau (WRB) and Philadelphia Water Department (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:

PWD and WRB continued their partnership with the Community Resource Corps (CRC) and Philly Counts, programs operated out of the Office of Community Empowerment and Opportunity. CRC and Philly Counts operated a phone calling, texting, emailing, and door knocking campaign for households at risk of water shut off due to delinquency. The goals were to avoid water shutoff to certain households (those with children, elderly, or disabled individuals) through the “Raise Your Hand” initiative and provide access to and support in applying for customer assistance, including TAP. The following engagement occurred during October, November, and December:

- Total Attempts 5,095
- Total Conversations 753
- Requested CAP Support 176
- Raise Your Hand Eligible 150

PWD continued its paid media campaign with WURD-AM, including CAP radio spots, event partnerships, on-air interviews, and WURD digital channels.

CAP Advertising and Outreach in October, November, and December included:

October:

- WURD Radio Advertising
 - 30 radio spots
 - Digital promotion

November:

- WURD Radio Advertising
 - 24 radio spots
 - Digital promotion
 - November 21, WURD senior event
 - November 28, WURD senior event and on-air interview

December:

- WURD Radio Advertising
 - 30 radio spots
 - Digital promotion
 - December 9 – WURD Empowerment Experience in-person.
- December 19, Senior Resource Expo

2. Language Access:

PWD's updated 2022 Language Access Plan has been signed by the Commissioner and submitted to the Office of Immigrant Affairs and is located online at: [LANGUAGE-ACCESS-PLAN-MARCH-2022_FINAL-Signed.pdf \(phila.gov\)](#)

PWD has a designated Language Access Coordinator, Laura Copeland, and alternate coordinators, Sandra Scott and Rene Johnson, to increase document translations and employee language access trainings. Employee language access trainings help PWD employees to assist limited English proficient customers with access to PWD programs and services.

PWD's language access tip cards and language lists were provided to our outreach partner, Community Resource Corps, to use when conducting phone and canvassing CAP outreach to communicate with limited English proficient customers.

PWD includes language access taglines on all CAP outreach materials where PWD Public Affairs staff participate in over 200 tabling events annually and CAP materials and flyers are routinely distributed.

In addition, Customer Assistance Program flyers that can be used by community members to raise awareness for water assistance programs have been translated into French Creole, Haitian Creole, Spanish, Simplified Chinese, Traditional Chinese and Vietnamese.

Requests for translations of specific documents and in-person interpreters are available upon request.

Finally, PWD Language Access Coordinators will work with the Office of Immigrant Affairs going forward to identify limited English proficient community organizations that would like to connect with PWD to obtain program and services information.

6. ENFORCEMENT POLICIES AND MUNICIPAL LIENS

6.1. Definitions

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

Municipal Liens: Liens on individual homes (in this instance for TAP or TAP eligible accounts).

Shut-off Moratorium: Annual stoppage of all residential disconnections for nonpayment between December and March. Customers eligible for shut-off begin receiving notices in mid-February, giving them 35 days notice. TAP customers are protected from shut-offs year-round. The latest moratorium went into effect on December 1, 2023, and is scheduled to end on March 31st, 2024, with customers eligible for shut-off receiving notices starting on February 26th, 2024.

6.2. Law Department Discussions Regarding Liens

Discussions with Law Department as to the extent that liening TAP or TAP-eligible accounts is lawful.²⁵

PWD/WRB are engaged in continuing discussions with Law Department regarding the extent that liening TAP or TAP-eligible accounts is lawful.

WRB exempts TAP customers from most collection efforts, but not from liens. WRB maintains that liens on Pre-TAP Arrears and TAP debt are an appropriate and necessary measure to protect the City's interests. When a TAP customer completes a monthly payment and earns Principal Arrearage Forgiveness or completes 24 payments and earns Penalty Arrearage Forgiveness, any liens associated with the TAP Forgiveness are removed if there is no remaining debt securing the outstanding lien balance.

In the event a TAP enrolled water customer sells or transfers a property prior to earning forgiveness or has other debt that is not eligible for forgiveness, liens enable the City to maintain recoup outstanding liabilities at the time of transfer.

If a TAP enrolled customer wishes to refinance their property under a program that requires clear title, it is WRB policy to remove water liens without demanding payment.

6.3. Cost Effectiveness of Liens for Certain Delinquencies

Updates to the Rate Board after examining whether or not it would be more cost effective not to lien certain categories of delinquencies.²⁶

PWD/WRB are engaged in continuing discussions concerning whether or not it would be more cost effective *not* to lien certain categories of delinquencies.

²⁵ Rate Determination at 53.

²⁶ Rate Determination at 53.

6.4. Use of Lien-blockers

*Updates to the Rate Board on considerations of the extent to which the use of lien-blockers would be appropriate.*²⁷

PWD/WRB are engaged in continuing discussions concerning whether the use of lien-blockers is appropriate.

6.5. Shut-offs

In October, November, and December, a total of 925 residential and 3,189 commercial shut-off notices went out, and 1,400 residential and 144 commercial shut-offs were completed. Most residential shut-offs completed in this time period were for unauthorized service restorations that were inspected and shut off with a lock.

²⁷ Rate Determination at 53.

7. CUSTOMER ASSISTANCE AND OTHER 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. As of this quarter, PHDC is currently administering federal COVID relief dollars.
- UESF: Utilities Emergency Services Fund. 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. LIHWAP was a time-limited program, and provided funding through September 2023. The application process has closed.
- Debt Collective tenant assistance program: Nonprofit group that includes a focus on tenant issues. In 2022, the Debt Collective partnered with Community Legal Services (“CLS”) and UESF to identify tenants facing eviction due to unpaid water bills, and issue payment to WRB.
- PAHAF: Pennsylvania Housing Assistance Fund. Provides funds for homeowners to resolve delinquent payments for utility services.

7.1.Rental Assistance and Emergency Services Funding

During October, November, and December 2023, a total of \$480,558.19 in rental assistance from PHDC, emergency grant funding from UESF, and grant funding from LIHWAP, Debt Collective, and PAHAF was applied to customer accounts.

A summary of the 2024 fiscal year PHDC, UESF, LIHWAP, Debt Collective, and PAHAF grants is shown in Table 6. All data presented in Table 6 are based on data reported on December 31, 2023. In addition to these funds, PWD matches some UESF grants.

Table 6. Summary of UESF, PHDC, and LIHWAP Grants, Fiscal Year 2024 (to date)

<i>Month</i>	<i>UESF</i>	<i>PHDC</i>	<i>LIHWAP</i>	<i>Debt Collective</i>	<i>PAHAF</i>	<i>Total Amount</i>
July 2023	\$22,660.56	\$0.00	\$0.00	\$0.00	\$82,241.34	\$104,901.90
August 2023	\$0.00	\$0.00	\$743,387.88	\$6.10	\$66,203.73	\$809,597.71
September 2023	\$500.00	\$0.00	\$756,378.06	\$26.05	\$108,176.53	\$865,080.64
October 2023	\$0.00	\$0.00	\$26,675.46	\$732.23	\$193,739.10	\$221,146.79
November 2023	\$0.00	\$0.00	\$21,319.24	\$1,581.01	\$96,940.32	\$119,840.57
December 2023	\$0.00	\$0.00	\$7,223.00	\$0.00	\$132,347.83	\$139,570.83
TOTAL	\$23,160.56	\$0.00	\$1,554,983.64	\$2,345.39	\$679,648.85	\$2,260,138.44
Count	31	0	1,014	12	369	1,426

7.2. Additional Updates

There are no additional customer assistance updates for this quarter.

8. STORMWATER RATE DESIGN AND CREDIT POLICY

8.1. Definitions

SMIP/GARP Grants: The combined Stormwater Management Incentive Program (SMIP) and Greened Acre Retrofit Program (GARP) provides grants for building and maintaining green stormwater management practices that transform large non-residential properties with impervious surfaces that generate a high volume of stormwater runoff and burden the City's sewer system and waterways. Funding for SMIP/GARP grants comes from PWD and the Philadelphia Industrial Development Corporation and is a major piece of PWD's Green City Clean Waters Plan. SMIP/GARP recipients receive billing credits on their stormwater charges.

Rain barrel credits: Potential credit program providing a rate discount to residential customers that have installed a rain barrel by PWD.

Stormwater remediation projects: Projects designed to reduce the volume of water running across hard surfaces and entering the City's sewer system and waterways during wet weather events, such as rainstorms or snowmelts.

Combined sewer overflow remediation projects: Projects designed to decrease the frequency and volume of sewer overflow events.

For information on external funding for stormwater and combined sewer overflow remediation, see Section 9.

8.2. Stormwater Rate Design Options

Updates to the Rate Board as to discussions regarding stormwater rate design.²⁸

The Water Department is continuing to evaluate restructured options for residential customers. As identified prior to the 2023 Rate Proceeding, the Department is evaluating tiered rates based upon the Impervious Area and Gross Area components of the stormwater management service charge as well as rates based upon residential building types (twin, single, etc.).

Required supporting data sets, ongoing data maintenance needs, along with billing system and business process upgrades are being further explored to more fully understand the resource requirements for potential rate structure options.

The Water Department is in the process of reviewing existing allocation approaches, policies, and rate structure methodology to see if broader changes (beyond updates to the residential rate structure) should be further explored.

The Department plans to engage stakeholders in future discussions.

²⁸ Rate Determination at 42.

8.3. Stormwater Credit Allocations

Updates to the Rate Board as to discussions regarding allocation of SMIP/GARP credits and rain barrel credits.²⁹

See previous item. The Water Department is considering credit program updates in context of the overall rate structure. Credit program impacts, including potential rain barrel credits, will also be further analyzed and discussed within the context of overall changes to the stormwater rate structure.

The Department plans to engage stakeholders in discussions in the future.

²⁹ Rate Determination at 42.

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

The Water Department has pursued and is continuing to pursue federal funding to support stormwater infrastructure and other capital improvements.

In terms of bond funding,

- On September 19, 2023, the Department priced and on September 28, 2023, the Department closed on its \$565 million of Water and Wastewater Revenue and Revenue Refunding Bonds, Series 2023B.
- In addition to providing \$466.5 million in funds (“new money”) for projects in the Capital Improvement Program, this issuance refunded \$107 million of existing Department revenue bonds (certain 2019A and 2020B bonds) to produce savings to the Department.
- Using unique market conditions and timely pricing, the Department was able to convert (or refund) taxable bonds into tax-exempt bonds and yield more than \$4.5 million in debt service or cash flow savings.

This section documents, among other things, PWD efforts to secure federal funding to date.

PWD stormwater system improvements are shown in yellow (■), and PWD combined stormwater and wastewater system improvements are shown in green (■)

Table 7. PWD Efforts to Pursue Federal Assistance

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
PennVest	April 2020	Active Construction	\$80.8M	\$80.8M Loan	Rehabilitation of the Torresdale Filtered Water Pump Station. The award closed in February 2021.
PennVest	January 2021	Active Construction	\$106M	\$106M Loan	PennVest approved a loan for the construction of the new preliminary treatment building at the Northeast Water Pollution Control Plant. In January 2022 PennVest increased the award due to bids exceeding preliminary estimates. The award closed September 2022.
PennVest	January 2021	Active Construction	\$5.8M	\$5.8M Loan	PennVest loan to finance stormwater improvements. The award closed October 2021.
PennVest	August 2021	Active Construction	\$16.3M	\$16.3M Loan	PennVest loan to fund Improvements to the City-owned Flat Rock Dam and introduce flow into the Manayunk Canal. The award closed April 2022.
Water Infrastructure Finance and Innovation Act (WIFIA)	Letter of Interest – July 2021; Application – May 2022	1st loan closed for \$19M (total project \$40M)	\$697M of capital projects with 49% funded via WIFIA	\$341M Loan	Under WIFIA, federal aid can cover up to 49% of project eligible costs. 1st loan closed January 2023.

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
PennVest	August 2021	Active Construction	\$35.8M	\$35.8M Loan	PennVest loan to fund water main replacements in the City of Philadelphia. Closed July 2022.
PennVest	November 2021	Active Construction	\$8.2M	\$8.2M Loan	PennVest application to fund stormwater improvements in the City. The award closed October 2022.
PennVest	November 2021	Active Construction	\$7.5M	\$7.5M Loan	PennVest application to fund stormwater improvements in the City. The award closed October 2022.
PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC)	December 2021	Advanced notice of Award by FEMA/PEMA (in grant agreement stage)	\$35.7M	\$25M Grant	The Cohocksink Flood Mitigation Project, the final phase of a six-phase flood mitigation project, proposes to double conveyance capacity of the combined sewer system through the construction of new sewer infrastructure and seven green stormwater infrastructure systems. The project will have a large area of impact that includes portions of the Northern Liberties, South Kensington, and Ludlow neighborhoods. PWD is still in discussion with FEMA to finalize the grant agreement.
PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC)	December 2021	Not Approved	\$204K	\$75K Grant Request	Through the City of Philadelphia Climate Change Adaptation – Facility Flood Risk and Resiliency Assessment BRIC Project Scoping, the Philadelphia Water Department will work over 24 months in partnership with procured contractors to conduct a facility-based, asset-level risk and resiliency assessment of the Baxter WTP. This assessment will result in identification of a mitigation strategy to protect the Baxter WTP from coastal flooding and proactively build resilience to climate change. PWD’s risk and resiliency assessment framework includes a comprehensive, asset-level flood risk assessment; a resiliency assessment to explore flood mitigation strategies; stakeholder engagement and partnership building; and development of a future FEMA BRIC application, including a Benefit-Cost Analysis.

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC)	December 2021	Advanced notice of Award by FEMA/PEMA (in grant agreement stage)	\$660K in proposal; RFI came in at \$5M	\$103K Grant	The Philadelphia Water Department is seeking BRIC project scoping funding to advance comprehensive planning, technical analyses, and stakeholder engagement for storm flood risk reduction and combined sewer overflow (CSO) mitigation within the Wingohocking and the Tookany/Tacony-Frankford (TTF) Watersheds. The Germantown Wingohocking Creek Flood Risk Reduction Project Scoping will advance the planning elements of the Tacony Tunnel alternative identified in the Germantown Flood Risk Reduction Study by evaluating hydraulic optimization, operation and maintenance considerations, climate resiliency, stakeholder engagement and partnership building, residual risk mitigation, and cost estimation and benefit cost analysis. Total cost of the project scoping received through RFP increased to around \$5M.
PEMA/FEMA Hazard Mitigation Grant Program (HMGP)	January 2022	Rejected due to funding limitation	\$204K	\$50K Grant Request	Throughout the City of Philadelphia Climate Change Adaptation – Facility Flood Risk and Resiliency Assessment HMGP Project Scoping, PWD will work over 24 months in partnership with procured contractors to conduct a facility-based, asset-level risk and resiliency assessment of the Baxter WTP. This assessment will result in identification of a mitigation strategy to protect the Baxter WTP from coastal flooding and proactively build resilience to climate change. PWD’s risk and resiliency assessment framework includes a comprehensive, asset-level flood risk assessment; a resiliency assessment to explore flood mitigation strategies; stakeholder engagement and partnership building; and development of a future FEMA BRIC application, including a Benefit-Cost Analysis.
PEMA/FEMA Hazard Mitigation Grant Program (HMGP)	January 2022	Rejected	\$660K in proposal; RFI came in at \$5m	\$173K Grant Request	PWD is seeking HMGP project scoping funding to advance comprehensive planning, technical analyses, and stakeholder engagement for storm flood risk reduction and combined sewer overflow (CSO) mitigation within the Wingohocking and the Tookany/Tacony-Frankford (TTF) Watersheds. The Germantown Wingohocking Creek Flood Risk Reduction Project Scoping will advance the planning elements of the Tacony Tunnel alternative identified in the Germantown Flood Risk Reduction Study

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
					by evaluating hydraulic optimization, operation and maintenance considerations, climate resiliency, stakeholder engagement and partnership building, residual risk mitigation, and cost estimation and benefit cost analysis.
PennVest	February 2022	Active Construction	\$110M	\$110M loan	PWD submitted an application to PennVest totaling \$125M for the replacement of an existing clear well basin ("CWB"), constructed in 1904, which is showing signs of deterioration to the structure risking possible contamination and water quality deterioration. The building of the new CWB's will allow for additional storage capacity to replace the existing CWB. The original CWB was one tank which could not be taken offline for inspection, cleaning, or maintenance. With the addition of new CWB's, the clear well basin storage system provides redundancy and resiliency by providing multiple units that can individually be taken offline for maintenance. Furthermore, the new CWB's will improve quality of life by providing a new watertight storage tank to provide protection of the finished water supplied to PWD customers. The award closed on 6/1/23
PennVest	February 2023	Application Approved	\$76M	\$76M loan	PennVest application to fund water main and sewer replacements in the City. Application has been approved and closing is scheduled for 7/30/24.
BRIC/COVID-19 ARPA H2O	November 2022/ December 2022	BRIC application submitted to FEMA for review/ ARPA application submitted to CFA for review	\$7.7M	\$5.4M Grant Request/\$4.2M Recommended Grant Award	PWD is seeking BRIC Project funding to complete the 21st Street Flood Hazard Mitigation Project for storm flood risk reduction within the Wingohocking Watershed. The Germantown neighborhood, located along the former Wingohocking Creek, has a long history of wet weather-related basement backups and surface flooding. Through sewer enlargement and inlet upgrades, this project will reduce sewer surcharging and increase sewer capacity. Increased capacity will better convey stormwater runoff and thereby reduce surface flooding events.

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
BRIC/COVID-19 ARPA H2O	November 2022/ December 2022	BRIC application submitted to FEMA for review/ ARPA application submitted to CFA for review	\$105M	\$50M Grant Request/\$15M Recommended Grant Award	PWD is seeking BRIC Phased Project funding to construct a new effluent pumping station (EPS) at the Northeast Water Pollution Control Plant (NEWPCP). This pumping station will reduce the risk of flooding at the NEWPCP by pumping treated flows to the Delaware River during peak wet weather events and high tidal conditions. River elevations are expected to rise significantly over the next 50 to 100 years, further reducing the NEWPCP treatment performance and increasing the risk of flooding. In addition, the ongoing headworks upgrades project will allow 650 MGD to be delivered to the head of the plant. This proposed EPS project is needed to convey the flow out to the Delaware River after treatment. The new project will ensure that the process tanks do not overtop during future Delaware River elevations
BRIC/COVID-19 ARPA H2O	November 2022/ December 2022	BRIC application submitted to FEMA for review/ ARPA application submitted to CFA for review	\$8.5M	\$5.9M Grant Request/\$5.5M Recommended Grant Award	PWD is seeking BRIC Project funding to install new electrical infrastructure at the Queen Lane Raw Water Pump Station (QLRWPS). The existing QLRWPS has a maximum capacity of 140 million gallons per day (MGD) and is the sole source of raw water to the Queen Lane Water Treatment Plant (WTP) that provides potable water distribution to the City of Philadelphia
US Department of Energy	April 2023	Submitted to US DOE; Not Selected	\$2.5M	\$2.5M grant	The goal of this project is to optimize the performance of autothermal pyrolysis for converting wastewater biosolids into biochar and gas. This technology will replace land application, landfilling, or incineration of biosolids, reducing greenhouse gas (GHG) emissions and alleviating the regulatory concerns associated with current industry standard processes.
US HUD Community Development Block Grant - Disaster Relief (CDBG-DR)	July 2023	Application in Review	\$285M	\$53M Total Grant Request (covering 4 projects submitted)	Lardner's Point Fresh Water Pumping Station pumps a third of the City's fresh potable water needs to its population. This is an existing facility that has run its useful life; since the station is by the Delaware River the building site will be moved back from the riverbank and all electrical installations will be flood proofed to ensure that should there be a catastrophic wet weather event the station will continue in service.

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
US HUD Community Development Block Grant - Disaster Relief (CDBG-DR)	July 2023	Application in Review	\$120M		This project is to upgrade the Queen Lane Raw Water Pump Station by expanding the pumping capacity and hardening the station to the effects of wet weather events. During Hurricane Ida, the Belmont Raw Water Pumping Station was overwhelmed by storm surge and it has become very clear that the Queen Lane Water Treatment Plant has similar vulnerabilities that must be addressed. The project is part of the overall retrofit and betterment plans of the Queen Lane Water Treatment Plant.
US HUD Community Development Block Grant - Disaster Relief (CDBG-DR)	July 2023	Application in Review	\$5M		This project covers the enlargement of the scope of the storm flood risk reduction and combined sewer overflow (CSO) mitigation study within the Wingohocking and the Tookany/Tacony-Frankford (TTF) Watersheds; the original study scope was recently awarded a BRIC grant as noted above
US HUD Community Development Block Grant - Disaster Relief (CDBG-DR)	July 2023	Application in Review	\$50M		The S. 42nd St. wastewater pumping station is located adjacent to St. Joseph's University's University City Campus. Currently this pumping station is permitted to pump only wastewater yet when a severe wet weather event happens the adjacent storm outfall (S-50) causes Combined Sewer Overflows (CSOs) to occur directly into the Schuylkill River. In addition, Hurricane Storm Ida caused the regulating chamber to back up into the pump station knocking out its electrical works and damaging the station pumps causing est. \$550K in damages and forcing it into manual mode for 10 weeks. It was determined after many alternatives were examined to expand the pumping capacity of the station from 8 MGD to 100 MGD to help with meeting PWD's Green City, Clean Waters plan by taking this water and sending all of it to the SW Pollution Control Water Plant for treatment before final release into the Delaware River
PennVest	November 2023	Application in Review	\$37M		\$37M loan

Assistance Program/ Requesting Organization	Date Submitted	Status	Project Cost	Grant or Loan Requested	Notes
PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC)	December 2023	Submitted to PEMA for review	\$11.8M	\$10.7M	PWD will complete the engineering design of the Belmont Raw Water Pump Station to mitigate flood risk, improve resiliency, increase capacity, and address future conditions by either: A) hardening the existing pump station with new flood mitigation infrastructure and increasing its capacity or B) constructing a new pump station to replace the existing station. The proposed project will provide drinking water service protection to more than 263,000 residents. Of the 66 census tracts that make up Belmont's service area, 67% are considered disadvantaged according to the Climate and Economic Justice Screening Tool (CEJST), and several of the census tracts are designated FEMA Community Disaster Resilience Zones (CDRZ).
PEMA/FEMA Building Resilient Infrastructure and Communities (BRIC)	December 2023	Submitted to PEMA for review	\$66.8M	\$50M	The S.42nd St. wastewater pumping station is located adjacent to St. Joseph's University's University City Campus. Currently this pumping station is permitted to pump only wastewater yet when a severe wet weather event happens the adjacent storm outfall (S-50) causes Combined Sewer Overflows (CSOs) to occur directly into the Schuylkill River. In addition, Hurricane Storm Ida caused the regulating chamber to back up into the pump station knocking out its electrical works and damaging the station pumps causing est. \$550K in damages and forcing it into manual mode for 10 weeks. It was determined after many alternatives were examined to expand the pumping capacity of the station from 8 MGD to 100 MGD to help with meeting PWD's Green City, Clean Waters plan by taking this water and sending all of it to the SW Pollution Control Water Plant for treatment before final release into the Delaware River