

1 CITY OF PHILADELPHIA
2 WATER, SEWER AND STORM WATER RATE BOARD

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8 IN RE: Philadelphia Water Department's
9 annual reconciliation of the TAP-R
10 Rider

11

12 DATE: Thursday, May 8, 2025

13 LOCATION: Zoom Teleconference

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15 Reported by: Tonya Bullock

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Job No.:

952313

1 ATTENDANCE

2 MARLANE CHESTNUT, HEARING OFFICER

3 DELAND BRYANT, ADMIN

4 ANDRE DESANT, PHILADELPHIA WATER DEPARTMENT

5 BROOKE DARLINGTON, WATER REVENUE BUREAU

6 CARL SHULTZ, PHILADELPHIA WATER DEPARTMENT

7 ALEXANDRA ATHANASIADIS, WATER DEPARTMENT

8 GLEN ABRAMS, PHILADELPHIA WATER DEPARTMENT

9

10 ALSO PRESENT:

11 NEAL SELLERS, COUNSEL FOR WATER DEPARTMENT

12 ROBERT BALLENGER, COUNSEL FOR PUBLIC ADVOCATE

13 VIKRAM PATEL, COUNSEL FOR PUBLIC ADVOCATE

14 ADEOLU BAKARE, COUNSEL FOR PLUG

15 LAFAYETTE MORGAN, WITNESS FOR PUBLIC ADVOCATE

16 JON DAVIS, RAFTELIS FINANCIAL CONSULTANTS

17 HENRIETTA LOCKLEAR, RAFTELIS FINANCIAL CONSULTANTS

18 JENNIFER TAVANTZIS, RAFTELIS FINANCIAL CONSULTANTS

19 DAVE JAGT, BLACK & VEATCH

20 BRIAN MERRITT, BLACK & VEATCH

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2 PROCEEDINGS

3 - - -

4 HEARING OFFICER CHESTNUT: Good

5 morning everyone. My name is Marlane

6 Chestnut -- that's M-A-R-L-A-N-E C-H-E-S-T-N-

7 U-T -- and I've been selected by the

8 Philadelphia Water, Sewer & Storm Water Rate

9 Board to oversee the hearing process and to

10 write a recommendation to the Rate Board to

11 consider with respect to the Philadelphia

12 Water Department's annual reconciliation of

13 the Tiered Assistance Program Rate Rider, or

14 TAP Program -- TAP-R Rider.

15 The Tiered Assistance Program is

16 PWD's customer assistance program mandated by

17 City Council that allows low-income customers

18 to pay reduced bills based upon a percentage

19 of household income. The TAP-R Rider tracks

20 revenue losses resulting from application of

21 the TAP discount to permit annual

22 reconciliation if they are greater or less

23 than projected.

24 The Rate Board's members, none of

1 whom are paid, are appointed by the Mayor and
2 approved by City Council to independently
3 review and set the rates charged for water,
4 sewer, and stormwater service in
5 Philadelphia.

6 There is a court reporter who will
7 produce a stenographic record of this public
8 hearing, so please be sure to speak slowly
9 and clearly. The transcript for this hearing
10 and other public and technical hearings, as
11 well as all documents produced in this
12 process, will be posted on the Rate Board's
13 website under the Rate Proceeding tab in the
14 section that says "2025 TAP-R Reconciliation
15 Proceeding". That's [phila.gov/departments/](http://phila.gov/departments/water-sewer-storm-water-rate-board)
16 water-sewer-storm-water-rate-board.

17 Or to make it easier, you can
18 Google "Philadelphia Rate Board" or type
19 "phila.gov" to get to the Philadelphia City's
20 main page, and then select "Departments" near
21 the right top of the screen and type "sewer"
22 in the search bar, and that will take you to
23 the Rate Board's particular website.

24 Please be aware that this hearing

1 is specifically focused on the reconciliation
2 of the TAP-R Rider. The aim of this
3 reconciliation is to ensure that the
4 Department has neither over-collected nor
5 under-collected the revenue associated with
6 the TAP program during the past year and
7 determine the TAP-R rate for the upcoming
8 rate period.

9 This reconciliation is an annual
10 process and depending on the actual TAP-R
11 revenue results, and the projected number of
12 TAP participants and their water usage, the
13 surcharge may either decrease or increase.
14 This year the Department has requested an
15 increase. It is important to understand that
16 this limited proceeding does not address
17 other issues such as the existence of the
18 customer assistance program, its design, its
19 operation, the Department's cost, the
20 operation of the Water Department as a whole,
21 or the actual rates for water, sewer, and
22 stormwater services.

23 These issues are being considered
24 in a separate general rate proceeding which

1 is currently underway. The participants in
2 this proceeding include the Water Department,
3 the Water Revenue Bureau, a division of the
4 City's Department of Revenue responsible for
5 billing and collections for the Water
6 Department and administration of customer
7 assistance programs, a group of large
8 industrial customers called PLUG, the Public
9 Advocate, who represents the interest of
10 small, commercial, and residential customers,
11 and two individual customers.

12 We will hold a technical hearing
13 immediately after this session to review the
14 statements and exhibits presented by the
15 Water Department and the Public Advocate.
16 You are welcome to stay and observe. A
17 transcript of that hearing will be available
18 on the Rate Board's website.

19 I plan to issue a report with my
20 recommendation in June, and the Rate Board
21 will review my report, consider the positions
22 of the parties -- of the participants, excuse
23 me, and make their decision in July. Again,
24 all transcripts and documents will be posted

1 to the Rate Board's website under the "2025
2 TAP-R Reconciliation" tab.

3 In terms of how I will conduct this
4 hearing, I will first call on people who have
5 registered. If you have not registered and
6 want to comment, that's fine, we'll get to
7 you. Everyone will have a chance to make a
8 statement if they wish. Or you can send a
9 comment by email to the Rate Board, at
10 waterrateboard@phila.gov. That's Water Rate
11 Board altogether, with no hyphens or spaces,
12 then the "@" symbol, then phila, P-H-I-L-A,
13 dot G-O-V.

14 We will post any comments at the
15 "2025 TAP-R Reconciliation" tab, and I can
16 assure you that written comments as well as
17 the oral comments given at this hearing, if
18 any, will be included in the record of this
19 proceeding and will be considered by me and
20 by the Rate Board.

21 When it is your turn, Deland will
22 change your status from "attendee" to
23 "panelist". This means you can be seen as
24 well as heard. You need to accept that and

1 Deland will unmute your microphone or
2 telephone. If you would prefer only to be
3 heard and not seen, then do not accept that
4 change in status, and Deland will unmute you.
5 Please be aware that there is a built-in
6 delay for this to take effect, so please be
7 patient.

8 I will ask you to give and spell
9 your name. Please try to confine your
10 remarks to the subject of this proceeding,
11 which is the TAP-R surcharge proposed for
12 fiscal year 2026. If you have a question
13 about the proposed TAP-R rates, if we can
14 answer it briefly, we will. Otherwise,
15 someone will get back to you with additional
16 information.

17 If you have a service or other
18 individual billing issue, please contact
19 either the Department or the Public Advocate
20 directly, and they'll provide contact
21 information for you. After your statement,
22 you may be asked brief questions for the
23 purpose of clarification, by me or by any of
24 the participants here. If you have not

1 registered and want to make a statement,
2 raise your hand and we'll get to you. To
3 raise your hand, either look for a hand on
4 the bar that contains the Zoom controls or
5 the icon for reactions, and select the raised
6 hand. If you are participating by telephone
7 by dialing in, hit the "*" button and then
8 the number "9" to raise your hand.

9 I won't impose a time limit, but
10 please try to limit yourself to the issue in
11 this proceeding, which is the proposed TAP-R
12 surcharge. After you're done, you're welcome
13 to stay, but you certainly don't have to.
14 You're free to leave at any time. And I
15 should add that we will not tolerate
16 disruptive behavior. I doubt anyone here
17 will do that, but please be advised that if
18 you do, we will not hesitate to block you
19 visually or mute you if necessary.

20 Again, thank you for taking the
21 time to participate today. I also want to
22 thank the customers who took the time to send
23 their comments by email. I can assure you
24 that every one of those is read. It is

1 important that the Rate Board hear directly
2 from you, the people who will be directly
3 affected by any change in rates.

4 Now, before hearing from members of
5 the public, I'll ask the Water Department,
6 the Public Advocate, and any other formal
7 participant who wishes to do so to briefly
8 introduce yourself and make a brief comment
9 about your interest in this proceeding. Then
10 I will open the hearing to members of the
11 public. So I guess that takes us to you, Mr.
12 Dasent, here on behalf of the Water
13 Department.

14 MR. DASENT: Yes. Good morning,
15 Judge Chestnut. I'm Andre Dasent, for the
16 record, for the Philadelphia Water
17 Department. With me today on the legal team,
18 is Carl Schultz, Brooke Darlington, Neal
19 Sellers, Alexandria Athanasiadis. And I
20 think I got everybody. But most importantly,
21 I got to remember our deputy commissioner,
22 Glen Abrams is here to give a brief opening
23 statement. Glen is the deputy commissioner
24 for Communications and Engagement. Glen,

1 it's all yours.

2 MR. ABRAMS: Thank you. Good
3 morning everyone. Again, my name is Glen
4 Abrams, and I'm speaking on behalf of the
5 Philadelphia Water Department in this
6 proceeding. We first want to thank you all
7 for joining this hearing this morning to
8 share your views about the proposed TAP Rate
9 Rider, TAP-R, annual adjustment that the
10 Water Department has filed with the
11 Philadelphia Water, Sewer & Storm Water Rate
12 Board.

13 The TAP-R adjustment is proposed in
14 connection with the administration of the
15 Tiered Assistance Program or TAP. TAP allows
16 low-income customers to pay a bill based upon
17 their income. So rather than go up or down
18 based on water usage, TAP customer bills are
19 fixed as a percentage of their income. The
20 TAP Rate Rider is a rate making tool that
21 allows PWD to recover the costs of providing
22 (clears throat) excuse me -- providing
23 discounts under the TAP program.

24 The TAP -- the cost of TAP

1 recovered via the TAP Rate Rider may change
2 over time due to multiple factors including
3 the number of TAP participants, water usage,
4 changes in PWD rates, among other reasons.

5 PWD proposes adjustments to the TAP
6 Rate Rider annually to account for changes in
7 projected TAP costs as well as any over or
8 under-recovery of costs via the TAP-R rates.
9 Based upon the most recent reconciliation
10 results, the Water Department proposes to
11 adjust TAP-R rates effective September 1,
12 2025.

13 If approved by the Rate Board, the
14 TAP-R-related portion for a typical
15 residential customer using 430 cubic feet of
16 water consumption will increase by \$1.20 per
17 month. If you'd like more information
18 regarding the TAP-R Rider, the associated
19 rates and bill impacts, a summary of the
20 proposed annual adjustment is posted at the
21 Rate Board website.

22 We'd like to thank all customers --
23 we'd like to -- we'd like all customers to be
24 aware that if you are experiencing financial

1 hardship, please reach out to us to see if
2 you may be eligible for TAP, the Senior
3 Discount, or other programs that are
4 available to assist households with payment
5 difficulties. These programs are accessible
6 through the City of Philadelphia's website at
7 phila.gov/waterbillhelp, or by calling 215-
8 685-6300, Monday through Friday, between 8:00
9 a.m. and 5:00 p.m.

10 The purpose of today's session is
11 to hear from you, our customers. We
12 appreciate you taking the time to share your
13 views with us today and we look forward to
14 hearing from you. Thank you.

15 HEARING OFFICER CHESTNUT: Thank
16 you, Mr. Abrams. I do want to mention that
17 the presentation prepared by Mr. Abrams or
18 the Water Department has already been posted
19 at the Rate Board's website under the "Public
20 Hearings" -- "Public Input" tab, I think it's
21 called. But it says "Public Hearings" and
22 there's a summary of the filing and what it
23 means there. Okay. Mr. Ballenger.

24 MR. BALLENGER: Thank you, Your

1 Honor. Yes, good morning. My name is Robert
2 Ballenger. I'm an attorney at Community
3 Legal Services. And Community Legal Services
4 has been appointed to serve as Public
5 Advocate in this proceeding before the
6 Philadelphia Water, Sewer & Storm Water Rate
7 Board.

8 As Public Advocate, our objective
9 is to ensure that the interests of
10 residential and small commercial customers
11 are represented, in particular, the interest
12 in maintaining just and reasonable rates.
13 And that means that the cost of water should
14 not increase any more than necessary, and the
15 interest of consumers in maintaining
16 affordable water has to be seriously
17 considered by the Board in a proceeding such
18 as this.

19 I did want to just make one note
20 for the record that I think will come up
21 again during the technical phase of this
22 hearing. But in reviewing the Water
23 Department's presentation in this case, what
24 it has designated as its updated proposal is

1 not, in fact, what was included in the filing
2 in February or the formal filing in March.
3 Our position is that the Department lives
4 with its request upon filing.

5 And so we do not believe the rate
6 impacts the Department has shared are
7 actually before the Board for consideration
8 in this case. So we will be discussing that
9 a little bit more in the record. But just
10 for purposes of any members of the public who
11 are attending today, I wanted to make clear
12 that is our position as far as what the
13 starting point for this case is and is
14 slightly less than what the Department has
15 shared so far.

16 With that said, we are interested
17 in hearing from members of the public who
18 have the right to be heard on PWD's request,
19 and that's the purpose of this portion of the
20 hearing. And we look forward to hearing
21 about your experience with the Water
22 Department and your views on the TAP rates.
23 Thank you.

24 HEARING OFFICER CHESTNUT: Thank

1 you, Mr. Ballenger. Are there any other
2 participants who want to make a statement?
3 If so, could you please raise your hand? I'm
4 not sure I see anybody.

5 MR. BRYANT: Madam Hearing Officer,
6 I see no hands at this time.

7 HEARING OFFICER CHESTNUT: Okay.
8 Are there any members of the public who wish
9 to make a statement? I will add that we have
10 received a couple of -- that we have received
11 some comments, that I'm not sure if they've
12 been posted yet, but they will be. No?

13 MR. BRYANT: Madam Hearing Officer,
14 I see no hands recognized to be raised --
15 hands raised to be recognized at this time.

16 HEARING OFFICER CHESTNUT: Okay.
17 Well, it's almost 9:30. My suggestion is
18 that we proceed to the technical hearing and
19 that if a member of the public does come a
20 little bit later, that we can take a break
21 and maybe listen to them if they do want to
22 make a statement. Is that okay with you
23 guys? Okay.

24 MR. DASENT: Yes, that's fine.

1 HEARING OFFICER CHESTNUT: Okay.

2 While we do that, Tonya, this is the end of
3 the public hearing part of the transcript.

4 THE REPORTER: Thank you. Off the
5 record.

6 (Off the record.)

7 HEARING OFFICER CHESTNUT: We're
8 going to go on the record, and let me make a
9 statement. This is the technical hearing to
10 examine the annual reconciliation of the
11 Philadelphia Water Department's TAP-R
12 surcharge. My name is Marlane Chestnut, M-A-
13 R-L-A-N-E C-H-E-S-T-N-U-T, and I've been
14 selected by the Philadelphia Water, Sewer &
15 Storm Water Rate Board to oversee the hearing
16 process and to write a recommendation for the
17 Rate Board to consider with respect to this
18 matter.

19 I'd like the participants present
20 to introduce themselves for the record,
21 starting with the Department.

22 MR. DASENT: Good morning, Judge
23 Chestnut. Andre Dasent for the Philadelphia
24 Water Department. With me today is Carl

1 Schultz, Neal Sellers, Brooke Darlington,
2 Alexandria Athanasiadis, and I think that's
3 everybody.

4 HEARING OFFICER CHESTNUT: Okay.
5 Public Advocate?

6 MR. BALLENGER: Good morning,
7 Judge. Robert Ballenger, here on behalf of
8 the Public Advocate. I'm joined today by Vik
9 Patel, also serving as counsel to the Public
10 Advocate, and Mr. Morgan, of course, our
11 consulting witness.

12 HEARING OFFICER CHESTNUT: Okay.
13 Mr. Bakare, did you want to introduce
14 yourself?

15 MR. BAKARE: Thank you, Your Honor.
16 Good morning. My name is Adeolu Bakare. For
17 the court reporter, that's A-D-E-O-L-U B-A-K-
18 A-R-E. I am counsel for the Philadelphia
19 Large Users Group. As stated by Your Honor,
20 that is a group of industrial and commercial
21 large users in PWD service territory.

22 HEARING OFFICER CHESTNUT: Thank
23 you. Are there any other participants who
24 want to be recognized at this point? Let me

1 just say this. You don't have to call me
2 Your Honor. I know we're all used to it
3 because that's what the situation's been for
4 what, 30-some years, but you really don't
5 have to be so formal.

6 MR. BAKARE: Old habits die hard.
7 Thanks.

8 HEARING OFFICER CHESTNUT: Well,
9 I'm not going to hold it against you, but I
10 just forgot to mention it because, frankly,
11 it does sound so normal, but okay. Are there
12 any preliminary matters then before we get
13 started?

14 MR. DASENT: I don't think so.
15 We'll be referring to hearing exhibits later
16 when the Department has the opportunity to
17 cross-examine Mr. Morgan. But that's -- I
18 think everyone will have that in front of
19 them. We shared it with the, the service
20 list last evening. Thank you.

21 HEARING OFFICER CHESTNUT: I do
22 have one problem in our matter, and it's just
23 to -- I just want to ask all the participants
24 to ensure that your information requests are

1 properly posted on the Rate Board website.
2 We've been having trouble keeping up,
3 frankly, so I just want to be sure that items
4 are posted in the right tab. There's been
5 some overlap of things. So if you have a
6 minute look over your information request and
7 the responses to them and just make sure
8 they're there and that they're posted
9 properly. Okay.

10 I'm not aware of any other
11 preliminary or procedural matters that need
12 to be addressed. Then before we go with the
13 witness portions, I guess before maybe -- I
14 will say this. I was going to ask Mr.
15 Dasent, Mr. Ballenger, if you could stipulate
16 to authenticity?

17 MR. DASENT: Yes.

18 MR. BALLENGER: Yes.

19 HEARING OFFICER CHESTNUT: Okay.

20 So I guess we'll go to the first panel of
21 witnesses, which are your folks, Mr. Dasent.

22 MR. DASENT: Yeah. Thank you,
23 Judge Chestnut. I was going to say "Your
24 Honor", again. We've proffered in this case

1 the TAP filing and our rebuttal testimony,
2 and the witnesses that support both are
3 presented today for cross-examination. They
4 include Jon Davis, Henrietta Locklear, and
5 Jennifer Tavantzis, from Raftelis Financial
6 Consultants. And from Black & Veatch
7 Management Consulting, we have Dave Jagt and
8 Brian Merritt, and they are proffered for
9 cross-examination.

10 Let me inquire first as to whether
11 they have any additions or corrections to
12 their testimony. And that's all I can think
13 of prior to their cross-examination. Let me
14 direct it to Jon Davis, if he's here, or
15 Henrietta, someone on the Raftelis panel.
16 Please confirm that there are no additions or
17 corrections to your testimony.

18 MR. DAVIS: Confirmed. There are
19 none.

20 MR. DASENT: Great. Thank you.
21 The witnesses are proffered then for cross-
22 examination. Thank you.

23 HEARING OFFICER CHESTNUT: Mr.
24 Ballenger?

1 MR. BALLENGER: Yes. Okay. Great.

2 Thank you, Andre, and to the witnesses, in
3 advance. Want to start with the rebuttal
4 statement that PWD filed. And we're actually
5 going to start fairly far into that document.
6 I'd like to start at page 16, if you could
7 get that in front of you, please.

8 HEARING OFFICER CHESTNUT: It's
9 going to take me a minute to get that, so
10 hold on.

11 MR. BALLENGER: No problem.

12 HEARING OFFICER CHESTNUT: Page 16?

13 MR. BALLENGER: Yes.

14 HEARING OFFICER CHESTNUT: Okay.

15 MR. BALLENGER: Great. Thank you.

16 MR. BALLENGER: So, on page 16 of
17 the rebuttal statement, there's a chart that
18 shows three calculations of the TAP-R factors
19 that could potentially be used to set TAP-R
20 rates. Are you seeing that chart in the
21 testimony? Suppose I'm asking, Mr. Davis.
22 I'm not sure.

23 MS. LOCKLEAR: Yes, we see it.

24 MR. BALLENGER: Or Ms. Locklear.

1 Thank you. Thank you.

2 - - -

3 EXAMINATION

4 - - -

5 BY MR. BALLENGER:

6 Q. And what this chart basically shows --
7 (clears throat) excuse me -- the factors as filed
8 originally in this case by the Department, the
9 factors that were included in Mr. Morgan's
10 testimony, and then a third column to the right,
11 that's designated as BV6. Is that correct?

12 A. That's correct.

13 Q. And if I understand the presentation
14 here, the data that you show in column BV6 is
15 included in your rebuttal statement, is presented
16 to show that, in fact, your belief is that even
17 higher TAP-R rates than what PWD asked for in this
18 proceeding would be supportable based on the data.
19 Is that correct?

20 A. Yes, based on the projections in RFC, I
21 believe it's four, which also accompanied this
22 rebuttal statement.

23 Q. Okay. And in the lines following the
24 table, starting between line 17 and 18 there,

1 there's a statement, and it says, "As shown in the
2 preceding table, it is clear that the Water
3 Department's overall request set forth in Schedule
4 BV6 is reasonable as it is in line with the actual
5 data." Is that a correct statement from your
6 testimony?

7 A. Yes, it reflects updated data through
8 March of 2025.

9 Q. Okay. And that data wasn't included in
10 either the advance or the formal notices. Was it?

11 A. It was not. It was provided during
12 discovery.

13 Q. So could you clarify for me, is PWD, on
14 the basis of its rebuttal testimony, now amending
15 its request for TAP rates?

16 MR. DASENT: Objection. I'm not
17 sure the witnesses sort of make that
18 determination so much as the Department. And
19 the Department has deemed that the testimony
20 shown the most updated -- based on the most
21 updated data shown in BV6 and RFC Schedule 4,
22 that that is a reasonable bound for our
23 proposal, and the initial filing represents
24 the sort of the lowest edge of the zone of

1 reasonableness.

2 We think all of that is reasonable,
3 and we provided it in response to discovery,
4 and it's a reconciliation, not a rate case.

5 HEARING OFFICER CHESTNUT: Well --

6 MR. BALLENGER: I mean, I think
7 this probably is a better discussion for
8 counsel than for witnesses, but please
9 recognize that we've been working on this
10 case since February 18th, and the rates that
11 are depicted in this rebuttal testimony are
12 in excess of what PWD saw in both its advance
13 and its formal notice. I think there's no
14 dispute about that. Would you agree?

15 MR. DASENT: Yeah, no dispute about
16 that, except the timeline for the
17 availability of data that we provide timely,
18 was to take it through March, which was the
19 request of the parties. And we've done this
20 before, incidentally. If you look at the
21 record of the last proceeding, we filed the
22 same testimony, the same data, at a later
23 date when it became available, and it
24 informed us as to where we should be in terms

1 of reconciliation. The actual numbers are
2 driven -- or the reconciliation is driven by
3 actual numbers.

4 MR. BALLENGER: And I'll just
5 respond that I think there's a difference
6 when the Department utilizes that data to
7 request an amount in excess of what it has
8 filed and put forward in the case. So I'll
9 just stop there and we can move on with some
10 of the rebuttal.

11 HEARING OFFICER CHESTNUT: Just
12 move on, but I think at some point, and maybe
13 this isn't the appropriate place and time,
14 the Department is going to have to decide
15 what it is they are actually asking for in
16 this case. Is it what was requested in the
17 formal notice, or has it been revised because
18 of the additional actual data?

19 And I will say that this -- I mean,
20 just given the nature of the case, this is
21 going to happen every time, isn't it? I know
22 this happened last time where there was
23 additional actual data, which changed things.
24 So I think it's not appropriate to maybe push

1 Mr. Dasent to give a yes or no. But I think
2 it's something to keep in mind, because if --

3 MR. DASENT: Yeah. And --

4 HEARING OFFICER CHESTNUT: --
5 because if it gets to the point where their
6 decision has to be made, then that we have to
7 know what it is is being requested here. But
8 I don't think there's any dispute about what
9 happened, which was that the advance notice
10 was filed, the formal notice was filed, based
11 on the available data at that time, that
12 there's been additional data which changes
13 perhaps what the Department might have filed,
14 and how they filed now, so.

15 MR. DASENT: All correct, Your
16 Honor. And we think it informs the
17 discussion that can happen offline, as we
18 traditionally done, which is to try to find a
19 settlement whether it's before or after the
20 hearing.

21 HEARING OFFICER CHESTNUT: That's
22 fine.

23 BY MR. BALLENGER:

24 Q. Thank you. Well, I'll move on. I think

1 I've made my position clear. If we could just
2 flip the page and go to page 17 of the rebuttal.
3 And I just want to make sure I understand
4 correctly. So please confirm that. Basically
5 what I understand your testimony to be is that you
6 generally agree with Mr. Morgan's recommendation
7 to utilize the water and wastewater cost
8 allocation determinations in the ongoing base rate
9 proceeding for purposes of the C factor in the
10 TAP-R. Is that correct?

11 A. That's correct.

12 Q. And just for the record, those
13 allocations haven't been set as of yet.

14 A. That's correct.

15 Q. Okay. But just to be clear, if
16 approved, the TAP-R allocation would change
17 essentially one percent. It would go to 43
18 percent allocated to water as opposed to 42
19 percent and 57 to sewer, as opposed to 58.
20 Correct?

21 A. Subject to check. I don't have the
22 numbers right in front of me, but yeah, subject to
23 check.

24 Q. It's a minor change. But --

1 A. Yeah.

2 Q. -- in as far as you're aware, sitting
3 here today, there's no controversy in the base
4 rate proceeding regarding the proposed allocation,
5 is there?

6 A. As far as I know.

7 Q. Okay. Thank you.

8 - - -

9 EXAMINATION

10 - - -

11 BY MR. BALLENGER:

12 Q. Again, turning the page -- this time
13 we'll turn two pages to page 19. And I just
14 wanted to touch on your testimony regarding the
15 collection factor determinations. And starting at
16 line -- there's a sentence starting at line 14
17 that reads, "The Department accepts this
18 simplified approach for reconciliation purposes,
19 but maintains its position that revenue
20 adjustments to base rate revenues for TAP-R
21 billings is unmerited in light of the
22 overstatement of collection of TAP-R billings
23 represented and the TAP-R reconciliations." Is
24 that a correct reading of your testimony?

1 A. That's correct.

2 Q. And it's kind of a mouthful, but I just
3 wanted to make sure that we're all clear here
4 today that there is nothing in this proceeding
5 regarding the TAP-R that has any bearing on the
6 revenue adjustment to base rates. Am I correct?

7 A. Can you repeat your question?

8 Q. There is nothing in this TAP-R
9 reconciliation proceeding that affects your
10 testimony here, the statement you've made about
11 revenue adjustments to base rates. That's not an
12 issue in this proceeding, is it?

13 A. No, that's just a factual statement
14 regarding the revenues estimated.

15 Q. And you're referring really to a point
16 of controversy that's in the base rate proceeding,
17 this portion of your rebuttal testimony, is that
18 correct?

19 A. Correct, but it's -- they're correlated.
20 They're related.

21 Q. And I just want to make sure that's
22 clear for purposes of the record, that there is no
23 action to be taken in this TAP-R proceeding
24 regarding a base rate revenue adjustment.

1 A. If that's where --

2 MR. DASENT: That may be a -- that
3 may be a legal question. I see the factual
4 correlation between issues that are raised in
5 both proceedings, but as a legal matter, I
6 think you're right, Mr. Ballenger.

7 BY MR. BALLENGER:

8 Q. But sort of more generally, and
9 discussing collection factors, you would agree
10 that portions of the TAP-R rates charged in 2022
11 were recovered in 2023, wouldn't you? I think
12 that's consistent with your testimony.

13 A. Yeah, you just have to be careful how
14 you say it. Say it again so I can make sure it's
15 correct?

16 Q. Portions of the TAP-R rates that were
17 billed in 2022 were collected in 2023.

18 A. That's correct.

19 Q. And a portion of them that were billed
20 in 2022 were also collected in 2024, correct?

21 A. That's correct.

22 Q. So, for purposes of setting rates for a
23 future period, you agree to accept the most recent
24 collection factors in this proceeding.

1 A. Yeah, I thought --

2 MR. MERRITT: Are you referring to
3 the reconciliation in the future?

4 MR. BALLENGER: I'm referring to
5 the TAP-R reconciliation that we're involved
6 in right now. I'm referring to setting the
7 rates for the next rate period.

8 MR. MERRITT: Yes.

9 MR. BALLENGER: You're agreeing to
10 utilize the collection factors that are based
11 on overall historical collections that have
12 been discussed in the base rate proceeding,
13 but they're also the subject of Mr. Morgan's
14 testimony in your rebuttal.

15 MR. DASENT: There are a few
16 questions in there.

17 MR. MERRITT: It depends on the
18 context of which factor those -- the
19 collection factor is being applied.

20 MR. JAGT: That's correct.

21 MR. MERRITT: Collection factors
22 applied in the context of the E factor in
23 this proceeding. And I think in our
24 testimony -- in our rebuttal testimony, we

1 stated that the, the collection factors
2 utilized and, and offered in the base rate
3 proceeding would be used in future
4 reconciliations once that -- you know, those
5 changes to the TAP-R Rate Rider go into
6 effect if approved by the, the Board under
7 that separate proceeding.

8 MR. BALLENGER: I see. Thank you.
9 That's helpful, to clarify. Okay. I'd like
10 to just pivot to schedules RFC 4 and RFC 3.
11 I'll start with RFC 4 since it's attached to
12 the rebuttal testimony. And I'm just going
13 to scroll to what appears in the rebuttal as
14 page 6, RFC page 6 of 22. If you could let
15 me know when you're there.

16 HEARING OFFICER CHESTNUT: Okay.

17 - - -

18 EXAMINATION

19 - - -

20 BY MR. BALLENGER:

21 Q. Okay. And I just want to sort of look
22 at this data together a little bit and see if we
23 see the same thing. So in the row -- there's a
24 row that's labeled "Total participants". And in

1 that row, just reading across the information
2 provided, we see there were 56,430 participants in
3 November. Correct?

4 A. 340.

5 Q. I'm sorry, I juxtaposed the numbers.
6 You're absolutely right. 56,340. And then in
7 December, there were -- I'll try to get this one
8 right -- 60,300. Correct?

9 A. That's correct.

10 Q. In January, 59,037.

11 A. That's correct.

12 Q. Right? Thank you. And then, finally,
13 in March, 64,283. Is that right?

14 A. That's correct.

15 Q. Okay. And just going down a row there
16 to where it's labeled "Total discounts", in
17 November of 2024, we see just under \$3 million in
18 total discounts. Is that right?

19 A. That's correct.

20 Q. Nearly 3.2 million in December, is that
21 also right?

22 A. That's correct.

23 Q. And we have more than 3.6 million in
24 January, right?

1 A. Correct.

2 Q. Just under 3 million in February?

3 A. Yes, that's correct.

4 Q. And then nearly 3.1 million in March,
5 right?

6 A. Correct.

7 Q. And just quickly comparing January and
8 March, you would agree, I hope, that TAP
9 participation was almost 4,000 higher in March
10 than it was in January. Is that right?

11 A. That's correct.

12 Q. And at the same time, again, looking at
13 January compared to March, would you also agree
14 that TAP discounts were more than half a million
15 dollars less, closer to 550,000?

16 A. Yes. In January, the TAP discounts were
17 3.6 -- a little over 3.6 million, and in March
18 they were not quite 3.1 million, as we discussed.

19 Q. Thank you. So, just looking at this
20 data, what I see, and I'm going to ask you whether
21 you agree, is that even in a month with higher TAP
22 participation, that doesn't mean that the
23 aggregate discounts or the, the total amount of
24 the discounts provided in that month would

1 necessarily be higher. Would you agree with that
2 observation?

3 A. That's correct.

4 MR. DASENT: Could you repeat that
5 question?

6 MS. LOCKLEAR: Oh, go ahead.

7 MR. BALLENGER: I'm just --

8 MR. DASENT: Just like him to
9 repeat the question.

10 MS. LOCKLEAR: Okay.

11 MR. BALLENGER: Sure.

12 BY MR. BALLENGER:

13 Q. So the question was essentially that
14 even in a month with higher TAP participation,
15 that doesn't necessarily mean the sum of TAP
16 discounts will be higher, correct?

17 A. That's correct. That's shown in the
18 data.

19 Q. Have you had a chance to calculate the
20 average discount for the month of March?

21 A. Yes.

22 Q. Would you agree, subject to check, that
23 the average discount for March of 2025 was \$47.99?

24 A. Yes. Sorry, I was on mute. That's

1 correct.

2 Q. Right. I saw you come off mute, Jen.

3 Thank you. And in contrast, again, subject to

4 check, would you also agree that the average

5 discount for the month of January based on the

6 numbers in RFC 4, was \$60.29?

7 A. That's correct.

8 Q. Thank you. So, on average, the -- well,

9 I guess it's on average. But basically comparing

10 January to March, you would agree that the average

11 discount provided to TAP participants can be \$10

12 or more different from month to month?

13 A. Yes, that is what we see in the data.

14 Q. I'd like to kind of flip back and forth

15 between RFC 3 and RFC 4, so we'll maybe take our

16 time. I only have a few questions, so hopefully

17 this won't be too difficult. So if we could look

18 at RFC 3 -- and as I look at this, I'm starting on

19 the page -- it's actually in the advance notice,

20 it is labeled, at the bottom, "PDF page 78 of 94".

21 If you're actually looking at what page

22 it would be counting consecutively from the first

23 page of the filing, it would show up as page 83 in

24 the bottom of a PDF software. But please let me

1 know when you're there. Again, it's RFC 3, page
2 is labeled "PDF page 78 of 94". And actually I'm
3 just going to -- that's where the exhibit --
4 that's where RFC 3 begins. Or actually it's not.
5 Please bear with me just one second.

6 I'm scrolling through -- can we go to
7 the page that's labeled "PDF page 80 of 94"? It's
8 just two pages down from where I just referenced.

9 HEARING OFFICER CHESTNUT: Are you
10 going to be comparing that to another
11 document?

12 MR. BALLENGER: Yeah, we're going
13 to compare the numbers in RFC 3 with the
14 numbers in RFC 4. Just a couple of
15 comparisons, for illustration purposes.

16 MR. DASENT: When I look at RFC 3,
17 there's a lot of tabs. Which one are we
18 looking at? The projections?

19 MR. BALLENGER: Yeah, I'm looking
20 at -- we'll start with the month of November
21 2024 that appears on PDF page 80 of 94.
22 Please just let me know when you're there.

23 MS. LOCKLEAR: I'm there.

24 BY MR. BALLENGER:

1 Q. Thank you. Okay. So again, looking at
2 the row labeled "Total participants" and for the
3 month of November 2024, at the time PWD filed its
4 advance notice, the total number of TAP
5 participants was identified as 56,464. Isn't that
6 correct?

7 A. Yes, that's what's shown in RFC 3. Yes.

8 Q. And then if we look at the
9 same month in RFC 4, the total participants
10 for November 2024 -- and you just corrected
11 me on this, so I'm going to get it right this
12 time -- the total number of participants that
13 you show is 56,340. Isn't that correct?

14 A. Yes, that's correct.

15 Q. Okay. So going back to RFC 3 and going
16 to the preceding page, this would be page labeled
17 "79 of 94". Looking at the October level of
18 participants, your filing identifies 60,225, isn't
19 that correct?

20 A. Yes.

21 Q. And then again, in contrast -- and this
22 is the last time we'll flip back and forth -- in
23 contrast, RFC 4 identifies 60,118 TAP participants
24 for October '24. Right?

1 A. Let me just flip back.

2 MR. DASENT: 60,000 -- give me the
3 number again?

4 MR. BALLENGER: 118.

5 MS. LOCKLEAR: Yes, that's correct.

6 BY MR. BALLENGER:

7 Q. Okay. And I think we've talked about
8 this in the past, but I'm not sure we've ever
9 brought it out, at least on the record. But I
10 think we could go through some more examples. But
11 suffice it to say that -- my understanding, I'd
12 like to ask if I'm correct about this, is that
13 each time you retrieve TAP participant data from
14 the billing system, there are some differences in
15 past months from what you've previously seen. Is
16 that correct?

17 A. Yes, that's correct.

18 Q. And would you agree, subject to check,
19 that the differences are typically higher in more
20 recent months than they are in older months?

21 MR. DASENT: If you know.

22 MS. LOCKLEAR: Are you saying that
23 if I compare -- well, maybe you could restate
24 your question.

1 BY MR. BALLENGER:

2 Q. Yeah. Well, I think what we've just
3 done by looking at two months is we've shown
4 there's a certain level of difference between the
5 data in November of 2024, and that that difference
6 is actually higher than the difference in the data
7 from October 2024. Do you agree with that?

8 A. Yeah. In general, the more recent
9 months will show more movement. You're correct.

10 Q. Thank you. I think I'm done with RFC 4
11 and RFC 3. I'd like to just turn to the response
12 to the discovery and it's PA TAP Set 3. If you
13 could get that in front of you, and just please
14 let me know when you're ready. I actually have to
15 give it in front of me -- to get it in front of me
16 too, so. Have just a couple of questions and I
17 think we'll be able to wrap in 5 or 10 minutes.

18 A. Okay. Discovery Set 3.

19 Q. Yes.

20 HEARING OFFICER CHESTNUT: You're
21 looking to the response to 3?

22 MR. BALLENGER: Yes. Looking at
23 the responses.

24 HEARING OFFICER CHESTNUT: Okay.

1 MR. BALLENGER: We good?

2 MS. LOCKLEAR: I'm ready.

3 BY MR. BALLENGER:

4 Q. Okay. Thank you, Ms. Locklear. Thank
5 you. First of all, just wanted to acknowledge
6 that -- I appreciate that you got these out
7 quickly so that we could talk about them here
8 today. And the information provided was helpful
9 to me. I'd like to turn to PA TAP Set 3, number
10 4. And it starts on PDF page 5 of 6.

11 A. Okay.

12 Q. And just looking at the response to
13 subsection D, you state that the average discount
14 provided to TAP participants from September 2023
15 through August 2024, as shown in Schedule RFC 4,
16 was not \$50.27. Is that correct?

17 A. Correct.

18 Q. And did you calculate what the average
19 discount was for that period?

20 A. We did.

21 Q. Was it, by chance, \$46.62?

22 A. It was.

23 Q. Thank you. Okay. And turning to the
24 next discovery response, in response to PA TAP 3,

1 number 5, would you agree that the data shows that
2 the average TAP discounts are higher during the
3 first six months of the rate period, September
4 through February, than they are during the last
5 six months of the rate period, March through
6 August?

7 MR. DASENT: Could you repeat the
8 question? I'm sorry, I just got a little
9 distracted.

10 BY MR. BALLENGER:

11 Q. Just to give a little background, what
12 this question does effectively is it splits each
13 of the rate periods from September through August
14 into two six-month periods, September through
15 February and then March through August. And what
16 I'm asking is that, in each rate period, do the
17 witnesses agree that the average discount provided
18 in the first six months is higher than the average
19 discount provided in the second six months or the
20 final six months? Is that what the data shows?

21 A. Yes.

22 Q. Okay. And do you have any basis under
23 the data you've examined to conclude that that
24 will not continue to be the case? That the

1 average discount in the first six months of the
2 rate period will not be higher than the average
3 discount provided in the second six months or the
4 final six months of the rate period?

5 MR. DAVIS: Mr. Ballenger, it looks
6 as though the average discount in the second
7 six months of 2023 was higher than the first
8 six months of 2022. Is that your question?
9 It is possible.

10 - - -

11 EXAMINATION

12 - - -

13 BY MR. BALLENGER:

14 Q. No, I'm comparing the first six months
15 and the final six months up each rate period with
16 each other. And so I'm saying that in the first
17 six months of the rate period beginning September
18 2021, the average discount was higher than it was
19 in that same rate period in the last six months.
20 And that that's true in each of the three years
21 that are examined in this interrogatory. And I
22 believe Ms. Locklear agrees with that. So I just
23 want to make sure we're clear on what we're
24 talking about.

1 A. I think we may dispute that it's only
2 appropriate to, to review the first six months of
3 the year versus the second six months of the same
4 year, and not the first six months of any year
5 versus the second six months of any year.

6 Q. And just to be clear, my understanding
7 of the Department's position is that it wants to
8 base the average discount on the first six months
9 and one month, the month of March, that occurs in
10 the second six months of the rate period. Is that
11 correct?

12 A. I think that is correct. And we're
13 looking at both the average and the number of
14 customers or participants.

15 Q. And you don't dispute, in response to PA
16 TAP 3-5, that again, in each single rate year, the
17 average discount in the first six months is higher
18 than the average discount in the second six
19 months? There's no dispute there, is there?

20 MR. DASENT: Well, objection, if
21 you're trying to extrapolate that beyond the
22 data that's provided. If you're saying, for
23 those periods, what do we observe in terms of
24 the data from 2021 through 2024, I think

1 that's the parameters we're talking about.

2 If that's the case, the wording that I've
3 suggested, then the witnesses can answer
4 within those parameters. Not to generalize.

5 MR. BALLENGER: I'm just looking at
6 the actual data here and on an average basis
7 in each rate period. The discounts in the
8 first six months are higher than the
9 discounts in the second six months. Isn't
10 that true?

11 MR. DASENT: For the data
12 presented.

13 MR. BALLENGER: Oh, fine.

14 BY MR. BALLENGER:

15 Q. For the data presented. Isn't that
16 true?

17 A. If you're confining yourself to the same
18 year of analysis, that is true. We're not
19 conceding that that's the appropriate thing to do.

20 Q. Okay. Each of those 12-month periods
21 that we've talked about is in fact a rate period
22 for which the TAP-R rates are effective, are they
23 not?

24 A. Yes.

1 Q. Yes. I'm sorry, I just want to -- you
2 confirmed that, correct?

3 A. Yes.

4 MR. BALLENGER: Thank you. Okay.
5 That seemed a little harder than I think it
6 needed to be, but I think I got to where I
7 need to be. So with that, I thank the
8 witnesses. And I said it would be slight to
9 moderate. I think I lived up to that, so.

10 HEARING OFFICER CHESTNUT: Well, if
11 you do feel like you need extra time, you
12 could have an extra time to complete your
13 cross, but thank you for not wasting time.

14 MR. DASENT: If Your Honor, please,
15 we'd like a moment to confer. Well, I like a
16 moment to confer with my witnesses to see if
17 we have any redirect.

18 HEARING OFFICER CHESTNUT: How
19 about if we take a five-minute break? It's
20 10:04. We'll come back at 10:10.

21 MR. DASENT: Great. Thank you.

22 MR. BALLENGER: Thank you.

23 (Off the record.)

24 MR. DASENT: Okay. Thank you, Your

1 Honor. Going back on the record, my first
2 question deals with the collection factor
3 across that Mr. Ballenger offered earlier.
4 And I'll direct it to Black & Veatch.

5 MR. DASENT: Do you have any
6 further comments with regard to the
7 collection factor and the use of same in this
8 reconciliation proceeding? You're on mute.

9 MR. JAGT: Sorry, I took myself out
10 of camera too. All right. So the -- you
11 know, the point we were making in the
12 testimony is the fact that it's a simpler
13 approach that's used in the TAP-R proceeding
14 or the reconciliation, and the application of
15 the collection factors is simplified down for
16 that reconciliation purpose that we probably
17 apply the cumulative collection factor to the
18 billings to estimate the, the overall -- the
19 TAP-R revenue.

20 MR. DASENT: All right. Thank you,
21 Mr. Jagt.

22 - - -

23 EXAMINATION

24 - - -

1 BY MR. DASENT:

2 Q. Also, with regard to Mr. Ballenger's
3 cross and specifically reference to PA TAP 5, so
4 it was part of a discovery response, set three,
5 question five? And this is directed to RFC. If
6 you compare the first six months of each year or
7 each rate in the rate period, what do you see?

8 A. We see, in the example given, that there
9 are some years where the first rate period is
10 higher than the second and some where the second
11 is higher than the first in other years.

12 Q. Right. Thank you --

13 A. Would indicate to me that it could go
14 either way.

15 Q. Thank you, Mr. Davis. Now, also, during
16 Mr. Ballenger's cross, questions were raised
17 concerning participants and the comparison of RFC
18 3 and 4. What is the significance? And this is
19 for RFC -- this is for Raftelis. What is the
20 significance of differences and participants in
21 RFC 3 in November 2024 versus RFC 4 data reported
22 for November 2024?

23 A. I would say that in, in looking at the,
24 the way those months, in particularly November,

1 were restated, depending on the time that the, the
2 data was pulled, that the, the differences between
3 the original pull and the updated pull were de
4 minimis, that that's what we would expect going
5 forward.

6 We certainly would not expect any, any
7 large changes in the number of participants
8 depending on the time that it was pulled, and
9 certainly would not want to get into that, that
10 line of questioning going forward, because
11 depending on when it's pulled, you would always
12 have some differences and we don't want to get
13 into litigating that in, in this going forward.

14 Q. Just so I'm clear, are those significant
15 differences --

16 A. Oh, no, they're --

17 Q. -- or something else?

18 A. -- they're all very de minimis
19 differences.

20 MR. DASENT: Okay. Now, finally,
21 we've been speaking about the whole
22 reconciliation proceeding and what data to
23 utilize. And isn't it true, though, that
24 reconciliations tied to data through March of

1 the -- in last case it was March 2024, have
2 been used in the past? Isn't that true?
3 This is for Raftelis.

4 MS. LOCKLEAR: Yes. And in fact we
5 provided data through April in the last
6 proceeding.

7 MR. DASENT: Thank you. That's all
8 we have.

9 HEARING OFFICER CHESTNUT: Did you
10 have any recross, Mr. Ballenger, based on the
11 redirect?

12 MR. BALLENGER: Yeah, I do just
13 have a couple of quick questions and I want
14 to make sure that I understood Mr. Davis's
15 point about PA TAP 3, Set 3 number five.

16 - - -

17 EXAMINATION

18 - - -

19 BY MR. BALLENGER:

20 Q. And I think that's where I have a
21 concern, I guess. Was it your testimony then,
22 that if you compared the average discount for the
23 first six months of one rate period with the
24 average discount for the second six months of

1 another rate period, that you would find that the
2 latter exceeded the former?

3 A. The data would indicate there are
4 instances where that is possible and happened.
5 Yes.

6 Q. Okay. And is there an instance that you
7 can point to in the data provided in PA TAP Set 3,
8 number five, in which that was the case?

9 A. Let me pull that up.

10 Q. I think it would be comparing D -- the
11 response to D with the response to A, correct?

12 A. Yes. D191 to 5045.

13 Q. Okay. But you would agree, would you
14 not, that the average discount for the second six
15 months of the rate period described in D was lower
16 than both the average discounts provided in the
17 preceding six months, the first six months of that
18 rate period, and the first six months of the
19 following rate period? Would you not?

20 A. Yes. My testimony was only that it
21 seems possible that it could be higher in the
22 second six months than in the first six months.

23 Q. But you wouldn't propose that we use six
24 months of average discounts from one rate period

1 and six months of average discounts from another
2 rate period to forecast the average discounts for
3 a future 12-month rate period, would you?

4 A. I think your question was whether it is
5 always lower in the second six months than in the
6 first six months. And I, I simply pointed out an
7 instance where I think that logic breaks down a
8 little bit.

9 Q. It doesn't break down within any 12-
10 month rate period that we've discussed, does it?

11 A. I didn't qualify it within a 12-month
12 rate period.

13 Q. But you would agree that that
14 demonstration of a first six months compared to a
15 second six months, that in each 12-month rate
16 period that we've looked at together today, the
17 average discount is lower in the second six
18 months, correct?

19 A. Yes. We have looked at three -- only
20 three rate periods.

21 Q. The most recent three rate periods,
22 correct?

23 A. That is correct.

24 MR. BALLENGER: Thank you. That's

1 all I have.

2 HEARING OFFICER CHESTNUT: Thank
3 you very much. Thank you panel members for
4 appearing. I guess you're all dismissed at
5 this point, unless Mr. Dasent wants you to
6 hang around.

7 MR. DASENT: Well, they can hang
8 around for the cross of Mr. Morgan. They're
9 always insightful when I get started asking
10 questions.

11 HEARING OFFICER CHESTNUT: Okay. I
12 guess at this point -- Mr. Ballenger, I guess
13 it's up to you -- I'm sorry. Have you
14 finished presenting your case, Mr. Dasent?

15 MR. DASENT: Yes.

16 HEARING OFFICER CHESTNUT: Okay.
17 And up to you, Mr. Ballenger.

18 MR. BALLENGER: Yes, thank you. As
19 I mentioned earlier, Mr. Morgan, the Public
20 Advocate's witness in this proceeding has
21 provided his testimony. We've stipulated to
22 its authenticity on the record. And as we
23 continue to proceed through this process and
24 work to hopefully find areas of agreement,

1 Mr. Morgan has been continuing to advise the
2 Public Advocate, and we will continue in that
3 effort after the hearings today.

4 But for the time being, I would
5 like to present Mr. Morgan, make him
6 available for any cross-examination the
7 Department has, within reason, of course.

8 HEARING OFFICER CHESTNUT: Do you
9 have any additions, changes, or corrections
10 to your testimony, Mr. Morgan?

11 MR. MORGAN: No, I don't.

12 MR. BALLENGER: If we could just --
13 I believe there was one discovery response,
14 Mr. Morgan, that we did provide that
15 clarified one issue in your testimony. And
16 let me just find that, maybe you can -- if
17 you find it faster than I do, please jump in,
18 Mr. Morgan.

19 MR. MORGAN: Okay.

20 MR. BALLENGER: I believe it was
21 the Water Department's Set 2 to Mr. Morgan,
22 number 3. And I believe Mr. Morgan provided
23 an errata to his testimony, starting at page
24 11, line 10. And that testimony should now

1 read: "Based upon the foregoing discussion, I
2 recommend the Board reduce PWD's requested
3 water TAP-R rate from \$3.87 to \$2.98 per MCF,
4 and reduce the requested sewer TAP-R rate
5 from \$5.67 per MCF to \$4.37 per MCF."

6 And that is a response that was
7 provided on the record, so it should be
8 available to all the participants.

9 MR. DASENT: Okay. And this was
10 the PA Set 2. I'm just trying to make sure I
11 can track down --

12 MR. BALLENGER: Yes, Set 2, number
13 3.

14 MR. DASENT: Okay. Thank you.

15 MR. BALLENGER: Thank you. And I
16 tender Mr. Morgan for cross-examination.

17 - - -

18 EXAMINATION

19 - - -

20 BY MR. DASENT:

21 Q. Good morning, Mr. Morgan.

22 A. Good morning.

23 Q. It's always good to see you. Let's talk
24 about TAP-R generally. Would you agree that the

1 purpose of this proceeding is to establish TAP-R
2 rates sufficient to cover TAP credits for the next
3 rate period and to reconcile actual and projected
4 TAP-R revenue with TAP credits during the current
5 and prior rate period? Isn't that true?

6 A. That's true.

7 Q. Okay. Now, would you also agree that
8 depending on the actual experience or on actual
9 experience, the rates and charges for the next
10 rate period may be adjusted up or down? That's
11 correct, isn't it?

12 A. That's correct.

13 Q. Okay. Therefore, I take it you agree
14 that this process is driven by the numbers. It's
15 data-driven, and it's about adjusting inputs to
16 the TAP-R formula approved by the Rate Board and
17 stated in Chapter 10 of our rates and charges.
18 Isn't that true?

19 A. That is true. I'm not sure about the
20 chapter, but I'll, I'll accept your --

21 Q. Subject to check, yeah. Thank you.

22 Now, concerning the number of TAP participants, in
23 the initial TAP filing, the Department showed
24 60,827 TAP participants were originally projected

1 for the next rate period. And that was far back
2 in February 2025. Isn't that true?

3 A. That is correct.

4 Q. And it's shown in Schedule RFC 3?

5 A. Yes.

6 Q. And the number of TAP participants
7 increased to 64,283 in March, based upon actual
8 data we present it in response to your discovery.
9 Isn't that true?

10 A. That is correct.

11 Q. Okay. And that's RFC 4. Now, because
12 you requested this data, I'm assuming you wanted
13 the reconciliation to be based upon the most
14 recent information available, consistent with your
15 testimony?

16 A. Is that a question? I'm sorry.

17 Q. Yeah. I'm assuming --

18 A. Yeah.

19 Q. -- that you wanted the information that
20 you requested for a purpose.

21 A. I think the primary purpose was that we
22 looked at the period that PWD used and it was
23 extremely short. We believed that that period,
24 three months, was insufficient, and so we were

1 looking to establish an annual period. Yes.

2 Q. Okay. And similar to the last
3 proceeding, we updated the data and it came in at
4 the end of April, isn't that true?

5 A. Subject to check, yes.

6 Q. And that's for March data. It would
7 available later. Now, your testimony was due
8 April 21st, am I correct?

9 A. That is correct.

10 Q. And the testimony became available to
11 you something like the 28th or 29th of April,
12 isn't that true? Subject to check.

13 MR. BALLENGER: Yeah, I think just
14 to object to the form of the question, I
15 think he said the testimony became available,
16 and I think he --

17 MR. DASENT: No, I'm sorry. The
18 data.

19 MR. BALLENGER: Correct.

20 BY MR. DASENT:

21 Q. The response, the RFC 4 became available
22 to you after your testimony was produced, am I
23 right?

24 A. It was after. I cannot -- I don't

1 recall the exact date.

2 Q. That's fine.

3 A. Yeah.

4 Q. Now, have you updated your
5 recommendations based upon the number of TAP
6 participants shown in RFC 4?

7 A. I have been working on it. I don't have
8 a final number to present to you right now. Yes.

9 Q. So even though it's not to be presented
10 for purposes of technical hearing, we always have
11 discussions that take into account all the data.
12 So it may very well may find its way to inform us
13 in discussing the possibility for a settlement in
14 this case. Am I right?

15 A. You're correct.

16 Q. Okay. And you're guided by actual data,
17 just like we are. That's the whole purpose of
18 this proceeding, correct?

19 A. I, I think the whole purpose of this
20 proceeding is to use accurate actual data. And so
21 I think if, if the point of your question is that
22 I would use updated number if we -- updated
23 numbers if we were working on a settlement, my
24 general response is yes.

1 Q. Thank you. Now, let's talk a little bit
2 about the average TAP discount for participants.
3 With reference to RFC 4, would you agree that the
4 average monthly discount for all TAP participants
5 as shown in that schedule was 5,350? Subject to
6 check.

7 A. What schedule is that again? RFC 4?

8 Q. RFC 4, and the shortcut would be to look
9 at the rebuttal statement at page 12.

10 A. I'll accept that subject to check,
11 rather than searching through my slides.

12 Q. Okay. Thank you. I appreciate that.
13 But you observe in your testimony that a greater
14 number of months of data should be used than is
15 shown in RFC 3, for example, or RFC 4, correct?

16 A. Yes.

17 Q. Okay. So you're looking for 12 months
18 of actual data, and that is what you would like to
19 see consistently applied in this reconciliation,
20 am I right?

21 A. I, I think we -- we've demonstrated that
22 when, when data is, is parsed in such a way that
23 for purposes of, of, of the TAP-R, when you --
24 when you selectively choose one period over the

1 other, it, it can lead to distortions. So we, we
2 ought to look at a, a 12-month period.

3 Q. And 12 months of actual data
4 consistently applied, am I right?

5 A. That's correct.

6 Q. Okay. Now, I take that you'd agree that
7 total TAP discounts in a given month depend upon
8 several independent factors. We talked about this
9 earlier. The number of participants, the income
10 profile of the participants, the usage of the
11 participants, and base rates. Would you agree
12 that's sort of the universe basically we covered?

13 A. Yes.

14 Q. Okay. And the average monthly TAP
15 calculation -- let me strike that.
16 The average monthly TAP discount calculation
17 reflects the base rates in effect during the
18 months used in the calculation. Did I say that
19 right? I think so. Do you agree? I can repeat
20 it --

21 A. I, I --

22 Q. -- if it helps.

23 A. I think --

24 MR. BALLENGER: I would appreciate

1 it if you could run through that one a little
2 slower. Thank you.

3 MR. DASENT: Yeah, yeah, I agree.

4 BY MR. DASENT:

5 Q. To be clear, the average monthly TAP
6 discount calculation reflects the base rates in
7 effect during months used in that calculation. Am
8 I right?

9 A. That's correct.

10 Q. Okay. And in the last base rate
11 increase, when did that become effective?
12 September 1, 2024? Do you recall? Subject to
13 check.

14 A. I -- that sounds correct. Yes.

15 Q. And so your proposal to look back 12
16 months to calculate the TAP discount would include
17 months before September 1, 2024, isn't that true?
18 March to August.

19 A. That's correct.

20 Q. And base rates during that period were
21 lower, am I correct? During that March to August
22 2024, they're lower than they are now after that
23 increase came into effect. That's just a fact,
24 isn't it?

1 A. That's correct.

2 Q. Okay. And so including in your analysis
3 March to August 2024, you're advocating looking
4 back to a period where there were lower base rates
5 in effect, and TAP discounts were affected by
6 those base rates. Isn't that true?

7 A. Yes. But you're, you're, you're
8 assuming that the base rates is the only factor
9 that, that goes into determining the TAP discount.

10 Q. But let me then separate that and say
11 it's one of several factors that affect TAP
12 discounts --

13 A. Correct.

14 Q. -- during that period.

15 A. Right.

16 Q. Okay. Now, Mr. Morgan, in this
17 reconciliation proceeding, the C factor is meant
18 to cover the next rate period, isn't it?

19 A. That's correct.

20 Q. And in this case, the next rate period
21 is September 1, 2025, through August 31st, 2026,
22 correct?

23 A. That's correct.

24 Q. So the actual TAP discounts during this

1 period will be based on a comparison of customer's
2 actual bill based on rates effective September 1,
3 2025, versus their income-based bill, isn't that
4 true? This is for the next rate period.

5 A. I'm, I'm not too sure if I, you know --

6 Q. Okay. Let me try to say it a little
7 more clearly. So the actual TAP discounts during
8 this period, September 1, 2025, through August
9 2026, will be based upon a comparison of a
10 customer's actual bill under rates in effect,
11 September 1, 2025, versus their income-based bill.
12 That's how we determine the discount. It's the
13 difference.

14 A. Yes.

15 Q. Okay. And there is a base increase
16 adjustment request currently before the Rate
17 Board. You're aware of that. You're a
18 participant or you're a consultant. Isn't that
19 true?

20 A. That is true.

21 Q. So there is a potential that base rates
22 could be higher beginning September 1, 2025. Am I
23 right?

24 A. There is that potential.

1 Q. Okay. Now let me refer you to what I
2 circulated last evening, the PWD's Hearing
3 Statement 1. Now, if you look at the table that's
4 presented on that page -- and let me wait to make
5 sure you have it in front of you.

6 A. Yes, I do.

7 Q. Okay. Now, the average discount from
8 September 2024 through March 2025 shown on that
9 table is generally higher than the average for
10 April 2024 through August 2024. Am I correct?

11 A. Yes.

12 Q. And subject to check, for that first
13 period, April 2024 to August 2024, it's
14 approximately \$42.14, if you do the math.

15 MR. BALLENGER: So if I may just
16 interject here an objection, that this is an
17 exhibit that was provided very shortly ago.
18 And I don't believe that Mr. Morgan has
19 independently verified any of the information
20 in this exhibit. So I'm going to request
21 that his responses be interpreted to simply
22 reflect his understanding of what's shown on
23 this exhibit and not whether it is factually
24 correct or mathematically correct.

1 MR. DASENT: And just for the
2 record, the actual data shown there is from
3 Schedule RFC 4, and I eyeballed it to correct
4 it. So the data that we're talking about now
5 and the average TAP discount per participant
6 is as I've described it. But I take that
7 caveat.

8 BY MR. DASENT:

9 Q. So if I look at April 2024 through
10 August 2024, that number is lower. If you average
11 that data, it's approximately \$42, eyeballing it.
12 You could see that. I actually did the
13 calculation. It's \$42.14. That's the average for
14 the second period. Do you agree with that,
15 subject to check, Mr. Morgan? I'm really talking
16 order of magnitude.

17 A. I know. I mean, in what, what this
18 chart shows is that between April and August, the
19 average rate is lower than September to March.

20 Q. That's correct. And we can sort of do
21 the math independently. But the average for one
22 period, the earlier period, April '24 through
23 August '24, is \$42, roughly. And the latter
24 period, September '24 to March 2025, is roughly

1 \$53. Just to put a nail in that or a pin in that.

2 Okay.

3 A. I'll, I'll accept that, subject to
4 check. I, I think what is throwing me off is the
5 description of -- the prior rate period refers to
6 September through August, so it's unclear to me
7 whether this is -- the, the, the rates here are
8 all from the same rate period. When you look at
9 the September -- I mean, the April to August and
10 the September to March. I haven't had the chance
11 to, to verify to see if they're all from the same
12 rate year.

13 Q. Okay. And for the record, it's from the
14 late -- it's the latest data that we have from RFC
15 4.

16 A. Okay.

17 Q. But let me move on. Now, if we do a
18 comparison of TAP-R proposals of participants -- I
19 wanted to discuss that a bit more in the record.
20 Now, please refer to the initial PWD -- I'm sorry,
21 PWD Hearing Exhibit 2 that was provided last
22 night. And it's a one-page exhibit --

23 A. I'm there.

24 Q. -- with five columns of data. Okay.

1 The table shown there presents, among other
2 things, the PWD initial proposal dated February
3 18th, 2025, the Public Advocate's proposal dated
4 April 21st, 2025, when you've submitted your
5 testimony, and the updated PWD proposal dated
6 April 29th, 2025. Do you see that in the various
7 columns?

8 A. Yes.

9 Q. And there's other data there also. Now,
10 historically, we've found the middle ground
11 between our respective proposals, and I hope
12 that's still possible in this case, Mr. Morgan.
13 Do you agree? That's our goal.

14 A. When you say "historically, we have
15 found the ground --"

16 Q. We've settled.

17 A. -- "we" as in -- "we" as in the Public
18 Advocate and who? And the Water Department?

19 Q. That's correct. Thank you.

20 A. We've, we've settled. I'm not sure if
21 it's the middle ground.

22 Q. Okay. You could take that two ways.
23 Now, historically, we found the middle ground.
24 But to arrive at the appropriate middle ground,

1 the data we rely on needs to be as up-to-date as
2 possible. You would agree, from your testimony,
3 with that, correct?

4 A. That's, that's my position, that it
5 should be as up-to-date as possible. What, what
6 I'm seeing here is portions where, for example, my
7 testimony, and what you have in the latter years
8 are -- the periods are different. But in the -- I
9 mean, the latter columns. The periods are
10 different. Yes.

11 Q. But as a general proposition, your whole
12 mantra seems to be "Use 12 months of actual data
13 if it's available. Use a larger universe --"

14 A. If it's available, yes. Yes.

15 Q. Okay. Now, with reference to your
16 testimony and work papers, would you agree you
17 have not updated your analysis -- I think we
18 talked about that earlier -- as of this hearing?
19 And I mean by that, you have not updated the
20 analysis, taking into account available data
21 through March of this year, as of this hearing
22 date?

23 A. That's correct.

24 Q. Okay. Now, again, referring back to

1 Hearing Exhibit 2, this time, column two, am I
2 correct that the information in that column
3 matches your testimony and exhibits? Subject to
4 check.

5 MR. BALLENGER: If I may just --
6 are you referring to the testimony as
7 modified by the errata that was filed?

8 MR. DASENT: No. Thank you. The
9 testimony is filed back in April 21st.

10 MR. MORGAN: Yeah, as, as filed.

11 BY MR. DASENT:

12 Q. Okay. Now, referring to Hearing Exhibit
13 2, column two -- and am I correct that that
14 information then matches your testimony? You've
15 agreed. And am I correct that you have not
16 updated any of the information since March, but
17 quite frankly, except for your discovery response?
18 That's a fair statement, isn't it?

19 A. My discovery response where I, I
20 indicate that it should be changed, yes. I
21 haven't updated -- I haven't presented an update.

22 Q. Okay. Now, if you haven't updated the
23 data from the original -- let me try to make sure
24 I understand -- have you updated the E factor,

1 which is line 7 of your analysis? It's not been
2 updated through March 2025, am I correct? And I
3 turn your attention to column 2, line 7. I've not
4 seen that data, so that's why I'm suggesting that
5 perhaps it hasn't been updated.

6 A. Since I -- since the -- since I received
7 RFC 4, I have not updated the, the data. So, so
8 that will be true for the E factor.

9 Q. How about the I factor? That's line 8.
10 Look same column, two, on --

11 A. That would be true for that.

12 Q. -- (indiscernible) for that too.
13 That'll be true for that as well?

14 A. Yes.

15 Q. Okay. How about the S factor in line
16 10? They were not updated either. Isn't that
17 true?

18 A. That is true.

19 Q. Okay. And if you're doing your analysis
20 today, you would have used updated data because
21 you want all the recent inputs to get that 12-
22 month universe that you're seeking if it's
23 available. Isn't that true?

24 A. If I -- and I'm not sure if I heard

1 correctly. If I were doing the update today, I
2 would use the most recent updated numbers, which
3 would, would capture 12 months.

4 Q. Okay. So returning to your original
5 thesis then, you agree that this process is data-
6 driven. It's driven by the numbers. And
7 adjusting inputs to the TAP-R formula for the next
8 rate period should reflect the best information
9 that we have. That's a fair statement, correct?

10 A. That's the fair statement, yes.

11 Q. Okay. Now, let's talk about where we
12 are with the TAP Rider and recovery today. With
13 reference to PA Statement 1 at page 5, that's your
14 testimony, there's a summary table on page 5, and
15 I want to direct your attention to it. If this
16 was Sunday, I'd say, tell me -- would say "Amen"
17 when you got it.

18 HEARING OFFICER CHESTNUT: Sorry.

19 You said page 5 of his testimony?

20 MR. DASENT: Yes.

21 HEARING OFFICER CHESTNUT: Okay.

22 MR. MORGAN: Yes, I have it.

23 BY MR. DASENT:

24 Q. Okay. Now, that table shows, among

1 other things, the E factor for the TAP-R formula.

2 Am I right?

3 A. That's correct.

4 Q. And the E factor represents experienced
5 estimated over under-recovery collection for TAP
6 credits, correct?

7 A. Correct.

8 Q. Okay. Now, in your table, the dollar
9 amount shown for the E factor is negative. Am I
10 right?

11 A. That's, that's correct. And so is the -
12 -

13 Q. So -- go ahead.

14 A. Go ahead.

15 Q. So would you agree then, that PWD is
16 under recovering under the TAP Rider as shown in
17 that table, based upon the information that was
18 available to you as of April 21st?

19 A. Yes, and I don't think that was
20 disputed.

21 Q. I'm sorry?

22 A. That was not disputed. We, we, we did
23 not dispute that PWD was unrecovered.

24 Q. Okay. And the reason I'm raising it is

1 because your recommended surcharge rate actually
2 goes down. And so I saw a disconnect there, and I
3 wanted to point out to you we're in recovery mode,
4 we're under recovering at this point.

5 A. It goes down when compared to what PWD
6 had proposed.

7 Q. Right. Now, turn your attention to PWD
8 Exhibit 2. We're looking at that before, that
9 one-page exhibit. Isn't it true that your
10 proposal in this proceeding is shown in column
11 two? We confirmed that. Now, it's lower than the
12 --

13 MR. BALLENGER: I'm just going to
14 interject again. This disregards the errata
15 to his testimony, which is on the record in
16 this proceeding.

17 MR. DASENT: I don't think it
18 disregards it, but I think we're talking
19 about --

20 MR. BALLENGER: It doesn't
21 accurately reflect that.

22 MR. DASENT: And we're talking --

23 MR. BALLENGER: The rates that he -

24 -

1 MR. DASENT: I'm talking about the
2 original.

3 MR. BALLENGER: The rates in his
4 testimony -- well, okay.

5 MR. DASENT: It depends what you're
6 talking about. If you're talking about the
7 original testimony and making that clear, I
8 grant you that.

9 MR. BALLENGER: I just want to be
10 clear for what Mr. Morgan's recommendations
11 are. And they've been adjusted in response
12 to discovery by an errata that he identified.
13 So as long as that's clear.

14 BY MR. DASENT:

15 Q. Okay. Let's start again. Turning your
16 attention to PWD Hearing Exhibit 2, isn't it clear
17 that your proposal in this proceeding is shown in
18 -- your original proposal in this proceeding is
19 shown in column two, and it's --

20 A. That's correct. As, as filed.

21 Q. And it's lower -- yeah. And it's lower
22 than the settlement in the 2024 proceeding, isn't
23 that true? That's shown in column one. Look at
24 the first two lines --

1 A. Yes, yes.

2 Q. -- 1 and 2.

3 A. But again --

4 Q. Yeah. It's lower. Okay.

5 A. Again, the, the -- those numbers have
6 not been updated, so I don't know, at this point,
7 if, if it's fair to say that those are the numbers
8 and that those numbers are less than what was
9 settled in, in the 2024 proceeding. I think it,
10 it, it distorts the, the true picture.

11 Q. Okay. But I'm showing a progression.
12 And the progression is, in the beginning, it
13 didn't seem like there was a recognition that we
14 were at under recovery mode. That was one. And
15 two, that you're lower than your proposal
16 originally. It was lower than the settlement in
17 the last case. So I'm seeing a disconnect there
18 and I'm pointing it out to you. And it seems
19 like, just factually, you have to admit it's going
20 down.

21 Your proposal is lower than the
22 settlement rates in the last case, as originally
23 as files.

24 A. As originally filed, the numbers show

1 that. And part of the reason that those numbers
2 are, are reflecting that is that we sought
3 additional information from PWD and did not get
4 those data. So we used the best data available at
5 the time.

6 Q. I see. Okay. And you'll concede then,
7 using more updated data through March 2025, which
8 you haven't gotten to yet, as I understand it,
9 will inform you in terms of where your position
10 might be if it was based upon the fullest amount
11 of actual data available, consistent with your
12 proposal to use 12 months. Isn't that true?

13 A. That's true.

14 MR. BALLENGER: I would just object
15 to the form of the question. I think we're
16 here after the close of testimony, right?
17 Mr. Morgan does not have an opportunity to
18 submit additional testimony. And we'll get
19 into that on rejoinder if we have to.

20 MR. DASENT: Fair enough.

21 BY MR. DASENT:

22 Q. Now, if I Look at column three of PWD
23 Hearing Exhibit 2, which is sort of updated
24 actuals, would you agree that based upon a

1 consistent use of 12 months of actual data, it
2 would yield a monthly average participant level
3 higher than the projection in your original
4 testimony? Isn't that true, subject to check?

5 A. That is what the data shows.

6 Q. Now, looking at column three again, of
7 Hearing Exhibit 2, based upon a consistent use of
8 the most recent 12 months' actual data, there's
9 showing a higher monthly average TAP discount
10 rate. Isn't that true based upon the data shown
11 there?

12 A. Yes.

13 Q. Okay. And the TAP-R surcharge rate in
14 column 3 of PWD Hearing Exhibit 2, again based
15 upon the consistent use of 12 months of data, is
16 also higher than your recommendation in your
17 original filing. Isn't that true?

18 A. That's the fourth column, correct?

19 Q. I'm looking at the third column,
20 "Updated actuals".

21 A. Yes.

22 Q. Okay. Now, am I correct in assuming
23 that your recommendation in this case is that all
24 factors in the formula -- and I mean by that, C,

1 E, I, S -- need to be updated based upon the most
2 recent data available? That's what we've been
3 saying over and over. Isn't that true?

4 A. That is true, and it, it should be the
5 12-month data.

6 Q. And it should be consistently applied?

7 A. Yes.

8 MR. DASENT: Okay. All right.

9 Basically, that's it, Mr. Morgan. I thank
10 you again.

11 HEARING OFFICER CHESTNUT: I do
12 have a question. When you say "consistently
13 applied", do you mean from rate period to
14 rate period or within the factors that
15 develop this particular?

16 MR. DASENT: I was talking about
17 the factors used to develop the
18 reconciliation in this case. So we're all
19 using apples-to-apples comparison and we're
20 using the full 12 months consistent with at
21 least for Mr. Morgan's proposal. And so that
22 the Rate Board knows what they're looking at,
23 it should be consistently applied.

24 BY MR. DASENT:

1 Q. And Mr. Morgan, you agree with that?

2 A. I agree that the, the most recent data
3 should be consistently applied.

4 MR. DASENT: Thank you so much.
5 That's all we have.

6 HEARING OFFICER CHESTNUT: Did you
7 want to break at this point, Mr. Ballenger?

8 MR. BALLENGER: Yeah, I think --

9 HEARING OFFICER CHESTNUT:
10 (indiscernible).

11 MR. BALLENGER: I could use a --
12 yeah, I could use a few minutes to speak with
13 Mr. Morgan offline.

14 HEARING OFFICER CHESTNUT: How
15 about if we resume at 11:05? (indiscernible)
16 --

17 MR. BALLENGER: Perfect.

18 HEARING OFFICER CHESTNUT: -- for
19 you?

20 MR. BALLENGER: Yeah, that should
21 do just right.

22 HEARING OFFICER CHESTNUT: Okay.

23 MR. BALLENGER: Thank you.

24 HEARING OFFICER CHESTNUT: We'll

1 take a break.

2 (Off the record.)

3 HEARING OFFICER CHESTNUT: Okay.

4 Thank you. Mr. Ballenger?

5 MR. BALLENGER: Thank you.

6 - - -

7 EXAMINATION

8 - - -

9 BY MR. BALLENGER:

10 Q. Mr. Morgan, I just have a couple of
11 follow-up questions from the cross-examination
12 that Mr. Dasent just did. Mr. Dasent asked you
13 about the March 2025 TAP participation level. I
14 believe it's 64,283. Do you think that's a
15 representative number to use for purposes of
16 calculating the TAP-R?

17 A. No, because during that period, the, the
18 Water Department experienced perhaps the single
19 highest period of enrollment. So that -- that's
20 not representative.

21 Q. Do you believe there's any disagreement
22 here as to whether participation fluctuates from
23 month to month?

24 A. As you can see from the data that, that

1 you discussed earlier, from month to month,
2 participation fluctuates, and even PWD's own data
3 shows that.

4 Q. Mr. Dasent asked you a few questions
5 about PWD base rates and their impact on TAP. Are
6 base rates the only relevant factor to consider in
7 this proceeding?

8 A. No, it's not the only factor. In fact,
9 I, I recall in the most recent data response, PWD
10 itself said that, that TAP discounts is driven by
11 a number of factors -- independent factors, and,
12 and -- number of participants, the income profile,
13 among others. So it's not just base rates.

14 Q. And Mr. Dasent also asked you
15 a few questions about whether you had updated
16 your recommendations in this proceeding. And
17 I just wanted to ask you just to comment on
18 the extent of your ability to update your
19 recommendations in this proceeding.

20 A. Yes. And I, I, I think in my -- in my
21 response to him, I indicated that I had been
22 working on it but had not done that. And the
23 reason for that is primarily because there is not
24 an opportunity for me to either provide rebuttal

1 testimony or surrebuttal testimony. And as such,
2 the -- there was no opportunity to present those
3 numbers. So it wasn't out of neglect that I
4 didn't do it, but it's because there wasn't a
5 vehicle to present those numbers.

6 Q. So you wouldn't think that it would --
7 well, how would you respond if someone criticized
8 you for not updating your information in this
9 proceeding?

10 A. I don't think it's fair and I don't
11 think it's valid because of the lack of an
12 opportunity to, to present it.

13 Q. I think that's all I had. Do you have
14 any other comments that you would like to make at
15 this time, Mr. Morgan?

16 A. No. I, I think one of the things that
17 Mr. Dasent mentioned was that -- the whole idea of
18 consistency. And when you look at just this
19 filing alone, PWD itself has not been consistent
20 in terms of coming up with the number of
21 participants. They use three months -- only three
22 months of data to come up with the average number
23 of participants during the rate period. And when
24 you go back and look at their, their filings, I do

1 not recall an instance where they've done
2 something similar to that. So PWD itself has not
3 been consistent.

4 MR. BALLENGER: Thank you, Mr.
5 Morgan.

6 HEARING OFFICER CHESTNUT: Mr.
7 Dasent, any recross based on the redirect?

8 MR. DASENT: Yeah, I think we may
9 have a couple of questions. If you'll give
10 me the opportunity, I'll have a sidebar with
11 my client.

12 HEARING OFFICER CHESTNUT: Sure.

13 MR. DASENT: All right. Thank you.
14 For five minutes? Probably not that long.

15 HEARING OFFICER CHESTNUT: Okay.
16 Make it quick.

17 MR. DASENT: Yes. Thank you.

18 (Sidebar discussion.)

19 HEARING OFFICER CHESTNUT: Okay.
20 Are you ready to resume?

21 MR. DASENT: Yes. Thank you, Judge
22 Chestnut.

23 Mr. Morgan -- I'm sorry. Mr.
24 Morgan mentioned -- I'm going to direct this

1 question to Raftelis.

2 Mr. Morgan mentioned that the March
3 numbers at 64,283, that he saw as an outlier.
4 Can you comment on this?

5 MR. BALLENGER: I would just object
6 again to the form of the question. I don't
7 believe he ever said "outlier".

8 MR. DASENT: I don't think he used
9 the word outlier, but he said that that
10 number may not be representative of the
11 future.

12 MR. BALLENGER: Fair enough.

13 MR. DASENT: Okay. And Henrietta,
14 if you would, can subsequent months even be
15 higher?

16 MS. LOCKLEAR: Yes, they could.
17 And we acknowledged that actually already in
18 our rebuttal, in our response to question 9
19 on page 6, with acknowledgment that the City
20 continues to enroll participants -- customers
21 as a result of the idea, pre-qualification
22 process.

23 MR. DASENT: Thank you. Now, also
24 I might mention in closing that Mr. Morgan

1 mentioned that, or was observing that there
2 was some criticism concerning updating the
3 model and the timeliness of doing it. And I
4 just wanted to make sure the record reflects
5 we are not criticizing Mr. Morgan. We
6 understand, given the calendar and the
7 sequence of events, that the data that he
8 received that was updated post-dated his
9 testimony.

10 So it's not a criticism so much as
11 a statement of fact in terms of the timeline
12 that information was presented, and we'll
13 leave it there. It's not a criticism was my
14 point. Thank you so much. That's all we
15 have.

16 HEARING OFFICER CHESTNUT: I assume
17 that concludes the witness presentation
18 portion of this technical hearing. So let's
19 talk about the schedule hereafter.

20 Pursuant to the schedule that was
21 contained in the pre-hearing order, your
22 settlement petition or main briefs are due on
23 or before May 19th. And as always, please,
24 if you can provide a copy in Word. The

1 schedule provides that objections to a
2 settlement petition, if one is filed. Or if
3 you wish to file a reply brief, if there is
4 no settlement, that would be due on May 23rd.

5 I'll try to have my hearing report
6 issued by June 18th and any exceptions will
7 be due June 25th. And I said in the pre-
8 hearing order unless otherwise indicated.
9 And what that means is if I am able to get my
10 report out earlier, then the exception date
11 will move up accordingly. Because really the
12 objective is to have the Rate Board have
13 available as much time as possible for its
14 consideration.

15 Now, speaking of the Rate Board,
16 the Rate Board will consider my rate report
17 and the positions of the parties at its
18 meeting on July 16th with final adoption of
19 whatever rate determination they choose to --
20 well, whatever the rate determination is on
21 July 23rd.

22 Does everybody understand that or
23 have a comment or a question or are we good
24 on that?

1 MR. DASENT: We're good.

2 MR. BALLENGER: Yeah,
3 (indiscernible).

4 HEARING OFFICER CHESTNUT: Well, I
5 want to say then that we will adjourn this
6 hearing. We do not need -- we do not need to
7 continue it tomorrow. I want to thank both
8 of you for being efficient and I hope you can
9 use this extra time today and tomorrow for a
10 productive discussion.

11 Anything you wish to say, Mr.
12 Dasent, at this point?

13 MR. DASENT: Nothing further, but
14 I'll be texting Rob, try to set up a call.

15 HEARING OFFICER CHESTNUT: Okay.
16 And Mr. Ballenger, anything from you?

17 MR. BALLENGER: No, just thank you,
18 Judge. Thank you, Deland. And I look
19 forward to hopefully having some productive
20 discussions with Mr. Dasent.

21 HEARING OFFICER CHESTNUT: Oh, one
22 thing I did forget to mention is I think that
23 -- I should check this, but really, I think
24 at this point we have a three-day turnaround

1 for the transcript.

2 MR. BALLENGER: Okay. Good.

3 MR. DASENT: That's fine.

4 HEARING OFFICER CHESTNUT: Yeah,
5 that's, Dan's area, and I'll check to make
6 sure that's what it is. But I'm pretty sure
7 it is a three-day. But yeah, I can't think
8 of anything except to thank witnesses for
9 making yourself available and answering
10 questions without going on and on and on. So
11 okay. I look forward to seeing you, I guess,
12 perhaps at the next Rate Board meeting next
13 week. Is that next week? And then
14 thereafter at the general rate proceeding
15 hearings in May 20th through the 23rd. 20th
16 being a further pre-hearing conference and
17 witness presentations on the 21st to the
18 23rd. Okay? And again, if you have a
19 chance, check your information requests and
20 responses to make sure everything is posted
21 properly.

22 MR. DASENT: Will do.

23 HEARING OFFICER CHESTNUT: And be
24 aware there is a delay sometimes because of

1 the people who are involved. Okay? All
2 right. Well, thank you very much. Enjoy the
3 rest of your day.

4 MR. DASENT: Great. Thank you.

5 MR. BALLENGER: Thank you.

6 (Proceedings concluded at 11:27 a.m.)

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1 CERTIFICATE OF DIGITAL REPORTER

2

3 I, TONYA BULLOCK, a Digital Reporter and RON
4 Notary Public within and for the State of
5 Pennsylvania, do hereby certify:

6

7 That the foregoing proceeding hereinbefore
8 set forth was accurately captured with annotations
9 by me during the proceeding.

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11 I further certify that I am not related to
12 any of the parties to this action by blood or
13 marriage, and that I am in no way interested in
14 the outcome of this matter.

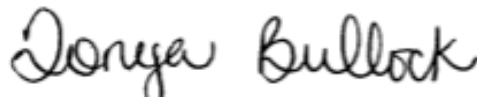
15

16 IN WITNESS THEREOF, I have hereunto set my
17 hand this 8th day of May, 2025.

18

19

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23

24

Tonya Bullock, Notary
Notary Commission RON/FL HH 466374
Commission Expires: December 4, 2027