



May 27, 2026

Hearing Officer Kathryn Sophy
Philadelphia Water, Sewer and Storm Water Rate Board
c/o Philadelphia Law Department
1515 Arch St., 17th Fl.
Philadelphia, PA 19102

RE: Philadelphia Water Department 2026 TAP-R Reconciliation Proceeding

Dear Hearing Officer Sophy,

Kindly accept this letter in lieu of a Reply Brief in the above-captioned matter, responding to assertions made in PWD's Main Brief. As set forth more fully below, the Public Advocate maintains that its proposed TAP-R rates are just and reasonable, based on known and measurable data. Moreover, the Public Advocate's rates are warranted due to PWD's overstated "C" factor.

Future TAP Participation

PWD argues that the Public Advocate's witness (Lafayette K. Morgan, Jr.) fails to explain the basis for his 68,405 level of TAP participation, however, this is evident from the record as representing the highest known level of participation at the time of Mr. Morgan's testimony.¹ Using the highest level of participation shown in currently available PWD data for future months represents an increase in participation that is reasonable considering that PWD production data will change. Indeed, more recent months are likely to reflect larger disparities when updated.²

Furthermore, the Public Advocate's position recognizes the known downward fluctuation in TAP participation. For example, PWD appears to submit that December 2025 data "recovers" the approximate 9,000 participant reduction experienced in November 2025.³ PWD is incorrect, as illustrated in the Public Advocate's Main Brief.⁴ The significant decline in November 2025 cannot be attributed solely to the number of bills issued. It represents an actual reduction in TAP participants. Fluctuation in participation – in both directions – has occurred in the past and PWD provides no explanation for why it will not recur in the future. PWD's constant rate of growth is simply not supported by the data.

For these reasons, the Public Advocate's projected TAP participation levels are more reasonable than PWD's.

¹ PWD M.B. at 24.

² Tr. at 11-12. For this reason, PWD production data provided in this proceeding will prove inaccurate in the future.

³ PWD M.B. at 26.

⁴ PA M.B. at 9.



Future TAP Discounts

Like future TAP participation, PWD submits that average TAP discounts in the future should be set at a higher level than is supported by a longer-term view of actual TAP data. The Public Advocate maintains that historical data over a longer period of time (12-months) supports a lower average discount amount of \$59.47.⁵ In determining the average discount, the Board should not be persuaded by PWD's assertions regarding the impact of future base rates. Indeed, average usage will have a significant impact on average discounts. Importantly, PWD targets Low Income Conservation Assistance Program (LICAP) services to TAP participants.⁶ Yet PWD focuses solely on future rates to justify its higher discounts,⁷ without developing any methodology to directly consider them, and disregarding long-term usage reduction efforts.

Furthermore, PWD fails to address the seasonality of water usage evident in its own data, which directly affects TAP discounts. By limiting its consideration to colder-weather usage months (September through December), PWD's assumptions fail to recognize the lower average usage during the remaining eight historical months of the 12-month period examined by Mr. Morgan.⁸

For these reasons, the Public Advocate's projected TAP discounts are more reasonable than PWD's.

Future TAP Usage

PWD provides no explanation for why average TAP participant usage should be higher in the future. Again, PWD's assumption is based on a limited period of four months and production data that is certain to adjust. Considering PWD's ongoing LICAP investments, targeting TAP participants, reflecting historical average usage will likely overstate actual usage. The Public Advocate's lower projection is supported by actual historical data and is reasonable for setting TAP-R rates.

Embedded TAP-R Rates Support Lower C Factor

Approval of PWD's TAP-R would embed \$7.5 million in the "C" factor in the next rate period.⁹ On brief, PWD purports to have calculated the estimated TAP-R included in the "C" factor as \$4.4 million.¹⁰ This is based on TAP-R rates currently in effect at 6 CCF monthly usage (not actual usage data), and so underestimates the embedded TAP-R rates in two distinct ways. The Public Advocate's calculation is based on the methodology PWD uses to "back out" TAP-R discounts for prior periods via the "E" factor. PWD's choice of a different methodology than

⁵ PA M.B. at 11-12.

⁶ See 2025 General Rate Proceeding, PWD Rebuttal St. 3 at 16-17.

⁷ PWD M.B. at 31-34.

⁸ The addition of data from January through March does not affect PWD's baseline assumption.

⁹ PA M.B. at 7-8.

¹⁰ PWD M.B. at 30-31.



that used in its “E” factor calculations is unexplained.¹¹ The Public Advocate’s calculation accurately reflects the incremental impact of TAP-R rates that would be embedded in the “C” factor if PWD’s proposed rates are adopted. A reduction to PWD’s proposed TAP-R rates is clearly warranted.

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For the foregoing reasons, and as set forth more fully in the Public Advocate’s Main Brief, the Hearing Officer should recommend, and the Board should approve, the lower TAP-R rates recommended by the Public Advocate.

Sincerely,

/s/ Robert W. Ballenger
Robert W. Ballenger, Esq.

For the Public Advocate

¹¹ See PA M.B. at 8.