CITY OF PHILADELPHIA REBUTTAL TESTIMONY OUTLINE – ROGER COLTON

This Outline of Rebuttal Issues for Public Advocate witness Roger Colton is proffered by the Philadelphia Water Department and Water Revenue Bureau ("WRB"). Rebuttal witnesses include: Jon Davis (Raftelis Financial Consultants, Inc.); Michelle Bethel and Mark Harvey (WRB). The issues to be addressed in rebuttal testimony primarily relate to Mr. Colton's recommendations concerning program (i) design, (ii) start-up and ongoing costs, (iii) cost offsets and (iv) cost recovery – all in connection with the Affordable Rates Program ("IWRAP"). In addition, customer service recommendations and 2012 Rate Case Settlement issues are also addressed.

I. Mr. Colton is Wrong in Concluding that PWD's Program Design is Inconsistent with the IWRAP Ordinance.

A. Tiered Discount Program

B. Percentage of Income Program (not included)

C. Additional Payments (not included)

D. Earned Forgiveness (not included)

II. Mr. Colton's Proposed Program Costs Are Inconsistent with a Start-up Program.

A. 10% Admin Cost Cap is Inconsistent with Start-up Program

B. Participant Rate Has to be Realistically Estimated

C. Outsourcing Eligibility Determination Untenable

D. Start-up Costs Tied to IT Expenses

E. Staffing Costs Reflect Overlap with WRAP

F. No Program Costs Are Already Embedded in Existing Rates

G. Essential to Have Sufficient Resources to Launch Successful Program

III. Mr. Colton's Program Cost Offsets Are Overstated.

A. Partial City Grant Elimination in FY 2018

B. Assumed Collection Rate (should be based upon known collection levels)

C. Arrearage Forgiveness

1. Not in program
2. City lien policy
3. Minimum Bill/Maximum Credit

IV. Mr. Colton's IWRAP Rider Is Not Sufficiently Supported.

A. Concept Not Fully Vetted

B. Financial Concerns

C. Capped Program As Alternative (LIHEAP model)

V. Mr. Colton's Proposals Regarding Customer Service Are Outside the Authority of the Rate Board.

A. Prudent Planning Regarding Non-Payment

B. Deferred Payment Plans

C. Customer Service Issues Arising at Public Input Hearings

VI. Mr. Colton's Recommendations Arising from the 2012 Rate Case Settlement Are In Error.

A. PWD/WRB Met the Requirements of the Rate Case Settlement in the Circumstances Presented

B. Costs of the Mediation; RFP Process; Public Advocate's Objection to Changes in PWD Regulations Which Would Address Most Remaining Issues

C. IWRAP Presented a Material Change in Circumstances

D. Benefits of the Mediation