

RESPONSE TO
PUBLIC ADVOCATE'S INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
SET III
QUESTIONS 1-10

Dated: May 2024

1 **PA-TAP-3-1** REFERENCE PAGE 9 OF PWD’S REBUTTAL TESTIMONY (“MR.
2 MORGAN’S PROPOSALS WILL CONTRIBUTE TO A SIGNIFICANT
3 UNDERFUNDING OF THE DEPARTMENT AND PLACE ADDITIONAL
4 PRESSURES ON FINANCIAL RESERVES.”). HAS PWD ESTIMATED THE
5 UNDERFUNDING ASSOCIATED WITH MR. MORGAN’S PROJECTED
6 NUMBER OF TAP PARTICIPANTS? IF SO, PLEASE PROVIDE THAT
7 ESTIMATE, ON A STAND-ALONE BASIS TOGETHER WITH ALL
8 SUPPORTING WORKPAPERS IN EXCEL FORMAT WITH FORMULAE
9 INTACT.
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11 **RESPONSE:**

12 No. Mr. Morgan’s based his calculation of the cost of the TAP program on his projected
13 number of TAP participants and cost per participant. As stated on page 6 of PWD’s Rebuttal
14 Testimony, “January 2024 to March 2024 presented as projections in Mr. Morgan’s
15 testimony. In each instance during this period, the actuals exceed his projections.” For those
16 three months, Mr. Morgan projects a total cost of \$3,832,867.82 (“Response Attachment to
17 PWD Interrogatories and Requests for Production of Documents – Set I Question 2”). As
18 shown in “2024 Schedule RFC-3 Rate Rider Reporting Model (Update)” Actual total costs
19 for January through March 2024 were \$4,881,958.09, over \$1 million more for that period
20 alone. Under Mr. Morgan’s projections, that difference will only continue to grow. Revenue
21 would also be under-recovered for each month where participation exceeds Mr. Morgan's
22 projections.
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24 As stated in our rebuttal testimony, the overall enrollment has exceeded projections included
25 in the original filing. Adding an attrition rate is therefore unneeded. See Exhibit PA-TAP-
26 3-1 for weekly enrollment (not participant) data.
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28 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.

1 **PA-TAP-3-2.** REFERENCE PAGE 13 OF PWD’S REBUTTAL TESTIMONY (“THE
2 AVERAGE BILLS PROVIDED IN RESPONSE TO PA TAP 1-10 C AND PA
3 TAP 2-3 C ALREADY REFLECTED THE SENIOR DISCOUNTS.”). DOES
4 THIS MEAN THAT NO IDEA PREQUALIFIED CUSTOMERS WERE NEWLY
5 ENROLLED IN THE SENIOR DISCOUNT PROGRAM THROUGH
6 PREQUALIFICATION? PLEASE EXPLAIN SPECIFICALLY WHETHER
7 THIS APPLIES ACROSS EACH MONTH IN THE 12-MONTH PERIODS
8 REFERENCED IN PA-I-10 AND PA-II-3.

9 **RESPONSE:**

10 Yes. No IDEA prequalified customers were newly enrolled in the Senior Discount
11 program, or any other program, other than TAP. All bill amounts provided in response to
12 PA-TAP-1-10 and PA-TAP-2-3 (provided in greater detail in response to PA-TAP-3-3 and
13 PA-TAP-3-4) already account for a senior discount, if the customer participates in the
14 Senior Citizen Discount program.

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18 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc. and Water Revenue Bureau
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1 **PA-TAP-3-3.** PLEASE UPDATE THE RESPONSE TO PA-I-10(C) BY PROVIDING THE
2 AVERAGE TOTAL MONTHLY BILL FOR THE 5,642 CUSTOMERS
3 REFERENCED FOR FEBRUARY 2023.

4 **RESPONSE:**

5 PA-I-10(C) asked for “EACH CUSTOMER’S MONTHLY BILL AMOUNT FOR EACH
6 OF THE MOST RECENT 12 MONTHS,” with “each customer” referring to “TAP
7 CUSTOMERS WHO HAVE BEEN ENROLLED VIA IDEA PRE-QUALIFICATION.”

8 In response to that request, we stated that information could not be provided at a customer
9 level and for expediency, initially provided summary data. After providing this data, we
10 were able to compile produce customer level information by the time we provided
11 Rebuttal Testimony.

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13 In compiling said data, we observed that negative usage and cases where the customer did
14 not receive a bill in the given month depressed the overall averages that had been provided
15 in the summary data. In response to the present request (PA –TAP- 3-3) and being better
16 able to understand the PA use of the data (see “Response Attachment to PWD
17 Interrogatories and Requests for Production of Documents – Set I Question 2A”) and now
18 being able to share granular data we are providing granular data for February 2023
19 through February 2024 to update the data provided in PA-TAP-I-10.

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21 Please note that February 2024 bills reflect each customer’s TAP discount in that month,
22 and that rates were different in February 2023 and February 2024.

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24 Using the same methodology, the average total monthly bill for February 2023 to
25 February 2024 is shown below for the 5,642 IDEA pre-qualified customers who received
26 a TAP bill in February 2024.
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1 We also provide the average total monthly bill for February 2023 to February 2024 for the
2 5,642 customers in question, but omitting cases of negative or no bills (shown in the
3 resultant data table as \$0). The omission provides a truer picture of averages. The
4 supporting data and averages are provided as Exhibit PA-TAP-3-3.

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6 **Average Total Monthly Bills, All Results (Update to PA-TAP-II-3)**

7	Feb-23	\$54.60
8	Mar-23	\$82.85
9	Apr-23	\$68.86
10	May-23	\$66.99
11	Jun-23	\$79.34
12	Jul-23	\$79.71
13	Aug-23	\$70.12
14	Sep-23	\$79.32
15	Oct-23	\$77.74
16	Nov-23	\$79.44
17	Dec-23	\$79.59
18	Jan-24	\$85.39
19	Feb-24	\$55.36

20 **Average Total Monthly Bills, Omitting No Bills and Negative Bills**

21	Feb-23	\$71.77
22	Mar-23	\$85.82
23	Apr-23	\$73.83
24	May-23	\$71.19
25	Jun-23	\$82.77
26	Jul-23	\$81.40
27	Aug-23	\$71.10
28	Sep-23	\$80.58
	Oct-23	\$78.87
	Nov-23	\$80.49
	Dec-23	\$81.31
	Jan-24	\$86.47
	Feb-24	\$55.78

RESPONSE PROVIDED BY: Raftelis Financial Consultants, Inc.

1 **PA-TAP-3-4.** PLEASE UPDATE THE RESPONSE TO PA-II-3(C) BY PROVIDING THE
2 AVERAGE TOTAL MONTHLY BILL FOR THE 26,566 CUSTOMERS
3 REFERENCED FOR MARCH 2023.

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5 **RESPONSE:**

6 See the response to PA-TAP-3-3 for the explanation of the difference in methodologies.

7 The supporting data is provided as Exhibit PA-TAP-3-4. Please note that March 2024 bills
8 reflect each customer's TAP discount in that month, that some customers in this set got
9 TAP discounts in February 2024, and that rates were different in March 2023 and March
10 2024.

11 **Average Total Monthly Bills, All Results (Update to PA-TAP-II-3)**

12	Mar-23	\$79.87
13	Apr-23	\$66.39
14	May-23	\$69.57
15	Jun-23	\$79.40
16	Jul-23	\$78.08
17	Aug-23	\$72.67
18	Sep-23	\$80.77
19	Oct-23	\$79.16
20	Nov-23	\$80.10
21	Dec-23	\$81.29
22	Jan-24	\$84.64
23	Feb-24	\$78.65
24	Mar-24	\$56.50

25 **Average Total Monthly Bills, Omitting No Bills and Negative Bills**

26	Mar-23	\$82.74
27	Apr-23	\$73.41
28	May-23	\$73.31
29	Jun-23	\$82.39
30	Jul-23	\$80.61
31	Aug-23	\$74.37
32	Sep-23	\$82.74
33	Oct-23	\$80.66
34	Nov-23	\$82.04
35	Dec-23	\$83.45
36	Jan-24	\$85.85

1	Feb-24	\$79.79
2	Mar-24	\$56.90

3 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-TAP-3-5.** REFERENCE PAGE 11 OF PWD’S REBUTTAL TESTIMONY AND
2 REBUTTAL-EXHIBIT-RFC-1.XLS, “SUMMARY” TAB. PLEASE EXPLAIN
3 WHY THE DATA FOR THE AVERAGE TAP DISCOUNT PER IDEA
4 PARTICIPANT IS CONSIDER “SIMULATED.” PLEASE PROVIDE AN
5 EXPLANATION OF HOW THE SIMULATED CALCULATION WAS
6 PERFORMED AND PROVIDE THE SUPPORTING CALCULATIONS IN
7 ELECTRONIC FORMAT WITH THE FORMULAE INTACT.

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9 **RESPONSE:**

10 See attached exhibit PA-TAP-3-5.

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12 Please refer to page 10 of PWD’s Rebuttal Testimony, which states “using customer-level
13 records for the 26,566¹ IDEA-prequalified TAP participants enrolled in TAP as of March 2024,
14 based on the April 2023 to March 2024 sewer and water billed volume, each customer's water
15 meter size, and the applicable PWD rates, we can calculate each customer's usage-based charge,
16 and using their income-based TAP rate, we determined their actual March TAP Discount, **as**
17 **well as what their TAP discount would have been in prior months, if they had been TAP**
18 **participants**” (emphasis added). The “simulated” average discount for each month is the
19 average discount all the customers in this dataset would have received if they had been on TAP.

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21 To calculate this simulated discount for each customer, their “Calculated Bill” or usage-based
22 charge was calculated using their water and sewer billed volume, along with their meter size,
23 and current rates. This allowed for a direct comparison with their current TAP rate. Next, their
24 “Simulated Bill” was assigned as the smaller of the two-- their monthly TAP rate or their
25 Calculated Bill-- which is consistent with how TAP rates are applied. Then, each customer’s

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28 ¹ 34 monthly billed volume records were omitted from this record set. The omitted records had both negative consumption and negative bills in the month owing to adjustments from a previous month and did not represent the customers' monthly consumption and discount for that month.

1 TAP rate was subtracted from their Simulated Bill to calculate their “Simulated Discount” for
2 that month. Lastly, Simulated Discounts were averaged for each month, omitting null and
3 negative bills, which reflected that customers did not receive a bill that month (for any reason)
4 or that they received an adjustment. \$28.12 reflects the average of the 12 monthly average
5 Simulated Discounts.
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8 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-TAP-3-6.** REFERENCE PAGE 12, LINES 4 AND 5 OF PWD’S REBUTTAL
2 TESTIMONY. PLEASE SHOW THE CALCULATION OF THE TAP
3 DISCOUNTS OF \$60.86 AND \$40.69.
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5 **RESPONSE:**

6 Please note that both lines refer to “the average TAP discount per participant” for January
7 2024 and March 2024, respectively. A specific month’s average TAP discount per
8 participant is calculated by dividing the number of participants (customers who received a
9 TAP bill) in that month by the dollar total of discounts provided.
10

11 The table below shows the calculation of average TAP discount per participant based on
12 Actual data provided in “2024 Schedule RFC-3 Rate Rider Reporting Model (Update)”
13 which was filed on April 29, 2024.
14

Month	Total Discounts	Total TAP Participants	Average TAP Discount per Participant
January 2024	\$ 1,337,142.74	28,292	\$60.86
March 2024	\$ 2,020,473.58	49,658	\$40.69

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19 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-TAP-3-7.** PLEASE PROVIDE THE “LIVE” VERSION OF REBUTTAL-EXHIBIT-RFC-
2 1.XLS WITH ALL FORMULAE INTACT.

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4 **RESPONSE:**

5 See attached exhibit PA-TAP-3-5

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7 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.

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1 **PA-TAP-3-8.** REFERENCE PAGE 14 OF PWD’S REBUTTAL TESTIMONY. (“SECOND,
2 THE FACTORS THAT ARE USED TO CALCULATE THE AVERAGE TAP
3 DISCOUNT COULD CHANGE. TAP CUSTOMERS’ WATER AND SEWER
4 BILLED VOLUME COULD INCREASE, AS THERE IS NO PRICE SIGNAL
5 TO TAP CUSTOMERS TO PROMOTE CONSERVATION ONCE THEY
6 SURPASS THE LEVEL OF CONSUMPTION WHERE THEIR REGULAR
7 BILL WOULD BE MORE AFFORDABLE.”). PLEASE EXPLAIN HOW PWD
8 ACCOUNTED FOR THIS POTENTIAL VARIABLE IN ITS CALCULATIONS.
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10 **RESPONSE:**

11 PWD accounted for unknown variables working in opposite directions by assuming that
12 monthly consumption per TAP participant would stay flat over time at 702 CF per month
13 based on TAP participants’ average consumption from January 2023 through March 2024,
14 per “2024 Schedule RFC-3 Rate Rider Reporting Model (Update)”.

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16 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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1 **PA-TAP-3-9.** REFERENCE PAGE 14 OF PWD’S REBUTTAL TESTIMONY. (“SECOND,
2 THE FACTORS THAT ARE USED TO CALCULATE THE AVERAGE TAP
3 DISCOUNT COULD CHANGE. TAP CUSTOMERS’ WATER AND SEWER
4 BILLED VOLUME COULD INCREASE, AS THERE IS NO PRICE SIGNAL
5 TO TAP CUSTOMERS TO PROMOTE CONSERVATION ONCE THEY
6 SURPASS THE LEVEL OF CONSUMPTION WHERE THEIR REGULAR
7 BILL WOULD BE MORE AFFORDABLE.”). PLEASE EXPLAIN ANY
8 EFFORTS PWD IS TAKING THROUGH ITS LICAP PROGRAM OR
9 OTHERWISE TO REDUCE AND/OR MANAGE TAP PARTICIPANT WATER
10 VOLUMES.
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12 **RESPONSE:**

13 WRB provides a monthly report of TAP customers to CMC Energy Services (CMC) to use
14 as the basis for contacting customers about water conservation assistance. CMC carries out
15 PWD’s LICAP program and provides periodic reporting to PWD on key performance
16 metrics such as appointments completed and measures installed/performed.
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18 **RESPONSE PROVIDED BY:** Philadelphia Water Department and Philadelphia Water
19 Department
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1 **PA-TAP-3-10.** REFERENCE PAGE 14 OF PWD'S REBUTTAL TESTIMONY. ("LAST,
2 THE MONTHLY AVERAGE DISCOUNT HAS VARIED MONTH TO MONTH
3 FOR TAP CUSTOMERS IN THE PAST, AND THERE ARE MANY REASONS
4 TO EXPECT THAT IT WILL CONTINUE TO VARY MOVING FORWARD.
5 THE NUMBER OF TAP PARTICIPANTS MAY GO UP, AND DISCOUNTS
6 MAY GO DOWN, WHICH COULD WORK IN OPPOSITE DIRECTIONS,
7 WHILE MR. MORGAN'S CALCULATED AVERAGE DISCOUNT
8 REPRESENTS AN ERRONEOUS AND UNDERSTATED AVERAGE
9 DISCOUNT.") PLEASE EXPLAIN HOW PWD ACCOUNTED FOR THIS
10 POTENTIAL VARIABLE IN ITS CALCULATIONS.
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12 **RESPONSE:**

13 PWD accounted for unknown variables working in opposite directions by assuming that
14 Monthly Cost per TAP Participant, or Average Discount over the course of the projected
15 Most Recent Period and Next Rate Period, would stay flat over time at \$53.24 per month
16 based on TAP participants' total consumption and discounts from January 2023 through
17 March 2024. This is consistent with the methodology that has been used in prior TAP
18 proceedings.
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21 **RESPONSE PROVIDED BY:** Raftelis Financial Consultants, Inc.
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