

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**DOCKET NOS. R-2021-3027385, R-2021-3027386**

**AQUA PENNSYLVANIA, INC.  
AQUA PENNSYLVANIA WASTEWATER, INC.**

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**PREPARED REBUTTAL TESTIMONY OF  
RITA F. BLACK  
DIRECTOR, COMMUNITY ASSISTANCE PROGRAMS  
ESSENTIAL UTILITIES**

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DATE SERVED: December 2, 2021  
DATE ADMITTED: \_\_\_\_\_

**Aqua Statement No. 10-R**

**PREPARED REBUTTAL TESTIMONY  
OF RITA F. BLACK**

1 **I. INTRODUCTION AND SCOPE OF TESTIMONY**

2 **Q. Please state your name and business address.**

3 A. My name is Rita F. Black and my business address is located at 375 North Shore Drive,  
4 Pittsburgh, Pennsylvania 15212.

5  
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Essential Utilities, Inc. as the Director of Community Assistance  
8 Programs. In this role, I lead assistance programs for Aqua Pennsylvania, Inc. and Aqua  
9 Pennsylvania Wastewater, Inc. (collectively “Aqua PA”, “AP  
10 or the “Company”), and Peoples Natural Gas Company LLC, and Peoples Natural Gas  
11 Company LLC (collectively “the Peoples Companies”), as well as these companies’  
12 affiliated regulated utilities operating in other states.

13  
14 **Q. Have you testified previously in this proceeding?**

15 A. Yes. I provided direct testimony in AP Statement No. 10 regarding Aqua PA’s low-income  
16 program proposal.

17  
18 **Q. What is the purpose of your rebuttal testimony in this case?**

19 A. I will respond to testimony provided by Roger D. Colton of behalf of the Pennsylvania  
20 Office of Consumer Advocate (“OCA”), Harry S. Geller, on behalf of the Coalition for  
21 Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”),

1 Christine Wilson on behalf of the Commission’s Bureau of Investigation and Enforcement  
2 (“I&E”) regarding Aqua PA’s low-income program proposal. I will also respond to  
3 testimony provided by Barbara A. Alexander on behalf of OCA regarding the Company’s  
4 consumer protection and service quality performance and CAUSE-PA witness Geller’s  
5 recommendations on language access.  
6

7 **Q. Please list the exhibits you are sponsoring as a witness.**

8 A. I am sponsoring Aqua PA Exhibits RFB-1-R through RFB-3-R.  
9

10 **II. THE COMPANY’S LOW-INCOME PROPOSAL**

11 **Q. Let’s begin with comments made by OCA witness Colton and CAUSE-PA witness**  
12 **Geller regarding the proposed customer assistance program (“CAP”). Specifically,**  
13 **they describe two different programs, the first being a discount program and the**  
14 **second, an arrearage forgiveness program they call ‘Helping Hand’. Would you like**  
15 **to clarify how the proposed CAP would be structured?**

16 A. Yes. Helping Hand is the existing low-income program available at Aqua PA. It includes  
17 an arrearage forgiveness component for participants, but does not include any other  
18 affordability measures such as a discount. The proposal in this proceeding is to replace the  
19 existing Helping Hand program with a CAP that includes both affordability and arrearage  
20 forgiveness components. Participants in the CAP who enter the program with an arrearage  
21 will receive the arrearage forgiveness benefit. There are not two separate applications or  
22 programs.  
23

1 **Q. Witnesses Colton and Geller further suggested a streamlined application process for**  
2 **existing Helping Hand participants into the proposed CAP. Please describe the**  
3 **enrollment process Aqua PA has envisioned for these customers.**

4 A. To ensure customers who enroll are eligible, Aqua PA is not planning an automatic  
5 enrollment in CAP for existing Helping Hand customers. The enrollment process for these  
6 customers, as well as new applicants, is intended to be very simple and will not require  
7 submission of income documentation. The Company plans to mail a letter to current  
8 Helping Hand customers to explain the current program is being replaced with a new  
9 program with expanded benefits. The letter will explain the benefits of CAP and encourage  
10 them to apply to participate. Self-attestation of income will be used, and applications can  
11 be submitted via telephone, through a participating agency or online.

12  
13 **Q. I&E Witness Wilson recommends that the Company be required to perform income**  
14 **verifications for customers to be eligible for CAP. Please respond.**

15 A. The Company’s current proposal for enrollment does not include an income verification  
16 requirement as discount water programs in the state do not typically require income  
17 documentation for participation. Providing income documentation can be a barrier to  
18 enrollment for eligible households and this was also a consideration in the development of  
19 the Company’s proposal. The Company is planning to partner with Dollar Energy Fund  
20 (“DEF”) as the administrator of its CAP should it be approved in this proceeding. DEF  
21 provides income verification processes for some of the CAPs it administers, including the  
22 Peoples Companies CAP. The cost of DEF’s administrative services as reflected in this  
23 proceeding is based on staffing levels required to enroll customers using self-attestation of

1 eligibility. If income verification requirements for enrollments and/or recertification are  
2 implemented, the cost of administering the program will increase as additional services  
3 will be needed from DEF.

4 In her testimony, I&E Witness Wilson states her concern that “[i]f word gets out  
5 that the Company is not performing income verifications, the Universal Service Plan will  
6 be subject to abuse and will harm paying customers.” I disagree with this statement. I  
7 would point to the recent steps taken by the Commission during the pandemic to reduce  
8 barriers to participation in utility universal service programs. The Commission encouraged  
9 self-attestation of income for enrollment in CAP programs. It also encouraged utilities to  
10 halt the process of removing customers from CAP for failure to recertify income. The  
11 Peoples Companies allowed customers to enroll in its CAP without providing income  
12 documentation during the pandemic protection period and allowed them to remain without  
13 removal for failure to provide income documentation to recertify eligibility. The Peoples  
14 Companies did not see a spike in enrollment levels as a result of this flexibility and  
15 participation levels, year over year, are relatively flat.

16 Generally, customers who are genuinely low-income seek assistance from utility  
17 programs. As with any income- based program, there will be perpetrators of fraud that will  
18 attempt to obtain a benefit to which they are not entitled, although I believe the number of  
19 customers who would seek to illegitimately obtain utility discount benefits to be very small.  
20 I would also note that even with an income documentation requirement, a customer  
21 attempting fraud can choose to withhold income documentation that would deem them  
22 ineligible and the utility would be unaware. The Company will continue to review and  
23 monitor any necessary requirements to participate going forward.

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**Q. Witnesses Colton and Geller recommended Aqua PA develop a Community Education and Outreach program (“CEOP”) to promote the proposed CAP. Please respond to this recommendation.**

A. I agree that community education and outreach plans are an important component of universal service programs as it increases awareness among customers as well as agencies and organizations supporting our customers. I developed the CEOP for the Peoples Companies. The Peoples Companies’ plan included outreach efforts for both broad and targeted audiences, defined methods of outreach, and set thoughtful timing of activities in an effort to increase knowledge of Peoples Companies’ programs and increase enrollment. I envision a similar design for Aqua PA’s CEOP that considers the unique characteristics of Aqua PA’s service territory, customer base and local agencies/organizations. As with the Peoples Companies’ outreach plan, alternative language needs will also be considered in development of Aqua PA’s plan.

**Q. Please provide additional information about outreach efforts mentioned by the witnesses and currently considered by Aqua PA.**

A. A good utility program outreach plan considers not only audiences and methods for advertising and promotion, but focuses efforts on customer touchpoints. Utilities have multiple touchpoints with low-income households, often due to payment trouble, collection activities and restoration of services. Using these touchpoints to inform customers of programs and guide them to enrollment is a key component of the outreach and education plan that Aqua PA will implement. In addition, customers use multiple utilities in their

1 homes which lead to touchpoints with more than one utility, often to qualify for similar  
2 income-based programs. Other electric and natural gas utilities in the Aqua PA service  
3 territory operate programs such as CAP, Act 129 and Low-Income Usage Reduction  
4 Program (“LIURP”). Aqua PA plans to seek collaboration with other utilities to cross-  
5 promote its low-income programs with the goal of reducing barriers to participation and  
6 encouraging customers to avail themselves of all beneficial programs.

7  
8 **Q. As we wrap up the topic of outreach, CAUSE-PA witness Geller raised a concern**  
9 **regarding the promotion and utilization of the Company’s Hardship Fund. Please**  
10 **respond to his testimony on this item.**

11 A. CAUSE-PA witness Geller’s concerns regarding the Hardship Fund stem from the lack of  
12 full utilization of the fund annually. He points to a need to promote the fund to contact  
13 center staff to increase their awareness of the benefit with the goal of their leading  
14 customers to access this assistance. He further suggests a maximum grant of \$500, carrying  
15 over unspent funds into the subsequent year and maintaining the \$50,000 annual  
16 contribution commitment.

17 I agree with CAUSE-PA witness Geller’s suggestion that promotion of the fund to  
18 contact center staff can lead to increased referrals for assistance, thus spending more of the  
19 funds in a year. I believe it would also be prudent to consider using a community-based  
20 organization (“CBO”), such as DEF, to manage the fund. DEF has a decades long history  
21 of managing utility hardship funds and can provide multiple application channels including  
22 an online application as well as applications through local agencies. The Peoples  
23 Companies utilize DEF for both its hardship fund and CAP administration. This allows

1 for coordination of benefit, maximizing the support received by low-income households  
2 seeking assistance.

3 I also agree a \$500 maximum grant is reasonable, although I would qualify the grant  
4 approval as being a once-per-calendar-year opportunity. If the customer does not need the  
5 entire \$500 when they apply, the grant provided should equal the amount they need. The  
6 customer would then be required to wait until the following calendar year to apply for a  
7 future grant. This process will allow the fund to be better utilized by more customers in  
8 need.

9 Regarding carrying over unspent funds into the subsequent year, I believe  
10 implementing improvements in outreach and administration will lead to stronger  
11 performance of fund utilization on an annual basis. Funds not spent in a calendar year  
12 could be carried over to the following year as CAUSE-PA witness Geller recommends.

13  
14 **Q. Let's move on to the proposed CAP design. CAUSE-PA witness Geller proposes the**  
15 **CAP should be approved as a pilot. Please respond to his recommendation.**

16 A. Pilot programs are typically short-term, small-scale programs that function as a feasibility  
17 study on the effectiveness of adopting a permanent, larger-scale program. Pilot programs  
18 can be more difficult to promote to customers and place participants at risk of loss of  
19 benefits if the pilot program is discontinued. Approving Aqua PA's proposal as a  
20 permanent program does not preclude changes to the program to improve the benefits,  
21 processes and other aspects of the programs in future years. Other water utilities in the  
22 state, such as Pennsylvania American Water Company and Pittsburgh Water and Sewer

1 Authority, offer similar programs and those programs are not, to my knowledge, pilot  
2 programs.

3  
4 **Q. Before we further review the recommendations made by OCA witness Colton and**  
5 **CAUSE-PA witness Geller regarding CAP design, would you like to explain the**  
6 **functional limitations of the Company's current customer information system?**

7 A. Yes. Aqua PA customer data is currently housed in its customer information system.  
8 Because Aqua PA will be converting to SAP in 2023 and development of system  
9 requirements is in the early stages, programmatic changes to the existing system are not  
10 recommended. The components of the proposed CAP, including the discount and  
11 arrearage forgiveness benefits, were designed considering current functionality.

12  
13 **Q. OCA witness Colton and CAUSE-PA witness Geller recommend an acceleration of**  
14 **the arrearage forgiveness benefits to allow participants to exhaust pre-program**  
15 **arrearsages within 3 years. Please share your understanding of how the acceleration**  
16 **to three years would be implemented and whether you agree with this**  
17 **recommendation.**

18 A. The witnesses recommend providing arrearage forgiveness benefits using a percentage of  
19 pre-program arrears rather than a flat amount, such as the \$25 Aqua PA proposal. The  
20 individual percentage (*i.e.*, 1/36<sup>th</sup> of the pre-program balance) would allow for full payment  
21 of the arrearage within three years. The Peoples Companies and most Pennsylvania energy  
22 utility CAPs, to my knowledge, provide arrearage forgiveness as a three-year benefit.  
23 Aqua PA's current billing system does not have the capability to implement such a

1 customized arrearage forgiveness benefit. It does, however, have programming in place to  
2 provide \$25 per month credits as are currently in place for Helping Hand participants. I  
3 would also point out that for customers with arrearages less than \$900 when entering the  
4 program, \$25 per month would allow for exhaustion of pre-program arrears in a timeframe  
5 shorter than three years. Utilizing the Hardship Fund to reduce past due balances prior to  
6 entering CAP, through coordination of enrollment, would increase the number of  
7 customers with balances less than \$900, allowing those customers to pay off their  
8 arrearages within three years. I would also note the availability of the Low-Income  
9 Household Water Assistance Program (“LIHWAP”), expected to begin in January of 2022,  
10 will, as noted by I&E Witness Wilson, provide assistance to low-income customers with  
11 arrears, further reducing balances.

12  
13 **Q. CAUSE-PA witness Geller and OCA witness Colton made a further recommendation**  
14 **regarding the application of arrearage forgiveness benefits when customer payments**  
15 **are made. Please describe this recommendation and respond to it.**

16 A. As described in my direct testimony (AP Statement No. 10), the proposed CAP includes  
17 arrearage forgiveness benefits of \$25 per month when timely payments are made by the  
18 customer. CAUSE-PA witness Geller and OCA witness Colton recommend that arrearage  
19 forgiveness benefits should be granted when a full CAP payment is made, regardless of  
20 timeliness. I agree that providing this benefit when a full payment is made is more  
21 beneficial to the customer, particularly in the cases of customers that may miss their due  
22 date on a regular basis due to the timing of their income or irregular income. The difficulty  
23 Aqua PA currently faces is related to its current customer information system. The current

1 system is programmed to provide the \$25 benefit when a timely payment is made. Aqua  
2 PA will convert to the Peoples Companies' SAP system in the near future. At that time,  
3 Aqua PA will benefit from the programming developed to support the Peoples Companies'  
4 CAP which provides an arrearage forgiveness benefit for each full CAP payment made.  
5 Upon conversion to SAP, Aqua PA's program will provide arrearage forgiveness benefits  
6 for each full CAP payment made, regardless of timeliness.

7  
8 **Q. OCA witness Colton and CAUSE-PA witness Geller raised concerns regarding**  
9 **affordability, and specifically, water burden, for low-income households under the**  
10 **proposed CAP. Please respond.**

11 A. Aqua PA's proposed CAP is intended to improve affordability while maintaining  
12 reasonable program costs for other ratepayers from whom discounts are recovered.  
13 Currently, low-income consumers, even those currently participating in Helping Hand, are  
14 responsible for the full water and/or wastewater bill according to their household usage.  
15 The Company's proposal decreases that monthly responsibility through offering discounts  
16 that are tiered to provide larger discounts to those with lower income. This proposal  
17 improves affordability.

18 Both CAUSE-PA witness Geller and OCA witness Colton suggested the Company  
19 consider a percentage of income plan, similar to plans in effect at energy utilities in the  
20 Commonwealth. Mr. Colton recommends that Aqua PA be required to propose a  
21 percentage of income plan no later than its next rate case. Percentage of income plans are  
22 designed to provide a unique payment based on an individual household's financial  
23 circumstance. These programs are typically more expensive to implement and are more

1           costly to ratepayers. I believe our discount program proposal goes a step farther than many  
2           other water CAPs as it does provide different benefit levels based on income tiers while  
3           maintaining reasonable costs to ratepayers. While parties are free to propose a percentage  
4           of income program in Aqua PA's next rate case, the Commission should not prejudge the  
5           costs and purported benefits of such a mechanism for Aqua PA by directing the Company  
6           what it must propose in its next rate case.

7  
8   **Q.    OCA witness Colton recommended adopting a fourth tier of discounts in order to**  
9   **provide deeper discounts to customers with incomes below 50% of the Federal**  
10 **Poverty Level ("FPL"). Do you agree with his recommendation?**

11  A.    I do not. The discounts provided for the first tier of participation are a 100% discount on  
12    the base facility customer charge along with a 100% discount on the first 2,000 gallons of  
13    water. For wastewater customers, a 75% discount on the fixed charge along with 100%  
14    discount on the first 2,000 gallons is provided for customers in this income tier. These  
15    discounts are generous and provide significant benefits. Further discounting adds to the  
16    program costs that will be recovered from non-CAP customers. I also believe the current  
17    discount structure encourages conservation. This also serves to control program costs. I  
18    would also note that due to the complexity of rate maintenance in Aqua PA's current  
19    customer information system, the tiers currently proposed will be quite an undertaking and  
20    adding any additional tiers would further complicate enrollment and maintenance  
21    processes.

1 **Q. OCA Witness Colton also made a recommendation regarding cost recovery. He does**  
2 **not believe the Company should receive approval for its proposed reconcilable rider**  
3 **and should instead be required to recover the costs of low-income programs through**  
4 **base rates. Do you agree?**

5 A. I strongly disagree. OCA witness Colton provides no basis for utilizing the base rate  
6 recovery model. In fact, on page 44 of his direct testimony he includes an excerpt from  
7 the Pennsylvania PUC Final Investigatory Order, at 13-14, Docket No. M-00051923,  
8 October 19, 2006. This excerpt includes the statement, “Allowing recovery through a  
9 surcharge rather than a base rate will establish a charge which tracks the actual amount  
10 spent and allows customer rates to be adjusted on a regular basis to recover the actual costs.  
11 Accordingly, the Commission must allow recovery through a surcharge that is either  
12 reconciled or adjusted frequently to track changes in the level of CAP costs consistent with  
13 the direction given in the Competition Acts.” Surcharges such as the one proposed in this  
14 case are used across the Commonwealth for universal service programs. In fact, I would  
15 consider these surcharges to be so common as to be a standard for cost recovery of  
16 programs that have grown over the decades to be an important component of utility  
17 ratemaking and policy. Further, I would note the acquisition settlement explicitly noted  
18 that Aqua PA should evaluate the use of ‘comparable funding mechanism as utilized by  
19 energy utilities in the Commonwealth’.

20 Prior to the implementation of reconcilable riders, energy utilities recovered  
21 program costs through base rates, although it is important to note that this recovery model  
22 usually included limited enrollment levels. Once a utility’s CAP enrollment was ‘full’,  
23 other income eligible customers who needed assistance were turned away. In this regard,

1 I note that in response to discovery, Mr. Colton was clear that he did not propose any limit  
2 on the number of customers who could participate in the CAP. Aqua PA Exhibit RFB-1-  
3 R.

4 Reconcilable riders ensure ratepayers are only responsible for actual program costs  
5 which may be more or less than original projections. This is particularly important when  
6 launching a new program that may not meet or could exceed enrollment expectations. The  
7 Company has made enrollment projections for the first two years of the program, but it  
8 could grow further, as Mr. Colton acknowledges that the Year 2 participation rate is only  
9 15% of the eligible low-income population. And, OCA witness Colton's other  
10 recommendations regarding the design of CAP include best practices of energy utilities in  
11 the components and processes of Aqua PA's CAP and associated low-income programs,  
12 such as aggressive customer outreach. However, he appears to want to limit cost recovery  
13 to the method used by other water utilities that have not implemented programs as robust  
14 as energy utility CAPs or Aqua PA's proposal.

15  
16 **Q. Continuing the discussion of cost recovery, OCA witness Colton recommended that**  
17 **Aqua PA be permitted to recover only the 'net costs' of the program. Please respond**  
18 **to his recommendations in this area.**

19 A. OCA witness Colton notes that Aqua PA should not be able to recover costs of billings it  
20 would not have collected if the program were not available. He further recommends an  
21 offset factor for recovery of pre-program arrearage forgiveness costs. His basis for the  
22 proposed adjustments is the Company does not have a collection study to reflect the

1 historical percentage of billings collected from low-income customers. I strongly disagree  
2 with this assertion.

3 Over time, as participation in the program grows and matures to a stable level, bad  
4 debt levels will adjust accordingly, reflecting appropriate levels of collectability for the  
5 Company. I would further note that because we do not have a historical study of low-  
6 income billing collections and its relation to bad debt, any adjustment proposed at this stage  
7 would be premature. Use of the reconcilable rider, which limits arrearage forgiveness  
8 recovery to those cost which are actually incurred due to customers receiving benefits from  
9 timely payments, will align recovery with actual collections experience.

10  
11 **Q. CAUSE-PA witness Geller recommended using the Helping Hand collaborative to**  
12 **develop a conservation and line repair program no later than 6 months after the close**  
13 **of this proceeding. Please respond to this recommendation.**

14 A. The Helping Hand Collaborative is an advisory group that includes Aqua PA, OCA,  
15 CAUSE-PA and other interested parties. It meets a few times per year to discuss aspects  
16 of the Helping Hand program. I believe advisory groups such as this have a valuable role  
17 to play in utility universal service program development and performance. In this  
18 proceeding, the Company proposed a \$100,000 annual budget for conservation and  
19 emergency water repair assistance, which would include line repairs. Input from an  
20 advisory group, such as Helping Hand Collaborative would be helpful to Aqua PA in  
21 identifying best practices related to conservation and repair programs that may be in place  
22 at other water utilities.

23

1 **Q. I&E witness Wilson discussed the upcoming availability of LIHWAP in Pennsylvania**  
2 **and recommended that Aqua PA be required to track funds by year on a per-**  
3 **customer basis. Please respond.**

4 A. LIHWAP is a federally funded program, and as such, Aqua PA must execute a vendor  
5 agreement with the state to participate. This vendor agreement requires that all funds  
6 received on behalf of a customer be posted appropriately to that particular customer's  
7 account and must be tracked in order to ensure that any unused funds are refunded to the  
8 state, rather than to the customer. In anticipation of LIHWAP becoming available, Aqua  
9 PA created a payment posting type specifically for LIHWAP which will allow us to  
10 differentiate these payments as LIHWAP on customer accounts, enabling reporting  
11 abilities and ensuring proper handling of unused funds.

12 Ms. Wilson also pointed to the Motion of Vice Chairman John F. Coleman Jr. of  
13 October 28, 2021 when he encouraged utilities to monitor state and federal funded  
14 programs and to share information about those programs with their customers. Aqua PA  
15 plans outreach to its customers to inform them of LIHWAP, to encourage participation and  
16 the Company will accordingly apply these payments to the customer's bill.

17

18 **III. SERVICE QUALITY AND CONSUMER PROTECTION PERFORMANCE**

19

20 **Q. OCA witness Alexander claims that the Company has not met its commitment related**  
21 **to percentage of calls answered within 30 seconds (82%) because the Company**  
22 **incudes Interactive Voice Response (“IVR”) contacts. Do you agree with this claim?**

23 A. No. I do not agree with OCA witness Alexander that the Company has not met its  
24 commitment related to the percentage of calls answers within 30 seconds because it

1 includes the IVR contacts. It is appropriate to include IVR contacts and report an aggregate  
2 percentage of calls answered for its contact center service level. This is a standard  
3 calculation in the contact center industry for service level performance and is the method  
4 used by the Peoples Companies. The IVR is an automated way to service customers, and  
5 it is appropriate to use this to calculate service level given that the IVR provides customer  
6 support. The Company is committed to improving its contact center performance and looks  
7 for new ways to enhance the customer experience. To that end, the Company has recently  
8 deployed new contact center technology, which will offer customers a call-back feature.  
9 The Company believes that this will have a positive impact of our service levels and will  
10 be beneficial to our customers.

11  
12 **Q. OCA witness Alexander claims that the Company has not met its commitment related**  
13 **to abandonment rate. Do you agree with this claim?**

14 A. The Company committed to achieve a certain abandonment rate beginning in 2020.  
15 However, the acquisition settlement containing service commitments recognized that  
16 unanticipated circumstances could affect the Company's ability to meet individual service  
17 commitments in a year. In the settlement, the Company committed to file a report to OCA,  
18 I&E and OSBA each calendar for a period of five years after closing of the Aqua-Peoples  
19 transaction. That reporting requirement specifically provided that if the Company was  
20 unable to achieve a specific metric, the report would include the reasons for failure to  
21 achieve a metric and the plan to reach that particular service metric. As identified in our  
22 report filed on February 1, 2021, the United States Postal Service delays and severe weather  
23 events impacting our customers resulted in higher-than-normal call volumes at the end of

1 2020 and the abandonment rate for 2020 was 4.6%, which was above the 4% commitment  
2 for 2020. By way of background, the United States Postal Service delays caused a  
3 significant delay in customers receiving their bills and delays in the Company receiving  
4 customer payments. The Company complied with the terms of the agreement in its report  
5 by identifying its higher abandonment rate and the cause. The new call center technology  
6 I mentioned previously will have a positive impact on the abandonment rate.

7  
8 **Q. OCA witness Alexander claims that the Company's customer satisfaction rates are**  
9 **lower than those of the electric and gas companies due to the service levels discussed**  
10 **above. Do you agree?**

11 A. No. Customer satisfaction is driven by many aspects of a customer's interaction with the  
12 Company and includes more than service level and abandonment rate. The survey results  
13 established a baseline for the Company to evaluate and identify areas of improvement. In  
14 my opinion, service level and abandonment rate do not directly impact customer  
15 satisfaction scores.

16  
17 **Q. OCA witness Alexander claims that the Company has not met its commitment to**  
18 **develop a live spreadsheet of complaints and to perform root cause analysis ("RCA")**  
19 **of the complaints. Do you agree with this claim?**

20 A. The Company has been working with the OCA on a spreadsheet based on the OCA's  
21 requested parameters. While the Company's understanding is that the spreadsheet has not  
22 been finalized, I believe witness Alexander is more focused on the merger commitment  
23 which discussed RCA. As part of the informal complaint process, RCA occurs informally

1 on a daily basis. If informal complaints filed with the Bureau of Consumer Services  
2 (“BCS”) bring to light an error on the part of an employee, coaching for the employee is  
3 provided. If cases indicate a broader issue, such as multiple similar cases, the issue is  
4 escalated for clarification to the customer contact team and or training if necessary. That  
5 being said, the Company is in the process of formalizing the RCA function. In addition,  
6 upon conversion to SAP, the Company’s RCA efforts can be enhanced by increasing the  
7 visibility of case trends through enhanced reporting of case types.

8  
9 **Q. OCA witness Alexander references the 2020 UCARE report to support her position**  
10 **that the Company does not analyze the root cause for complaint trends. Do you**  
11 **agree?**

12 A. No. OCA witness Alexander references the Commission’s 2020 UCARE report. In looking  
13 at the BCS 2021 reporting for January 2021 through September 2021, the Company’s  
14 justified rate is currently 10% for consumer complaints, a significant reduction from its  
15 2020 number. Similarly, the Company’s verified infractions of Chapter 56 in 2021 are 19,  
16 a reduction from the 2020 figure cited by OCA witness Alexander. This indicates that the  
17 Company is moving in the right direction to reduce its justified complaints and verified  
18 infractions.<sup>1</sup>

19  
20 **Q. OCA witness Colton raised a concern regarding response time to complaints. OCA**  
21 **witness Alexander also addressed this concern and claims that the Company is not**  
22 **complying with its commitment to reduce its complaint response rate. Do you agree?**

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<sup>1</sup> 2021 Utility Consumer Activities Report and Evaluation at 12 and 19.  
[https://www.puc.pa.gov/media/1380/ucare\\_2021-3q.pdf](https://www.puc.pa.gov/media/1380/ucare_2021-3q.pdf).

1 A. No. The Company committed to significantly reduce the number of days to respond to  
2 customer complaints filed with BCS, so that within 24 months the average is less than 10  
3 days. As OCA witness Alexander noted, the Company’s response rate in 2020 was 15 and  
4 it has gone down to 13 in 2021. The commitment provides that the number of days will be  
5 significantly reduced by 2022. Exhibit BA-5 shows that the Company’s response rate in  
6 September and October of 2021 is 10 and 6 respectively. This clearly indicates that the  
7 Company is complying with this commitment and is reducing its complaint response rate  
8 consistent with its commitment. By comparison, according to the 2019 UCARE Report,  
9 Aqua PA’s average number of days to respond to a consumer complaint was 22.5. Aqua  
10 PA’s response time has improved significantly.

11

12 **Q. OCA witness Alexander attempts to make a correlation between documentation and**  
13 **justified complaints and verified infractions. How do you respond?**

14 A. The Company provides extensive training to its call center representatives (“CSRs”) and  
15 training is an ongoing process. All CSRs are trained on the Pennsylvania regulations and  
16 the Company’s processes are designed to ensure compliance. The Company does not rely  
17 solely on initial training to ensure CSRs are complying with the regulations. In addition to  
18 the response provided in OCA-IX-36 (OCA Statement No. 6, Exhibit BA-6), the Company  
19 has an ongoing quality evaluation program whereby all CSRs are assessed on their  
20 performance and compliance with all operational procedures including Pennsylvania  
21 regulations. The Company provided supplemental information to OCA-IX-36 for the call  
22 evaluation performed by the Company’s quality assurance team.

23

1 **Q. OCA witness Alexander recommends that the final order in the proceeding include a**  
2 **requirement that the Company develop and submit a plan describing its specific**  
3 **auditing and oversight policies for its call centers with regular reporting of such**  
4 **evaluation and audits. Do you agree with this recommendation?**

5 A. No. The Company does have an existing quality evaluation program where its CSRs are  
6 assessed on their performance.

7  
8 **Q. OCA witness Alexander testifies that the Company is not complying with the**  
9 **Commission’s termination of service regulations because its training document does**  
10 **include the requirement that the field service representative attempt personal contact**  
11 **prior to terminating the service. How do you respond?**

12 A. The Company’s field service representatives (“FSRs”) are instructed to attempt personal  
13 contact with a responsible adult prior to terminating a customer’s service as required by 52  
14 Pa. Code §56.94. The Company does agree, however, that the documentation provided  
15 should be updated so that it is clear that this is required. The Company will update its  
16 process.

17  
18 **Q. OCA witness Alexander recommends that the final order in the proceeding include a**  
19 **requirement that the Company develop specific training programs for it FSRs**  
20 **authorized to terminate service that explicitly includes the obligation to attempt**  
21 **personal contact with a responsible adult immediately prior to termination of service.**

1 A. As I have stated, above the Company will update its training materials to include the  
2 requirement that the FSR attempt to contact a responsible adult occupant at the residence  
3 of the customer.

4  
5 **Q. OCA witness Alexander claims that there is a significant difference between the**  
6 **number of customers whose service was terminated and the reconnection of service**  
7 **for these customers and that this indicates that the Company is no complying with**  
8 **the Commission’s reconnection requirements. Do you agree?**

9 A. I do not agree. The information provided regarding the terminations and reconnections  
10 does not indicate that the Company is not complying with the regulations. The number of  
11 terminations and the number of reconnections is not a one for one comparison. A number  
12 of factors come into play. The customer who is terminated may move to a different location  
13 and request service in his or her name, in which that would be a move in and not a  
14 “reconnection.” The customer may move to a different location and not be the Aqua PA  
15 customer of record. The customer may move out of Aqua PA’s service territory.

16 The Commissions regulations require that service be restored within a certain time  
17 frame after all applicable terms are met (52 Pa. Code § 56.191). When a customer contacts  
18 the Company to restore service, he or she is informed of what is needed to restore service,  
19 which can range from payment of the full past due balance, payment of a reconnection fee  
20 plus a payment arrangement to no upfront payment and a payment arrangement. This  
21 complies with the Commission regulations.

22 The Company’s current customer information system cannot easily distinguish  
23 between reconnected service and a “move in” for service for customers who are activating

1 water service after a period of time. If a customer is terminated and does not contact the  
2 Company after 15 days the customer becomes an “inactive” customer in the Company’s  
3 customer information system so that if and when the customer contacts the Company to  
4 have service initiated again, it is a move-in service order and not a reconnection service  
5 order in the Company’s customer information system. This lack of distinction in the  
6 numbers submitted as a response to the OCA’s discovery request should not be construed  
7 as a lack of compliance with the Commission’s reconnection requirements. The Company  
8 CSRs are fully trained in reconnection guidelines. When speaking to a customer requesting  
9 reconnection of water, all Commission requirements are followed. The Company’s  
10 restoration of service policy is attached as Aqua PA Exhibit RFB-2-R.

11  
12 **Q. OCA witness Alexander recommends that the final order in the proceeding include**  
13 **a requirement that the Company either revise its procedures and document**  
14 **compliance with restoration of rights and remedies or describe how its current**  
15 **policies reflect these obligations. Do you agree with this recommendation?**

16 A. No. The Company’s existing restoration of service procedure complies with the  
17 Commission’s regulations.

18  
19 **Q. OCA witness Alexander claims that the Company does not follow best practices in**  
20 **identifying customer disputes. Do you agree?**

21 A. I do not agree. OCA witness Alexander states that “Aqua evidently does not ask” if a  
22 customer is satisfied based on the Company’s discovery response regarding whether the  
23 customer is affirmatively given dispute rights during a call. These are two different

1 concepts. The Company does ask if a customer is satisfied with the call and the Company's  
2 dispute procedure provided during discovery in response to OCA-I-2(5) states that if the  
3 customer is not satisfied, then the call is treated as a dispute, investigated and the customer  
4 is provided with a utility report which clearly gives the customer dispute rights. This  
5 complies with the Commission's dispute requirements.

6  
7 **Q. OCA witness Alexander recommends that the final order in the proceeding include a**  
8 **requirement that the Company adopt a policy that explicitly asks customers if he/she**  
9 **is satisfied with the response to an inquiry or concern to identify potential customer**  
10 **disputes. Do you agree with this recommendation?**

11 A. No. I do not believe this recommendation is needed in the final order in this proceeding.  
12 As described above, the Company existing process complies with the Commission's  
13 dispute regulations.

14  
15 **Q. OCA Witness Colton commented on Aqua PA's justified complaint rates in 2020 and**  
16 **2021 as an indicator of management performance. Would you like to respond to his**  
17 **testimony in this area?**

18 A. Yes. In his testimony, he notes that Aqua PA's justified complaint rate has declined  
19 through the first three quarters of 2021 from 15% to 10%, but goes on to point out the  
20 number of complaints against Aqua PA was higher in 2021 to 2020. I think it's important  
21 to recognize that an increase in the number of complaints is not an indicator of overall  
22 performance of a utility in responding to customer concerns. The number of complaints in  
23 2021 over 2020 generally increased across all utilities. For major natural gas companies,

1 the number of residential consumer complaints increased by 42% while the number of  
2 residential payment arrangement requests increased by 209%. For major water utilities,  
3 there was a 38% increase in residential consumer complaints and 69% increase in  
4 residential payment arrangement requests. Major electric utilities experienced the same  
5 increases with 27% more residential consumer complaints in 2021 over 2020 and a 270%  
6 increase in residential payment arrangement requests. As collection activities returned to  
7 more normal procedures in 2021, the number of cases across all utility types went up as we  
8 would expect following the impacts of the pandemic in 2020. I think the most important  
9 aspect to consider when we are discussing management performance relates to how many  
10 of the complaints received by the PUC were considered, by the PUC's standard, as justified  
11 complaints. As noted by Mr. Colton, Aqua PA's justified complaint was significantly  
12 reduced from 15% to 10%.

13  
14 **Q. OCA witness Colton also raised a concern regarding Aqua PA's collections**  
15 **performance. Would you like to respond to his testimony on this topic?**

16 A. Yes. Mr. Colton provided three tables from the PUC's Sixth Report to the General  
17 Assembly regarding Chapter 14. These tables provide information on Average Arrears by  
18 Year; Bills Behind by Year; and Residential Nonpayment Disconnections by Year. The  
19 range of the report is 2012 through 2018. These tables provide averages/totals for these  
20 years, breaking down the data between active and inactive accounts. We must be careful  
21 to not draw conclusions of performance from these statistics without considering the larger  
22 context. For example, the average arrears by year for active accounts increased from  
23 \$158.09 to \$176 over the 7 year period shown in the chart on page 72 of Mr. Colton's

1 testimony. This is an 11% increase, or roughly 1.6% percent per year. One could consider  
2 the modest increase of 1.6% to be flat, rather than increasing, particularly if you also  
3 consider that water rates would have increased over this time period are the arrearage  
4 increases are likely attributable to those rate changes rather than lack of collection success.  
5 The bills behind statistic, as shown on the table on page 73 of his testimony, shows an  
6 increase of 0.5 bills, growing from an average bill behind of 2.4 bills to 2.9 bills 7 years  
7 later. I would note that there were some years such as 2014 and 2017 in which levels were  
8 higher than 3 bills behind, so the average in 2018 is an improvement over those levels.  
9 Finally, I would like to put the nonpayment disconnections per year into context as well.  
10 Aqua PA has grown in water acquisitions during the period 2012 through 2018. To state  
11 that “Aqua PA has increased the number of accounts it disconnects more than ten-fold  
12 since 2012,” without quantifying the growth Aqua PA has attained over the same period is  
13 misleading.

14  
15 **Q. OCA witness Alexander recommends that the Company offer no-fee payment options**  
16 **to its customers and include reasonable or necessary payment processing fees in its**  
17 **revenue requirements, as it does for handling payment via the U.S. Mail. Do you**  
18 **agree with this recommendation?**

19 A. No. Customers are provided many different payment methods. The options include  
20 making payments on the Aqua PA customer portal which does not charge a fee. The  
21 Company does encourage its customer to enroll in paperless billing and use the customer  
22 portal for payments. Customers can mail their payment, use auto draft and electronic  
23 payments, all of which do not include a fee. Speedpay is one payment option available to

1 customers. The payment charge is not an Aqua PA charge. It is clearly identified as a fee  
2 charged by Speedpay. Payment services incur fees for processing, in particular for  
3 payments made by credit and debit cards, as the issuing financial institutions have a fee for  
4 use.

5  
6 **Q. OCA witness Alexander recommends that Aqua PA should be required to explicitly**  
7 **consider the elimination of third-party payment fees and evaluate the benefits and**  
8 **costs associated with eliminating fees to make payment on their IVR and e-billing**  
9 **portal and report to stakeholders. Do you agree with this recommendation?**

10 A. No. The Company does offer and encourage its customer to use the customer portal to pay  
11 their bill. Any elimination of the third-party payment fees would require such fees to be  
12 included in base rates charged to all customers.

13  
14 **Q. OCA Witness Alexander raises a concern about the Company's practice of charging**  
15 **late fees during the COVID-19 pandemic. Do you share this concern?**

16 A. No. The Commission's COVID-19 orders did not require that utilities stop charging late  
17 fees. The Commission's COVID-19 orders were intended to protect customers who were  
18 financially impacted by the pandemic from loss of service. It was not intended to be a  
19 moratorium on payment. I disagree that it was reasonable for customers to assume that  
20 since their service could not be terminated that late fees would not be charged if payments  
21 were not made. Customers continued to receive monthly bills that clearly identified late  
22 payment charges. The Company made multiple communications to customers during the  
23 COVID-19 pandemic to encourage customer to contact the Company to enroll in payment

1 plans to manage their accounts, thereby avoiding late fees. Attached as Aqua PA Exhibit  
2 RFB-3-R is a copy of a letter that was sent to monthly to customers who were not making  
3 payments during the COVID-19 pandemic encouraging them to contact the Company.  
4

5 **Q. OCA witness Alexander recommends that Aqua should evaluate its communications**  
6 **to customers during the pandemic and consider a policy of forgiveness of late fees**  
7 **imposed during the pandemic, particularly lower income customers. Do you agree**  
8 **with this recommendation?**

9 A. No. The Company's had an active communication plan during the COVID-19 pandemic  
10 to encourage customers to contact the Company to discuss their bill and make appropriate  
11 arrangements and referrals to assistance program.  
12

13 **IV. LANGUAGE ACCESS**

14  
15 **Q. CAUSE-PA Witness Geller recommends that Aqua PA provide telephonic language**  
16 **translation service, regardless of language. What is your response to his**  
17 **recommendation?**

18 A. The Company is currently evaluating the implementation of Language Line Translator, an  
19 entity that provides translation services and is currently used at the Peoples Companies.  
20

21 **Q. CAUSE-PA Witness Geller recommends that Aqua conduct a foreign language access**  
22 **assessment county by county and incorporate that into a language access policy.**  
23 **What is your response to his recommendation?**

1 A. The Company agrees to conduct a foreign language access assessment county by county  
2 and review the results to determine whether any changes should be made to its existing  
3 policies.

4

5 **Q. CAUSE-PA Witness Geller recommends an evaluation for determining the need for**  
6 **third party interpretation and to providing increased billing information in Spanish.**  
7 **What is your response to his recommendation?**

8 A. As stated above, the Company agrees to conduct a foreign language access assessment.  
9 Any changes to billing information in Spanish, however, would have to be incorporated  
10 into the SAP implementation timeline.

11

12 **V. CONCLUSION**

13 **Q. Does this conclude your rebuttal testimony?**

14 A. Yes, it does.

# **Exhibit RFD-1-R**

**Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.**  
**Docket Nos. R-2021-3027285, R-2021-3027286**

**OCA Responses to Aqua Set IV**

**Aqua-OCA-IV-3:** Does Mr. Colton propose any limit on the number of customers who may participate in the discount and arrearage forgiveness program?

**RESPONSE:**

No.

Sponsored by: Roger D. Colton

# **Exhibit RFD-2-R**

## Pennsylvania

### • **Reduced Restoration Process for PA customers Only**

- If a customer has been shut off and "has not" received more than 1 "M" (Monthly) payment arrangement, the customer may qualify for reduce restoration.
- If the balance divided by 24 comes to payments less that \$15 a month we need to lower the PAR term to make the payments \$15 a month.
  - **Customer qualifies for reduced restorations if:**
    - Customer has not been granted more than 1 company PAR with an IEV
      - Service is off due to SONP
      - Unable to pay required (reconnect) amount
      - Rate payer is still considered a customer by PUC guidelines.
        - 60 days after final bill has been issued
    - If a Customer calls in and is unable to make a payment:
      1. Take IEV
        - Customer income level must be 2a or lower
        - Restoration amount = account balance divided by 24 + \$50 reconnection fee
          - Example:  $\$480/24 = \$20 + \$50 = \$70$  (amount needed to reconnect)
        - Provide Customer with restoration amount
      2. If Customer can make payment at that time, process payment
        - Setup recon appointment
        - Send email to [ACOPA@aquaamerica.com/](mailto:ACOPA@aquaamerica.com/)
      3. If Customer is unable to make a payment on the call,
        - Advise Customer to call back to report the payment and have recon set up
        - Once the payment has been reported setup recon appointment for the next business day.
        - Send email to [ACOPA@aquaamerica.com/](mailto:ACOPA@aquaamerica.com/)
      4. If a Customer calls and can make a partial payment
        1. Once Customer provides confirmation of payment
        2. Take IEV
          - Customer income level must be 2a or lower
          - Restoration amount = account balance divided by 24 + \$50 reconnection fee
            - Example:
              - $\$480 - \$240(\text{partial payment}) / 24 = \$10 + \$50 = \$60$  (amount needed to reconnect)
          - 3. Setup recon appointment
          - 4. Send email to [ACOPA@aquaamerica.com/](mailto:ACOPA@aquaamerica.com/)

# **Exhibit RFD-3-R**



March 12, 2020

Re: Service to 123 Main St

Dear JOHN SAMPLE:

We're writing to remind you that we haven't received your current payment. If you have already made your payment, thank you. If you haven't paid your bill yet, please do so as soon as possible.

**We want to make sure you know what is available to you during these very difficult times with the COVID-19 pandemic**

- **If you would like to discuss your payment, please call us at 877.987.2782.**  
Customer Service Representatives are available Monday through Friday from 8 a.m. to 5 p.m., or you can reach us at AquaAmerica.com by clicking on "contact Aqua" in the customer service center drop-down menu.
- You can also manage your account and pay your bill online at AquaAmerica.com by clicking on WaterSmart e-Billing.
- Please contact us to discuss programs that may assist you with your payment options including assistance programs available to low-income families who find it difficult to pay their water bills. Contact us to find out if you qualify. Aqua may refer eligible customers to a local agency to apply for available programs

Aqua is ready to help. Our focus is on ensuring the continued reliability and safety of our water and wastewater systems for our customers. Please know that we are thinking of you, and our professionals will continue to provide 24/7 emergency service and prompt, courteous answers to your everyday inquiries.

Sincerely,  
Aqua Customer Service

RETURN THIS PORTION WITH YOUR PAYMENT



MAKE CHECK PAYABLE TO:  
Aqua PA

Account Number  
**000012345-0067890**

762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Please Do Not Remit Payment To The Above Address

**TOTAL AMOUNT DUE**  
**\$ 355.40**

Amount Enclosed

\$    .

JOHN SAMPLE  
123 MAIN ST  
ANYTOWN PA 12345-2626

AQUA PENNSYLVANIA  
PO BOX 70279  
PHILADELPHIA PA 19176-0279

00001234500678900000000355401