

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REJOINDER TESTIMONY OF

JULIE QUIGLEY

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos.

R-2020-3017951 (Water)

R-2020-3017970 (Wastewater)

P-2020-3019019 (DSIC)

TOPICS:

Bill Discount Program

Long Term Changes to Low Income Programs

Customer Inquiries and Disputes

September 11, 2020

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND CURRENT POSITION.**

3 A. My name is Julie Quigley. My position with The Pittsburgh Water and Sewer Authority
4 (“PWSA” or “Authority”) is Director of Administration.

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

6 A. Yes; I prepared written direct testimony (pre-marked PWSA St. No. 8) which
7 accompanied the March 6, 2020 rate filing package. I also prepared supplemental direct
8 testimony (pre-marked PWSA St. No. 8-SD), which was served on May 15, 2020 and
9 rebuttal testimony (pre-marked PWSA St. No. 8-R), which was served on August 18,
10 2020. The topics addressed as part of my rebuttal testimony included recommendations
11 related to PWSA’s customer service, collections processes, low income customer
12 assistance programs and proposed water and wastewater tariffs. I also provided a current
13 update regarding PWSA’s customer service response during the COVID-19 pandemic
14 and explained its impacts on PWSA’s continued need for a rate increase.

15 **Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?**

16 A. The purpose of my Rejoinder Testimony is to respond to the Surrebuttal Testimony of (1)
17 Office of Consumer Advocate (“OCA”) Witness Roger Colton regarding his
18 recommended changes to PWSA’s Bill Discount Program and identification of costs for a
19 future stakeholder process regarding longer-term changes; (2) Office of Small Business
20 Advocate (“OSBA”) Witness Brian Kalcic regarding PWSA’s historical recovery of costs
21 associated with its BDP; and, (3) OCA Witness Barbara Alexander regarding PWSA’s
22 handling of consumer inquiries and/or disputes.

1 **II. RESPONSE TO OCA WITNESS COLTON REGARDING RECOMMENDED**
2 **CHANGES TO BDP**

3 **Q. DO YOU HAVE ANY OVERALL OBSERVATIONS REGARDING OCA**
4 **WITNESS COLTON'S SURREBUTTAL TESTIMONY ABOUT PWSA'S**
5 **PROPOSED BDP CHANGES?**

6 A. Yes. Mr. Colton claims that I did not "dispute" or "refute" his direct testimony regarding
7 his "analysis and conclusions that PWSA's proposed BDP will result in unaffordable bills
8 to virtually all low-income PWSA customers" and his "extensive explanation of the need
9 to provide an enhanced discount" as he proposed (OCA St. No. 6-R at 5, 12). I want to
10 be clear that PWSA thoroughly reviewed and considered all of the direct testimony and
11 recommendations of the parties to include Mr. Colton's views about our proposed BDP
12 changes. As explained by PWSA Witness William Pickering, "our lack of response to
13 any issue raised by the other parties is not intended to signal PWSA's agreement on that
14 issue." (PWSA St. No. 1-R at 6). In PWSA's view Mr. Colton's analysis is not germane
15 to the issues in this proceeding. In proposing changes to expand the benefits currently
16 available in its voluntary low income customer assistance program, PWSA is seeking to
17 provide some amount of assistance to its disadvantaged customers. It neither intended
18 nor is required to provide a program that meets Mr. Colton's standards. I submit that the
19 appropriate goal is to arrive at a program that balances the desire to provide some support
20 to low income customers with the cost of that program that must be borne by all other
21 retail customers and the operational and technical abilities of PWSA to administer the
22 program. While I specifically testified that PWSA is committed to making our financial
23 assistance programs available and to working with the advocates and members of the
24 LIAAC to continue to evolve our programs, I provided significant detail about why
25 PWSA is not in a position at this time to adopt the revisions to its BDP as proposed by

1 both Mr. Colton and Pittsburgh UNITED Witness Wein. (PWSA St. No. 8-R 28-29, 39-
2 42, 49-51). Mr. Colton never acknowledges that PWSA is proposing to increase the level
3 of benefits provided pursuant to its current BDP from a 75% discount to a 100% discount
4 off the fixed minimum charge. This gives qualifying low income customers 1,000
5 gallons of usage a month at no cost and – as I explained in my Direct Testimony – results
6 in the lowering of bills for some customers. (PWSA St. No. 8 at 15, Table 8).
7 Respectfully, PWSA must remain focused on balancing the needs of its entire customer
8 base, regardless of income, with the reality that revenue is necessary in order to be able to
9 provide service.

10 **Q. IS IT YOUR UNDERSTANDING THAT THE COMMISSION HAS PERMITTED**
11 **UTILITIES TO IMPOSE CONTROLS REGARDING THE LEVEL OF**
12 **AVAILABLE ASSISTANCE TO BALANCE CONCERNS ABOUT**
13 **CONSERVATION?**

14 A. Yes. Mr. Colton dismisses my concerns about how his proposed enhancements to
15 PWSA’s BDP could result in a lack of conservation in the home. (OCA St. No. 6SR at
16 13). By expanding the discount for the minimum charge to 100% of the charges,
17 customers will not be required to pay PWSA charges until they use over 1,000 gallons of
18 water in the month. In this way, they have some control over how much they will pay by
19 conserving their usage. In response, Mr. Colton makes the claim that “*Not one single*
20 *evaluation*” he has performed for the Maryland Office of Peoples Counsel found that
21 discounts have “resulted in a systematic increase in usage.” (OCA St. No. 6SR at
22 13)(emphasis in original). Notwithstanding this, I am advised by counsel that the
23 Pennsylvania CAP Policy Statement for electric and natural gas utilities provides control
24 features to limit program costs, including setting consumption limits. 52 Pa. Code
25 Section 69/265(3) specifically states that “limits on consumption should be set at a

1 percentage of a participant’s historical average usage. A level of 110% is recommended.
 2 Adjustments in consumption should be made for extreme weather conditions through the
 3 use of weather normalization techniques.”¹ Pennsylvania Commission has regularly
 4 approved controls in the context of the electric and gas utility customer assistance
 5 programs for this very reason; i.e., to ensure that the discounts do not act as a disincentive
 6 to conservation.² Therefore, while Mr. Colton’s research regarding Maryland utilities
 7 may be showing something different, the Commission’s view on this issue has been well-
 8 established. As such, my concern about ensuring that our discount program does not
 9 create a disincentive for consumers to conserve is in alignment with the Commission.

10 **III. RESPONSE TO OCA REGARDING COSTS TO IMPLEMENT A**
 11 **STAKEHOLDER PROCESS TO EVALUATE FUTURE SIGNIFICANT**
 12 **CHANGES TO CURRENT CUSTOMER ASSISTANCE PROGRAMS**

13 **Q. DO YOU AGREE WITH MR. COLTON THAT IMPLEMENTING HIS**
 14 **RECOMMENDATIONS TO ADOPT AN ARREARAGE MANAGEMENT**
 15 **PROGRAM (“AMP”) AND FIXED-PAYMENT PERCENTAGE OF INCOME**
 16 **PLAN (“PIP”) WOULD INCUR NO COSTS TO BE RECOVERED IN THE NEAR**
 17 **TERM? (OCA ST. NO. 6SR AT 4-5).**

18 A. No. Mr. Colton attempts to create the misimpression that a stakeholder collaborative
 19 process does not involve costs for PWSA that would need to be recovered from
 20 ratepayers. However, this is not accurate. Based on my experience with the LIAAC, a
 21 substantial amount of PWSA staff time is required to prepare for, conduct and engage in
 22 follow-up from the meetings. In addition, I anticipate that PWSA would need to expend
 23 significant time to evaluate specific proposals and determine how they could be feasibly

¹ 52 Pa. Code § 69.265(3).

² For example, Peoples applies a maximum consumption limit for a CAP customer of 125% of historic consumption. *See* Peoples Gas Tariff at First Revised Page No. 38. Similarly, Philadelphia Gas Works imposes maximum consumption limits for customers with higher than average usage. *See* PGW’s USECP for 2017-2020 at pp. 19-21 available at: https://www.pgworks.com/uploads/bids/Appendix_A.1_-_USECP_Second_Amended_2017-2020_.pdf

1 implemented within our systems. Whether PWSA would have the internal resources to
 2 do this or would need to engage outside consultants for assistance, such efforts will incur
 3 costs. I would also like to point out that Mr. Colton is advocating an approach for PWSA
 4 – a municipal authority, just newly under the jurisdiction of the Commission – that no
 5 privately owned, Commission regulated water utility has implemented. I understand that
 6 Mr. Colton continues to point to the PIPs in place for electric and gas utilities to blunt the
 7 lack of precedent for his idea for PWSA and while that may yield some useful
 8 information, I do not agree that those models mean that stakeholders (or the Commission
 9 staff) “know what a reasonable fixed-payment PIP” for a water municipal authority
 10 would look like. There is just no question that embarking upon the path suggested by Mr.
 11 Colton will be preceded by a significant amount of work and analysis, which will incur
 12 costs for PWSA that will need to be recovered from ratepayers.

13 **IV. RESPONSE TO OBSA REGARDING PWSA’S HISTORICAL RECOVERY OF**
 14 **COSTS RELATED TO BDP**

15 **Q. IS MR. KALCIC CORRECT TO STATE THAT “PWSA HAS NEVER**
 16 **OFFICIALLY RECOVERED ITS BDP-CAP FROM ALL CUSTOMERS”?**
 17 **(OSBA ST. NO. 1-S AT 6).**

18 A. No. As explained in my Direct Testimony, PWSA’s Customer Assistance Programs were
 19 implemented in the fall of 2017 prior to PWSA being regulated by the Commission.
 20 (PWSA St. No. 8 at 15). At that time, the costs of the BDP in terms of “forgone revenue”
 21 related to the 50% discount off the minimum charges (as well as forgone revenue due to
 22 the Winter Moratorium) were allocated among all customer classes. Similarly, the costs
 23 to enter into a contract with PWSA’s CAP administrator, Dollar Energy Fund, were
 24 allocated across all customer classes. PWSA’s first Commission approved rates did not
 25 go into effect until March 1, 2019. Thus, PWSA’s allocation of low-income customer

1 assistance programming costs to all customers predated the Commission's assumption of
2 jurisdiction. I would note that as PWSA has continued to evolve, in this proceeding, we
3 have more clearly identified the forgone revenue associated with the customer assistance
4 programs and reflected it as a cost for each retail class.

5 **Q. IS MR. KALCIC CORRECT TO THE EXTENT HE IS INSINUATING THAT**
6 **PWSA IS ATTEMPTING TO OVERLY RELY ON THIS HISTORICAL FACT**
7 **TO SUPPORT NOT REVISING ITS COST RECOVERY PROCESS IN THIS**
8 **PROCEEDING?**

9 A. No. PWSA did consider this factor when preparing for this rate, case but it was not the
10 main reason why PWSA elected to continue with its current cost recovery mechanism.
11 As explained in my Rebuttal Testimony, PWSA has to carefully consider the impact of
12 customer assistance offerings on all of its customers with its need to seek additional rate
13 relief to fund operations. (PWSA St. No. 8-R at 2). Striking the right balance is a
14 difficult task as evidenced by the fact that some of the parties disagree with what PWSA
15 is proposing, even though PWSA's changes would significantly increase the level of
16 benefits available to low income customers on the basis that this is still not enough of a
17 benefit. (*See* PWSA St. No. 8-R at 26-51 for PWSA's response to the customer
18 assistance program recommendations of other parties). In addition to all the reasons
19 offered by PWSA Witness Smith regarding our decision to continue to allocate the costs
20 to all customer classes (PWSA St. No. 7-R at 8-9), PWSA is concerned about placing
21 further pressure on the rates of non-low-income residential consumers to support the low-
22 income customer benefits, which benefit all customer classes.

1 **Q. DO YOU AGREE WITH MR. KALCIC THAT ATTEMPTING TO FACTOR**
2 **SOCIETAL BENEFITS INTO UTILITY COST ALLOCATION DECISIONS IS**
3 **TO BE AVOIDED? (OSBA ST. NO. 1-S AT 7-8).**

4 A. No; in my view these issues cannot be summarily dismissed. I understand his point that
5 too much reliance on societal benefits could result in unreasonable outcomes but that is
6 not the situation here. The positive impact to businesses from residential customers able
7 to afford their PWSA bills due to the receipt of a reasonable level of financial assistance
8 is just one of the factors upon which PWSA proposes to continue its current cost recovery
9 mechanism.

10 **V. RESPONSE TO OCA REGARDING PWSA’S HANDLING OF CUSTOMER**
11 **INQUIRIES AND/OR DISPUTES**

12 **Q. DOES MS. ALEXANDER FAIRLY CHARACTERIZE PWSA’S CALL CENTER**
13 **PERFORMANCE?**

14 A. No. Ms. Alexander continues to characterize PWSA’s call center performance as “less
15 than reasonable” and claims there is “an obvious trend of tolerating significantly poor
16 performance in some months.” (OCA St. No. 7SR at 2 and 12). This is simply not true.
17 In the most recent 20 months, PWSA has met or exceeded the call center standards as
18 proposed by Ms. Alexander. (PWSA St. No. 8-R at 19, PWSA Exh. JAQ-10). The
19 evidence clearly does not support Ms. Alexander’s cursory statement that PWSA is
20 “tolerating significantly poor performance” or that its performance is “less than
21 reasonable.”

22 **Q. PLEASE IDENTIFY THE OTHER CURSORY CONCLUSIONS OF MS.**
23 **ALEXANDER WITH WHICH YOU DO NOT AGREE?**

24 A. Ms. Alexander claims that PWSA “excuses” its “lack of internal tracking and evaluation
25 of informal customer disputes” “based on the relative newness of PWSA” to the
26 Commission’s jurisdiction (OCA St. No. 7SR at 6). She also claims that PWSA does not

1 have “a sufficient means to identify customer disputes” and presents a wide range of
2 scenarios in the course of a call with a customer that should halt Chapter 56 collection
3 processes. (OCA St. No. 7SR at 4-5).

4 **Q. IS MS. ALEXANDER CORRECT TO THE EXTENT SHE IS INSINUATING**
5 **THAT PWSA IS SOMEHOW “HIDING BEHIND” ITS NEW PUC**
6 **REGULATORY STATUS TO JUSTIFY ITS ALLEGEDLY INADEQUATE**
7 **INTERNAL CUSTOMER DISPUTE PROCESSES?**

8 A. No. The point of my rebuttal testimony was that the information upon which the Bureau
9 of Consumer Services (“BCS”) evaluated PWSA’s customer service involved only a
10 partial year of data at a time when PWSA – and its customers – were just learning about
11 the Commission processes and starting to use them. As I stated, “without a full year of
12 data during a stable period of time upon which to compare, I do not believe conclusions
13 about PWSA’s current response time to respond to BCS are appropriate.” (PWSA St.
14 No. 8-R at 22). I was not in any way attempting to claim that our still relatively new
15 regulated status is a justification for less than stellar customer service. On the contrary,
16 PWSA has worked tirelessly since coming under the jurisdiction of the Commission to
17 improve customer service and we are very proud of the results to date. Yes, there is still
18 work to do and we are ready to undertake that work as we continue to seek improvement;
19 however, it is wholly inappropriate to ignore our starting point and the length of time
20 during which we have been addressing these issues.

21 **Q. DO YOU AGREE THAT PWSA IS NOT APPROPRIATELY HANDLING**
22 **INFORMAL CUSTOMER DISPUTES?**

23 A. No. Ms. Alexander claims that any time a customer “requests further information, asks
24 for a supervisor, expresses a desire for more information, or needs additional further
25 contact to resolve the matter, these should be properly labeled a dispute and treated as
26 such under Chapter 56 by halting collection action, setting up a process to respond to the

1 customer within 30 days, and recording the transaction as a dispute for tracking and
2 additional analysis by management.” (OCA St. No. 7SR at 5). I have several issues with
3 Ms. Alexander’s claim here. First, as I explained in my Direct Testimony, PWSA has a
4 process in place where it trains, coaches, and mentors its staff to add an Inquiry Lock to a
5 customer’s account when they are: (1) escalated to a supervisor; (2) request
6 additional/follow-up information not provided during the call; (3) escalated to Billing for
7 a more in depth review and response; and, (4) scheduling an appointment to remove the
8 water meter for testing. (PWSA St. No. 8 at 5). The Inquiry Lock adds a Collection
9 Exempt Lock. PWSA’s Compliance team reviews a daily report of the locks, monitors
10 the follow-up response to the customer and removes the locks once the inquiry or dispute
11 is handled. Therefore I strongly disagree with Ms. Alexander’s view that PWSA is not
12 appropriately handling customer issues.

13 Second, while Ms. Alexander appears to want to term any further inquiry of the
14 customer as a “dispute,” Chapter 56 provides clear definitions for “inquiry” and “dispute”
15 and each has their own required follow-up actions.³ PWSA’s process was designed to
16 comply with these requirements and has been reviewed by the Bureau of Consumer
17 Services. I am advised by counsel that there is no legal requirement for PWSA to further
18 expand its processes.

19 Finally, I would also note that PWSA’s compliance with Chapter 56 is to be
20 addressed as part of the Commission’s Stage 2 Compliance Plan proceeding. (PWSA St.
21 No. 8-R at 10-11). That comprehensive review of PWSA’s current Chapter 56 processes
22 (with the involvement of BCS) is the more appropriate venue for this conversation.

³ See 52 Pa. Code § 56.2.

1 While Ms. Alexander notes her “concern” about the “additional delays in the resolution
2 of Stage 2 compliance issues is harmful to customers,” the timing of that proceeding has
3 been established by the Commission. (OCA St. No. 7SR at 14). For its part, PWSA has
4 not been waiting for that proceeding to be resolved to work on improving its operations,
5 as well demonstrated by its continually evolving customer service processes and its
6 collaboration with the parties to resolve and address their concerns to include PWSA’s
7 procedures immediately prior to termination. (PWSA St. No. 8-R at 11-13).

8 **VI. CONCLUSION**

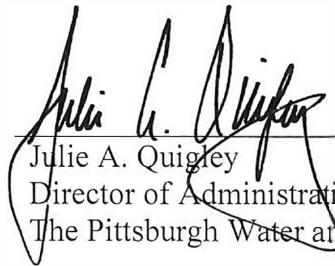
9 **Q. DOES THAT COMPLETE YOUR REJOINDER TESTIMONY?**

10 A. Yes.

VERIFICATION

I, Julie Quigley, hereby state that: (1) I am the Director of Administration for The Pittsburgh Water and Sewer Authority (“PWSA”); (2) the facts set forth in my testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 9/11/20



Julie A. Quigley
Director of Administration
The Pittsburgh Water and Sewer Authority