

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REJOINDER TESTIMONY OF

ROCKY CRALEY

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos.

R-2020-3017951 (Water)

R-2020-3017970 (Wastewater)

P-2020-3019019 (DSIC)

TOPIC:

Household Affordability Analysis

September 11, 2020

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1 **I. INTRODUCTION**

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

3 A. My name is Rocky Craley and I am a senior manager of Raftelis Financial Consultants,
4 Inc. (Raftelis). Raftelis serves as a financial and utility consultant for The Pittsburgh
5 Water and Sewer Authority (“PWSA” or “Authority”).

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

7 A. Yes, I prepared written rebuttal testimony (pre-marked PWSA St. No. 11-R) which was
8 served on August 18, 2020. My rebuttal testimony focused on the criticisms of the
9 PWSA Household Affordability Analysis – Final Report December 2019 (“Household
10 Affordability Analysis”) which has been pre-marked PWSA Exh. JAQ-6.

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

12 A. The purpose of my Rejoinder Testimony is to address the surrebuttal testimony of Office
13 of Consumer Advocate (“OCA”) Witness Roger Colton related to the Household
14 Affordability Analysis.

15 **II. RESPONSE TO OCA WITNESS COLTON**

16 **Q. DO YOU SEE A FUNDAMENTAL ISSUE WITH MR. COLTON’S**
17 **UNDERSTANDING OF THE PURPOSE OF THE HOUSEHOLD**
18 **AFFORDABILITY ANALYSIS?**

19 A. Yes, I do. Although PWSA has been absolutely clear about the purpose of the Household
20 Affordability Analysis in our testimony and in the text of the report itself,¹ the core

¹ See, e.g., PWSA St. No. 8 at 6-7 (“PWSA engaged. . . Raftelis to undertake a household affordability analysis intended to provide a baseline understanding of affordability in its service area. The scope of the study was not to define what is “affordable” but to better understand the water and wastewater burden on households in the community.”); PWSA Exh. JAQ-5 at 8 (“Raftelis was able to assist PWSA in identifying its more economically vulnerable areas. This analysis also identified areas with the most potential to enroll residents in the bill discount program. . . the findings from the analysis will be used to assist PWSA in considering changes to its current affordability and its rate structure.”); PWSA St. No. 8-R at 26-28 (“. . . the Household Affordability Analysis was one tool used by PWSA to evaluate its low income customer assistance programs. . . [it] provided valuable (and before unknown) insight about PWSA’s service territory.”); and, PWSA St. No. 11-R at 3 (“Raftelis was tasked with providing PWSA and its stakeholders.

1 dispute of Mr. Colton is that the Household Affordability Analysis did not determine
 2 specifically what customers in PWSA’s service territory can afford to pay. Despite
 3 PWSA’s upfront (and repeated) disclosure about the intent and purpose of the Household
 4 Affordability Analysis and the involvement of OCA (and Mr. Colton) in the meetings of
 5 the Low Income Assistance Advisory Committee (“LIAAC”) during which the analysis
 6 was discussed numerous times, all of Mr. Colton’s criticisms stem from his view that the
 7 Household Affordability Analysis is not the appropriate way to determine the
 8 affordability of PWSA’s customers.

9 **Q. WHY IS THIS IMPORTANT?**

10 A. This is important because the fundamental starting point for all of Mr. Colton’s criticisms
 11 is his inaccurate beliefs about the intent, purpose and final result of the Household
 12 Affordability Analysis. While Mr. Colton clearly disagrees with the foundational
 13 principles of the Household Affordability Analysis, the only relevant point here is that the
 14 Household Affordability Analysis served its intended purpose of providing quantitative
 15 support for how to most effectively target outreach efforts and to develop a reasonable
 16 financial assistance plan for its low income customers within its abilities. We have also
 17 been transparent throughout this process by discussing and sharing the Household
 18 Affordability Analysis with members of the LIAAC. By selectively choosing to ignore
 19 the fundamental purposes of PWSA in commissioning the Household Affordability
 20 Analysis, Mr. Colton is hijacking the debate to somehow characterize PWSA’s voluntary
 21 efforts as not satisfying his self-imposed standards and, thus, being inadequate. In my

. .with a shared analytical understanding of the affordability of water and wastewater bills in the PWSA service area. Raftelis did not determine the affordability threshold for an individual household within the PWSA service area.”)

1 opinion, this view could not be farther from reality particularly when considering
 2 PWSA’s specific circumstances.

3 **Q. IF MR. COLTON’S CRITICISMS ARE BASED ON HIS INACCURATE**
 4 **BELIEFS ABOUT THE INTENT, PURPOSE AND FINAL RESULT OF THE**
 5 **HOUSEHOLD AFFORDABILITY ANALYSIS, THEN WHY ADDRESS THEM?**

6 A. For two reasons. First, I want to clarify a few points based on Mr. Colton’s surrebuttal
 7 testimony. Second, Mr. Colton identifies several areas or assertions from his Direct
 8 Testimony which it appears he expected me to dispute in my Rebuttal Testimony. (OCA
 9 St. No. 6SR at 14-16). I want to be absolutely clear that I carefully reviewed and
 10 considered all of Mr. Colton’s criticisms and my lack of response is not intended to signal
 11 agreement on that issue. Rather, the very nature of his assertions are the result of
 12 deviating from the prescribed methodology of the AWWA Report to which I adhered in
 13 our analysis for PWSA (and which I explained in the LIAAC meetings and in my
 14 Rebuttal Testimony). Also, as aptly stated by Ms. Quigley in her rejoinder testimony, “In
 15 PWSA’s view Mr. Colton’s analysis is not germane to the issues in this proceeding. In
 16 proposing changes to expand the benefits currently available in its voluntary low income
 17 customer assistance program, PWSA is seeking to provide some amount of assistance to
 18 its disadvantaged customers. It neither intended nor is required to provide a program that
 19 meets Mr. Colton’s standards.” (PWSA St. No. 8-RJ at 2).

20 **Q. CAN YOU PLEASE CLARIFY WHY YOU ARE QUALIFIED TO ADDRESS**
 21 **ISSUES RELATED TO THE HOUSEHOLD AFFORDABILITY AND ITS**
 22 **FOUNDATIONAL ANALYSIS?**

23 A. Yes. Mr. Colton confusingly states that I “played no role in authoring, advising or peer
 24 reviewing the affordability study [I] now seeks to justify.” (OCA St. No. 6SR at 14).
 25 Though he uses the term “affordability study,” he appears to have intended to refer to the
 26 American Water Works Association (“AWWA”) Report dated April 12, 2020 and titled

1 “Developing a New Framework for Household Affordability and Financial Capability
 2 Assessment in the Water Sector” (“AWWA Report”) which was included with my
 3 Rebuttal Testimony as PWSA Exh. RC-1 since that was the subject of the discovery
 4 response he references. While he is correct that I am not listed among the technical
 5 consultants for the AWWA Report and was not an author of it, I am the primary author of
 6 the Household Affordability Analysis.

7 **Q. WHY IS THIS CLARIFICATION IMPORTANT?**

8 A. As the primary author of the Household Affordability Analysis, it is important to note
 9 that I did not develop a new approach with my own biases to evaluate the economic
 10 burden of water and wastewater rates within PWSA’s service area. Instead, I relied on a
 11 panel of industry experts and organizations for guidance and methodology on evaluating
 12 the economic burden of water and wastewater rates on a utility’s service area. Raftelis
 13 believes using an industry approach, rather than a new approach, strengthens the findings.
 14 By contrast, Mr. Colton has put forward adjustments to our analysis that, as a result,
 15 created an unproven approach to affordability analysis which has not been endorsed by
 16 any major industry organization.

17 **Q. WHY DOES MR. COLTON CRITICIZE YOUR RELIANCE ON THE AWWA**
 18 **REPORT AND THE EPA STANDARD?**

19 A. He questions my reliance on those materials because Raftelis did not identify specific
 20 examples of when the methodologies have been applied to water and/or wastewater
 21 utilities. In short, Mr. Colton tries to refute my description of these documents as setting
 22 forth well-accepted industry standards. (OCA St. No. 6R at 16-18).

1 **Q. DO YOU CONTINUE TO BELIEVE THAT THE AWWA REPORT AND THE**
2 **EPA STANDARD ARE APPROPRIATELY RELIED UPON BY THE**
3 **AFFORDABILITY REPORT?**

4 A. Yes. As previously provided, the AWWA Report was sponsored by three of the most
5 prominent industry associations within the water and wastewater industry:

- 6 • The American Water Works Association (AWWA): “Our membership includes over
7 4,300 utilities that supply roughly 80 percent of the nation’s drinking water and treat
8 almost half of the nation’s wastewater. Our 51,000 total members represent the full
9 spectrum of the water community: public water and wastewater systems,
10 environmental advocates, scientists, academicians, and others who hold a genuine
11 interest in water, our most important resource.”²
- 12 • The National Association of Clean Water Agencies (NACWA): “For more than four
13 decades, the National Association of Clean Water Agencies (NACWA) has been the
14 nation’s recognized leader in legislative, regulatory and legal advocacy on the full
15 spectrum of clean water issues, as well as a top technical resource for water
16 management, sustainability and ecosystem protection interests.”³; and
- 17 • The Water Environment Federation (WEF): “The Water Environment Federation
18 (WEF) is a not-for-profit technical and educational organization of 35,000 individual
19 members and 75 affiliated Member Associations representing water quality
20 professionals around the world.”⁴

21 Also, as explained in response to discovery request from OCA (PWSA Response to
22 OCA-II-5), the report’s content was guided by a group of experts convened by the
23 AWWA, NACWA, and WEF, which met on regular conference calls as well as in person
24 at a symposium in Washington, DC in 2018. Representatives from the following
25 organizations contributed commentary, including:

- 26 • U.S. Environmental Protection Agency
- 27 • North Carolina Environmental Finance Center
- 28 • Texas A&M University
- 29 • Barnes & Thornburg LLP
- 30 • U.S. Conference of Mayors
- 31 • City of Baltimore
- 32 • Stantec

² <https://www.awwa.org/About-Us>

³ <https://www.nacwa.org/about-us>

⁴ <https://www.wef.org/about/about-wef/>

- 1 • Jacobs
- 2 • Public Utility Consulting
- 3 • S&P Global
- 4 • Association of Clean Water Administrators
- 5 • Association of State Drinking Water Administrators
- 6 • ASDWA
- 7 • Philadelphia Water

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9 **Q. REGARDING THE METHODOLOGY IN THE AWWA REPORT, WHICH WAS**
10 **USED BY RAFTELIS IN THE AFFORDABILITY REPORT, MR. COLTON HAS**
11 **EXPRESSED CONCERN THAT RAFTELIS HAS NEVER “PRESENTED ITS**
12 **RESEARCH ON THE METHODS IT USED FOR PWSA TO REGULATORY**
13 **STAFF AND/OR COMMISSIONERS FOR REVIEW AND CRITIQUE.” (OCA**
14 **ST. NO. 6SR AT 17-18). IS THIS ACCURATE?**

15 A. No, it is not. As I noted previously, I presented this information during several of
16 PWSA’s LIAAC meetings during which Mr. Colton and members of the Commission’s
17 staff were present (as well as others). All participants, including Mr. Colton, had
18 opportunities over several meetings to participate and provide constructive input for the
19 analysis. PWSA also included the Household Affordability Analysis as an exhibit in this
20 proceeding which will give the Commissioners and staff a further opportunity to review
21 and evaluate. I have been advised by counsel that the Commission does not have specific
22 regulatory requirements regarding low income customer assistance programs for water
23 and wastewater utilities and I am unaware of the Commission conducting any formal or
24 informal proceeding whereby it sought to evaluate affordability for water and wastewater
25 customers. As such, to the extent Mr. Colton is attempting to insinuate that we have
26 intentionally withheld our analysis from either stakeholders or the Commission, he is
27 wrong.

28 **III. CONCLUSION**

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

30 A. Yes.

VERIFICATION

I, Rocky Craley, hereby state that: (1) I am a Senior Manager of Raftelis Financial Consultants, Inc.; (2) I have been retained by The Pittsburgh Water and Sewer Authority (“PWSA”) and am authorized to present testimony on its behalf; (3) 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, (4) 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).

Dated: 9/11/20



Rocky Craley, Senior Manager
Raftelis Financial Consultants, Inc.