“Cost-of-service” is a process by which total system revenue requirements are allocated to users of the system in proportion to services received.

These principles include:

- Recognize differences in customer characteristics
- Establish *reasonable nexus* between fees charged and costs incurred in providing service
- Meet Regulatory Requirements
- Establish basis for reasonable and defensible rates
- Cost Based Rates Provide Sufficient Funding to all Utilities to Build, Operate, Maintain and Reinvest in their Systems. (AWWA M1 Manual)
Assistance has always been available for those who need it.

<table>
<thead>
<tr>
<th>Pre-TAP Assistance Programs Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Citizen Discount</td>
</tr>
<tr>
<td>Charitable Organization Discount</td>
</tr>
<tr>
<td>Water Revenue Assistance Program (WRAP)</td>
</tr>
<tr>
<td>Utility Emergency Services Fund (UESF)</td>
</tr>
</tbody>
</table>

Approximate total of all assistance programs in fiscal year 2017:

Over $34 million
The Road to Tiered Assistance Program (TAP)

A City Council Ordinance and Water, Sewer and Storm Water Rate Board Decision requires the establishment of an assistance program that allows low-income customers to pay reduced rates based upon a percentage of their household income.

**Bill No. 140606-AA:** An Ordinance providing for the establishment of low-income rates.

**Mayor Michael Nutter:** Signed the ordinance passed by City Council.

**The Rate Board issued a decision that set the parameters for the FY2017-2018 Rate:**

---

**November 19, 2015**

**December 1, 2015**

**June 8, 2016**

**July 1, 2017**

**IMPLEMENTATION**

First day a customer can submit an application for the TAP program.
What is Different About TAP?

• Monthly bills based on income which can range from 2-4% of a customer’s total household income. Lowest income bracket may have a minimum bill of $12 per month.

• Customers do not have to be delinquent or behind on their bill to enter the program. This allows us to be proactive with assistance as opposed to reactive.

• Program is income-based and not a payment agreement, making bills more predictable and affordable.

• Bills do not go up based on usage. Customers pay a set amount.

• Customers who may have a higher income, but have experienced a hardship, such as a loss of job, death of primary wage earner or serious illness, may still be eligible.

• Past due amounts are suspended and not enforced upon while successfully enrolled in the program, preventing debt from increasing.

• Earned forgiveness of prior penalties after 24 months of on-time payments.
Top TAP Messages

• **If you’re struggling to pay your water bill, don’t wait until it’s overdue to take action.** PWD/WRB offers a variety of billing assistance programs to help you maintain water, sewer and stormwater services for your home.

• **You do not need to be delinquent** as this program is designed to keep customers in good standing with continued access to water and sewer services.

• **Eligible customers will pay a percentage of their bill based on their income.** Customers in the lowest income bracket will pay a bill equivalent to 2% of their monthly income for a minimum of $12/month. Bill is capped as a percentage of income and is constant each month.

• **Outstanding balances accrued prior to TAP enrollment are put on hold.**

• **Earned forgiveness of prior penalties after 24 months of on-time payments.**
TAP Goals and Statistics at a Glance

- An affordable monthly bill
- Protection against shut off
- Encouragement for timely payments

- 40,000 residential properties in shut off status as of April 30, 2018
- Philadelphia poverty rate 26% of the population
- Estimated Revenue Impact of New Program was $18 million for FY18. Actual cost much lower in the first year of the program
- Implementation Costs approximately $2 million
## Eligibility by Income at a Glance

<table>
<thead>
<tr>
<th>Income</th>
<th>Monthly bill capped at</th>
<th>No payments toward arrears required</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50% FPL</td>
<td>2% of monthly income</td>
<td></td>
</tr>
<tr>
<td>51-100% FPL</td>
<td>2.5% of monthly income</td>
<td></td>
</tr>
<tr>
<td>101-150% FPL</td>
<td>3% of monthly income</td>
<td></td>
</tr>
<tr>
<td>≥151% FPL &amp; Special Hardship</td>
<td>4% of monthly income</td>
<td></td>
</tr>
<tr>
<td>151-250% FPL</td>
<td>4% of monthly income</td>
<td></td>
</tr>
</tbody>
</table>

Monthly payments toward arrears set so that total monthly bill is about 4% of monthly income.
Using Customer Journey to Define Communications Scope

Framework to unify communications across channels and across partners at every stage.
Customer Stories:
Promoting eligibility and benefits

In Philadelphia, we estimate approximately 60,000 customers are now eligible for assistance.

Amanda’s household of 5 people could lower their monthly bill from $89 to $58.

Hector, a senior with some unpaid bills, could lower his monthly bill from $72 to $33.

Sample amounts shown. Savings amounts will vary based on individual customers’ information.

Based on $28,000 annual household income, with customer water usage history of 8 CCF/month.

Based on primary account holder 65+ yrs, $16,000 annual household income, with customer water usage history of 6 CCF/month, and $200 arrears w/payment charges of $15.67/month.
Pre-Launch Informational Campaign

- Flyers
- Poster
- Website
- Advisory Com. (UESF, CLS, ECA, Drexel Center for Hunger Free Communities)
- Town Hall and Public Meetings
- City Council Constituent Staff with UESF
- Stakeholder Trainings

CALL TO ACTION:
Sign up for notification and more info
Post-Launch Promotional Campaign

SEPTA Campaign
Timeframe: Mid-July to end of August; Post Labor Day till mid-October

Ads:
• Radio
• Interior subway ads
• Buses (interior/exterior)
• Subway platform ads

CALL TO ACTION:
Apply and we’ll find the best program for you
Implementation Timeline:

- **June 2016**: Process and Policy Development
  - software and system design, testing, implementation

- **January 2017**: Outreach to current WRAP customers
  - Mail letters in January and ongoing as needed

- **March 2017**: Outreach to all customers
  - Implementation of communications toolbox

- **July 2017**: Workshops
  - Review Program & Application

- **May 2018**: Online and Program Call Ctr Customer resources
  - Applications & Program Go-Live
Questions?

Thank you!