



The ARAMARK Tower  
1101 Market Street  
Philadelphia, Pennsylvania 19107-2994

BERNARD BRUNWASSER  
Commissioner

April 4, 2008

Honorable Anna C. Verna  
Office of the President  
Philadelphia City Council  
City Hall, Room 490  
Philadelphia, PA 19107

***RE: Notification of Proposed Changes in Rates and Charges – Philadelphia Water Department***

Dear President Verna:

The purpose of this correspondence is to notify City Council of changes in rates and charges proposed by the Philadelphia Water Department (“Department”) for water, wastewater and stormwater service to become effective July 1, 2008 or as soon thereafter as procedural requirements permit.

This notice is transmitted pursuant to the requirements of Sections 13-101(3) and 13-201(5) of the Philadelphia Code and, as required therein, is supplemented by Attachment A, the engineering, financial and related data upon which the rate filing is based. Also submitted herewith is Attachment B which includes the prepared testimony of Department witnesses who will be proffered for cross examination in the rate hearings and other supporting documentation as to the need for revised rates.

We are currently projecting a need for an approximate rate increase of 7.8 % beginning on July 1, 2008; a 6.4 % increase starting July 1, 2009; and a 6.6% increase starting July 1, 2010; a 6.5% increase starting July 1, 2011 for a typical customer. These rate adjustments are largely driven by costs for employee fringe benefit and pensions, debt service on the department’s next bond issue and general inflation. Even with these revisions to rates, Philadelphia’s water and sewer charges will continue to be among the lowest in the region.

Under the proposed rates, the stormwater service charges for non-residential properties will transition from charges based on meter size to charges based on property characteristics. The transition will address inequities in how some non-residential customers currently pay for stormwater management. These rates will also incentivize smart storm water practices such as the use of green roofs and porous pavement. This proposed change to property based stormwater rates will have no negative impact on the stormwater charge for residential customers.

As you know, the next steps in the rate process are our formal filing with the Records Department and the appointment of a hearing officer and public advocate. The appointment of the hearing officer and public advocate must be ratified by the President of City Council and the City Controller. We currently have these opportunities posted on the e-philly contracting website and hope to present you with candidates within the next thirty days.

As always, the department management staff will be available to discuss the proposed changes in rates and answer any questions you may have with regard to same.

Very truly yours,

  
Joseph S. Clare, III  
Deputy Water Commissioner

JSC/ag  
Enclosures  
cc: Members of City Council