

**BEFORE THE  
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD**

**PHILADELPHIA WATER )  
DEPARTMENT )      **FY17-2018 RATES****

**PUBLIC ADVOCATE  
HEARING EXHIBIT II**

April 5, 2016

BEFORE THE  
PHILADELPHIA WATER COMMISSIONER

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Re Philadelphia Water Department	:	
Proposed Increase in Rates and Charges	:	FY 2013-2016
for Water and Wastewater Utilities	:	

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**JOINT PETITION FOR SETTLEMENT OF PHASE 1 OF THE RATE PROCEEDING**

TO HEARING OFFICER MICHAEL A. BOWMAN:

The Philadelphia Water Department (“Department” or “PWD”), the Public Advocate (“Advocate”), Citizens for Pennsylvania’s Future (“Penn Future”) and the Philadelphia Large Users Group (“PLUG”) as parties to Phase 1 of the 2012 Rate Proceeding<sup>1</sup> (collectively referred to as the “Joint Petitioners”), by their respective counsel, file this Joint Petition for Settlement (“Joint Petition”) and request that the Hearing Officer (1) approve the settlement of Phase 1 of these proceedings as set forth in this Joint Petition (the “Settlement”); and (2) recommend that the Water Commissioner approve the Settlement and authorize PWD to submit Final Regulations, reflecting the terms and conditions hereof. In support of their request, the Joint Petitioners state the following:

**BACKGROUND**

1. On February 3, 2012, the Philadelphia Water Department (“Department”) notified Philadelphia City Council of its intent to file proposed changes in rates for water and wastewater service to become effective October 1, 2012, or as soon thereafter as procedural requirements permit the enactment of new rates by regulation. PWD Exhibits 1 and 2.

2. On March 6, 2012, pursuant to Sections 8-407 and 5-801 of the Philadelphia Home Rule Charter (“Charter”), the Department filed with the Department of Records the following proposed regulations promulgated in connection with the above proceeding to implement new rates:

- 300.0 Rates and Charges Definitions
- 302.0 Water Charges
- 303.0 Sewer Charges
- 304.0 Stormwater Management Service Charges
- 305.0 Billing for Water, Sewer and Stormwater Management Service
- 306.0 Miscellaneous Water Charges
- 307.0 Miscellaneous Sewer Charges
- 308.0 Miscellaneous Stormwater Management Charges
- 309.0 Fire Service Connections.

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<sup>1</sup> Phase 1 is defined in Paragraph 9, below.

3. In support of this filing, the Department also submitted (A) pertinent engineering, financial and rate data, as developed in conjunction with the consulting firm of Black & Veatch Corporation ("Black & Veatch"); (B) the prepared testimony, exhibits and supporting documentation of both the Department and Black & Veatch in connection with the rate filing; and (C) proposed PWD regulations. See PWD Statements 1-8; PWD Exhibit 22.

4. The Department of Records duly advertised the filing of the proposed regulations and the administrative process via which interested parties could participate in these proceedings.

5. Mayor Michael A. Nutter, City Council President Darrell Clarke and City Controller Alan L. Butkovitz appointed Michael A. Bowman, Esquire to preside over the rate hearings and prepare a report to the Commissioner summarizing the record and his recommendations. Community Legal Services was likewise appointed to serve as Public Advocate in the rate hearings.

6. In addition to the Public Advocate, Citizens for Pennsylvania's Future and Philadelphia Large Users Group participated in Phase 1 of the rate proceedings along with those individuals who testified at the public input hearings.

#### Description of Proposed Rate Increase

7. By way of background, the Department originally proposed a revenue requirement increase designed to meet a projected revenue shortfall of some \$316.2 Million over a four year period FY 2013-2016. In order to raise this level of revenue, the Department proposed a series of annual increases to provide an effective average increase in revenues of 6.5% over this four-year period, as set forth in the original Table 11. PWD Statement 7, Exhibit JRM-1 (Table 11).

8. The revenue requirement increase, as proposed, in addition to revenues under existing rates was to fully fund operating and maintenance costs for the water, wastewater and stormwater portions of the utility based upon Department projections related to revenues, revenue requirements, necessary debt service coverage levels, and desired financial reserves, among other factors, and to ensure compliance with the Department's bond covenants.

9. The rate proceeding was bi-furcated into two phases to address the following issues:

Phase 1 - revenues, revenue requirements, cost allocation and rate structure issues with regard to water and wastewater, including the allocation of costs between stormwater and sanitary sewer functions of the utility ("Phase 1");<sup>2</sup> and

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<sup>2</sup> By way of example, among the overall allocations to establish cost responsibility between groups of customers, PWD proposes in Phase 1 that (i) conveyance O&M costs are to be allocated between sanitary and stormwater based upon an analysis of peak flow instead of the previous allocation based upon pipe capacity; (ii) conveyance capital costs are to be allocated based upon piping capacity weighted by the costs of separate sanitary and storm sewers constructed in the same trench instead of just piping capacity; (iii) infiltration/inflow ("I/I") related strength factors used in the allocation of I/I related O&M costs are to be reduced from 100 milligrams per liter for suspended solids and 25 milligrams per liter for BOD to 70 and 10 milligrams per liter, respectively; (iv) customer costs that were previously split 50/50 between sanitary wastewater and stormwater are to be instead allocated 59/41 between sanitary wastewater and stormwater based upon the relative revenue requirements of each utility, subject to the modifications set forth in PWD Exhibit 23. See, PA Statement 2 at 9. More specifically, the final cost allocation, related to customer costs, is to be adjusted based upon the testimony of PA witness Thomas Catlin and the testimony and exhibit of PWD witness Prabha Kumar at the technical hearings on August 8, 2012. See, Paragraph 13(d) below.

Phase 2 - stormwater credits, incentives, modified or enhanced CAP program, direct discharger issues.

The schedule of the proceeding was agreed to by all parties at the pre-hearing conference held on June 8, 2012.

Statement of the Proceedings

10. The Department notified the public of this rate proceeding through advertisements in the local media regarding the public input hearings and technical hearings. Six Public Input Hearings were convened at different sites across the City of Philadelphia on July 9, 10, 12, 16, 17 and 31, 2012 to elicit customer feedback regarding the Department's proposed rate increase. Technical Hearings were convened in Phase 1 of this proceeding on August 7 and 8, 2012.

11. During the course of Phase 1 of the proceeding, the Public Advocate and PWD discussed the possibility of entering a stipulation regarding revenues, revenue requirements, cost allocation and rate structure – all within the framework of the bi-furcated proceeding. The scope of issues agreed upon was broad enough to entertain a more expansive settlement discussion which culminated in the \$140 million settlement scenario discussed on the record at the first technical hearing on August 7, 2012. The general parameters of the Settlement were outlined in the record on that date. This Joint Settlement Petition sets forth the specific terms and conditions of the settlement agreement.

12. As a part of Phase 1, the statements and exhibits set forth in the attached Index of the Rate Proceeding were submitted for the record during the hearings. Attachment A. Except as otherwise provided herein, the Joint Petitioners hereby move for the admission of all statements and exhibits, including verifications and affidavits filed as to each witness, and request the inclusion of the Joint Petition and related attachments as hearing officer exhibits.

## TERMS AND CONDITIONS

13. Settlement consists of the following terms and conditions:

### *Regulations*

a. Upon the Commissioner's Final Rate Determination adopting the terms of this Settlement, PWD shall file final regulations authorizing the recovery of increased revenues through new rates for water, wastewater and stormwater service in compliance with this Settlement (the "Final Regulations"). The settlement rates are designed to produce approximately \$140.019 million in total additional service revenues during the period FY 2013 (beginning January 2013) through FY 2015, as shown in Attachment B (line 10).

b. The Joint Petitioners agree to exercise best efforts to obtain approval of this Settlement by the Commissioner on or before November 1, 2012 and the implementation of the Settlement rates effective January 1, 2013.

c. The Final Regulations shall omit proposed Section 100.13 (authorizing a \$150 deposit from any customer who is a bankruptcy debtor) and reflect those technical and consistency corrections identified by the Advocate in Attachment C.

d. The Final Regulations shall reflect the weighting of stormwater billing and collection costs at 1.0 for residential customers and 1.3 for non-residential customers, per the testimony of PA witness Thomas Catlin and PWD witness Prabha Kumar at the technical hearings on August 8, 2012. Tr. at 55; PWD Exhibit 23.

e. The additional service revenues of \$140.019 million referred to in Paragraph 13(a) include revenue requirements associated with the Enhanced CAP program. In the event that an alternative CAP program or no CAP program is approved in Phase 2 of the rate proceeding, the revenue requirement can be adjusted downward accordingly.

f. Except as provided below, PWD agrees that it will not implement another general water and wastewater rate increase before July 1, 2015. If the utility is faced with a financial emergency or an imminent technical default, nothing in this Joint Petition will preclude PWD from filing an application for new rates and/or implementing temporary or emergency rates.

### *Quality of Service*

g. PWD will enter into the Stipulation to Mediation between PWD/WRB and the Public Advocate as set forth in Attachment D.

### *Black Box Settlement*

h. Except as specifically stated in this Joint Petition and Table 11 attached hereto, the terms of the Settlement are consistent with the rate model, financial parameters, budget assumptions, budget/growth factors, cost allocations and rate design in the PWD proposed rate filing. Joint Petitioners are entering into this Settlement without any admission against or prejudice to, any position which any Joint Petitioner might adopt in subsequent litigation, including further litigation in this case.

*Budget and Growth Factors Workshop*

i. Before proposing the implementation of permanent new rates using a rate setting methodology that projects the Department's revenue requirement over a period longer than one single fiscal year, the Department shall convene a collaborative workshop with Community Legal Services and the respective Department and CLS experts, with the goal of agreeing upon an appropriate methodology to set budget and growth factors for use in its rate filing.

*Withdrawal of Rebuttal Testimony*

j. The Department agrees to withdraw the rebuttal testimony of Ms. Katherine Clupper, Mr. Keith Richardson and Mr. Joseph Clare, III, submitted on August 2, 2012, subject to the final approval and implementation of the Settlement.

**ADDITIONAL TERMS AND CONDITIONS**

14. This Settlement is proposed by the Joint Petitioners to settle Phase 1. The Joint Petitioners preserve their rights to file exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the Hearing Officer in his report and recommendations to the Commissioner. Joint Petitioners also reserve the right to file replies to any exceptions filed.

15. This Settlement is conditioned upon the Commissioner's approval of the terms and conditions hereof without modification, except as specifically noted in Section 13(e). If the Commissioner should disapprove the Settlement or modify the terms and conditions herein, without the express consent of the Department and Public Advocate, the Settlement may be withdrawn upon written notice to the Commissioner and all active parties within three business days following the entry of the Commissioner's Rate Determination, and in such event, the Settlement shall be of no force and effect. If the Joint Petition is disapproved or the Settlement does not take effect for any reason whatsoever, the Joint Petitioners reserve their respective rights to fully litigate the case, including but not limited to the submission of rebuttal and sur-rebuttal testimony, the presentation of witnesses, cross examination of witnesses, the presentation of legal argument through submission of briefs, reply briefs, exceptions and oral argument.

16. This Joint Petition may be executed in multiple counter-parts, each of which shall be regarded for all purposes as an original, and such counter-parts shall be considered as one and the same instrument.

WHEREFORE, the Joint Petitioners respectfully request the following:

(A) that the Hearing Officer (i) receive and admit into the record all statements and exhibits, including verifications and affidavits filed as to each witness (except as otherwise provided herein); and (ii) include the Joint Petition and related attachments together with Statements of Support and supporting affidavits, as Hearing Officer exhibits.

(B) that the Hearing Officer recommend the approval of the Settlement embodied in this Joint Petition, including all terms and conditions hereof; and

(C) that the Hearing Officer find the terms and conditions of the Settlement are supported by substantial evidence and recommend that the Water Commissioner authorize the Department to file Final Regulations implementing the Settlement by no later than January 1, 2013.

PHILADELPHIA WATER DEPARTMENT

By: Andre C. Dasent  
Andre C. Dasent, Esquire

PUBLIC ADVOCATE

By: \_\_\_\_\_  
Robert Ballenger, Esquire  
Thu Tran, Esquire

CITIZENS FOR PENNSYLVANIA'S FUTURE

By: \_\_\_\_\_  
Brian Glass, Esquire

PHILADELPHIA LARGE USERS GROUP

By: \_\_\_\_\_  
Adeolu Bakare, Esquire  
James Dougherty, Esquire

**PHILADELPHIA WATER DEPARTMENT RATE PROCEEDING  
(FY 2013-2016)**

**INDEX FOR CITY COUNCIL NOTIFICATION OF PWD RATE FILING\***

**Statement/Exhibit Description of Statement/Exhibit**

**Philadelphia Water Department Statements**

PWD St.-1	Direct Testimony and Exhibits of Joseph S. Clare, III.
PWD St.-2	Direct Testimony and Exhibit of Debra A. McCarty.
PWD St.-3	Direct Testimony and Exhibit of Stephen J. Furtek
PWD St.-4	Direct Testimony and Exhibit of Joanne Dahme
PWD St.-5	Direct Testimony and Exhibit of James Aleo
PWD St.-6	Direct Testimony and Exhibit of Keith Richardson
PWD St.-7	Direct Testimony and Exhibits of Black & Veatch (J.R. McKinley, David A. Jagt and Prabha N. Kumar)
PWD St.-8	Direct Testimony of Katherine Clupper (PFM)
PWD St.-9	Reserved
PWD St.-10	Reserved
PWD St.-11	Reserved

**Philadelphia Water Department (PWD) Exhibits**

PWD-1	Notification to City Council of Rate Filing.
PWD-2	Notification to Records Department of Rate Filing
PWD-3	Proposed PWD Regulations
PWD-4	Black & Veatch Supporting Workpapers
PWD-5	Standard Interrogatories and supplements (SI 1-110) Responses
PWD-6	Presentation from public hearings
PWD-7	PWD Response to 7-9-12 Public Input Hearing Questions
PWD-8	Letter from City Council Re: Enhanced CAP

PWD-9	Discovery Requests and PWD Responses-Direct Discharger Group
PWD-10	Discovery Requests and PWD Responses-PECO
PWD-11	Discovery Requests and PWD Responses-Penn Future
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PWD-16	Discovery Requests of PWD to Direct Discharger Group
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PWD-18	Reserved for Proof of Publication of Hearing Notices for Public Input Hearings
PWD-19	Reserved for Proof of Publication of Hearing Notices for Technical Hearings
PWD-20	Reserved for Errata Sheet and Revised Tables– Testimony of Black & Veatch
PWD-21	EXHIBITS LIST (As Revised at the Close of Technical Hearings)
PWD-22	Calculation of Weighted Customer Count for Stormwater billing and collection costs
PWD-23	Black & Veatch Table Showing Modifications to Customer Cost Allocation Between Sanitary Wastewater and Stormwater and Associated Billing Impact

**Hearing Officer (HO) Exhibits**

HO-1	Hearing Schedule
HO-2	Proposed Advertisement-public hearings
HO-3	Witness sign-in sheet 7-9-12
HO-4	Witness sign-in sheet 7-10-12
HO-5	Witness sign-in sheet 7-12-12
HO-6	Witness sign-in sheet 7-16-12
HO-7	Witness sign-in sheet 7-17-12
HO-8	Witness sign-in sheet 7-31-12

**Public Input Statements (PI)**

- PI-1 Statement of Ruth Bazemore
- PI-2 Statement of Nga Tran
- PI-3 Statement of Kim McCloskey, American Box
- PI-4 Statement of Ronald B. Nissenbaum, Humphrys Coversports
- PI-5 Statement of Jeff B. Allen, Allen Bros.
- PI-6 Statement of Joseph Siner
- PI-7 Statement of Residents of 1600 Block of Elaine St.
- PI-8 Statement of Fred Maurer
- PI-9 Statement of Marie Pierre
- PI-10 Statement of Crystal Sears
- PI-11 Statement of Curtis Lee Butts, Jr.

**Public Advocate (PA) Exhibits**

**Public Advocate Statements**

- PA St.-1 Direct Testimony and Exhibits of Michael A. Bleiweis
- PA St.-2 Direct Testimony and Exhibits of Thomas Catlin
- PA St.-3 Direct Testimony and Exhibits of Roger D. Colton

**Penn Future Group (PF) Exhibits**

**Penn Future Group (PF) Statements**

- PF St-1 Direct Testimony Andrew Sharp

**Direct Discharger Group (DD) Exhibits**

**Direct Discharger Group Statements**

**PLUG (Plug) Exhibits**

**PLUG Statements**

**PECO (PECO) Exhibits**

**PECO Statements**

\* An electronic copy of the entire rate filing is being made available on a CD enclosed herewith. The Department's statements, regulations and selected exhibits are being provided in hard copy for your convenience.

**TABLE 11**  
**PROJECTED REVENUE AND REVENUE REQUIREMENTS**  
(in thousands of dollars)

Line No.	Description	Fiscal Year Ending June 30,						
		2012	2013	2014	2015	2016	2017	2018
<b>OPERATING REVENUE</b>								
1	Water Service - Existing Rates	233,546	233,780	232,370	230,658	228,939	227,219	225,496
2	Wastewater Service - Existing Rates	<u>331,850</u>	<u>332,913</u>	<u>331,597</u>	<u>330,215</u>	<u>328,823</u>	<u>327,435</u>	<u>326,042</u>
3	Total Service Revenue - Existing Rates	565,396	566,693	563,967	560,873	557,762	554,654	551,538
Additional Service Revenue Required								
	Year	Percent Increase	Months Effective					
4	FY 2013	4.48%	6	9,546	25,266	25,127	24,988	24,709
5	FY 2014	4.48%	12		26,398	26,253	26,107	25,962
6	FY 2015	4.48%	12			27,429	27,277	27,125
7	FY 2016	5.30%	12				33,715	33,527
8	FY 2017	5.30%	12					35,304
9	FY 2018	5.30%	12					<u>36,966</u>
10	Total Additional Service Revenue Required	0	9,546	51,664	78,809	112,087	146,766	182,908
11	Total Water & Wastewater Service Revenue	565,396	576,239	615,631	639,682	669,849	701,420	734,446
12	Transfer From/(To) Rate Stabilization Fund	14,435	43,615	20,325	3,675	575	(17,960)	(9,310)
Other Income (a)								
13	Other Operating Revenue	16,663	19,622	19,676	19,631	19,485	19,440	19,395
14	Construction Fund Interest Income	1,156	1,215	831	911	3,066	2,019	2,543
15	Debt Reserve Fund Interest Income	0	0	0	0	0	0	0
16	Operating Fund Interest Income	356	550	748	948	1,155	1,368	1,635
17	Rate Stabilization Interest Income	<u>749</u>	<u>906</u>	<u>888</u>	<u>960</u>	<u>1,122</u>	<u>1,464</u>	<u>1,951</u>
18	Total Revenues	598,755	642,147	658,099	665,807	695,252	707,751	750,660
<b>OPERATING EXPENSES</b>								
19	Water & Wastewater Operations	320,010	344,788	354,719	357,559	369,134	378,802	388,901
20	Direct Interdepartmental Charges	<u>48,523</u>	<u>51,331</u>	<u>51,511</u>	<u>50,878</u>	<u>52,014</u>	<u>52,551</u>	<u>53,097</u>
21	Total Operating Expenses	368,533	396,119	406,230	408,437	421,148	431,353	441,998
22	<b>NET REVENUES AFTER OPERATIONS</b>	230,222	246,028	251,869	257,370	274,104	276,398	308,662
<b>DEBT SERVICE</b>								
Senior Debt Service								
Revenue Bonds								
23	Outstanding Bonds	178,515	181,629	182,001	173,843	174,149	115,363	115,444
24	Pennvest Parity Bonds	3,180	10,211	11,839	12,175	12,175	12,310	12,844
25	Projected Future Bonds	<u>10,150</u>	<u>11,483</u>	<u>12,606</u>	<u>23,220</u>	<u>34,720</u>	<u>93,440</u>	<u>116,677</u>
26	Total Senior Debt Service	191,845	203,323	206,446	209,238	221,044	221,113	244,965
27	<b>TOTAL SENIOR DEBT SERVICE COVERAGE (L22/L2)</b>	1.200 x	1.210 x	1.220 x	1.230 x	1.240 x	1.250 x	1.260 x
Subordinate Debt Service								
28	Outstanding General Obligation Bonds	0	0	0	0	0	0	0
29	Pennvest Subordinate Bonds	<u>1,022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
30	Total Subordinate Debt Service	1,022	0	0	0	0	0	0
31	Total Debt Service on Bonds	192,867	203,323	206,446	209,238	221,044	221,113	244,965
32	<b>CAPITAL ACCOUNT DEPOSIT</b>	18,476	19,000	19,380	19,767	20,163	20,566	20,977
33	<b>TOTAL COVERAGE (L22/(L31+L32))</b>	1.08 x	1.10 x	1.11 x	1.12 x	1.13 x	1.14 x	1.16 x
<b>RESIDUAL FUND</b>								
34	Beginning of Year Balance	34,909	51,669	7,726	9,429	11,794	14,691	14,909
35	Interest Income (b)	237	398	0	0	0	0	0
Plus:								
36	End of Year Revenue Fund Balance	18,879	23,705	26,043	28,365	32,897	34,719	42,720
37	Deposit for Transfer to City General Fund (c)	1,351	2,060	2,095	2,708	3,324	3,890	4,452
Less:								
38	Transfer to Construction Fund	(1,500)	(2,500)	23,500	26,000	30,000	34,500	42,300
39	Transfer to City General Fund	1,351	2,060	2,095	2,708	3,324	3,890	4,452
40	Transfer to Debt Service Reserve Fund	<u>3,856</u>	<u>70,545</u>	<u>840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
41	End of Year Balance	51,669	7,726	9,429	11,794	14,691	14,909	15,330
<b>RATE STABILIZATION FUND</b>								
42	Beginning of Year Balance	156,563	142,128	98,513	78,188	74,513	73,938	91,898
43	Deposit From/(To) Revenue Fund	<u>(14,435)</u>	<u>(43,615)</u>	<u>(20,325)</u>	<u>(3,675)</u>	<u>(575)</u>	<u>17,960</u>	<u>9,310</u>
44	End of Year Balance	142,128	98,513	78,188	74,513	73,938	91,898	101,208

(a) Includes other operating and nonoperating income, including interest income on funds and accounts transferable to the Revenue Fund.

(b) Includes interest earnings on Debt Service Reserve substitution funds deposited in the Special Water Infrastructure Account.

(c) Transfer of interest earnings from the Bond Reserve Account to the Residual Fund as shown in Line 37 to satisfy the requirements for the Transfer to the City General Fund

### Proposed Changes in PWD Regulations

Set forth below is a non-exclusive list of those technical and consistency corrections to the proposed PWD Regulations, filed with the Notice of Proposed Changes in Water, Wastewater and Stormwater Rates and Charges, dated as of February 3, 2012, and marked for identification as PWD Exhibit 3 in Phase 1 of the Rate Proceeding. PWD and the Public Advocate acknowledge and agree that further changes may be necessitated in Phase 2 of the Rate Proceeding and in the mediation referred to in Section 13(g) of the Joint Petition (the "Mediation")<sup>1</sup> to which this exhibit is attached. No issues raised by the Advocate have been eliminated from the list below.

In addition, PWD and the Public Advocate acknowledge and agree that further changes to the PWD Regulations will be required in Chapter 3, Rates and Charges, including but not limited to the increased customer rates, and their respective effective dates, resulting from this Rate Proceeding. These rates will be implemented pursuant to the compliance filing to be ordered by the Water Commissioner, after disposition/approval of the Settlement. Citations are to the section numbers in PWD Exhibit 3.

PWD agrees to make and implement the following changes to PWD regulations, proposed by the Public Advocate:<sup>2</sup>

- 100.2. Restore reference in introductory sentence to "Owner"
- 100.2(a)(2). Revise to state: "A Tenant or Occupant who wishes to become a customer of the WRB must submit: "
- 100.2(a)(2)(A). Omit requirement of social security number and leave current "telephone number," if available.
- 100.2(b)(1)(A)-(E). Change punctuation in A-E list, periods to semi-colons and the "Or" in (D) to "or"
- 100.2(c)(2). Restore requirement for WRB to "promptly order from the Department the installation of a meter"
- 100.2(d)(3). Revise last phrase to read: "unless the water is currently off and the applicant has no evidence of a current lease or a right to possess the property, as described in Section 100.2(a)(2)(B)."
- 100.2(e)(1)(A) and (B). After the words "current lease" add "or a right to possess the property, as described in Section 100.2(a)(2)(B)"
- 100.4(b)(2). Remove proposed language and restore prior language to read in its entirety as follows: "When the PWD or the WRB is denied for two consecutive billing periods access to the Residential Property to read or make changes or repairs to the meter."
- 100.5(a)(6)(A)-(D). Change punctuation in A-D list, periods to semi-colons and the "Or" in (C) to "or"
- 100.7(a)(2). Revise to state: "Dispute the amount due or any possible errors in computing charges on the water, sewer or stormwater bill;"
- 100.7(a)(4). Eliminate proposed language "for water service or becoming a water Customer"
- 200.1. PWD proposed changes to the last sentence of this section (ostensibly requiring HELP applicants to separately contract with a PWD-designated plumber) will be omitted.

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<sup>1</sup> Substantive changes to the PWD Regulations concerning the informal dispute and hearings process are expected to result from this Mediation, but are not addressed herein.

<sup>2</sup>PWD reserves the right to propose future changes to the PWD regulations, but agrees that any such changes will be specifically identified and described in the filing proposing the same.

## Attachment C

- 301.6(a). Revert to prior language permitting “any affected person, corporation or entity” to provide information at public input hearings.
- 306.1. Restore provisions previously numbered 306.1(f) through 306.1(h) providing for periodic meter test without charge.
- 306.1(f). Clarify provision per reply to PA-MAB-145.
- USTRA citations should be corrected to 68 P.S. §399.1 et seq. (incorrect citation appears in 100.1, definitions, 100.3 and 100.15).
- 100.2(a)(4). Revise income threshold to 250% of FPL, consistent with WRAP guidelines.
- 100.9. Update to reflect current WRAP guidelines. See reply to PA-MAB-141. Updates would include, but are not limited to, changing various 150% references to 250%, and adding to the end of 100.9(c)(1) the sentence, “Customers with household income below 150% of the federal poverty level shall not be required to document expenses.”
- 100.9(a)(6) and 100.9(b)(9). Revision in 100.9(a)(6) in last clause to “100.9(c)” and reference in 100.9(b)(9) to “100.9(p)” should both instead refer to “100.9(m)-100.9(p)” since customers over 150% of FPL (to be adjusted upward to 250% FPL per current WRAP guidelines) may obtain WRBCC agreements other than just the extended payment agreement, based on financial hardship.
- 100.12(b)-(c). Second 100.12(b) to be renumbered 100.12(c). Income limitations in both sections to be revised per current WRAP guidelines to 250% FPL.

PWD agrees that the following changes, proposed by the Public Advocate, will be addressed in future discussions and/or the Mediation:

- 100.7(a). Correct introductory sentence to include ability of “applicant” (including an “USTRA Tenant,” as applicable), and not just “customer,” to request informal hearing. See 100.2(d)(2), 100.7(e), (f), (g), (j), (l).
- 100.7(d), (h), (j). Provisions should refer to rights of a “Customer or applicant” throughout.
- 100.8(c). Revise final clause by inserting “or Occupant” after “Tenant.”
- 100.11(c)(2). Omit subsection as conflicting with 100.11(c)(1).
- Other changes to Chapter 3, Rates and Charges, shall be proposed and discussed in Phase 2 of the rate proceeding.

BEFORE THE  
PHILADELPHIA WATER COMMISSIONER

IN THE MATTER OF THE )  
PHILADELPHIA WATER DEPARTMENT'S )  
PROPOSED INCREASE IN WATER, )  
WASTEWATER AND STORMWATER )  
RATES )

FY 2013 – 2016

**STIPULATION TO MEDIATION BETWEEN PWD/WRB AND PA**

**Statement of Purpose:** The Water Revenue Bureau (“WRB”) and Philadelphia Water Department (“PWD”) have agreed with the Public Advocate (“PA”) to enter into a mediation or facilitated process (hereinafter “Mediation”) to examine ways to make substantial improvement in customer service and customer assistance programs.

1. The purpose of the Mediation is to determine how to generate improvements in the customer service areas identified below.
2. The Mediation will be a series of interactions and conversations between PWD/WRB and the Public Advocate concerning the subject areas described below.
3. The Mediation will involve an outside mediator/facilitator who is mutually agreed to by the Public Advocate and PWD/WRB. Whether this person is referred to as a mediator, facilitator or by some other label does not lie at the heart of this principle. The mediator will be charged with facilitating conversation, offering summaries of discussions, proposing alternative resolutions to conflicts, and engaging in such other tasks as would make the Mediation work effectively and efficiently.
4. The Mediation will be structured, in that there will be regularly scheduled (rather than *ad hoc*) sessions, a pre-determined timeline by which resolution will occur (or a failure to reach resolution will be acknowledged), and general issue areas will be addressed.
5. PWD will budget/provide the Public Advocate with sufficient resources to participate meaningfully in the above described process.
6. The issue areas to be addressed by the Mediation will include, in this order of priority: (1) improvement of the informal dispute and hearings process; (2) the structure and delivery of WRAP; (3) the delivery of deferred payment agreements; and (4) the treatment of tenant arrears and applications for service.
7. The Mediation for the first of the four issue areas identified immediately above (informal disputes and hearings) will commence within 60 days after the entry of the final rate determination in this proceeding. The mediator/facilitator will issue a report summarizing the Mediation Process and the recommendations of the mediator/facilitator and the Parties at the end of the sixth month after the first session unless an extension of that time period is mutually

agreed to in writing by PWD/WRB and the PA (“Report”). The Report will be transmitted to the Water Revenue Bureau and Water Department at the end of each six month mediation period for each issue area for consideration and implementation. The Mediation for each succeeding issue area, in the order of priority identified above, will be addressed beginning within 30 days after a Report is issued concerning the preceding issue area.

8. Each Report will include (a) a set of recommendations, including specific program designs, regulations and implementation plans; (b) a consideration of cost implications of the recommendations; (c) a consideration of the expense savings or revenue enhancement implications of the recommendations; and (d) such other material as the parties and the mediator/facilitator may deem appropriate.
9. Each Report will include an identification of a timeline and mechanism for monitoring and assessment of the expected outcomes of the recommendations included in the Report, including identification of specific metrics and data elements to be collected and publicly reported to help determine whether the recommendations generated the outcomes.
10. In the event that specific, discrete points of disagreement are identified by the Mediation, PWD/WRB and the Public Advocate agree that the Mediator will identify those discrete points of disagreement in the reporting to the Deputy Revenue Commissioner, Revenue Commissioner and Water Commissioner and will present a proposed resolution of those points of disagreement. WRB and PWD will promptly (within 30 days) issue a decision and note any exceptions as to any Report or proposed resolution so proffered.
11. The PWD/WRB and PA intend for this agreement to the above principles to be a condition of and be included in the terms of service of the Rate Determination in the above-captioned matter.

*Andre C. Dasent*

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