

## **PWD Exhibit 1 - Notification of Rate Filing**

- 1. Advance Notification of Rate Filing to the Philadelphia Water, Sewer and StormWater Rate Board**
- 2. Advance Notification of Rate Filing to the Philadelphia City Council**
- 3. Public Notice of Proposed Rate Changes**
- 4. Formal Notice to the Philadelphia Department of Records of Proposed Changes in Rate and Charges**



Debra A. McCarty, Water Commissioner

February 12, 2018

Darrell L. Clarke, President  
Philadelphia City Council  
City Hall, Room 490  
Philadelphia, PA 19107


RE: Advance Notice of Proposed Changes in Water, Sewer and Stormwater Rates and  
Related Charges (FY 2019-2021)

Dear President Clarke:

Pursuant to Section 13-101 of The Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board ("Rate Board"), enclosed for filing on behalf of the Philadelphia Water Department ("Department") is the Department's Advance Notice of Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges ("Advance Notice"). This Advance Notice is provided together with the proposed rates and charges and supporting written testimony and exhibits containing the engineering, financial and other data upon which the proposed rates and charges are based. An itemized list of the documents enclosed with the Advance Notice and available on the enclosed flash drive is set forth in the Filing Index attached to the Advance Notice.

As always, the Department senior staff will be available to discuss the rate filing and answer any questions you may have with regard to same.

Very truly yours,



Debra A. McCarty  
Water Commissioner

Enclosures

cc: Members of City Council

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

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges	Fiscal Years 2019-2021
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**ADVANCE NOTICE**

Pursuant to Section 13-101 of The Philadelphia Code and Section 2 of the Regulations of the Philadelphia Water, Wastewater and Storm Water Rate Board (the "Board"), enclosed for filing on behalf of the Philadelphia Water Department ("PWD" or the "Department") are the proposed rates and charges for supplying water, sewer and storm water service for accounts and properties located in the City of Philadelphia for Fiscal Years 2019 through 2021. Along with the proposed rates and charges, the Department is filing supporting written testimony and exhibits. A filing index of written statements and exhibits is attached. Copies of notifications of this rate filing are or will be included in PWD Exhibit 1. A summary fact sheet on the proposed rates and charges is in PWD Exhibit 2. The proposed rates and charges are in PWD Exhibits 3A, 3C and 3E, and redline versions are provided as PWD Exhibits 3B, 3D and 3F. Documents incorporated by reference are listed in PWD Exhibit 4. The Department's updated Financial Plan is attached to PWD Statement No. 2 as Schedule ML-1. Other exhibits containing additional financial, engineering and other data upon which the proposed rates and charges are based are listed in the attached filing index. The filing will be made available by posting at the Board's website. The Department also is providing copies of the filing to the Public Advocate and the Board's hearing officer and technical expert for this proceeding.

## COUNSEL OF RECORD AND SERVICE OF DOCUMENTS

The Department and the Philadelphia Water Revenue Bureau will be represented by the following counsel in this proceeding:

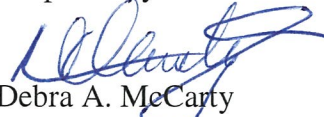
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Counsel for Philadelphia Water Revenue Bureau

The Department requests that the Board and all participants in this proceeding electronically serve copies of all documents in this proceeding to the attorneys listed above.

Respectfully Submitted



Debra A. McCarty  
Water Commissioner

Dated: February 12, 2018  
Enclosure and Attachment

## FILING INDEX

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#### Water Department Statements

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PWD Exhibit 3E	FY2021 Proposed Rates and Charges
PWD Exhibit 3F	FY2021 Proposed Rates and Charges (Redline)
PWD Exhibit 4	<p>Documents Incorporated by Reference Pursuant to Rate Board Rule 2(f):</p> <p><u>Financial Reports:</u>  Annual Financial Report for Fiscal Year Ended June 30, 2017<sup>1</sup>  Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016<sup>2</sup></p> <p><u>Official Statements:</u>  City of Philadelphia Water and Wastewater Revenue Bonds, Series 2017A;<sup>3</sup>  City of Philadelphia Water and Wastewater Revenue Refunding Bonds, Series 2016.<sup>4</sup></p> <p><u>Budget Detail</u>  Most Recent Report for Fiscal Year 2018, Book I<sup>5</sup>  Most Recent Report for Fiscal Year 2018, Book II<sup>6</sup>  Mayor's Operating Budget for Fiscal Year 2017, Book I<sup>7</sup>  Mayor's Operating Budget for Fiscal Year 2017, Book II<sup>8</sup>  Mayor's Operating Budget for Fiscal Year 2016, Book I<sup>9</sup>  Mayor's Operating Budget for Fiscal Year 2016, Book II<sup>10</sup>  Mayor's Operating Budget for Fiscal Year 2015, Book I<sup>11</sup>  Mayor's Operating Budget for Fiscal Year 2015, Book II<sup>12</sup></p>

<sup>1</sup> An electronic copy of this document can be found at <http://www.phila.gov/investor/PDF/FY17%20AFR.pdf>.

<sup>2</sup> An electronic copy of this document can be found at <http://www.phila.gov/investor/PDF/CAFR%202016.PDF> and at <http://www.phila.gov/finance/pdfs/2016CAFRFINAL.pdf>

<sup>3</sup> An electronic copy of this document can be found at [http://www.phila.gov/investor/PDF/WATER%20and%20Wastewater %20Revenue%20 Bonds% 20Series%202017. pdf](http://www.phila.gov/investor/PDF/WATER%20and%20Wastewater%20Revenue%20Bonds%20Series%202017.pdf).

<sup>4</sup> An electronic copy of this document can be found at [http://www.phila.gov/investor/PDF/2016\\_philadelphiacity\\_ wastewater \\_os.pdf](http://www.phila.gov/investor/PDF/2016_philadelphiacity_wastewater_os.pdf).

<sup>5</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayor's%20FY%202018%20Operating%20Budget%20Detail%20-%20Book%201.pdf>.

<sup>6</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayor's%20FY%202018%20Operating%20Budget%20Detail%20-%20Book%202.pdf>.

<sup>7</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017OperatingBudgetBookI.pdf>.

<sup>8</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017OperatingBudgetBookII.pdf>.

<sup>9</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY2016Book%201.pdf>.

<sup>10</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II15.pdf>.

<sup>11</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II14.pdf>

<sup>12</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II.pdf>.



	<p><u>Capital Budget:</u> Recommended Six Year Capital Program for Fiscal Years 2018-2023<sup>13</sup></p> <p><u>Five Year Financial and Strategic Plan:</u> FY 2018-2022 Five Year Financial Plan, as revised September 2017<sup>14</sup> FY 2018-2022 Five Year Financial Plan, as presented to City Council<sup>15</sup> FY 2018-2022 Five Year Financial Plan, as adopted<sup>16</sup></p> <p><u>Summary of the Operating Budgets:</u> FY 18 Budget in Brief - Adopted<sup>17</sup> FY 17 Budget in Brief - Approved by Council<sup>18</sup> FY 16 Budget in Brief - Approved by Council<sup>19</sup> FY 15 Budget in Brief – Approved by Council<sup>20</sup></p> <p><u>Other City Webpages:</u> A Guide for Customers (2018), Philadelphia Water Department<sup>21</sup> City of Philadelphia Municipal Energy Master Plan<sup>22</sup></p>
PWD Exhibit 5	Official Statement – City of Philadelphia Water and Wastewater Revenue Refunding Bonds, Series 2017B
PWD Exhibit 6	Supplemental Financial, Engineering and Other Data – Black & Veatch Workpapers
PWD Exhibit 7	Consent Order and Agreement dated June 1, 2011
PWD Exhibit 8	[Notices of Publication] <sup>23</sup>

<sup>13</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/CapitalBudget/FY18RecommendedCapitalProgramBook.pdf>

<sup>14</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY18-22%20Five%20Year%20Plan%20Adopted.pdf>.

<sup>15</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY18-22-Five-Year-Plan.pdf>.

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<sup>17</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Operating%20Budget/FY18%20BudgetinBriefAdopted.pdf>.

<sup>18</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY17FinalBudgetinBriefAdopted.pdf>.

<sup>19</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY%202016%20Budget%20in%20Brief%20as%20Approved%20-%20Final.pdf>.

<sup>20</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayors%20Operating%20Budget%20In%20Brief%20FY%202015.pdf>.

<sup>21</sup> An electronic copy of this document can be found at [www.phila.gov/water/pdf/customer-guide.pdf](http://www.phila.gov/water/pdf/customer-guide.pdf)

<sup>22</sup> An electronic copy of this document can be found at <http://beta.phila.gov/media/20170927092513/MunicipalEnergyMasterPlan.pdf>.

<sup>23</sup> To be supplied upon publication of legal advertisements in connection with public and technical hearings.



Debra A. McCarty, Water Commissioner

February 12, 2018

Irwin Popowsky, Chairman  
Philadelphia Water, Sewer and Storm Water Rate Board  
One Parkway  
1515 Arch Street, 17th Floor  
Philadelphia, PA 19102

Attention: Daniel Cantu-Hertzler, Esquire

RE: Advance Notice of Proposed Changes in Water, Sewer and Stormwater Rates and  
Related Charges (FY 2019-2021)

Dear Chairman Popowsky and Rate Board Members:

Pursuant to Section 13-101 of The Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board ("Rate Board"), enclosed for filing on behalf of the Philadelphia Water Department ("Department") is the Department's Advance Notice of Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges ("Advance Notice"). This Advance Notice is provided together with the proposed rates and charges and supporting written testimony and exhibits containing the engineering, financial and other data upon which the proposed rates and charges are based. An itemized list of the documents enclosed with the Advance Notice and available on the enclosed flash drive is set forth in the Filing Index attached to the Advance Notice.

As always, the Department senior staff will be available to discuss the rate filing and answer any questions you may have with regard to same.

Very truly yours,



Debra A. McCarty  
Water Commissioner

Enclosures

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

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## COUNSEL OF RECORD AND SERVICE OF DOCUMENTS

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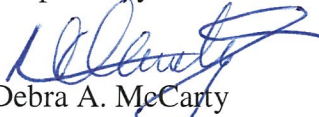
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[susan.crosby@phila.gov](mailto:susan.crosby@phila.gov)  
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Respectfully Submitted



Debra A. McCarty  
Water Commissioner

Dated: February 12, 2018  
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<sup>2</sup> An electronic copy of this document can be found at <http://www.phila.gov/investor/PDF/CAFR%202016.PDF> and at <http://www.phila.gov/finance/pdfs/2016CAFRFINAL.pdf>

<sup>3</sup> An electronic copy of this document can be found at [http://www.phila.gov/investor/PDF/WATER%20and%20Wastewater %20Revenue%20 Bonds% 20Series%202017. pdf](http://www.phila.gov/investor/PDF/WATER%20and%20Wastewater%20Revenue%20Bonds%20Series%202017.pdf).

<sup>4</sup> An electronic copy of this document can be found at [http://www.phila.gov/investor/PDF/2016\\_philadelphiacity\\_ wastewater \\_os.pdf](http://www.phila.gov/investor/PDF/2016_philadelphiacity_wastewater_os.pdf).

<sup>5</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayor's%20FY%202018%20Operating%20Budget%20Detail%20-%20Book%201.pdf>.

<sup>6</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayor's%20FY%202018%20Operating%20Budget%20Detail%20-%20Book%202.pdf>.

<sup>7</sup> An electronic copy of this document can be found at [http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017 OperatingBudgetBookI.pdf](http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017OperatingBudgetBookI.pdf).

<sup>8</sup> An electronic copy of this document can be found at [http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017 OperatingBudgetBookII.pdf](http://www.phila.gov/finance/pdfs/MayorsFiscalYear2017OperatingBudgetBookII.pdf).

<sup>9</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY2016Book%201.pdf>.

<sup>10</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II15.pdf>.

<sup>11</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II14.pdf>

<sup>12</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Book%20II.pdf>.



	<p><u>Capital Budget:</u> Recommended Six Year Capital Program for Fiscal Years 2018-2023<sup>13</sup></p> <p><u>Five Year Financial and Strategic Plan:</u> FY 2018-2022 Five Year Financial Plan, as revised September 2017<sup>14</sup> FY 2018-2022 Five Year Financial Plan, as presented to City Council<sup>15</sup> FY 2018-2022 Five Year Financial Plan, as adopted<sup>16</sup></p> <p><u>Summary of the Operating Budgets:</u> FY 18 Budget in Brief - Adopted<sup>17</sup> FY 17 Budget in Brief - Approved by Council<sup>18</sup> FY 16 Budget in Brief - Approved by Council<sup>19</sup> FY 15 Budget in Brief – Approved by Council<sup>20</sup></p> <p><u>Other City Webpages:</u> A Guide for Customers (2018), Philadelphia Water Department<sup>21</sup> City of Philadelphia Municipal Energy Master Plan<sup>22</sup></p>
PWD Exhibit 5	Official Statement – City of Philadelphia Water and Wastewater Revenue Refunding Bonds, Series 2017B
PWD Exhibit 6	Supplemental Financial, Engineering and Other Data – Black & Veatch Workpapers
PWD Exhibit 7	Consent Order and Agreement dated June 1, 2011
PWD Exhibit 8	[Notices of Publication] <sup>23</sup>

<sup>13</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/CapitalBudget/FY18RecommendedCapitalProgramBook.pdf>

<sup>14</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY18-22%20Five%20Year%20Plan%20Adopted.pdf>.

<sup>15</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY18-22-Five-Year-Plan.pdf>.

<sup>16</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY18-22%20Five%20Year%20Plan%20Adopted.pdf>.

<sup>17</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Operating%20Budget/FY18%20BudgetinBriefAdopted.pdf>.

<sup>18</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY17FinalBudgetinBriefAdopted.pdf>.

<sup>19</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/FY%202016%20Budget%20in%20Brief%20as%20Approved%20-%20Final.pdf>.

<sup>20</sup> An electronic copy of this document can be found at <http://www.phila.gov/finance/pdfs/Mayors%20Operating%20Budget%20In%20Brief%20FY%202015.pdf>.

<sup>21</sup> An electronic copy of this document can be found at [www.phila.gov/water/pdf/customer-guide.pdf](http://www.phila.gov/water/pdf/customer-guide.pdf)

<sup>22</sup> An electronic copy of this document can be found at <http://beta.phila.gov/media/20170927092513/MunicipalEnergyMasterPlan.pdf>.

<sup>23</sup> To be supplied upon publication of legal advertisements in connection with public and technical hearings.

# Public Notice Of Proposed Water Rate Changes

## To Philadelphia Water Department Customers:

On February 12, 2018, the Philadelphia Water Department ("Department") filed an advanced notice with the Philadelphia Water, Sewer and Stormwater Rate Board ("Rate Board") of the Department's intent to propose an increase in water, sewer and stormwater rates effective September 1, 2018. The proposal is subject to the review and authorization of the Rate Board.

The Department is requesting an overall rate increase of approximately \$116 million over three fiscal years. If the Department's proposal is approved, the monthly bill for a residential customer using 5 ccf of water per month would increase by 1.1% on September 1, 2018, by an additional 5.0% on September 1, 2019, and finally by 4.5% on September 1, 2020. Non-residential increases vary widely based on meter size, the amount of water consumed and the gross and impervious area of each parcel. A sample monthly bill for a small business customer using a 5/8 inch meter and using 6 ccf of water per month and having a 2,110 square foot lot with 1,794 square feet of impervious area will increase by 4.1% on September 1, 2018, 5.7% on September 1, 2019 and 4.8% on September 1, 2020. Examples of changes in customer bills are shown below:

Monthly water bills for different customer types				
Customer Type (Water meter size, monthly usage)	Current Typical monthly bill	Proposed September 1, 2018 monthly bill	Proposed September 1, 2019 monthly bill	Proposed September 1, 2020 monthly bill
Residential (5/8" meter, 500 cubic feet)	\$66.50	\$67.24	\$70.60	\$73.79
Senior Citizen with Discount <sup>1</sup> (5/8" meter, 300 cubic feet)	\$38.54	\$39.07	\$41.11	\$43.02
Non-Residential (5/8" meter, 600 cubic feet)	\$108.48	\$112.90	\$119.29	\$125.02

1. Typical rate for an income-eligible senior citizen residing on Residential Property as defined in the regulations and using 3 ccf of water per month.

The Department's Statement of Reasons explaining why the rate increase has been proposed and regulations impacted by the proposed rate change may be viewed by visiting the Rate Board's website at: [www.phila.gov/water/rateboard](http://www.phila.gov/water/rateboard).

## Rate Board Role

The Rate Board is the local agency authorized to approve rate changes for the Department. The Rate Board will review and investigate the proposed rate increase. The Department must prove that the proposed rates are reasonable. After examining the rate filing, related testimony and exhibits, as well as the submissions of the Public Advocate and other parties, the Rate Board will decide the merits of the application for rate relief. As a result of this investigation, the final effect on customer bills may be different than that proposed in the Department's rate filing.

## Actions You Can Take

You may challenge the Department's proposed rate changes by:

- Sending a letter to the Rate Board.** You can tell the Rate Board why you object to the proposed rate increase in your letter. This information can be helpful to the Rate Board in investigating the rate change.
- Attending or presenting testimony at Public Input Hearings.** You can attend or be a witness at a Rate Board public hearing. The Rate Board holds Public Input Hearings as a part of its investigation of the rate request. At these hearings, you may present your views in person to the hearing officer and Rate Board. Your testimony becomes a part of the record of the proceeding. Public Input Hearings will be scheduled by the Rate Board around the City at venues and times to be announced by the Rate Board. A schedule for the public hearings will be posted on the Rate Board website. There is no filing requirement to participate in Public Input Hearings.
- File a notice to participate and present testimony at Technical Hearings.** If you want to participate in Technical Hearings, you must file a notice to participate with the Rate Board, consistent with their requirements, by March 21, 2018, unless an extension is granted. Such notice can be a letter addressed to the Rate Board and timely filed at the below address indicating your objections to the requested rate increase and your interest in participating in Technical Hearings. Upon filing the above notice, you then have the opportunity to participate in all hearings concerning the proposed rate increase. You can also receive all documents filed by other participants in the rate proceeding.

***All correspondence for the Rate Board may be addressed to:***

Philadelphia Water, Sewer and Stormwater Rate Board  
City of Philadelphia Law Department  
Attn: Cody Williams  
1515 Arch Street, 17<sup>th</sup> Floor  
Philadelphia, PA 19102-1595