

## RECORDS DEPARTMENT

In accordance with Section 5-801 of the Philadelphia Home Rule Charter, Section 13-101 of the Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board, the Philadelphia Water Department filed proposed changes in water, sewer and stormwater rates and related charges on March 14, 2018. The filing is available online at [www.phila.gov/water/rateboard](http://www.phila.gov/water/rateboard) or may be examined at the Department of Records. Anyone wishing to be a Participant in the rate change proceeding should send notice to: Water, Sewer and Storm Water Rate Board, c/o Cody Williams, City of Philadelphia Law Department, 1515 Arch St., 17<sup>th</sup> Fl., Philadelphia, PA 19102 or [WaterRateBoard@phila.gov](mailto:WaterRateBoard@phila.gov).

James P. Leonard, Esq.  
Records Commissioner

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# PHILADELPHIA WATER DEPARTMENT

Debra A. McCarty, Water Commissioner

March 14, 2018

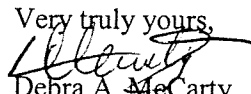
James P. Leonard, Esq.  
Records Commissioner  
City Hall, Room 158  
Philadelphia, PA 19102

RE: Formal Notice of the Philadelphia Water Department's Proposed Changes in Water, Wastewater and Stormwater Rates and Charges (FY 2019-2021)

The enclosed rate filing is submitted on behalf of the Philadelphia Water Department ("Department" or "PWD") in support of its proposed change in rates and charges for water, sewer (wastewater) and storm water services consistent with (i) Section 5-801 of the Philadelphia Home Rule Charter ("Charter"), (ii) Section 13-101 of The Philadelphia Code ("Code"), and (iii) the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board ("Rate Board"). The above referenced filing is transmitted in the attached binders, as well as electronically in the enclosed USB flash drive. Also enclosed with this filing are the proposed rates and charges, which are subject to review and authorization by the Rate Board.<sup>1</sup> The Rate Board will schedule public hearings on the proposed rates and charges, as required by Section 13-101(3)(f) of the Code.

This submission is the formal notice required to be filed with the Department of Records pursuant to Section 13-101(7)-(8) of the Code and Section II.2(b) of the Rate Board's regulations. Included with this submission are various statements and exhibits (identified in the attached Filing Index) that will be proffered for inclusion in the record during hearings before the Rate Board. Also attached and incorporated by reference is the Statement of Changes from the Advance Notice filed with City Council and the Rate Board on February 12, 2018. Finally, attached please find the memorandum from the Law Department approving this Formal Notice and the accompanying documents as to form.

Please make the aforesaid documentation, together with the Department's proposed changes in rates and charges, available for inspection consistent with the aforesaid legal requirements and arrange for advertising in accordance with Section 8-407 of the Charter and Section 21-1703 of the Code.<sup>2</sup> Text for the public notice to be published in the newspapers is attached. Thank you for your attention to this matter.

Very truly yours,  
  
Debra A. McCarty  
Water Commissioner

cc: Rate Board

<sup>1</sup> The proposed rates and charges are set forth in PWD Exhibit 3A through 3F. These proposed rates and charges will be fully vetted as a part of the rate process before the Rate Board.

<sup>2</sup> See Rate Board Regulation Section 2(d), which provides that the Rate Board, by itself or through the Department of Records, shall provide public notice by advertising in accordance with Section 8-407 of the Charter and Section 21-1703 of the Code. We request that the notice be published in The Philadelphia Inquirer, The Philadelphia Daily News, The Legal Intelligencer, Al Dia and The Tribune.

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### Philadelphia Water Department Statements and Exhibits

#### Water Department Statements

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PWD Statement No. 7	Direct Testimony and Schedules of Michelle Bethel and RaVonne A. Muhammad
	<p><u>Schedule MB-1</u>: Resume of Michelle Bethel</p> <p><u>Schedule RM-1</u>: Resume of RaVonne Muhammad</p>
PWD Statement No. 8	Direct Testimony and Schedules of Raftelis Financial Consultants
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PWD Statement No. 9A	Direct Testimony and Schedules of Black & Veatch Management Consulting
	<p><u>Schedule BV-E1</u>: Summary Tables – Cost of Service and Rate Study</p> <ul style="list-style-type: none"> <li>• <u>Tables C-1 through C-9</u>: Combined Projections of Revenue Requirements; Projection of Typical Retail Bills</li> <li>• <u>Tables W-1 through W-12</u>: Projection of Water Revenues under Existing Rates; Allocation of Test Year Cost of Service; Projection of Water Retail Units of Service</li> <li>• <u>Tables 13A through W-19A</u>: Projection of Aqua PA Cost of Service; Projection of Water Retail Cost of Service; Projected Water Retail Rates for General Service and Fire Protection</li> <li>• <u>Tables WW-1 through WW-18</u>: Projection of Wastewater Revenues under Existing Rates; Allocation of Test Year Cost of Service to Retail and Wholesale Customers; Proposed Wastewater Service Charge and Quantity Charge for General Service</li> </ul> <p><u>Schedule BV-E2</u>: Summary Tables - Allocation of Wholesale Wastewater Costs</p>

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	<ul style="list-style-type: none"> <li>• <u>Tables WH-1 through WH-32</u>: Allocable Test Year Plant Investment and O&amp;M expense; Allocation of Test Year System Investment; Allocation of Test Year O&amp;M Expense; Summary of Allocated Cost of Service and Proposed Test Year Charges</li> </ul> <p><u>Schedule BV-E3</u>: Summary Tables – Stormwater Rates</p> <p><u>Schedule BV-E4</u>: Summary Tables - Miscellaneous Fees</p> <p><u>Schedule BV-E5</u>: Assumptions and White Papers</p> <ul style="list-style-type: none"> <li>• <u>WP-1</u>: Financial Plan – Revenue and Revenue Requirement Assumptions</li> <li>• <u>WP-2</u>: Public Fire Protection Costs in Rates and Charges</li> <li>• <u>WP-3</u>: Capitol Account Deposit</li> <li>• <u>WP-4</u>: Cost of Service Analysis Overview</li> <li>• <u>WP-5</u>: Wholesale Cost of Service Analysis</li> <li>• <u>WP-6</u>: Cost Recovery of Discounts, Credits, Grants and TAP</li> <li>• <u>WP-7</u>: Senior Citizen Discount Threshold Amount</li> </ul> <p><u>Schedule BV-E6</u>: Resumes</p>
PWD Statement No. 9B	Supplemental Direct Testimony of Black & Veatch Management Consulting
	Schedule BV-S-1: White Paper – Proposed TAP Rider

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**Water Department Exhibits**

PWD Exhibit 1	Notification of Rate Filing – Advance Notice to Rate Board, Advance Notice to Philadelphia City Council; Public Notice with Estimates of Effects on Typical Customer Bills and Formal Notice to the Department of Records;
PWD Exhibit 2	Summary Fact Sheet on proposed rates and charges; the need for rate relief; and the information relied upon in the development of proposed rates and charges
PWD Exhibit 3A	FY2019 Proposed Rates and Charges
PWD Exhibit 3B	FY2019 Proposed Rates and Charges (Redline)
PWD Exhibit 3C	FY2020 Proposed Rates and Charges
PWD Exhibit 3D	FY2020 Proposed Rates and Charges (Redline)

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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> <p><u>Capital Budget:</u></p>

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<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%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%20I.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%20II.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%20I.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>.

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	<p>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>

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<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.

**PHILADELPHIA WATER DEPARTMENT RATE PROCEEDING  
(FY 2019-2021)**

**STATEMENT OF CHANGES FROM THE ADVANCE NOTICE  
FILED WITH CITY COUNCIL AND  
THE WATER, SEWER AND STORMWATER RATE BOARD ON FEBRUARY 12, 2018**

Pursuant to Section 2 of the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board”), this statement highlights changes from the Advance Notice of proposed changes in rates and charges filed by the Philadelphia Water Department (PWD) with City Council and the Board on February 12, 2018. The changes and the rationale for the changes are provided below.

- PWD Exhibit-1 has been supplemented with the Formal Notice and the accompanying attachments to comply with Section 2 of the Board’s regulations. It has also been revised to reflect changed impervious area and gross area square footage.
- PWD Exhibit-2 has been revised to reflect changed impervious area and gross area square footage.
- PWD Exhibit 4 has been revised to remove the draft watermark. The draft watermark was included with the prior version of this exhibit in error.
- PWD Exhibit-8 has been supplemented with additional notices of publication. The additional notices were not yet available at the time of the Advance Notice.

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**City of Philadelphia**

**LAW DEPARTMENT  
Water Division  
1101 Market Street  
5<sup>th</sup> Floor  
Philadelphia, PA 19107**

**MEMORANDUM**

**TO: Debra McCarty, Commissioner**  
**FROM: Scott J. Schwarz, Divisional Deputy City Solicitor** *Scott J. Schwarz*  
**DATE: March 14, 2018**  
**SUBJECT: In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges (FY 2019-2021)**

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I have reviewed the Formal Notice of Proposed Rates and Charges (Formal Notice) and the documents shown on the index attached to the Formal Notice. I find the Formal Notice and the documents shown on the index to be legal and in proper form.

In accordance with Section 5-801 of the Philadelphia Home Rule Charter, Section 13-101 of the Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Stormwater Rate Board, you may forward the Formal Notice and the referenced documents to the Department of Records where they will be available for public inspection.

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