

Philadelphia Water, Sewer and Storm Water Rate Board
Deliberation Meeting Notes

7/2/2018, 2 p.m., 1515 Arch Street, 18th Floor, Gas Commission Hearing Room

Members Present:

Irwin "Sonny" Popowsky, Chair
Folasade A. Olanipekun-Lewis
Tony Ewing
Rasheia Johnson
Abby Pozefsky

Also Present:

Nancy Brockway
Ed Markus
Daniel W. Cantú-Hertzler
Andre Dasent
Jolene Price
Debra McCarty
Susan Crosby

Melissa LaBuda

Scott Schwarz
Ji Jun
Jaclyn Rogers
Fara Cohen
Dave Jagt
Thomas Boynton
Cody Williams

Mr. Popowsky called the meeting to order at 2:09 p.m.

The Board was in receipt of a joint memo from the Water Department and the Public Advocate, which confirmed the agreed-upon revenue requirement adjustments and provided background information about how the collection factor was calculated. This document was distributed. Additionally, during the course of the Technical Hearings, both the Water Department and the Public Advocate had provided responses to Transcript Request 22, which outlined areas of agreement and disagreement concerning the TAP rider. These responses were also distributed.

The Board recommenced deliberating and voting upon the individual issues which emerged in the course of the Rate Proceeding, the results of which are recorded in the appended decision matrix.

The Hearing Officer will begin drafting the Final Order utilizing the decisions reached by the Board through its deliberative meetings, Mr. Popowsky announced. The Board will meet again on Wednesday, July 11, 2018 at 2 p.m. to vote on adopting the Final Order. Also utilizing the results of the Board's decisions, the Water Department's contracted financial analysis firm, Black & Veatch, will run models to ascertain the impact of the Board's decisions on the Department's revenue requirements and a calculation of new rates for typical residential customers. The models will produce a new C-1 Table, which will be appended to the Final Order.

Mr. Ewing moved to adjourn the meeting. Ms. Olanipekun-Lewis seconded. The motion was approved, with Mr. Popowsky, Mr. Ewing, Ms. Olanipekun-Lewis, Ms. Johnson, and Ms. Pozefsky voting in favor. No members opposed, abstained, or were absent. The meeting was adjourned at 3:50 pm.

Prepared by Cody Williams, Legal Assistant

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
General Exception / Extension of Rate Proceeding PA EXC I	Deny PA exception	Deny PA exception	Deny PA exception	Absent	Deny PA exception
Necessity for Rate Increase PA EXC II	Deny PA exception	Deny PA exception	Deny PA exception	Absent	Deny PA exception
Due Process / Recusal PA EXC III	Deny PA exception	Deny PA exception	Deny PA exception	Absent	Deny PA exception
Motion <i>in Limine</i> PWD EXC 2D PA EXC III Report pp. 11-13	Deny PWD motion	Deny PWD motion	Deny PWD motion	Deny PWD motion	Deny PWD motion
Rate Period/Test Years PWD EXC A2 PA EXC IV Report pp. 17-26	Two year rate period	Two year rate period	Two year rate period	Absent	Two year rate period

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
Debt Service Coverage PWD EXC A2 PA EXC V Report pp. 27-31	1.3 debt service coverage ratio target	1.3 debt service coverage ratio target	1.3 debt service coverage ratio target	Absent	1.3 debt service coverage ratio target
Rate Stabilization & Residual Funds PWD EXC A3 PA EXC VII Report pp. 25-27, 39	Combined \$150 million target for Rate Stabilization & Residual Funds	Combined \$150 million target for Rate Stabilization & Residual Funds	Combined \$150 million target for Rate Stabilization & Residual Funds	Absent	Combined \$150 million target for Rate Stabilization & Residual Funds
PAY-GO Financing PWD EXC A4 PA EXC V Report pp. 32-34	20% capital project PAY-GO cash financing target	20% capital project PAY-GO cash financing target	20% capital project PAY-GO cash financing target	Absent	20% capital project PAY-GO cash financing target
Capital Account Deposit PWD EXC A5 PA EXC V Report p. 34	1% deposit rate	1% deposit rate	1% deposit rate	Absent	1% deposit rate
Capital Program Spend Rate PWD EXC B1 PA EXC VI Report pp. 34-39	90% spend rate	90% spend rate	90% spend rate	Absent	90% spend rate

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
SMIP/GARP PA EXC IX Report pp. 41-45	Increase of \$10 million approved	Increase of \$10 million approved	Increase of \$10 million approved	Absent	Increase of \$10 million approved
Power & Gas Costs PWD EXC B2(a) PA EXC X-A Report pp. 46-48, 60-62	PWD rates approved for Fiscal Years 2019 & 2020 only	PWD rates approved for Fiscal Years 2019 & 2020 only	PWD rates approved for Fiscal Years 2019 & 2020 only	Absent	PWD rates approved for Fiscal Years 2019 & 2020 only
General Costs, Class 200 Expense & Class 800 Transfer PWD EXC B2(b) PA EXC X-C Report pp. 50-52; 64-66	PWD rates approved Note: 3.3% rate for Class 200, not 3.4%	PWD rates approved Note: 3.3% rate for Class 200, not 3.4%	PWD rates approved Note: 3.3% rate for Class 200, not 3.4%	Absent	PWD rates approved Note: 3.3% rate for Class 200, not 3.4%
Chemical Costs PWD EXC B2(c) PA EXC X-B Report pp. 48-50; 62-64	2% increase in Fiscal Year 2020	2% increase in Fiscal Year 2020	2% increase in Fiscal Year 2020	Absent	2% increase in Fiscal Year 2020
Normalization-Rate Case Expense PWD EXC B2(d) PA EXC XIII Report Supplement pp. 1-8	Normalize over two years	Normalize over two years	Normalize over two years	Absent	Normalize over two years

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
Normalization-TAP Implementation Costs PWD EXC B2(d) PA EXC XIII Report Supplement pp. 1-8	Normalize over two years	Normalize over two years	Normalize over two years	Absent	Normalize over two years
Debt Interest Rate PWD EXC B2(e) PA EXC XI Report pp.	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate
Miscellaneous Charge-Restoration PWD EXC B2(f) PA EXC XVIII Report pp. 90-93	Keep restoration charge unchanged at \$60	Keep restoration charge unchanged at \$60	Keep restoration charge unchanged at \$60	Keep restoration charge unchanged at \$60	Keep restoration charge unchanged at \$60
Collection Factors PA EXC XII Report pp. 52-59	Use PWD figure of 96.54% collection factor	Use PWD figure of 96.54% collection factor	Use PWD figure of 96.54% collection factor	Use PWD figure of 96.54% collection factor	Use PWD figure of 96.54% collection factor
TAP Administrative Costs PA EXC XV Report pp. 81-82	Deny PA exception	Deny PA exception	Deny PA exception	Absent	Deny PA exception

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
Agreed-Upon Revenue Requirement Adjustments PA EXC VIII Report p. 40	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Absent	Adopt agreement between Water Department & Public Advocate
Fire Protection PWD EXC C1 Report pp. 105-107	Deny PWD exception	Deny PWD exception	Deny PWD exception	Absent	Deny PWD exception
Cost Allocation PWD EXC C2 PLUG EXC 1 Report pp. 93-105	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report
Rate Allocation PWD EXC C2 PLUG EXC 1 Report pp. 93-105	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report	Retain PWD allocation; direct Water Department to provide rate structure report
TAP Implementation Issues PWD EXC 2D PA EXC XIV Report pp. 68-75	Water Department directed to provide report regarding PA TAP implementation recommendations & TAP participation statistics	Water Department directed to provide report regarding PA TAP implementation recommendations & TAP participation statistics	Water Department directed to provide report regarding PA TAP implementation recommendations & TAP participation statistics	Water Department directed to provide report regarding PA TAP implementation recommendations & TAP participation statistics	Water Department directed to provide report regarding PA TAP implementation recommendations & TAP participation statistics

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
TAP Arrearage Forgiveness PWD EXC C3(b) PA EXC XVI, XVII-B Report pp. 82-83	Direct Water Department to work with Law Department, Revenue Department, and Public Advocate to develop arrearage forgiveness program	Direct Water Department to work with Law Department, Revenue Department, and Public Advocate to develop arrearage forgiveness program	Direct Water Department to work with Law Department, Revenue Department, and Public Advocate to develop arrearage forgiveness program	Direct Water Department to work with Law Department, Revenue Department, and Public Advocate to develop arrearage forgiveness program	Direct Water Department to work with Law Department, Revenue Department, and Public Advocate to develop arrearage forgiveness program
TAP Rider Areas of Agreement PWD EXC C3 PA EXC XVII Report pp. 75-76	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate
TAP Low Income Collection Factor PWD EXC C3(a) PA EXC XVIII-B Report pp. 78-80; 85-86	Adopt proposed Water Department factor; request PWD analysis of low-income collection factor	Adopt proposed Water Department factor; request PWD analysis of low-income collection factor	Adopt proposed Water Department factor; request PWD analysis of low-income collection factor	Adopt proposed Water Department factor; request PWD analysis of low-income collection factor	Adopt proposed Water Department factor; request PWD analysis of low-income collection factor
TAP Apportionment of Revenue Loss PWD EXC C3(c) PA EXC XVIII-B Report pp. 86-87	Adopt Water Department “revenue requirements” apportionment model	Adopt Water Department “revenue requirements” apportionment model	Adopt Water Department “revenue requirements” apportionment proposal	Adopt Water Department “revenue requirements” apportionment proposal	Adopt Water Department “revenue requirements” apportionment proposal
TAP Rider Inclusion of Arrearage Forgiveness PWD EXC C3(b) PA EXC XVII-B Report p. 86	Premature: arrearage program not yet in effect	Premature: arrearage program not yet in effect	Premature: arrearage program not yet in effect	Premature: arrearage program not yet in effect	Premature: arrearage program not yet in effect

Notes:

	Mr. POPOWSKY	Ms. OLANIPEKUN-LEWIS	Mr. EWING	Ms. JOHNSON	Ms. POZEFSKY
TAP Reconciliation Process PWD EXC C3 PA EXC XVII-B Report p. 84	Adopt Public Advocate exception: Rate Board open to further ratemaking process regarding TAP rider	Adopt Public Advocate exception: Rate Board open to further ratemaking process regarding TAP rider	Adopt Public Advocate exception: Rate Board open to further ratemaking process regarding TAP rider	Adopt Public Advocate exception: Rate Board open to further ratemaking process regarding TAP rider	Adopt Public Advocate exception: Rate Board open to further ratemaking process regarding TAP rider
TAP Rider Formula PWD EXC C3 PA EXC XVII-A Report pp. 75-78	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate	Adopt agreement between Water Department & Public Advocate
Shut-Off Notices PA EXC XVIII Report pp. 89-90	Deny PA exception	Deny PA exception	Deny PA exception	Deny PA exception	Deny PA exception
Land Bank Report p. 108-110	Accept Land Bank exemption	Accept Land Bank exemption	Accept Land Bank exemption	Accept Land Bank exemption	Accept Land Bank exemption
Skiendzielewski Appeal Report p. 110-111 & Prior Hearing Officer Orders ¹	<ul style="list-style-type: none"> Deny appeal Adopt Hearing Officer recommendations 	<ul style="list-style-type: none"> Deny appeal Adopt Hearing Officer recommendations 	<ul style="list-style-type: none"> Deny appeal Adopt Hearing Officer recommendations 	<ul style="list-style-type: none"> Deny appeal Adopt Hearing Officer recommendations 	<ul style="list-style-type: none"> Deny appeal Adopt Hearing Officer recommendations

Notes:

¹ Daniel W. Cantú-Hertzler, Senior Attorney, recused himself from discussion of this matter.