

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**



Randy E. Hayman, Water Commissioner

February 11, 2020

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

Attention: Daniel Cantu-Hertzler, Esq.

Re: Advance Notice of Proposed Changes in Water, Sewer and Stormwater Rates and
Related Charges (FY 2021-2022)

Dear Chairman Popowsky and Rate Board Members:

Pursuant to Section 13-101(7) of The Philadelphia Code and Section II.A.2(a) of 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 Changes 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Hayman", with a stylized flourish extending from the bottom right.

Randy E. Hayman
Water Commissioner

Enclosures



Randy E. Hayman, Water Commissioner

February 11, 2020

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 2021-2022)

Dear President Clarke:

Pursuant to Section 13-101(7) of The Philadelphia Code and Section II.A.2(a) of 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 Changes 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Hayman", with a long horizontal flourish extending to the right.

Randy E. Hayman
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 2021-2022
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ADVANCE NOTICE

Pursuant to Section 13-101 of The Philadelphia Code and Section II.A.2(a) 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 2021 through 2022. 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 Advance Notice and Formal Notice of this rate filing are or will be included in PWD Exhibit 1. A summary fact sheet on the proposed rates and charges and estimates of the proposed rate changes on customer bills are in PWD Exhibit 2. The proposed rates and charges are in PWD Exhibits 3A and 3C, and redline versions are provided as PWD Exhibits 3B and 3D. 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-2. 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 serving copies of the filing on 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:

Andre C. Dasent, Esquire
Centre Square – East Tower
1500 Market Street, 12th Floor
Philadelphia, PA 19102
andre.c.dasent@gmail.com
Counsel for Philadelphia Water Department

Scott J. Schwarz, Divisional Deputy City Solicitor
Ji Jun, Deputy City Solicitor
City of Philadelphia Law Department
1101 Market Street, 5th Floor
Philadelphia, PA 19107
scott.schwarz@phila.gov
ji.jun@phila.gov
Counsel for Philadelphia Water Department

Susan M. Crosby, Divisional Deputy City Solicitor
City of Philadelphia Law Department
Mass Litigation Tax/Water
Municipal Services Building
1401 John F. Kennedy Boulevard, 5th Floor
Philadelphia, PA 19102
susan.crosby@phila.gov
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 on the attorneys listed above.

Respectfully Submitted



Randy Hayman
Water Commissioner

Dated: February 11, 2020
Enclosures and Attachments

FILING INDEX

Philadelphia Water Department Statements and Exhibits

Statements

PWD Statement No. 1	Direct Testimony and Schedules of Randy Hayman
	<u>Schedule REH-1</u> : Resume of Randy Hayman <u>Schedule REH-2</u> : Miscellaneous Changes in Terms of Rates and Charges <u>Schedule REH-3</u> : Summary of Drinking Water Regulations <u>Schedule REH-4</u> : Green Stormwater Infrastructure Tools
PWD Statement No. 2	Direct Testimony and Schedules of Melissa La Buda
	<u>Schedule ML-1</u> : Resume of Melissa La Buda <u>Schedule ML-2</u> : Financial Plan <u>Schedule ML-3</u> : Bond Counsel Memorandum <u>Schedule ML-4</u> : Rating Agency Reports <u>Schedule ML-5</u> : Water Fund Projection Summary <u>Schedule ML-6</u> : Financial Advisor Memorandum
PWD Statement No. 3	Direct Testimony and Schedule of Stephen J. Furtek and Thomas Spokas
	<u>Schedule SJF-1</u> : Resume of Stephen J. Furtek <u>Schedule SJF-1</u> : Capital Program and Budget Process <u>Schedule TS-1</u> : Resume of Thomas Spokas
PWD Statement No. 4	Direct Testimony and Schedule of Donna Schwartz and Ben Jewell
	<u>Schedule DS-1</u> : Resume of Donna Schwartz <u>Schedule BJ-1</u> : Resume of Benjamin Jewell
PWD Statement No. 5	Direct Testimony and Schedules of Michelle Bethel-Miller and RaVonne A. Muhammad
	<u>Schedule MB-1</u> : Resume of Michelle Bethel-Miller <u>Schedule RM-1</u> : Resume of RaVonne Muhammad <u>Schedule MB-2</u> : CY2018 Report to Mayor on TAP <u>Schedule MB-3</u> : TAP Survey Report 2019
PWD Statement No. 6	Direct Testimony and Schedules of Raftelis
	<u>Schedule RFC-1</u> : Resume of Jon Davis <u>Schedule RFC-2</u> : Resume of Henrietta Locklear

	<p><u>Schedule RFC-3</u>: Resume of Jennifer Tavantzis</p> <p><u>Schedule RFC-4</u>: FY 2019 Service Usage and Billing</p> <p><u>Schedule RFC-5</u>: FY 2019 Water Usage and Billing</p> <p><u>Schedule RFC-6</u>: FY 2019 Payment Patterns</p> <p><u>Schedule RFC-7</u>: Typical Residential Customer Consumption Memorandum</p> <p><u>Schedule RFC-8</u>: Typical Small Commercial Consumption Memorandum</p> <p><u>Schedule RFC-9</u>: FY 2019 Low Income Billing & Payments Report</p>
PWD Statement No. 7A	Direct Testimony and Schedules of Black & Veatch Management Consulting
	<p><u>Schedule BV-1</u>: Summary Tables – Cost of Service and Rate Study</p> <ul style="list-style-type: none"> • <u>Tables C-1 through C-9</u>: Combined Projections of Revenue Requirements; Projection of Typical Retail Bills • <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 • <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 • <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 <p><u>Schedule BV-2</u>: Summary Tables - Allocation of Wholesale Wastewater Costs</p> <ul style="list-style-type: none"> • <u>Tables WH-1 through WH-30</u>: Allocable Test Year Plant Investment and O&M expense; Allocation of Test Year System Investment; Allocation of Test Year O&M Expense; and Summary of Allocated Cost of Service <p><u>Schedule BV-3</u>: Summary Tables – Stormwater Rates</p> <p><u>Schedule BV-4</u>: Summary Tables - Miscellaneous Fees</p> <p><u>Schedule BV-5</u>: Cost of Service Summary Report</p> <p><u>Schedule BV-6</u>: Assumptions and White Papers</p> <ul style="list-style-type: none"> • <u>WP-1</u>: Financial Plan – Revenue and Revenue Requirement Assumptions • <u>WP-2</u>: Stormwater Units of Service • <u>WP-3</u>: Cost Recovery of Discounts, Credits, Grants and TAP • <u>WP-4</u>: Senior Citizen Discount Threshold Amount <p><u>Schedule BV-7</u>: Resumes</p>

PWD Statement No. 7B	Supplemental Direct Testimony of Black & Veatch Management Consulting
	Schedule BV-S1: White Paper – TAP Lost Revenue Adjustment Factor

Exhibits

PWD Exhibit 1	Notification of Rate Filing – Advance Notice to Rate Board and Philadelphia City Council; Formal Notice to the Department of Records
PWD Exhibit 2	Summary Fact Sheet
PWD Exhibit 3A	FY2021 Proposed Rates and Charges
PWD Exhibit 3B	FY2021 Proposed Rates and Charges (Redline)
PWD Exhibit 3C	FY2022 Proposed Rates and Charges
PWD Exhibit 3D	FY2022 Proposed Rates and Charges (Redline)
PWD Exhibit 4	<p>Documents Incorporated by Reference Pursuant to Rate Board Rule II.A.2(f):</p> <p><u>Summary of the Operating Budgets:</u> FY 20 Budget in Brief – as proposed to the Council¹ FY 20 Budget in Brief – as approved by the Council²</p> <p><u>Budget Detail</u> FY20 Operating Budget Detail, Book I³ FY20 Operating Budget Detail, Book II⁴</p> <p><u>Capital Budget:</u> Six Year Capital Program for Fiscal Years 2020-2025, Capital Budget for Fiscal Year 2020m per Council Approved Capital Program and Budget⁵</p>

¹ An electronic copy of this document can be found at
https://www.phila.gov/finance/pdfs/CapitalBudget/FY20%20Budget%20in%20Brief_All_Proposed.pdf

² An electronic copy of this document can be found at
https://www.phila.gov/finance/pdfs/Operating%20Budget/FY20%20BudgetinBrief_Adopted.pdf

³ An electronic copy of this document can be found at
<https://www.phila.gov/finance/pdfs/budgetdetail/Mayor's%20FY%202020%20Operating%20Budget%20Detail%20-%20Book%20I.pdf>

⁴ An electronic copy of this document can be found at
<https://www.phila.gov/finance/pdfs/budgetdetail/Mayor's%20FY%202020%20Operating%20Budget%20Detail%20-%20Book%20II.pdf>

⁵ An electronic copy of this document can be found at
<https://www.phila.gov/finance/pdfs/FY%2020-25%20Capital%20Program%20Book.pdf>

	<p><u>Financial Reports:</u> Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018⁶</p> <p><u>Five Year Financial and Strategic Plan:</u> Five Year Financial and Strategic for Fiscal Years 2020-2024, presented to Council⁷</p> <p>FY2020-FY20204 Five Year Financial Plan, per Council Approved Budget⁸</p>
PWD Exhibit 5	Official Statement – City of Philadelphia Water and Wastewater Revenue Bonds, Series 2019B
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	Proposed Matrix of Issues in the 2020 General Rate Proceeding

⁶ An electronic copy of this document can be found at [https://www.phila.gov/finance/pdfs/2018%20Comprehensive%20Annual%20Financial%20Report%20\(CAFR\)%20with%20GAAS%20Opinion.pdf](https://www.phila.gov/finance/pdfs/2018%20Comprehensive%20Annual%20Financial%20Report%20(CAFR)%20with%20GAAS%20Opinion.pdf)

⁷ An electronic copy of this document can be found at https://www.phila.gov/finance/pdfs/CapitalBudget/FY20-24%20FYP_FINAL.pdf

⁸ An electronic copy of this document can be found at <https://www.phila.gov/finance/pdfs/CapitalBudget/FY20-24%20Five%20Year%20Plan%20Adopted.pdf>