

# PHILADELPHIA WATER DEPARTMENT

Randy E. Hayman, Water Commissioner

March 12, 2020

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

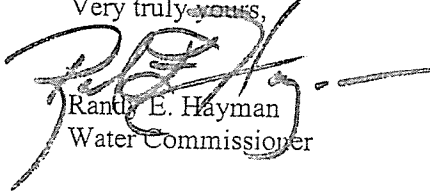
RE: Formal Notice of the Philadelphia Water Department's Proposed Changes in Water, Wastewater and Stormwater Rates and Charges (FY 2021-2022)

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, wastewater (sanitary sewer) and stormwater 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.A.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 prepared 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 11, 2020. 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> The public notice to be published in the newspapers is attached. Thank you for your attention to this matter.

Very truly yours,

  
Randy E. Hayman  
Water Commissioner

cc: Rate Board

<sup>1</sup> The proposed rates and charges are set forth in PWD Exhibit 3A through 3D. 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 II.A.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.

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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 (Board), the Philadelphia Water Department filed proposed changes to the rates and charges on March 12, 2020. 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 Steven Liang, City of Philadelphia Law Department, 1515 Arch St., 17<sup>th</sup> Fl., Philadelphia, PA 19102 [WaterRateBoard@phila.gov](mailto:WaterRateBoard@phila.gov).

James P. Leonard, Esq.  
Records Commissioner

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DEPARTMENT OF RECORDS

## 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 &amp; Payments Report</p>
<p>PWD Statement No. 7A</p>	<p>Direct Testimony and Schedules of Black &amp; Veatch Management Consulting</p>
	<p><u>Schedule BV-1</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-2</u>: Summary Tables - Allocation of Wholesale Wastewater Costs</p> <ul style="list-style-type: none"> <li>• <u>Tables WH-1 through WH-30</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; and Summary of Allocated Cost of Service</li> </ul> <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"> <li>• <u>WP-1</u>: Financial Plan – Revenue and Revenue Requirement Assumptions</li> <li>• <u>WP-2</u>: Stormwater Units of Service</li> <li>• <u>WP-3</u>: Cost Recovery of Discounts, Credits, Grants and TAP</li> <li>• <u>WP-4</u>: Senior Citizen Discount Threshold Amount</li> </ul> <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 Council<sup>1</sup>  FY 20 Budget in Brief – as approved by the Council<sup>2</sup></p> <p><u>Budget Detail</u>  FY20 Operating Budget Detail, Book I<sup>3</sup>  FY20 Operating Budget Detail, Book II<sup>4</sup></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 Budget<sup>5</sup></p> <p><u>Financial Reports:</u></p>

<sup>1</sup> An electronic copy of this document can be found at [https://www.phila.gov/finance/pdfs/CapitalBudget/FY20%20Budget%20in%20Brief\\_All\\_Proposed.pdf](https://www.phila.gov/finance/pdfs/CapitalBudget/FY20%20Budget%20in%20Brief_All_Proposed.pdf)

<sup>2</sup> An electronic copy of this document can be found at [https://www.phila.gov/finance/pdfs/Operating%20Budget/FY20%20BudgetinBrief\\_Adopted.pdf](https://www.phila.gov/finance/pdfs/Operating%20Budget/FY20%20BudgetinBrief_Adopted.pdf)

<sup>3</sup> 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>

<sup>4</sup> 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>

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

	<p>Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018<sup>6</sup></p> <p><u>Five Year Financial and Strategic Plan:</u>  Five Year Financial and Strategic for Fiscal Years 2020-2024, presented to Council<sup>7</sup></p> <p>FY2020-FY20204 Five Year Financial Plan, per Council Approved Budget<sup>8</sup></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

<sup>6</sup> 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)

<sup>7</sup> An electronic copy of this document can be found at [https://www.phila.gov/finance/pdfs/CapitalBudget/FY20-24%20FYP\\_FINAL.pdf](https://www.phila.gov/finance/pdfs/CapitalBudget/FY20-24%20FYP_FINAL.pdf)

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

**PHILADELPHIA WATER DEPARTMENT RATE PROCEEDING  
(FY 2021-2022)**

**STATEMENT OF CHANGES FROM THE ADVANCE NOTICE  
FILED WITH CITY COUNCIL AND  
THE WATER, SEWER AND STORMWATER RATE BOARD ON FEBRUARY 11, 2020**

Pursuant to Section II.A.2(b) 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 Rate Board on February 11, 2020. The changes and the rationale for the changes are provided below.


- PWD Exhibit-1 has been supplemented with the Public Notice of Proposed Changes in Rates and Charges and the Formal Notice with the accompanying attachments in accordance with Section II.A.2(b) and (e) of the Rate Board’s regulations.
- PWD Exhibit 8 has been revised to change the reference for the schedule showing Miscellaneous Changes in Terms of Rates and Charges from Schedule REH-4 to Schedule REH-2. The prior reference to the schedule was included in error.
- PWD Statement 2, page 28. The reference to 1.4% on line 13 was an error and has been changed to 2.4% to correct the error. The reference in footnote 2 to PUC Docket No. R-2018-3003068 has been changed to PUC Docket No. R-2018-3003558. While the first docket numbers appeared on the cover letter from Aqua for the initial filing, the PUC appears to have assigned the second docket number to this case.



City of Philadelphia

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

# MEMORANDUM

**TO:** Randy E. Hayman, Commissioner  
**FROM:** Scott J. Schwarz, Divisional Deputy City Solicitor   
**DATE:** March 12, 2020  
**SUBJECT:** In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges (FY 2021-2022)

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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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