

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

Philadelphia Water Department's Proposed Changes in Water, Wastewater and Stormwater Rates and Charges	Fiscal Years 2022-2023
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**JOINT PETITION FOR PARTIAL SETTLEMENT**

The Philadelphia Water Department (“PWD” or “Department”)<sup>1</sup> and the Public Advocate (“Public Advocate” or “PA”) (collectively, “Joint Petitioners”)<sup>2</sup> submit this Joint Petition for Partial Settlement (“Joint Petition” or “Partial Settlement”) of the above-described general rate proceeding and request that (1) Hearing Officer Marlane Chestnut (“Hearing Officer”) issue a report recommending that this Partial Settlement be approved, without modification, by the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board” or “Board”); and, (2) the Rate Board (a) issue a Rate Determination consistent with this Partial Settlement and (b) authorize the Department to file modified Rates and Charges to become effective on September 1, 2021 (for FY 2022) and September 1, 2022 (for FY 2023), consistent with the terms and conditions set forth herein.

In support of the proposed Partial Settlement, the Joint Petitioners state the following:

**I. BACKGROUND**

1. The Department is one of the ten operating departments of the City of Philadelphia (“City” or “Philadelphia”). It provides integrated water and wastewater services, including services for sanitary wastewater and stormwater, for accounts and properties in Philadelphia.

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<sup>1</sup> As used herein in Part II (Terms and Conditions), “PWD” means and includes the Philadelphia Water Department and/or the Philadelphia Water Revenue Bureau, as the context may require, whereas “Department” refers exclusively to the Philadelphia Water Department.

<sup>2</sup> PECO takes no position on the Partial Settlement. The Philadelphia Large Users Group (“PLUG”) does not oppose the Partial Settlement. The individual (pro se) participants, Lance Haver and Michael Skiendzielewski, have indicated their opposition to the Partial Settlement. Other individual (pro se) participants have not expressed any opinion about the Partial Settlement.

2. On January 15, 2021, the Department filed its advance notice with Philadelphia City Council (“City Council”) and the Rate Board<sup>3</sup> communicating its intent to file proposed changes in rates for water and wastewater service to become effective during the Rate Period<sup>4</sup> (“Advance Notice”). On February 16, 2021, the Department filed its formal notice with the Rate Board and the Department of Records of the aforesaid application for rate relief (“Formal Notice”). The Department’s filings initiated a general rate proceeding pursuant to Section II.B of the Board’s Regulations (hereinafter, the “2021 general rate proceeding”).

3. In the Advance Notice and Formal Notice, the Department proposed changes in water, sewer, and stormwater rates and related charges to take effect on September 1, 2021 (for FY 2022) and on September 1, 2022 (for FY 2023).

4. Pursuant to the Rate Board’s Regulations,<sup>5</sup> the Rate Board appointed Marlane Chestnut, Esquire (“Hearing Officer”) to preside over the rate hearings and to prepare a report. The Rate Board also appointed Community Legal Services to serve as the Public Advocate in the proceeding.

5. Legal notices related to the technical and public input hearings were timely published in local newspapers. These notices are set forth in PWD Exhibit 1 (as supplemented) and PWD Hearing Exhibit 1. PWD Exhibit 1 and PWD Hearing Exhibit 1 are posted on the Rate Board’s website.<sup>6</sup>

6. Active participants in this proceeding (in addition to the Department, the Water Revenue Bureau<sup>7</sup> (“WRB”) and the Public Advocate) included, the Philadelphia Large Users Group (“PLUG”), PECO Energy Company/Exelon (“PECO”), Lance Haver, Sharon Keselman, Michael Blowney, Kesrick Jones, Jr., Joseph Sherick, Juliana Martell and Michael Skiendzielewski.

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<sup>3</sup> In November, 2012, Philadelphia voters approved an amendment to the Philadelphia Home Rule Charter to allow City Council to establish, by ordinance, an independent ratemaking board responsible for fixing and regulating rates and charges for water, sanitary sewer and stormwater services. Under the Rate Ordinance adopted by the Council, the Rate Board must approve, modify or reject water, wastewater and storm water rates proposed by the Department. The Rate Ordinance, codified under Chapter 13-100 of the Philadelphia Code, became effective January 20, 2014. The Board’s first rate proceeding was completed in 2016.

<sup>4</sup> The Rate Period consists of two periods: Fiscal Year 2022 (“FY 2022”) beginning on September 1, 2021; Fiscal Year 2023 (“FY 2023”) beginning on September 1, 2022.

<sup>5</sup> Rate Board Regulations, Section II.B.1.

<sup>6</sup> <https://www.phila.gov/media/20210216165009/PWD-Exhibit-1-Notification-Of-Rate-Filing-Supplement-As-Of-Formal-Filing.pdf>, <https://www.phila.gov/media/20190607150703/Hearing-Exhibit-1.pdf>

<sup>7</sup> The WRB, which is part of the City’s Department of Revenue, provides all billing and collection functions for charges by the Department.

7. As a part of the proceedings, the Hearing Officer convened a total of four telephonic and virtual public input hearings on March 16 and 18, 2021. An afternoon hearing and evening hearing were separately held on each date.

8. Prepared direct testimony in response to the Department's filing was submitted on March 22, 2021 by the Public Advocate and by Lance Haver; rebuttal testimony was submitted on April 7, 2021 by PLUG and PWD.

9. The active participants in this proceeding engaged in discussions to try to achieve a settlement of some or all of the issues in this case.

10. As a result of the above discussions, the Joint Petitioners have agreed to a base rate increase, an allocation of the revenue increase, and a rate design to recover the rate increase. The parties have also made agreements with regard to several customer service and policy issues.

Additionally, all issues presented in the proceeding have been resolved by the Partial Settlement, **except for the issues identified below that are reserved for litigation.** *See* Paragraph 11.F of this Partial Settlement.

## **II. TERMS AND CONDITIONS**

11. The Joint Petitioners hereby respectfully request that the Hearing Officer recommend, and the Rate Board approve, the following modifications to the Department's proposed FY 2022 and FY 2023 rates and charges, and associated cost of service, customer service and policy issues:

### **A. Black Box Settlement**

This Settlement is a "black box" settlement. Under a "black box" settlement, parties do not specifically identify adjustments to projected revenues and expenses. PWD<sup>8</sup> believes that the "black box" concept facilitates settlement agreements because it permits parties to retain their positions on important ratemaking issues for the proceeding at hand as well as for future proceedings.

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<sup>8</sup> As used herein, "PWD" means and includes the Philadelphia Water Department and/or the Philadelphia Water Revenue Bureau, as the context may require, whereas "Department" refers exclusively to the Philadelphia Water Department.

**(1) Table C-1A: Projected Revenue and Revenue Requirements.**

	Settlement Proposal		
(dollars in 1000s)	FY 2022	FY 2023	Total
Line 10	\$10,411	\$47,011	\$57,422

**(a) FY 2022**

As shown on Line 5 (for FY 2022) in Appendix 1 (Table C-1A), the Settlement is designed to produce additional annual water, wastewater, and stormwater revenue of \$10.411 million to become effective on September 1, 2021, for FY 2022.

That agreed-upon amount is a \$38.453 million reduction from the Department's original request of \$48.864 million in additional revenues for FY 2022.

**(b) FY 2023**

As shown on Line 6 (for FY 2023) in Appendix 1, the Settlement is designed to produce additional incremental annual water, wastewater, and stormwater revenue of \$34.110 million to become effective on September 1, 2022, for FY 2023. As shown on Line 10 (for FY 2023) in Appendix 1, the Settlement is designed to produce total additional annual water, wastewater, and stormwater revenue of \$47.011 million for FY 2023.

That total amount shown on Line 10 is (a) a \$45.086 million reduction from the Department's original request of \$92.096 million in annual additional revenues in FY 2023 and (b) the FY 2023 annual incremental portion of such additional revenues (\$34.110 million) is subject to further adjustment/reconciliation, as described below.

**(2) Reconciliation Adjustments to FY 2023.**

**(a) Reconciliation Procedure.**

The agreed-upon FY 2023 approved rate increase includes incremental additional revenues of \$34.110 million ("FY 2023 Base Rate Incremental Increase"). The FY 2023 Base Rate Incremental Increase is subject to two potential adjustments related to (i) Federal Stimulus Funding; and (ii) Changes in FY 2021 Financial Performance, as described below.

The above adjustments will be addressed in a Special Rate Reconciliation Proceeding for FY 2023.

The Special Rate Reconciliation Proceeding is intended to be simple, limited to the two adjustments defined in Paragraph 11.A.(2) (a), and analogous to the TAP-R Reconciliation Proceeding. By approving the Settlement, the Rate Board is agreeing (in advance) to the use of the Special Rate Reconciliation Proceeding. Both the Department and the Public Advocate will be deemed to be Participants in the Special Rate Reconciliation Proceeding without notification to the Rate Board.

The Department shall initiate the Special Rate Reconciliation Proceeding. Any adjustment or reconciliation will be implemented effective September 1, 2022. It is anticipated that the Department will commence the above-described Special Rate Reconciliation Proceeding by filing an Advance Notice on or before March 1, 2022. In the Department's sole discretion, the Special Rate Reconciliation Proceeding may or may not be presented as part of the annual TAP-R Reconciliation Proceeding. In any event, the Public Advocate and other stakeholders shall be afforded a reasonable period of time to review and conduct discovery in order to evaluate the Department's reconciliation adjustments and may submit testimony and briefs supporting the Department's requested reduction or a different reduction to the FY 2023 Base Rate Incremental Increase.

**(i) Reconciliation Framework (Federal Stimulus).**

Subject to Paragraph 11.A.(2)(a) and this subparagraph (i), the FY 2023 approved rate increase is subject to reduction on a dollar-for-dollar basis via the Special Rate Reconciliation Proceeding to reflect the impact of "Stimulus Funding" (defined below) received by PWD during the "Receipt Period" (from July 1, 2021 to December 31, 2021).

- **Definition:** "Stimulus Funding" is defined as:
  - Except as excluded by the footnote below,<sup>9</sup> amounts from (a) the U.S. Department of Health and Human Services (HHS) or Philadelphia Housing Development Corporation (PHDC) under the Consolidated Appropriations Act of 2021,

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<sup>9</sup> For this purpose, "Stimulus Funding" excludes: (i) any amounts received directly by PWD from the City, HHS, PHDC or other state or local agencies administering federal funds for infrastructure or capital projects; (ii) any amounts allocated and/or received directly by PWD customers under the federal legislation, or other state or federal action, to alleviate potential or actual financial hardship of PWD's customers; (iii) any amounts allocated and/or received directly by PWD from Utility Emergency Services Fund ("UESF") in connection with UESF's locally funded programs including the Utility Grant Program, Water Conservation Housing Stabilization Program, and the Customer Assistance Program for Water; and (iv) any amounts adopted by City Council through the budget process and/or received directly by PWD, beyond the Receipt Period.

enacted on December 27, 2020 (“CARES Act”)<sup>10</sup> and (b) the American Rescue Plan Act, enacted on March 11, 2021 (“ARPA”)<sup>11</sup> (collectively, the “federal legislation”), that are allocated by City Council to PWD in the FY 2022 budget and/or received directly by PWD, during the Receipt Period, in either case, that can be used to reduce operating expenses that would otherwise be paid by ratepayers.

- During the Receipt Period, any amounts received directly by PWD for reimbursement of PWD operating expenses submitted under the CARES Act.
- **Best Efforts:** PWD will utilize its best efforts to secure Stimulus Funding.
- **Threshold Bucket:** Downward adjustment will occur, if PWD receives \$2 million or more in Stimulus Funding (“Minimum Threshold”). No adjustment will be made if less than the above Minimum Threshold is reached.
- **Adjustment, Mechanics:** Provided the Minimum Threshold is met, an across-the-board reduction to the FY 2023 Base Rate Incremental Increase will be made in an amount equal to the Stimulus Funding received.
- **Maximum Adjustment:** Reconciliation under this adjustment, separately or in combination with other adjustments, cannot lower the FY 2023 Base Rate Incremental Increase below zero dollars.

**(ii) Reconciliation Framework (Changes in FY 2021 Performance).**

Subject to Paragraph 11.A.(2)(a)(i) and this subparagraph (ii), the FY 2023 Base Rate Incremental Increase is subject to reduction on a dollar-for-dollar basis via the Special Rate Reconciliation Proceeding and within the parameters described below.

- **Adjustment, Mechanics:** The Department shall file a reconciliation request for FY 2023, setting forth the amount by which it requests the Rate Board reduce the FY 2023 Base Rate Incremental Increase to share with customers the benefit of

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<sup>10</sup> 116 P.L. 260; 134 Stat. 1182. Section 501 of the Consolidated Appropriations Act allocates \$638 million to the U.S. Department of Health and Human Services (HHS) to carry out a Low-Income Household Drinking Water and Wastewater Emergency Assistance Program. See, e.g., 15 USC § 9058a.

<sup>11</sup> Public Law No: 117-2. Section 9901 of the American Rescue Plan Act, *inter alia*, provides funds to certain governmental entities that may be used, among other things, to make necessary investments in water, sewer, or broadband infrastructure. Section 2912 of American Rescue Plan Act allocates \$500 million to the HHS to assist low-income households that pay a high proportion of household income for drinking water and wastewater services. The funds under Section 2912 of American Rescue Plan Act are in addition to the funds under Section 501 of the Consolidated Appropriations Act.

FY 2021 amounts above a minimum threshold<sup>12</sup> in the Rate Stabilization Fund. The Department shall include the City’s annual financial report for such fiscal year and a statement explaining the basis for the Department’s requested reduction (which may be any amount, including zero, up to \$34.110 million).

- **Maximum Adjustment:** Reconciliation under this adjustment, separately or in combination with other adjustments, cannot lower the FY 2023 Base Rate Incremental Increase below zero dollars.

## **B. Rates and Rate Impacts**

Appendix 2 includes Tables C-4 (residential) and C-5 (non-residential) which show the impact of proposed rates on the bills of typical customers, if the Partial Settlement rates are approved.<sup>13</sup> The rate impacts depicted in the above tables reflect proposed rates and charges that are based on the Joint Petitioners’ agreement with regard to cost allocation, rate structure, and rate design for the proposed increased revenues.<sup>14</sup>

The Joint Petitioners submit that the proposed rates and charges should be approved as they are just and reasonable, comply with the ordinances governing this proceeding and provide a reasonable basis for recovery of revenues sufficient to meet the Department’s obligations.<sup>15</sup>

## **C. Cost of Service**

### **(1) Cost and Benefit Allocations.**

PWD will convene stakeholder meetings to evaluate alternative ways of sharing the costs/benefits of ratepayer-funded non-residential stormwater overflow remediation projects. PWD will develop proposals prior to the next base rate proceeding.

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<sup>12</sup> The settling parties expressly agree that participants in the Special Rate Reconciliation Proceeding may propose different “minimum thresholds” and that a “minimum threshold” has not been established in connection with the Reconciliation Framework (Changes in FY 2021 Financial Performance) set forth in Paragraph 11.A.(2)(a)(ii) above.

<sup>13</sup> Rates and charges shown for FY 2023 are subject to reconciliation. FY 2022 and 2023 bill impacts reflect proposed TAP-R rates, as filed, and are subject to Rate Board approval.

<sup>14</sup> Please note that the rates and charges shown for FY 2023 are subject to the reconciliation procedure in Paragraph 11.A.(2)(a).

<sup>15</sup> See footnote 14. Rates and charges shown for FY 2023 are subject to reconciliation.

**(2) Residential Rate Structure.**

PWD will develop a proposal to evaluate tiered residential stormwater rate structures to reflect the range of residential property sizes. PWD will convene stakeholder meetings to discuss such proposal prior to its next base rate proceeding.

**(3) Rate Design, Revenue Allocation and Cost of Service.**

The rate design, revenue allocation and cost of service recommendations, proposed by the Department, are approved as a part of the Partial Settlement.

**D. Customer Service and Policy Agreements**

**(1) TAP Administration.**

**(a) TAP Recertification.**

To protect TAP participants, PWD has waived program recertification during the pandemic. This policy will continue to be in place for the near term. For the longer term, PWD will consider the merits of establishing a longer period of TAP certification for certain groups (e.g., pensioners, SSI, and LIHEAP recipients).

**(b) TAP Outreach/Participation.**

To improve outreach for TAP, PWD will evaluate new approaches to inform PWD customers of this program and other assistance programs that PWD offers. This will include outreach to customers restored since the start of COVID-19 and greater outreach in the Black community in concert with community organizations. PWD will organize and participate in community meetings, summits, or other gatherings where PWD can effectively communicate the availability of assistance for PWD customers. PWD will actively engage in meetings, summits and other gatherings where the availability of assistance can be communicated to PWD customers. PWD will also consider proposals raised at such outreach meetings.

PWD will organize and participate in community meetings concerning TAP participation, including meetings with Black community leaders and Black grassroots community members to discuss what aspects of processes related to TAP application, enrollment, and recertification can be improved upon.



**(2) Language Access.**

To improve communication with PWD customers, PWD will consider changes in its language access plans, in coordination with the City's Office of Immigrant Affairs. This would include interacting with stakeholder groups and translating customer service-related forms/applications into various additional languages.

PWD will work with community stakeholders to determine which additional documents need to be translated. The translated written documents will be available on the City's website and other places where intake services are provided for PWD customers.

**(3) Moratorium on Utility Shut-Offs.**

To protect PWD customers during the pandemic, PWD will continue to review and evaluate the need to extend the current termination moratorium to protect public health and safety.

Prior to lifting the current moratorium, PWD, in concert with stakeholders, will evaluate the feasibility of extending the moratorium evaluating, among other considerations, public health guidance and economic conditions.

**(4) COVID-19 Protections.**

**(a) Payment Agreements.**

To protect customers, PWD will provide more flexible terms for payment arrangements to help PWD customers bring their accounts current. PWD is currently extending payment agreements for up to five years. PWD also provides income-based payment agreements up to 15 years. These policies will remain in place for the near future.

PWD will evaluate the Public Advocate's proposals to proactively extend payment arrangements to assist customers who have fallen behind during the COVID-19 pandemic.

PWD will conduct outreach with community organizations to "enroll" customers with past due balances in suitable payment arrangements with longer repayment terms.

**(b) Tenant Issues.**

To address certain tenant issues raised in this proceeding (establishing tenant accounts, proof of residency), PWD will review business practices, website disclosures, and governing regulations.

PWD will specifically review its internal policies, website language, and PWD regulations regarding establishing a tenant account (e.g., provisions of regulations deeming the owner to have consented to having service placed in the tenant's name (unless service is off at the time of application) and (ii) policies requiring other utility bills in the tenant's name).

PWD, in conjunction with the Law Department, will review policies to facilitate tenants opting to request to transfer pre-existing arrears into his/her account.

**(5) Other Issues.**

PWD will provide quarterly reports to the Rate Board with regard to its progress as to the subject areas identified in this Section D. PWD will also consider proposals or recommendations made by stakeholders, community groups and customers in connection with outreach, language access, and tenant issues.

**E. Miscellaneous.**

(1) PWD shall withdraw its Motion in Limine to Limit or Exclude Certain Portions of the Testimony of Roger D. Colton, submitted on April 6, 2021. In so doing, PWD is not waiving its position as to the limited jurisdiction of the Rate Board.

(2) PWD will provide responses to all outstanding Public Advocate data requests that were (a) not objected to, (b) withdrawn or unanswered by agreement or (c) otherwise excluded by the hearing officer from the record in the rate proceeding. Except as provided above, responses to the aforesaid data requests shall be admitted into the record without objection, unless subject to a limitation imposed by the Hearing Officer or the Rate Board.

**F. Issues Reserved for Litigation.**

It is agreed and understood that the following issues are reserved for litigation: (a) the Department's proposal for implementation of arrearage forgiveness (which was challenged by the Public Advocate who presented an alternative proposal); (b) the Department's proposal for cost recovery of arrearage forgiveness through the TAP Rider (which was challenged by the Public Advocate who presented an

alternative proposal); and (c) those issues raised by the individuals who, as active participants, opposed the proposed increased rates and charges by the Department and who expressed opposition to the Partial Settlement.<sup>16</sup>

12. The record of the 2021 General Rate Proceeding shall consist of all documents identified in Section II.B.6.b of the Rate Board's Regulations and all items posted at the Rate Board website in connection with the 2021 general rate proceeding. The Joint Petitioners further agree and stipulate that this Partial Settlement, including the Appendices hereto, are part of the Hearing Record.

### **III. THE PARTIAL SETTLEMENT IS REASONABLE**

13. The Joint Petitioners submit that this Partial Settlement is reasonable and in the public interest for the following reasons:

(a) The Partial Settlement provides for lower rates and charges than originally requested by the Department in the 2021 general rate proceeding.

This Partial Settlement increases rates (Table C-1A, Line 10) by \$10.411 million, which is 21% of the Department's original request of \$48.864 million in FY 2022.

This Partial Settlement increases rates (Table C-1A, Line 10) by \$47.011 million, which is 51% of the Department's original request of \$92.096 million in FY 2023.

(b) The Partial Settlement includes commitments from PWD to continue certain protections for its customers amid the COVID-19 public health and economic crisis; and other customer service and policy issues.

(c) Acceptance of the Partial Settlement will avoid the necessity of further administrative proceedings and/or court proceedings at substantial cost to Joint Petitioners, other participants and the Department's ratepayers.

(d) The Partial Settlement will allocate agreed upon water and sewer revenue requirements in a manner that is reasonable in light of rate structure/cost of service policy decisions previously approved.

(e) The Joint Petitioners arrived at terms of Settlement after review of: (i) the rate filing for 2021 general rate proceeding submitted by the Department, (ii) extensive discovery responses, (iii) the direct and rebuttal testimony and related exhibits proffered by the participants; and following (iv) settlement negotiations.

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<sup>16</sup> The individual participants that have indicated their opposition to the Joint Settlement are Lance Haver and Michael Skiendzielewski.

The terms and conditions of the Partial Settlement constitute a carefully negotiated package representing reasonable compromises as to the majority of issues presented in the rate case.

#### **IV. ADDITIONAL TERMS AND CONDITIONS**

14. This Partial Settlement is proposed by Joint Petitioners to resolve the majority of issues presented in this proceeding and is made without admission against or prejudice to any position which any Joint Petitioner has taken in this case, might adopt during subsequent litigation or in further litigation of this case, or in future cases.

15. Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized or otherwise emphasized, or set forth in the body, a footnote, or parenthetical, or appendix, is material consideration to the entry into this Partial Settlement by the participants signing below. Any proposal by the Department that is not specifically addressed by the terms and conditions in this Joint Petition continues as proposed by the Department.

16. This Partial Settlement is conditioned upon the Rate Board's approval of the terms and conditions contained herein without modification. If the Rate Board disapproves the Partial Settlement or modifies the terms and conditions herein, the Partial Settlement may be withdrawn, by a Joint Petitioner, upon written notice to the Rate Board and all active participants in this proceeding communicated within three business days of the entry of a final order of the Rate Board in this proceeding and, in such event, the Partial Settlement shall be of no force and effect. In the event the Rate Board disapproves the Partial Settlement, or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, cross-examination and legal argument through submission of Briefs and Exceptions. Joint Petitioners agree that while the Partial Settlement, upon Rate Board approval, will be fully enforceable according to its terms, the Joint Petition does not expressly or implicitly represent approval of any specific claims made in this proceeding and the Joint Petitioners agree not to contend otherwise in future proceedings.

17. Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Partial Settlement by the Rate Board without modification. If the Hearing Officer recommends that the Rate Board adopt the Partial Settlement, as proposed herein, the Joint Petitioners agree to waive filing exceptions. Joint Petitioners, however, do not waive their rights to file exceptions (a) with respect to any modification of the terms and conditions of Settlement or any additional matter proposed by the Hearing Officer in her report, (b) to correct an error or misstatement in the Hearing Officer's report, or (c) to any recommendations of the Hearing Officer on any issue either (1) described in Paragraph 11.F as not being resolved by this Partial Settlement or (2) otherwise litigated in this proceeding.

## **V. CONCLUSION**

WHEREFORE, Joint Petitioners, by their respective counsel, request the following:

1. That the Hearing Officer admit this Joint Petition into the record of this proceeding, as well as the appendices hereto.
2. That the Hearing Officer recommend the approval of the Partial Settlement by the Rate Board, as described in this Joint Petition and supporting documentation provided in the appendices hereto, including Tables C-1A, C-4 and C-5.
3. That the Rate Board approve the Partial Settlement and find the resulting rates and charges are just and reasonable and authorize the Department to file modified rates and charges related to become effective on September 1, 2021 (for FY 2022) and on September 1, 2022 (for FY 2023), consistent with the terms and conditions herein.
4. That the Rate Board enter its final Rate Determination in this matter consistent with the terms and conditions of the Partial Settlement.

[Signatures appear on next page]

The signatories to this Joint Petition for Partial Settlement indicate their acceptance of its terms and request the relief stated above.

Respectfully submitted,

/s/ Andre C. Dasent

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For the Philadelphia Water Department

/s/ Robert W. Ballenger

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Robert W. Ballenger  
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1424 Chestnut Street  
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Dated: May 5, 2021

For the Public Advocate

**TABLE C-1A: PROJECTED REVENUE AND REVENUE REQUIREMENTS**  
**Base Rates Excluding TAP-R Surcharge**  
**(in thousands of dollars)**

Line No.	Description	2022	2023
<b>OPERATING REVENUE</b>			
1	Water Service - Existing Rates	263,593	266,743
2	Wastewater Service - Existing Rates	423,433	429,267
3	Total Service Revenue - Existing Rates	687,026	696,010
	Additional Service Revenue Required		
	Percent Increase      Months Effective		
4	FY 2021      0.00%      10	-	-
5	FY 2022      1.85%      10	10,411	12,901
6	FY 2023      5.89%      10		34,110
7	FY 2024      10		
8	FY 2025      10		
9	FY 2026      10		
10	Total Additional Service Revenue Required	10,411	47,011
11	Total Water & Wastewater Service Revenue	697,437	743,022
	Other Income (a)		
12	Other Operating Revenue	29,192	29,111
13	Debt Reserve Fund Interest Income	-	-
14	Operating Fund Interest Income	1,230	1,249
15	Rate Stabilization Interest Income	1,088	982
16	Total Revenues	728,947	774,364
<b>OPERATING EXPENSES</b>			
17	Total Operating Expenses	(517,470)	(533,064)
<b>NET REVENUES</b>			
18	Transfer From/(To) Rate Stabilization Fund (b)	9,900	11,300
19	NET REVENUES AFTER OPERATIONS	221,376	252,600
<b>DEBT SERVICE</b>			
	Senior Debt Service		
	Revenue Bonds		
20	Outstanding Bonds	(163,516)	(164,558)
21	Pennvest Parity Bonds	(10,885)	(11,067)
22	Projected Future Bonds	(8,000)	(30,798)
23	Commercial Paper	(2,000)	(4,000)
24	Total Senior Debt Service	(184,401)	(210,423)
25	TOTAL SENIOR DEBT SERVICE COVERAGE (L19/L24) (c)	1.20 x	1.20 x
26	Subordinate Debt Service	-	-
27	Transfer to Escrow	-	-
28	Total Debt Service on Bonds	(184,401)	(210,423)
29	CAPITAL ACCOUNT DEPOSIT	(29,447)	(31,155)
30	TOTAL COVERAGE (L19/(L24+L26+L29)) (c)	1.03 x	1.04 x
31	End of Year Revenue Fund Balance	7,529	11,022

(a) Includes other operating and nonoperating income, including interest income on funds and accounts transferable to the Revenue Fund.

(b) Pursuant to the General Ordinance, as of June 30 of each Fiscal Year, the City may transfer (i) from the Rate Stabilization Fund to the Revenue Fund or (ii) from the Revenue Fund to the Rate Stabilization Fund, the amount determined. The amounts presented are subject to actual results.

(c) Projected estimates are subject to actual financial results and final transfers to/from Rate Stabilization (see note (b)). The amounts presented are subject to actual results.

TABLE C-4

**COMBINED SYSTEM: COMPARISON OF TYPICAL  
BILL FOR RESIDENTIAL CUSTOMERS  
UNDER EXISTING AND PROPOSED RATES**

(1)	(2)	(3) FY 2021	(4) FY 2022	(5)	(6) FY 2023	(7)
Meter Size	Monthly Use	Existing Rates	Proposed Rates	% Proposed of Existing	Proposed Rates	% Proposed of FY 2022
Inches	Mcf	\$	\$	%	\$	%
5/8	0.0	28.02	28.96	3.4	30.70	6.0
5/8	0.2	43.50	45.04	3.5	47.85	6.2
5/8	0.3	51.24	53.07	3.6	56.43	6.3
5/8	0.4	58.98	61.11	3.6	65.01	6.4
5/8	0.5	66.73	69.15	3.6	73.58	6.4
5/8	0.6	74.46	77.18	3.7	82.15	6.4
5/8	0.7	82.20	85.22	3.7	90.73	6.5
5/8	0.8	89.94	93.25	3.7	99.31	6.5
5/8	1.7	159.60	165.59	3.8	176.49	6.6
5/8	2.7	232.63	243.40	4.6	259.46	6.6
5/8	3.3	275.33	289.42	5.1	308.52	6.6

Typical Senior

Typical Residential

## Notes:

The FY 2021 figures reflect the existing base and current TAP-R rates, of \$0.57/MCF for water and \$0.78/MCF for sewer.

The FY 2022 figures reflect:

- (1) the proposed TAP-R rates, of \$0.70/MCF for water and \$1.07/MCF for sewer; and
- (2) the proposed FY 2022 base rates in accordance with the Settlement Agreement.

The FY 2023 figures reflect:

- (1) the proposed FY 2022 TAP-R rates, of \$0.70/MCF for water and \$1.07/MCF for sewer; and
- (2) the proposed FY 2023 base rates in accordance with the Settlement Agreement.

These rates are subject to reconciliation prior to implementation.

The TAP-R rates are subject to annual reconciliation.

Typical Senior Citizen is presented prior to discount. Eligible Senior Citizen's receive a 25% discount on their total bill.

The associated FY 2021, FY 2022, and FY 2023 bills would be \$38.43, \$39.80 and \$42.32, respectively.

Mcf - Thousand cubic feet



**TABLE C-5**  
**COMBINED SYSTEM: COMPARISON OF EXAMPLE BILLS**  
**FOR NON-RESIDENTIAL CUSTOMERS**  
**UNDER EXISTING AND PROPOSED RATES**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				FY 2021	FY 2022		FY 2023	
Meter Size	Monthly Use	Impervious Area	Gross Area	Existing Rates	Proposed Rates	% Proposed of Existing	Proposed Rates	% Proposed of FY 2022
Inches	Mcf	sf	sf	\$	\$	%	\$	%
5/8	0.0	1,794	2,110	39.75	38.55	(3.0)	41.01	6.4
5/8	0.2	1,794	2,110	55.23	54.63	(1.1)	58.16	6.5
5/8	0.3	1,794	2,110	62.97	62.66	(0.5)	66.74	6.5
5/8	0.4	1,794	2,110	70.71	70.70	(0.0)	75.32	6.5
5/8	0.5	1,794	2,110	78.46	78.74	0.4	83.89	6.5
5/8	0.6	4,000	5,500	112.13	111.58	(0.5)	119.27	6.9
5/8	0.7	4,000	5,500	119.87	119.62	(0.2)	127.85	6.9
5/8	0.8	26,000	38,000	412.25	399.86	(3.0)	430.54	7.7
5/8	1.7	26,000	38,000	481.91	472.20	(2.0)	507.72	7.5
5/8	2.7	4,000	5,500	270.30	277.80	2.8	296.58	6.8
5/8	3.3	4,000	5,500	313.00	323.82	3.5	345.64	6.7
5/8	11.0	7,000	11,000	901.27	953.16	5.8	1,017.05	6.7
1	1.7	7,700	7,900	251.68	252.31	0.2	269.95	7.0
1	5.0	22,500	24,000	668.22	678.11	1.5	726.33	7.1
1	8.0	7,700	7,900	701.86	736.68	5.0	786.30	6.7
1	17.0	22,500	24,000	1,522.14	1,598.63	5.0	1,707.57	6.8
2	7.6	1,063	1,250	621.72	658.68	5.9	701.88	6.6
2	16.0	22,500	24,000	1,478.95	1,550.54	4.8	1,656.12	6.8
2	33.0	66,500	80,000	3,245.05	3,385.99	4.3	3,620.31	6.9
2	100.0	7,700	7,900	7,276.55	7,822.62	7.5	8,339.46	6.6
4	30.0	7,700	7,900	2,391.49	2,550.83	6.7	2,718.89	6.6
4	170.0	10,500	12,000	11,779.08	12,657.30	7.5	13,487.99	6.6
4	330.0	26,000	38,000	21,980.87	23,608.78	7.4	25,154.47	6.5
4	500.0	140,000	160,000	34,010.90	36,379.51	7.0	38,775.99	6.6
6	150.0	10,500	12,000	10,665.70	11,451.84	7.4	12,202.99	6.6
6	500.0	41,750	45,500	32,922.57	35,349.72	7.4	37,660.16	6.5
6	1,000.0	26,000	38,000	63,978.69	68,785.12	7.5	73,266.57	6.5
6	1,500.0	140,000	160,000	96,627.12	103,738.45	7.4	110,512.79	6.5
8	750.0	10,500	12,000	48,312.53	51,946.12	7.5	55,328.63	6.5
8	1,500.0	66,500	80,000	95,875.96	103,032.69	7.5	109,746.67	6.5
8	2,000.0	26,000	38,000	126,617.52	136,167.40	7.5	145,028.21	6.5
8	3,000.0	140,000	160,000	189,685.95	203,830.73	7.5	217,109.43	6.5
10	600.0	22,500	24,000	39,284.40	42,203.78	7.4	44,953.17	6.5
10	1,700.0	41,750	45,500	108,254.22	116,376.47	7.5	123,951.40	6.5
10	3,300.0	26,000	38,000	206,972.34	222,583.87	7.5	237,058.81	6.5
10	6,000.0	140,000	160,000	374,862.77	402,991.20	7.5	429,211.03	6.5

Typical Small Business

(a) Examples with gross area less than 5,000 square feet reflect an impervious area of 85% of the gross area consistent with PWD Regulations section 304.3.

(b) FY 2021 figures reflect existing base and current TAP-R rates, of \$0.57/MCF for water and \$0.78/MCF for sewer.

(c) FY 2022 figures reflect:

- (1) the proposed TAP-R rates, of \$0.70/MCF for water and \$1.07/MCF for sewer; and
- (2) the proposed FY 2022 base rates in accordance with the Settlement Agreement.

(d) The FY 2023 figures reflect:

- (1) the proposed FY 2023 TAP-R rates, of \$0.70/MCF for water and \$1.07/MCF for sewer; and
- (2) the proposed FY 2023 base rates in accordance with the Settlement Agreement. These rates are subject to reconciliation prior to implementation. The TAP-R rates are subject to annual reconciliation.

Mcf - Thousand cubic feet

sf - square feet