



FY2024-2025

Proposed Rate Increase Public Presentation

March 2023



PHILADELPHIA
WATER
— DEPARTMENT —



How will the rate increase impact water bills?

The table below shows projected customer bill impacts if the Department's proposed rate changes are approved.

Customer Impacts (Typical Monthly Bill¹)

Residential ²		Small Business ³	
<i>Effective Date</i>	<i>Percentage Increase</i>	<i>Effective Date</i>	<i>Percentage Increase</i>
September 1, 2023	11.8%	September 1, 2023	10.5%
September 1, 2024	8.3%	September 1, 2024	9.1%

1. Typical Monthly Bill includes Quantity Charges, TAP Rider Surcharge, Service Charge, and Stormwater Charges.

2. Reflects a 5/8" meter with 4.5 ccf of water consumption.

3. Reflects a 5/8" meter with 6 ccf water consumption. Reflects Parcel gross area of 5,500 sq. ft. and impervious area of 4,000 sq. ft

What would a typical residential water bill pay for?



If new rates are approved for FY24, this is how PWD would use the money received from a typical monthly bill of **\$77.47**

Water

Includes treatment and delivery of all the water used for drinking, cooking, bathing, cleaning and more.

Sewer

Includes collection of used water and sewage, and wastewater treatment.

Stormwater

Includes systems and programs that manage stormwater, required by law.

Service Charge

Includes costs needed to operate our billing collection and metering functions.



Safety is our Priority.

The primary mission of the Philadelphia Water Department is to plan for, operate, and maintain both the infrastructure and the organization necessary to purvey high quality drinking water, to provide an adequate and reliable water supply for all household, commercial, and community needs, and to sustain and enhance the region's watersheds and quality of life by managing wastewater and stormwater effectively. In fulfilling its mission, the utility seeks to be customer-focused, delivering services in a fair, equitable, and cost-effective manner, with a commitment to public involvement.



The City's Water and Wastewater systems are essential.

Core Services

- Drinking Water
- Wastewater
(Sanitary Wastewater
and Stormwater Management)



Investment in our infrastructure is critical and necessary.

PWD maintains a network of more than 3,100 miles water mains, 3,700 miles of sewers, six treatment facilities, and 34 pumping stations.

The Department must make major investments and delaying improvements is not a long-term solution. System maintenance is needed to:

- Ensure the overall integrity of system infrastructure
- Comply with stringent water quality regulations
- Decrease the frequency of water main breaks and other emergencies



Increased rates are necessary for PWD to meet its legal and financial requirements.

Without new rates, PWD will have insufficient revenues to meet operating and legal requirements during the Rate Period.

- We cannot continue to use financial reserves because these funds are a critical tool needed for unexpected emergencies like the COVID-19 crisis and Hurricane Ida.
- Credit rating agencies have been clear – pushing reserves lower will result in a downgrade and higher borrowing costs.



A rate increase is needed to address inflationary pressures in critical expense areas.

The Water Department urgently needs additional revenues in FY 2024 and FY2025 to meet day-to-day operating needs:

Operating costs are projected to increase by \$155M from FY23 to FY25.

Costs for critical chemicals that keep our water safe are projected to increase by nearly 77%.

Labor costs and personnel resource needs are increasing by 11%.

PWD has received government funding through PENNVEST and WIFIA loans that must be repaid.

Recent announcements have cited that PWD would receive \$500 million in funding for capital projects. The announcement refers to funding from the following low-interest loans:

- ~\$340M in funding via the Water Infrastructure Finance and Innovation Act (“WIFIA”)
- \$160M in funding provided via PENNVEST.
- Projects funded with these loans will be implemented over the next decade, from FY2023 through FY2032.

The benefits associated with these funding sources are reflected in the Water Department’s current rate filing before the Rate Board.



We're increasing assistance and outreach.

Customer Assistance Programs *including:*

- Tiered Assistance Program (TAP)
- Senior Citizen Discount
- Special Hardships
- Charitable Organization Discount
- Utility Emergency Services Fund (UESF)

Expanded Payment Agreements:

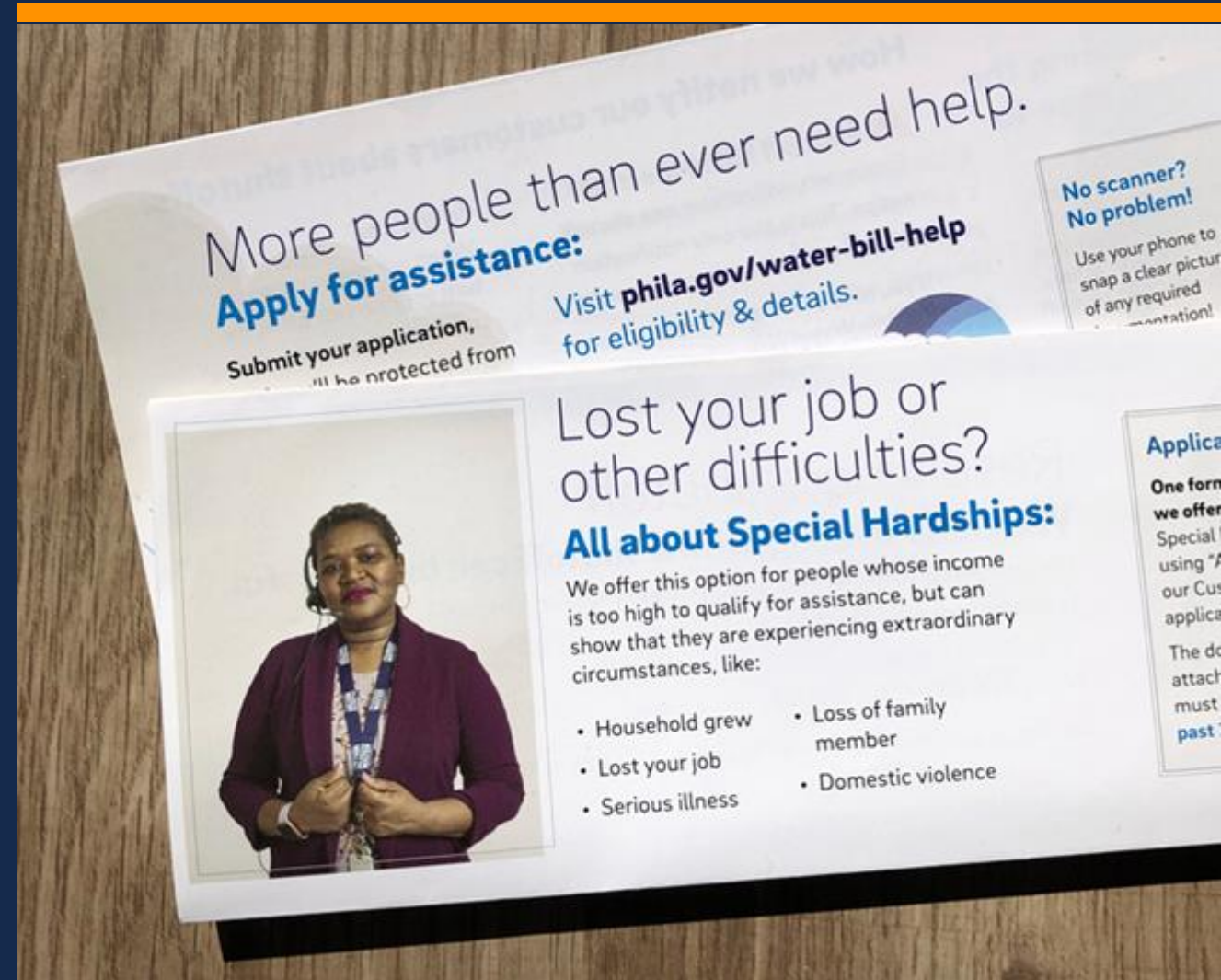
- Flexible payment times
- Lower down payments

The Tiered Assistance Program (TAP)

Allows eligible customers to pay reduced bills based upon a percentage of their household income.

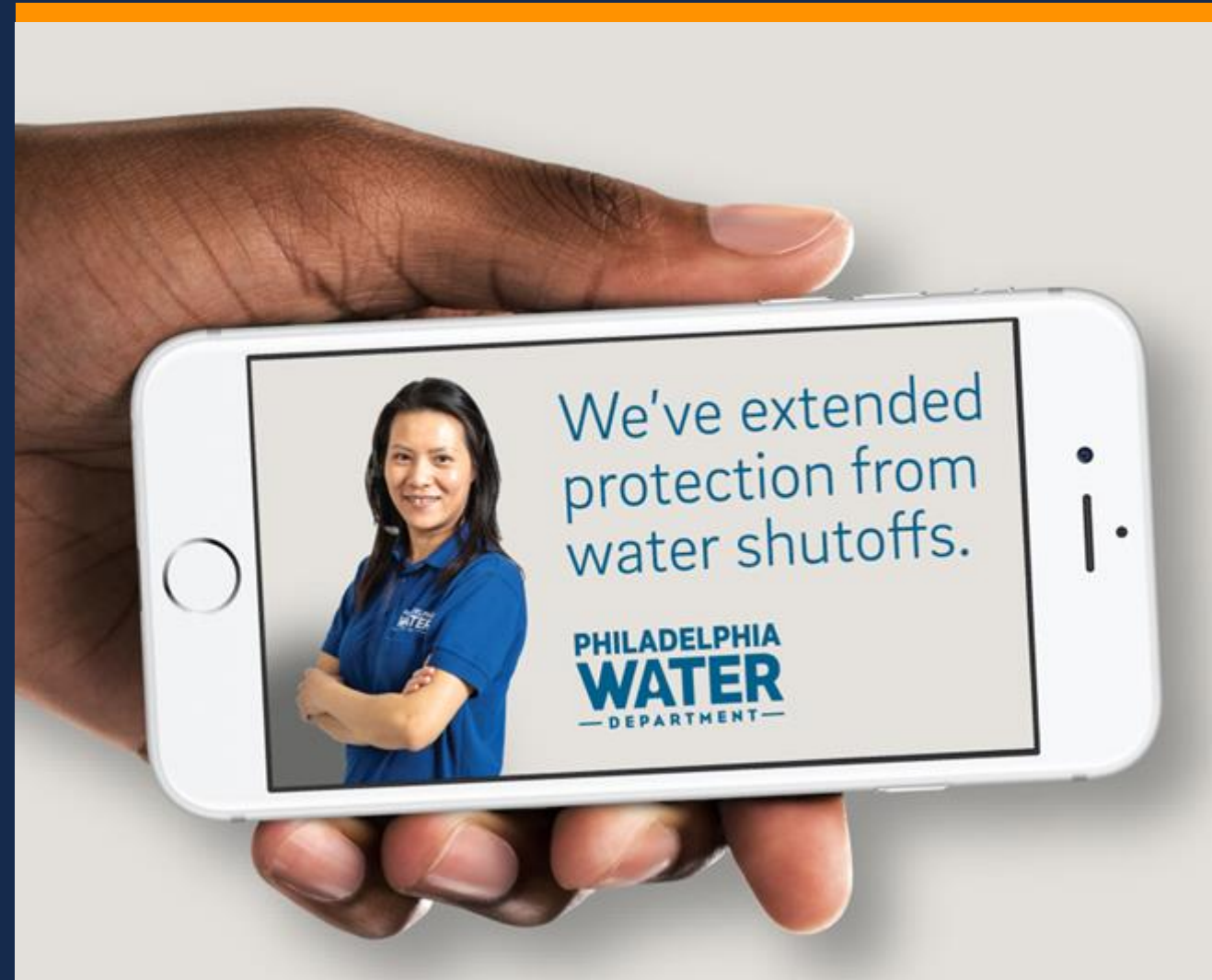
NEW: Principal Debt Forgiveness

- Customers enrolled in TAP are eligible.
- Provides a path to forgiveness of pre-TAP debts after 24 monthly payments.



Expanded shutoff protections are in place to ensure vulnerable customers maintain service.

- The level of delinquency that triggers a shutoff notice has been raised from \$150 to \$1,000.
- PWD customers enrolled in the Tiered Assistance Program are exempt from shutoff.
- PWD customers enrolled in the Senior Citizen Discount program are exempt from shutoff.
- As an additional safeguard, the City matched data with enrollment data from other low-income assistance programs and provided exemptions to those households.



The Ratemaking Process

The Rate Board is an independent City agency responsible for setting and regulating water, sewer and stormwater rates in accordance with standards set by City Council. The Rate Board determines rates and charges when the Water Department requests changes.

1. The Department requests a rate change when its operating revenues are insufficient to cover the cost of serving PWD customers.
2. PWD must show that its proposed rate change is necessary and reasonable, and provide supporting documentation.
3. Within 120 days of PWD's request, the Rate Board must render a detailed, written decision to approve, modify or reject the proposed rate change, based on a hearing record including financial, accounting and engineering data, public testimony and expert testimony.

Who's on the Rate Board?

The Rate Board consists of five members appointed by the Mayor and approved by City Council.

For more information on the Rate Board and its members, visit www.Phila.gov/water/rateboard

Make your voice heard.

To submit a public comment:

Email comments to WaterRateBoard@phila.gov
or send written comments by mail to the
Philadelphia Water, Sewer and Storm Water Rate Board,
1515 Arch Street, 17th Floor,
Philadelphia, PA 19102 c/o Steven Liang.

Written comments as well as testimony at public input
hearings will become part of the public record.

Information on the rate case, including instructions for
joining the hearings, can be found on the Rate Board site:
[Meetings & Hearings | Water, Sewer & Storm Water Rate
Board | City of Philadelphia](#)