

## **2023 Public Input Hearing Responses**

The following issues were raised by customers who attended the 3/22/23 and 3/23/23 Public Input Hearings. The discussion below, as to each issue, is provided by the Philadelphia Water Department (PWD or Department).

### **1. Safe Drinking Water**

An inquiry was raised as to the safety of drinking water: The Department has developed the Water Revitalization Plan (Plan), a 25-year, multi-billion-dollar plan to strengthen essential drinking water infrastructure, including upgrades to the large water pipelines, pumping stations, and clean water storage facilities, as well as increased treatment capacity and improved technologies at the three drinking water treatment plants. The Plan will allow PWD to continue providing safe, affordable, and high-quality drinking water to its residents now and into the future.

The Plan identifies 400 projects that have been carefully planned and sequenced to:

- Mitigate negative impacts on residents during construction;
- Minimize disruptions to service or water quality; and
- Balance spending as efficiently as possible over time.

Implementing all Water Revitalization Plan projects will allow PWD to serve the entire City of Philadelphia (City) from one water source (either the Schuylkill River or Delaware River), if needed, indefinitely.

Chemical spills are just one threat to water safety and reliability. The recent chemical spill impacting the Delaware River drove home how valuable additional redundancy will be for our drinking water system. Currently, drinking water cannot be provided to the entire City from only one water source. The Water Revitalization Plan will allow us to expand options for water delivery in the face of an emergency — greatly increasing our ability to maintain critical services.

### **2. Federal Assistance (loans and grants)**

An inquiry was raised as to federal assistance requested and received by PWD: The Department has requested federal assistance to support its capital program and has received low-interest loans for \$500 million. As explained in the record, PWD gratefully acknowledges these loans, but emphasizes that these loans must be repaid.

During President Biden's visit to the Belmont Treatment Plant in February 2023, the U.S. Environmental Protection Agency (EPA) announced a \$340 million financing commitment to upgrade the City of Philadelphia's aging drinking water infrastructure, including replacing customers lead service lines. These Water Infrastructure Finance and Innovation Act (WIFIA) low-interest loans will jumpstart the work to modernize the drinking water system with an initial investment of \$19 million.

While the above announcement highlighted water main replacement and the customer lead service lines that would be replaced during that work, the bulk of the \$340 million WIFIA agreement is slated to support large capital projects in the Water Revitalization Plan from FY 2024 to FY 2032, including investments that improve pumping and water storage.

The Schuylkill River Crossing, a pipeline that will connect West Philadelphia and areas east of the Schuylkill to provide clean water in the event of a treatment plant being offline is among the projects included in PWD's agreement with the EPA for WIFIA loans.

Our strong record of planning for big investments will pay off as Philadelphia begins to access resources made available by the bipartisan Infrastructure Investment and Jobs Act passed in 2021.

Thanks to our efforts, Philadelphia is well-positioned to take advantage of this opportunity to further invest in the health and sustainability of our City while seeking to minimize costs for our customers. We look forward to the support of local stakeholders and officials as we continue to pursue state and federal support.

As noted above, federal support in the form of low-interest WIFIA loans is gratefully acknowledged. However, please recall that PWD capital projects are supported by our ratepayers and borrowing (revenue bonds). Likewise, the financing provided through WIFIA will be repaid through water service revenue over time.

### **3. Cost-Cutting and Efficiency Measures**

*An inquiry was raised as to PWD cost controls and efficiency measures:* Cost control at PWD starts with budgeting. PWD has a vigorous budget process through which all program managers submit and justify their budget to senior management. During the year, PWD Finance produces monthly budget monitoring reports that evaluate budget performance. See PWD discovery response to PA-III-4.

PWD has also taken numerous steps to lower the cost of borrowing associated with its capital program since the last general rate case in issuing its Series 2021B refunding bonds (\$368.720 million generating significant present value savings); and in securing \$500 million in low-interest loans from federal/state sources. Additional efforts to lessen borrowing costs and other burdens associated with the capital program are ongoing (e.g., federal grant funding).

Further, as noted in PWD Statement 4, the Department has implemented operational changes to achieve efficiencies and cost savings for our customers. See PWD Statement 4 at 20-21. Specific examples of ongoing operational savings and efficiencies include those realized in connection with our Northeast Water Pollution Control Plant cogeneration facility, bio-solids recycling center, and the ongoing implementation of Advanced Metering Infrastructure. Other examples of programs designed to increase efficiency and reduce the number of disruptive emergency main and sewer repairs include the Linear Asset Management Program and Sewer Infrastructure Assessment Program (PWD Exhibit 5 at 19-20, 39-40 — PWD Official Statement, Series 2022C Bonds).

### **4. Rate Affordability**

*An inquiry was raised as to PWD rate affordability:* The Department compares favorably with its peer utilities with regard to overall affordability. This issue is addressed in PWD Statement 2A (Schedule FP-1) at 26. Also, as the record explains, PWD offers numerous customer assistance programs including the Tiered Assistance Program (TAP), senior citizen discount, and other programs to assist vulnerable households. TAP is a leading customer assistance program that has drawn favorable national recognition.

See PWD Statement 5 at 4-9; the 2023 Proposed Rate Increase Public Presentation, posted March 22, 2023; and the Annual Report to the Mayor on Tiered Assistance Program (dated March 31, 2023).

## **5. Strategic Partnerships**

*An inquiry was raised as to PWD strategic partnerships with others:* The Department has entered into strategic partnerships with other City agencies and the Commonwealth of Pennsylvania (Commonwealth), as discussed below. That is, PWD in conjunction with the City expanded customer protections and removed certain customers from the eligibility for shutoff, including 1) all TAP customers, 2) TAP applicants, 3) all customers receiving the Senior Citizen's discount, and 4) customers the City determines receive Medicaid and/or homelessness prevention services.

Last year, we also partnered with the Pennsylvania Department of Human Services to promote the Low Income Homeowners Water Assistance Program (LIHWAP) that provided up to \$5,000 in grants for water customers. To date, we've received over \$13.5 million in LIHWAP grants on behalf of Philadelphia customers. The Pennsylvania Homeowner's Assistance Fund also provided utility grants up to \$8,000, and, to date, we have received almost \$900,000 in grants on behalf of Philadelphia customers.

PWD and WRB are further coordinating with the Commonwealth's LIHWAP program to pre-qualify customers for auto-enrollment into TAP. This endeavor is anticipated to yield up to 5,000 potential new TAP participants, serving to simplify/eliminate the application process and allows customers to receive benefits from the program seamlessly including shutoff exemption, debt forgiveness, and an affordable, predictable bill.

## **6. Stormwater Management**

*An inquiry was raised as to stormwater management activities and related charges:* The Department provides integrated water, sewer, and stormwater services to the entire City. This involves providing clean, safe water to all homes and businesses and collecting the used water from these properties. In addition, stormwater services include maintaining stormwater pipes, inlets, and treatment facilities to capture rainwater, decrease flooding and combined sewer overflows, and reduce pollution.

PWD stormwater management activities are a part of our *Green City, Clean Waters* initiative which is nationally recognized for investing in green solutions for managing stormwater in neighborhoods, coupled with strategic investments in our robust sewer system. This initiative has and continues to improve the health of our waterways for all Philadelphians by reducing billions of gallons of sewer overflow pollution annually. PWD also invests directly in neighborhoods by creating new green spaces such as rain gardens and specialized tree trench systems.

Historically, stormwater management costs were included in the service charge portion of water, sewer, and stormwater bills. In 2010, PWD decided to separately identify this cost and list it as a separate line item on customer bills to provide for parcel area-based billing for non-residential customers and transparently reflect the increasing costs for this service.

PWD residential customers pay a standard rate based on the average parcel size and average impervious area on all residential properties throughout the City. Residential properties are defined as those structures containing one and no more than four dwelling units, excluding condominiums and properties with dormitories, nursing homes, hotels, or motels.

## **7. Office Renovations**

*An inquiry was raised as to current PWD office renovations:* Currently, there is a renovation project taking place on the 4<sup>th</sup> and 5<sup>th</sup> floors at 1101 Market Street. The changes taking place are to ensure the health and safety of the PWD staff and to comply with current code requirements. Among the improvements underway are (i) the installation of an accessible restroom on the 5<sup>th</sup> floor; (ii) the replacement of 40-year-old light fixtures with energy-efficient LEDs; (iii) the enlargement of the reception area to provide for social distancing when guests are waiting; (iv) replacement of worn carpet that is a trip hazard; and (v) installation of cubicles that provide better social distancing for staff. The total cost of these improvements is approximately \$830,000 with a contingency of 5%. This issue is further addressed in PWD responses to discovery.